`

Separate Financial Statements of

SCOTIABANK TRINIDAD AND TOBAGO LIMITED

October 31, 2025

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SCOTIABANK TRINIDAD AND TOBAGO LIMITED

October 31, 2025

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Statement of Management's Responsibilities
Scotiabank Trinidad and Tobago Limited

Management is responsible for the following:

- Preparing and fairly presenting the accompanying separate financial statements of Scotiabank Trinidad and Tobago Limited (the Bank), which comprise the separate statement of financial position as at October 31, 2025, the separate statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information;

- Ensuring that the Bank keeps proper accounting records;

- Selecting appropriate accounting policies and applying them in a consistent manner;

- Implementing, monitoring and evaluating the system of internal control that assures security of the Bank's assets, detection/prevention of fraud, and the achievement of the Bank's operational efficiencies;

- Ensuring that the system of internal control operated effectively during the reporting period;

- Producing reliable financial reporting that complies with laws and regulations, including the Companies Act; and

- Using reasonable and prudent judgement in the determination of estimates.

In preparing these separate financial statements, management utilised IFRS Accounting Standards, as issued by the International Accounting Standards Board (IFRS Accounting Standards) and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where IFRS Accounting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of management to indicate that the Bank will not remain a going concern for the twelve months from the reporting date.

Management affirms that it has carried out its responsibilities as outlined above.

Reshard Mohammed	Gayle Pazos
Chief Financial Officer	Managing Director
Date: December 18, 2025	Date: December 18, 2025

KPMG Chartered Accountants
Savannah East
11 Queen's Park East
Port-of-Spain
Trinidad and Tobago, W.I.
Tel +1 868 612 5764
Web www.kpmg.com/tt

INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Scotiabank Trinidad and Tobago Limited

Opinion

We have audited the separate financial statements of Scotiabank Trinidad and Tobago Limited ("the Bank"), which comprise the separate statement of financial position as at October 31, 2025, the separate statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the unconsolidated financial position of the Bank as at October 31, 2025, and its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with IFRS Accounting Standards, as issued by the International Accounting Standards Board (IFRS Accounting Standards).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Separate Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants including International Independence Standards (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Trinidad and Tobago and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG

Independent Auditors' Report (continued)

To the Shareholders of
Scotiabank Trinidad and Tobago Limited

Key Audit Matters

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

(1) Expected Credit Losses on Loans

See notes 3(f), 8, and 27.1 to the separate financial statements for disclosures of related accounting policies, judgements, estimates and balances.

Description of key audit matter

Loans, net of allowance for expected credit losses, represent 69% or $20 billion of the Bank's total assets. Allowance for credit losses on loans of $349 million and a charge of $231 million were recognised by the Bank as at and for the year ended October 31, 2025.

The Bank applies a three-stage approach to measure the allowance for credit losses, using an Expected Credit Loss (ECL) approach as required under IFRS 9 *Financial Instruments*. The Bank's allowances for credit losses are outputs of complex models and there is a high degree of measurement uncertainty due to significant judgements inherent in the Bank's methodology, such as judgements about forward-looking information. These judgements impact certain inputs, assumptions, qualitative adjustments or overlays, and the determination of when there has been a significant increase in credit risk.

How the matter was addressed in our audit

We performed the following procedures:

- Tested the design and implementation and operating effectiveness of relevant controls over the application, methods, data and assumptions used in the calculations for the allowance of credit losses.

INDEPENDENT AUDITORS' REPORT (continued)

To the Shareholders of
Scotiabank Trinidad and Tobago Limited

Key Audit Matters (continued)

(1) Expected Credit Losses on Loans (continued)

How the matter was addressed in our audit (continued)

We performed the following procedures (continued):

- Tested the Bank's controls related to data flows between source systems and the ECL models with the assistance of our Information Technology Audit Specialists. With the assistance of our Financial Risk Management (FRM) Specialist we:

- Tested model validation and/or performance monitoring controls to ensure key parameters (Probability of Default, Loss Given Default, Exposure at Default and Significant Increase in Credit Risk) (SICR) used in the models are appropriate and reasonable.

- Tested management's control over the selection of macro-economic variables and economic weighting scenarios and assessed the reasonableness of these assumptions.

- Reviewed, assessed and evaluated limitations of the models used.

- Assessed the appropriateness of the methodology used to calculate management's qualitative adjustment overlay.

- Tested the relevant assumptions used in the calculations of the allowance for credit losses.

- Tested the completeness and accuracy of the data used in the models to the underlying accounting records on a sample basis.

- Performed credit file reviews and assessed application of the SICR criteria to the loan portfolio on a sample basis.

- Recalculated a sample of ECL calculations for each model.

- Assessed whether disclosures in the financial statements are adequate in respect of the Company's exposure to credit risk and measurement of allowance for expected credit losses.

INDEPENDENT AUDITORS' REPORT (continued)

To the Shareholders of
Scotiabank Trinidad and Tobago Limited

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

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with IFRS Accounting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

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

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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INDEPENDENT AUDITORS' REPORT (continued)

To the Shareholders of
<u>Scotiabank Trinidad and Tobago Limited</u>

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also (continued):

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

INDEPENDENT AUDITORS' REPORT (continued)

To the Shareholders of
<u>Scotiabank Trinidad and Tobago Limited</u>

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

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

The engagement partner on the audit resulting in this independent auditors' report is Dushyant Sookram.

KPMG

Chartered Accountants

Port of Spain
Trinidad and Tobago
December 19, 2025

SCOTIABANK TRINIDAD AND TOBAGO LIMITED

Separate Statement of Financial Position

October 31, 2025
(presented in thousands of Trinidad and Tobago dollars)

	Notes	2025 $	2024 $
ASSETS			
Cash on hand and in transit		172,548	203,404
Cash at bank	5	780,227	532,471
Treasury bills	6	3,297,308	3,045,881
Deposits with Central Bank	7	2,680,501	2,666,065
Loans and advances to customers	8	20,215,779	20,138,610
Investment securities	9	1,550,401	1,440,423
Receivables and other assets	10	26,021	85,201
Investment in subsidiary companies	1	92,951	92,951
Investment in associated company	1	2,553	2,553
Property and equipment	11	311,703	329,590
Deferred tax asset	16	71,926	64,167
Defined benefit pension fund asset	12.1	133,776	115,933
Total assets		**29,335,694**	**28,717,249**

The notes on pages 15 to 91 are an integral part of these separate financial statements.

SCOTIABANK TRINIDAD AND TOBAGO LIMITED

Separate Statement of Financial Position (continued)

October 31, 2025
(presented in thousands of Trinidad and Tobago dollars)

	Notes	2025 $	2024 $
LIABILITIES AND EQUITY			
LIABILITIES			
Deposits from customers	13.1	24,314,166	22,959,887
Deposits from subsidiaries	30	68,768	104,609
Deposits from banks	14	7,103	13,140
Deposits from other related companies	14	64,881	900,665
Other liabilities	15	709,235	719,702
Taxation payable		80,509	73,970
Post-employment medical and life benefits obligation	12.1	198,357	196,941
Total liabilities		25,443,019	24,968,914
EQUITY			
Stated capital	17	267,563	267,563
Statutory reserve fund	18	1,017,563	962,563
Investment revaluation reserve		7,784	6,322
Retained earnings		2,599,765	2,511,887
Total equity		3,892,675	3,748,335
Total liabilities and equity		**29,335,694**	**28,717,249**

These separate financial statements were approved for issue by the Board of Directors on December 15, 2025 and signed on its behalf by:

Derek Hudson
Chairman

Gayle Pazos
Managing Director

The notes on pages 15 to 91 are an integral part of these separate financial statements.

SCOTIABANK TRINIDAD AND TOBAGO LIMITED

Separate Statement of Profit or Loss and Other Comprehensive Income

For the year ended October 31, 2025
(presented in thousands of Trinidad and Tobago dollars)

	Notes	2025 $	2024 $
REVENUE			
Interest income calculated using the effective interest method	20	1,596,065	1,469,342
Interest expense	21	(138,024)	(99,609)
Net interest income		1,458,041	1,369,733
Other income	22	726,494	675,488
Fees and commission expense		(226,458)	(215,837)
Net other income		500,036	459,651
Total revenue		1,958,077	1,829,384
NON-INTEREST EXPENSES			
Salaries and other staff benefits		(291,927)	(268,237)
Premises and technology		(143,167)	(143,280)
Communications and marketing		(118,301)	(130,815)
Other expenses	23	(314,908)	(287,862)
Total non-interest expenses		(868,303)	(830,194)
Net impairment loss on financial assets	8.6	(145,113)	(101,984)
Profit before taxation		944,661	897,206
Taxation	24.1	(322,776)	(306,018)
Profit for the year		621,885	591,188
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss			
Remeasurement of post-employment benefits asset/obligation	12.6	22,450	6,340
Related tax	24.3	(7,695)	(2,219)
	24.3	14,755	4,121
Items that are or may be reclassified subsequently to profit or loss			
Remeasurement of FVOCI investments that existed throughout the year		(2,897)	7,799
Remeasurement of purchased FVOCI investments		5,197	15,266
Related tax	24.3	(838)	(8,416)
Net movement in fair value reserve	24.3	1,462	14,649
Other comprehensive income for the year, net of tax		16,217	18,770
Total comprehensive income for the year		638,102	609,958

The notes on pages 15 to 91 are an integral part of these separate financial statement.

SCOTIABANK TRINIDAD AND TOBAGO LIMITED

Separate Statement of Changes in Equity

For the year ended October 31, 2025
(presented in thousands of Trinidad and Tobago dollars)

	Notes	Stated Capital $	Statutory Reserve Fund $	Investment Revaluation Reserve $	Retained Earnings $	Total Equity $
Balance as at October 31, 2024		**267,563**	**962,563**	**6,322**	**2,511,887**	**3,748,335**
Profit for the year 2025		-	-	-	621,885	621,885
Other comprehensive income, net of tax						
Remeasurement of post-employment benefits asset/obligations	24.3	-	-	-	14,755	14,755
Fair value re-measurement of debt instruments at FVOCI	24.3	-	-	1,462	-	1,462
Total comprehensive Income 2025		-	-	1,462	636,640	638,102
Transactions with equity owners of Scotiabank						
Transfers to statutory reserve	18	-	55,000	-	(55,000)	-
Dividends paid	19.2	-	-	-	(493,762)	(493,762)
Balance as at October 31, 2025		**267,563**	**1,017,563**	**7,784**	**2,599,765**	**3,892,675**

The notes on pages 15 to 91 are an integral part of these separate financial statements.

Separate Statement of Changes in Equity (continued)

October 31, 2025
(presented in thousands of Trinidad and Tobago dollars)

	Notes	Stated Capital $	Statutory Reserve Fund $	Investment Revaluation Reserve $	Retained Earnings $	Total Equity $
Balance as at October 31, 2023		**267,563**	**877,563**	**(8,327)**	**2,504,158**	**3,640,957**
Profit for the year 2024		-	-	-	591,188	591,188
Other comprehensive income, net of tax						
Remeasurement of post-employment benefits asset/obligations	24.3	-	-	-	4,121	4,121
Fair value re-measurement of debt instruments at FVOCI	24.3	-	-	14,649	-	14,649
Total comprehensive Income 2024		-	-	14,649	595,309	609,958
Transactions with equity owners of Scotiabank						
Transfers to statutory reserve	18	-	85,000	-	(85,000)	-
Dividends paid	19.2	-	-	-	(502,580)	(502,580)
Balance as at October 31, 2024		**267,563**	**962,563**	**6,322**	**2,511,887**	**3,748,335**

SCOTIABANK TRINIDAD AND TOBAGO LIMITED

Separate Statement of Cash Flows

October 31, 2025
(presented in thousands of Trinidad and Tobago dollars)

	Notes	2025 $	2024 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		621,885	591,188
Adjustments for:			
- Interest income	20	(1,596,065)	(1,469,342)
- Interest expense	21	138,024	99,609
- Depreciation and amortisation	11	34,795	35,445
- Loss on disposal of property and			
- equipment		3,064	-
- Tax expense	24.1	322,776	306,018
- Dividend income	22	(70,000)	(65,000)
- Net impairment loss on financial assets	8.6	145,113	101,984
Changes in:			
- Primary reserve deposits with Central Bank	7	29,544	527,848
- Net pension cost		(16,427)	(889)
- Loans and advances to customers		(2,201,994)	(2,079,191)
- Receivables and other assets		59,180	(54,643)
- Deposits from customers		2,255,773	915,588
- Other liabilities		(11,467)	(3,708)
- Deposits from subsidiaries		(35,841)	4,537
- Deposits from banks and other related companies		(841,821)	590,128
- Interest received		1,622,588	1,429,237
- Interest paid		(123,930)	(83,454)
- Dividends received		70,000	65,000
- Taxation paid		(336,619)	(297,085)
Net cash from operating activities		68,578	613,270
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of treasury bills		(14,238,728)	(1,503,723)
Proceeds from redemption of treasury bills		14,626,921	1,718,654
Purchase of investment securities		(546,497)	(4,243,721)
Proceeds from redemption of investment securities		429,309	4,278,574
Purchase of property and equipment	11	(15,277)	(21,914)
Net cash from investing activities		255,728	227,870
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liabilities	26	(11,749)	(19,449)
Dividends paid	19.2	(493,762)	(502,580)
Net cash used in financing activities		(505,511)	(522,029)

The notes on pages 15 to 91 are an integral part of these separate financial statements.

(presented in thousands of Trinidad and Tobago dollars)

	Notes	2025 $	2024 $
Net (decrease)/increase in cash and cash equivalents		(181,205)	319,111
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		2,930,731	2,611,620
CASH AND CASH EQUIVALENTS, END OF YEAR		2,749,526	2,930,731
CASH AND CASH EQUIVALENTS REPRESENTED BY:			
Cash on hand and in transit		172,548	203,404
Cash at bank	5	780,227	532,471
Surplus deposits with Central Bank	7	857,980	814,000
Treasury bills with original maturity date not exceeding 3 months	6	938,771	1,380,856
		2,749,526	2,930,731

(presented in thousands of Trinidad and Tobago dollars)

1. Incorporation and Business Activities

Scotiabank Trinidad and Tobago Limited ("Scotiabank" or "the Bank") is a company incorporated in the Republic of Trinidad and Tobago and offers a complete range of banking and financial services as permitted under the Financial Institutions Act, 2008. Scotiabank is domiciled in Trinidad and Tobago. Its registered office is located at 56-58 Richmond Street, Port of Spain.

Scotiabank is a subsidiary of Scotiabank Caribbean Holdings Limited, which is incorporated and domiciled in Barbados. The ultimate parent company is the Bank of Nova Scotia, which is incorporated and domiciled in Canada.

Scotiabank's subsidiaries and associated company, and their principal activities are detailed below:

Name of Companies	Country of Incorporation	Percentage of Equity Held	Carrying Value 2025	Carrying Value 2024
Subsidiaries				
ScotiaLife Trinidad and Tobago Limited	Republic of Trinidad and Tobago	100%	$60,000	$60,000
Scotia Investments Trinidad and Tobago Limited	Republic of Trinidad and Tobago	100%	$32,951	$32,951
			$92,951	$92,951
Associated company				
InfoLink Services Limited	Republic of Trinidad and Tobago	25%	$2,553	$2,553

ScotiaLife Trinidad and Tobago Limited (ScotiaLife) is registered to conduct ordinary long-term insurance business under the Insurance Act, 2018.

Scotia Investments Trinidad and Tobago Limited's (Scotia Investments) principal activity is the provision of asset management services.

Infolink Services Limited offers clearing and switching facilities for the electronic transfer of funds.

1. Incorporation and Business Activities (continued)

Scotiabank does not have significant restrictions on its ability to access or use its assets and settle its liabilities other than those resulting from the supervisory frameworks within which the subsidiaries operate. The supervisory frameworks require the Bank and subsidiaries to keep certain levels of regulatory capital and liquid assets, limit its related part exposure to other parts of Scotiabank and comply with other ratios. The capital requirements of the Bank are included at note 27.4.

These separate financial statements were authorised for issue by Scotiabank's Board of Directors on December 15, 2025.

2. Basis of Preparation

(a) Basis of accounting

These separate financial statements have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (IFRS Accounting Standards). Consolidated financial statements have been prepared by Scotiabank under the IFRS Accounting Standards and are available to users of these separate financial statements.

(b) Basis of measurement

These separate financial statements are prepared on the historical cost basis, modified for the inclusion of:

- Financial instruments at fair value through other comprehensive income (FVOCI).

- Net defined benefit asset (obligation) recognised at fair value of plan assets, less the present value of the defined benefit obligation, limited as explained in Note 3(j) and Note 12. Actuarial re-measurements are recognized through other comprehensive income (OCI).

(c) Functional and presentation currency

These separate financial statements are presented in Trinidad and Tobago dollars, which is Scotiabank's functional currency, rounded to the nearest thousand.

3. Material Accounting Policies

The material accounting policies have been applied consistently to all periods presented in these separate financial statements, except for those changes described in Note 3(q), as set out below:

(a) Investment in subsidiaries and associates

The investments in subsidiary and associated companies are measured at cost in these separate financial statements.

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

Associates are those entities in which Scotiabank has significant influence, but not control or joint control, over the financial and operating policies. They are recognised at cost, which includes transaction costs, in the separate financial statements.

(b) Revenue recognition

Interest income and expense

Effective interest method

Interest income and expense are recognised in profit or loss using the effective interest method. The "effective interest rate" is the rate that exactly discounts the estimated future cash flows through the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or the amortised cost of financial liability.

When calculating the effective interest rate for financial instruments, the Bank estimates future cash flows considering all contractual terms of the financial instrument, but not Expected Credit Losses (ECL).

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

3. Material Accounting Policies (continued)

(b) Revenue recognition (continued)

Interest income and expense (continued)

Amortised cost and gross carrying amount

The ‘amortised cost’ of a financial instrument is the amount at which the financial asset is measured on initial recognition, minus principal repayments, plus or minus the unamortised premiums, discounts or transaction costs amortisation using the effective interest method

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

Presentation

Interest income and expense calculated using the effective interest method presented in the statement of profit or loss and other comprehensive income includes:

- interest on financial assets and financial liabilities measured at amortised cost; and
- interest on debt instruments measured at FVOCI.

Interest income and expense on all trading assets and liabilities are considered to be incidental to Scotiabank’s trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income.

Other income

Other income comprises various fees and commissions and trading income that are not incremental and directly attributable to the origination of financial instruments.

Deposit and payment services

Scotiabank provides deposit and payment services to retail and commercial customers. Revenue from account servicing fees is recognised over time as the services are provided. Transaction fees are charged to the customer’s account and recognised when the transactions take place.

3. Material Accounting Policies (continued)

(b) Revenue recognition (continued)

Card revenues

Scotiabank offers a full suite of credit cards for retail and commercial customers for their cash management and financing needs. Revenues include cardholder fees, interchange fees and merchant fees. Revenues are mainly transaction based and recognised when the card transactions occur.

Credit fees

Transaction based credit fees are recognized when the transactions take place. Loan origination fees are recognized over the term of the loan, unless immaterial.

Wealth management services

Revenue from wealth management services include fees earned by Scotiabank on trust and fiduciary activities in which Scotiabank holds or invests assets on behalf of its customers. Revenue is recognised over time as the services are provided.

Other fees and commissions

Other fees and commissions are recognised in income at the point in time that the related services are performed.

Net trading income

Net trading income comprises gains less losses related to trading assets and liabilities and includes all fair value changes, interest, dividends and foreign exchange differences.

(c) Foreign currency transactions

Transactions in foreign currencies are translated at the rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the rate of exchange ruling at the reporting date. Resulting translation differences and profits and losses from trading activities are included in profit or loss.

Foreign currency differences arising from the translation of equity investments are recognised in OCI if the Bank has made that election.

3. Material Accounting Policies (continued)

(d) Financial assets and financial liabilities

Financial instruments carried on the separate statement of financial position include cash on hand and in transit, cash at bank, investment securities including treasury bills, loans and advances to customers, deposits from customers and deposits from banks, subsidiaries and other related parties.

The Bank's treatment for recognition, de-recognition, classification and measurement of financial instruments is set out below, whilst additional information on specific categories of Scotiabank's financial instruments is disclosed in Notes 3(e), 3(f), 3(h), 3(k), 3(l) and 3(m).

(i) Recognition

Scotiabank recognises loans and advances and deposits on the date that they are originated. All other financial assets and financial liabilities (including assets and liabilities designated at fair value through profit or loss) are initially recognised on the trade date, which is the date on which Scotiabank becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value (for an item not at FVTPL) plus transaction costs that are incremental and directly attributable to its acquisition or issue. For financial assets or financial liabilities measured at fair value through profit or loss, transaction costs are recognized immediately in profit or loss.

(ii) Classification and measurement

Scotiabank classifies its financial assets into the following categories: fair value through profit or loss (FVTPL); fair value through other comprehensive income (FVOCI) and amortised cost. Management determines the classification of its financial assets at initial recognition. Financial assets include both debt and equity instruments.

Classification of debt instruments is determined based on the business model under which the asset is held and the contractual cash flow characteristics of the instrument.

3. Material Accounting Policies (continued)

(d) Financial assets and financial liabilities (continued)

(ii) Classification and measurement (continued)

Business model assessment

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

- Held to collect: The objective of the business model is to hold assets and collect contractual cash flows. Any sales of the asset are incidental to the objective of the model.

- Held to collect and for sale: Both collecting contractual cash flows and sales are integral to achieving the objectives of the business model.

- Other business model: The business model is neither held to collect nor held to collect and for sale.

Scotiabank assesses business models at a portfolio level, considering various factors, including how the performance the portfolio is evaluated and reported, how compensation is determined for portfolio managers and the frequency and volume of sales.

Contractual cash flow characteristics assessment

The contractual cash flow characteristics assessment involves assessing the contractual features of an instrument to determine if they give rise to cash flows that are consistent with a basic lending arrangement (i.e., they represent cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI)).

If contractual features of a financial asset that are modified to the extent that the cash flows are no longer consistent with a basic lending arrangement, the asset is reclassified and measured at FVTPL.

3. Material Accounting Policies (continued)

(d) Financial assets and financial liabilities (continued)

(ii) Classification and measurement (continued)

Debt instruments measured at amortised cost

Debt instruments are measured at amortised cost if they are held within a business model whose objective is to hold and collect contractual cash flows that are SPPI.

Loans and advances and debt securities measured at amortised cost are presented net of the allowance for credit losses (ACL) in the statement of financial position.

Debt instruments measured at FVOCI

Debt instruments are measured at FVOCI if they are held within a business model whose objective is collect contractual cash flows and to sell financial assets, where the assets' cash flows represent payments of SPPI. Subsequent to initial recognition, unrealized gains and losses on debt instruments measured at FVOCI are recorded in other comprehensive income (OCI).

The allowance for credit losses on debt instruments measured at FVOCI does not reduce the carrying amount of the asset, which remains at its fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI with a corresponding charge to impairment loss on financial assets in profit or loss. The accumulated allowance recognised in OCI is recycled to profit or loss upon derecognition of the debt instrument.

Equity instruments measured at FVTPL

Equity instruments are measured at FVTPL, unless an election is made to designate them at FVOCI upon purchase, with transaction costs recognized immediately in profit or loss as part of other income. Subsequent to initial recognition the changes in fair value are recognized as part of other income in profit or loss.

3. Material Accounting Policies (continued)

(d) Financial assets and financial liabilities (continued)

(ii) Classification and measurement (continued)

Equity instruments measured at FVOCI

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

Gains and losses on these instruments including when derecognized/sold are recorded in OCI and are not subsequently reclassified to profit or loss. As such, there is no specific impairment requirement. Dividends received are recorded in other income in the profit or loss. Cumulative gains and losses recognised in OCI are transferred to retained earning on disposal of an investment.

Financial liabilities

Scotiabank classifies its financial liabilities, other than financial guarantees and undrawn loan commitments, as measured at amortised cost.

Determination of fair value

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

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

Inception gains and losses are only recognized where the valuation is dependent only on observable market data, otherwise, they are deferred and amortised over the life of the related contract or until the valuation inputs become observable.

3. Material Accounting Policies (continued)

(d) Financial assets and financial liabilities (continued)

(iii) Derecognition

Scotiabank derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, are transferred, or it does not retain control of the financial asset.

On derecognition of a financial asset, excluding equity instruments measured at FVOCI, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised), and the sum of:

(i) the consideration received (including any new asset obtained less any new liability assumed); and

(ii) any cumulative gain or loss that had been recognized in other comprehensive income (OCI) is recognised in the statement of profit or loss and other comprehensive income.

Scotiabank derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the separate statement of financial position when, and only when, Scotiabank has a current legally enforceable right to set off the amounts and it intends to either settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis when permitted under IFRS Accounting Standards, or for gains and losses arising from a group of similar transactions.

(e) Cash and cash equivalents

Cash comprises cash in hand and in transit, and deposits with banks and related companies that may be accessed on demand. Cash equivalents comprise short-term highly liquid investments with maturities of three months or less when purchased, including treasury bills and other bills eligible for rediscounting with the Central Bank of Trinidad and Tobago. Cash and cash equivalents are measured at amortised cost.

3. Material Accounting Policies (continued)

(f) Impairment of financial assets

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

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

(i) Expected credit loss impairment model

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

This impairment model measures credit loss allowances using a three-stage approach based on the extent of credit deterioration since origination:

- Stage 1 – Where there has not been a significant increase in credit risk (SIR) since initial recognition of a financial instrument, an amount equal to 12 months expected credit loss is recorded. The expected credit loss is computed using a probability of default occurring over the next 12 months or the remaining term if less than 12 months.

- Stage 2 – When a financial instrument experiences a SIR subsequent to origination but is not considered to be in default, it is included in Stage 2. This requires the computation of expected credit loss based on the probability of default over the remaining estimated life of the financial instrument.

- Stage 3 – Financial instruments that are considered to be in default are included in this stage. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses.

3. Material Accounting Policies (continued)

(f) Impairment of financial assets (continued)

(ii) *Measurement of expected credit loss*

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

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

(iii) Forward-looking information

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

(iv) Macroeconomic factors

In its models, Scotiabank relies on a broad range of forward-looking economic information as inputs, such as: GDP growth, unemployment rates and Central Bank interest rates. The inputs and models used for calculating expected credit losses may not always capture all characteristics of the market at the reporting date. To reflect this, qualitative adjustments or overlays may be made as temporary adjustments using expert credit judgement.

3. Material Accounting Policies (continued)

(f) Impairment of financial assets (continued)

(v) Multiple forward-looking scenarios

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

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

(vi) Assessment of significant increase in credit risk (SIR)

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

The common assessments for SIR on retail and non-retail portfolios include macroeconomic outlook, management judgement, and delinquency and monitoring. Forward-looking macroeconomic factors are a key component of the macroeconomic outlook. The importance and relevance of each specific macroeconomic factor depends on the type of product, characteristics of the financial instruments and the borrower and the geographical region. Quantitative models may not always be able to capture all reasonable and supportable information that may indicate a significant increase in credit risk. Qualitative factors may be assessed to supplement the gap.

3. Material Accounting Policies (continued)

(f) Impairment of financial assets (continued)

(vi) Assessment of significant increase in credit risk (SIR) (continued)

Examples of situations include changes in adjudication criteria for a particular group of borrowers; changes in portfolio composition; and natural disasters impacting certain portfolios. With regards to delinquency and monitoring, there is a presumption that the credit risk of the financial instrument has increased since initial recognition when contractual payments are more than 30 days overdue.

Retail portfolio – For retail exposures, a 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. Segment migration thresholds exist for each PD model by product, which considers the proportionate change in PD as well as the absolute change in PD. The thresholds used for PD migration are reviewed and assessed at least annually, unless there is a significant change in credit risk management practices in which case the review is brought forward.

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

(vii) Expected life

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

3. Material Accounting Policies (continued)

(f) Impairment of financial assets (continued)

(viii) Presentation of allowance for credit losses in the Separate Statement of Financial Position

- Financial assets measured at amortised cost: as a deduction from the gross carrying amount of the financial assets;

- Debt instruments measured at fair value through other comprehensive income: no allowance is recognized in the separate statement of financial position because the carrying value of these assets is their fair value. However, the allowance determined is presented in the accumulated other comprehensive income; and

- Off-balance sheet credit risks include undrawn lending commitments, letters of credit and letters of guarantee: as a provision in other liabilities.

(ix) Modified financial assets

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

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

For all financial assets modifications of the contractual terms may result in derecognition of the original asset when the changes to the terms of the loans are considered substantial. These terms include interest rate, authorized amount, term, or type of underlying collateral. The original loan is derecognized and the new loan is recognized at its fair value.

The difference between the carrying value of the derecognized asset and the fair value of the new asset is recognized in profit or loss.

3. Material Accounting Policies (continued)

(f) Impairment of financial assets (continued)

(ix) Modified financial assets (continued)

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

(x) Definition of default

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

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

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

(xi) Write-off policy

Scotiabank writes down an impaired financial asset (and the related impairment allowance), either partially or in full, when there is no realistic prospect of recovery. Where financial assets are secured, write-off is generally applied after receipt of any proceeds from the realization of security. In circumstances where the net realizable value of any collateral has been determined and there is no reasonable expectation of further recovery, write-off may be earlier. Credit card receivables over a specified period past due are written off. In subsequent periods, any recoveries of amounts previously written off are credited against impairment losses in profit or loss.

3. Material Accounting Policies (continued)

(f) Impairment of financial assets (continued)

(xi) Write-off policy (continued)

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Bank's procedures for recovery of amounts due.

(g) Property and equipment

(i) Recognition and measurement

Property and equipment are carried at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour and any other cost directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

(ii) Subsequent cost

The cost of replacing part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to Scotiabank over a period exceeding one year and its cost can be measured reliably. The cost of the day-to-day servicing of property and equipment is recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation and amortisation are charged on the straight-line and reducing balance bases based on the nature of the asset and the Bank's assessment of the pattern in which the asset's future economic benefits are expected to be consumed, over the estimated useful lives of the respective assets at the following rates:

Buildings	-	40 years
Equipment and furniture	-	3 to 10 years
Leasehold improvements	-	over the term of the respective leases, or if shorter, the life of the asset.

3. Material Accounting Policies (continued)

(g) Property and equipment (continued)

(iii) Depreciation (continued)

Depreciation methods, useful lives and residual values are reviewed, and adjusted if appropriate, at each reporting date. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable.

(h) Leases

A contract is a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration in accordance with IFRS 16.

(i) As a lessee

The Bank initially recognizes a right-of-use ("ROU") asset at cost, which includes direct costs incurred, any lease payments made at or before the commencement date net of lease incentives received, and estimated decommissioning costs.

The ROU asset is subsequently measured at cost less accumulated depreciation using the straight-line method and accumulated impairment losses, if any. In addition, the ROU asset is adjusted for certain re-measurements of the lease liability.

The Bank initially measures the lease liability at the present value of the future lease payments, discounted using the Bank's incremental borrowing rate. The discount rate depends on the term of the lease, the Bank's credit risk and the economic environment in which the lease is entered.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is re-measured if the Bank changes its assessment of whether it will exercise a purchase, extension or termination option.

The Bank presents ROU assets in "Property and equipment" and lease liabilities in "Other liabilities" in the Separate Statement of Financial Position.

3. Material Accounting Policies (continued)

(h) Leases (continued)

(ii) Short-term leases and leases of low-value assets

The Bank has elected not to recognize ROU assets and lease liabilities for short-term leases of assets that have a lease term of 12 months or less and leases of low-value assets. The Bank recognizes the lease payment associated with these leases as an expense on a straight-line basis over the lease term.

(iii) Determining lease term

The Bank's expectation of exercising the option to renew a lease is determined by assessing if the Bank is "reasonably certain" to exercise that option. The Bank will be reasonably certain to exercise an option when factors create a significant economic incentive to do so. This assessment requires a significant level of judgement as it is based on current expectations of future decisions.

(i) Taxation

Income tax expense comprises current tax and the change in deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in OCI. Current tax comprises tax payable calculated on the basis of the expected taxable income for the year, using the higher of tax rate enacted by the reporting date and business levy and any adjustment of tax payable for previous years.

Deferred tax is recognised on temporary differences arising between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes, except for:

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

Net deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3. Material Accounting Policies (continued)

(i) Taxation (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(j) Employee benefits

(i) Short-term

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

Short-term employee benefits are recognised as a liability, net of payments made, and charged as an expense.

(ii) Post-employment

Pension obligations

Scotiabank operates a regulated, non-contributory defined benefit pension plan covering the majority of its employees. The funds of the plan are administered by fund managers appointed by the trustees of the plan who are responsible for the fiduciary management of the funds. The pension plan is generally funded by payments from Scotiabank, taking account of the recommendations of independent qualified actuaries.

The existing defined-benefit pension plan was closed to future pension service accrual as of October 31, 2020. Pension benefits accrued up to October 31, 2020 for Scotiabank's employees will continue to be administered under the defined-benefit pension plan and paid on retirement as per existing policies. The financial statements will continue to reflect the current defined benefit pension fund asset/liability position until the obligations are fulfilled.

Scotiabank's net pension obligation is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

3. Material Accounting Policies (continued)

(j) Employee benefits (continued)

(ii) Post-employment (continued)

Pension obligations (continued)

The calculation of the defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for Scotiabank, the recognised asset is limited to the present value of economic benefits available in the form of future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Independent qualified actuaries carried out a valuation of Scotiabank's significant post-employment benefits as at each reporting date.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. Scotiabank determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset) during the period as a result of contributions and benefit payments.

Net interest expense and other expenses related to defined benefit plans are recognised in personnel expenses in profit or loss.

On November 1, 2020, Scotiabank began operating a defined contribution pension plan in which all future pension service will be earned for Scotiabank's employees. This plan is non-contributory but additional voluntary contributions are permitted. The total contributions paid for the year ended October 31, 2025 amounted to $21.1 million (2024: $20.6 million). The projected contributions are expected to be in line with the 2025 amounts.

Other post-employment benefits

Scotiabank provides post-employment medical and life assurance benefits for retirees. The entitlement to this benefit is based on the employees remaining in service up to retirement age and the completion of a minimum service period. The method of accounting used to recognise the liability is similar to that for the defined benefit plan.

3. Material Accounting Policies (continued)

(k) Acceptances, guarantees and letters of credit

Financial guarantees are contracts that require Scotiabank to make specified payments to reimburse the holder for a loss that occurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument.

'Loan commitments' are firm commitments to provide credit under agreed terms and conditions.

Scotiabank's commitments under acceptances, guarantees and letters of credit are not reflected in these separate financial statements because they do not meet the criteria for recognition. However, fee and commission income on these facilities are recognised in these separate financial statements.

(l) Assets under administration and management

Assets that are not beneficially owned by Scotiabank, but are under its administration, have been excluded from these separate financial statements. Assets under administration as at October 31, 2025 totaled $3.196 billion (2024: $3.308 billion).

(m) Deposit liabilities

Deposits from customers are Scotiabank's primary source of funds. Deposits are initially measured at fair value and subsequently measured at their amortised cost using the effective interest method.

(n) Dividends

Dividend income is recognised when the right to receive income is established. Dividends from subsidiaries are presented in other income.

Dividends that are proposed and declared after the reporting date are not shown as a liability on the separate statement of financial position but are disclosed as a note to these separate financial statements.

(o) Impairment of non-financial assets

The carrying amounts of Scotiabank's non-financial assets, other than deferred tax assets (see Note 3 (i)) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, that asset's recoverable amount is estimated.

3. Material Accounting Policies (continued)

(o) Impairment of non-financial assets (continued)

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

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

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

(p) Provisions

A provision is recognised, if as a result of a past event, Scotiabank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

A provision for bank levies is recognised when the condition that triggers the payment of the levy is met. If a levy obligation is subject to a minimum activity threshold such that the obligatory event is reaching a minimum activity, then a provision is recognised when that minimum activity threshold is reached.

(q) New, revised and amended standards and interpretations that became effective during the year

Certain new, revised and amended standards and interpretations came into effect during the current financial year.

There were no pronouncements under IFRS Accounting Standards that resulted in any changes to amounts recognised or disclosed in these financial statements.

3. Material Accounting Policies (continued)

(r) New, revised and amended standards and interpretations not yet effective

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after January 1, 2025. Scotiabank has not early-adopted any of them and therefore they have not been applied in preparing these separate financial statements. The Bank has assessed them with respect to its operations and has determined that the following is relevant:

- Amendments to IFRS 16 *Leases* will apply retrospectively for annual reporting periods beginning on or after January 1, 2025. The amendments impact how a seller-lessee accounts for variable lease payments that arise in a sale-and-leaseback transaction. The amendments introduce a new accounting model for variable payments and will require seller-lessees to reassess and potentially restate sale-and-leaseback transactions entered into since 2019.

- *Amendments to* IAS 21 *Lack of Exchangeability* for periods beginning on or after January 1, 2025. The amendments provide clarification for situations where market participants are unable to buy and sell currency to meet their needs at the official exchange rate and turn instead to unofficial, parallel markets. The amendments contain no specific requirements for estimating a spot rate.

- IFRS 18 *Presentation and Disclosure in Financial Statements*, is effective for annual reporting periods beginning on or after January 1, 2027. IFRS 18 promotes a more consistent structure to the presentation of income statement. In particular, it introduces a newly defined ‘operating profit’ subtotal and a requirement for all income and expenses to be allocated between three new distinct categories (Operating, Investing and Financing) based on an entity’s main business activities.

The Bank does not expect the adoption of these new, revised and amended standards to have a significant impact on the separate financial statements.

4. Use of Judgements and Estimates

In preparing these separate financial statements, management has made judgements, estimates and assumptions that affect the application of Scotiabank's accounting policies and the reported amount of assets, liabilities, income and expenses and contingent assets and contingent liabilities. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

(a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in these separate financial statements are described below:

Allowance for credit losses (ACL)

A number of significant judgements are required in applying the accounting requirements for measuring expected credit losses, such as:

- Determining criteria for significant increases in credit risk;
- Choosing appropriate models and assumptions for the measurement of ACL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ACL; and
- Establishing groups of similar financial assets for the purposes of measuring ACL.

The judgements used in the estimation of the ACL are disclosed at note 27.1.

(b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the next financial year to amounts reported as at and for the year ended October 31, 2025 is included below:

(i) Allowances for credit losses

Scotiabank's allowance calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs. Some of the key drivers include the following:

- Changes in risk ratings of the borrower or instrument reflecting changes in their credit quality;

- Changes in the volumes of transactions;

(presented in thousands of Trinidad and Tobago dollars)

4. Use of Judgements and Estimates (continued)

(b) Assumptions and estimation uncertainties (continued)

(i) Allowances for credit losses (continued)

- Changes in the forward-looking macroeconomic environment reflected in the variables used in the models such as GDP growth, unemployment rates, commodity prices, and house price indices, which are most closely related with credit losses in the relevant portfolio;
- Changes in macroeconomic scenarios and the probability weights assigned to each scenario; and
- Borrower migration between the three stages, which can result from changes to any of the above inputs and assumptions.

(ii) Determining fair values with significant unobservable inputs

The determination of fair value for financial assets and financial liabilities for which there is no observable market price requires the use of valuation techniques as described in accounting policy 3(d)(ii) and 28(a). For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

(iii) Measurement of defined benefit obligations

The key actuarial assumptions which underpin the value of Scotiabank's defined benefit obligations are described in Note 12.10.

5. Cash at bank

	2025 $	2024 $
Due from related companies [note 30(i)]	102,843	91,343
Due from other banks	681,736	455,083
Cheques and other instruments in the course of clearing	(4,213)	(13,891)
	780,366	532,535
Allowance for credit losses	(139)	(64)
	780,227	532,471
Maturity of assets		
Assets with original maturity date less than 3 months	780,227	532,471

The above balances are expected to be recovered within 12 months from the reporting date.

(presented in thousands of Trinidad and Tobago dollars)

6. Treasury Bills

	2025	2024
	$	$
Government of Trinidad and Tobago	877,499	1,567,457
Government of United States of America	2,395,053	1,453,535
Government of Canada	24,756	24,889
	3,297,308	3,045,881

Maturity of assets

	2025	2024
Assets with original maturity date over 3 months	2,358,537	1,665,025
Assets with original maturity date less than 3 months	938,771	1,380,856
	3,297,308	3,045,881

The above balances are expected to be recovered within 12 months from the reporting date.

7. Deposits with Central Bank

In accordance with the Financial Institutions Act, 2008, Scotiabank is required to hold and maintain, as a non-interest-bearing deposit with Central Bank of Trinidad and Tobago (CBTT), a cash reserve balance equivalent to 10% (2024: 10%) of total prescribed liabilities in the primary reserve. The surplus deposits are held in CBTT to facilitate interbank settlements, local investment trades and other local transactions.

The details of all reserves are described below:

	2025	2024
	$	$
Primary reserve	1,822,521	1,852,065
Surplus deposits	857,980	814,000
	2,680,501	2,666,065

The above balances are expected to be recovered within 12 months from the reporting date.

(presented in thousands of Trinidad and Tobago dollars)

8. Loans and Advances to Customers

	2025	2024
	$	$
Loans and advances to customers	20,481,491	20,358,688
Interest receivable	83,389	97,578
Allowance for credit losses	(349,101)	(317,656)
Total loans and advances to customers	20,215,779	20,138,610
Classified as:		
Current assets	5,164,526	6,200,462
Non-current assets	15,051,253	13,938,148
	20,215,779	20,138,610

8.1 Loans and advances to customers

	2025			
	Gross Loans	Interest Receivable	Allowance for Credit Losses	Carrying Amount
	$	$	$	$
Loans to customers				
Commercial loans	6,032,166	24,560	(68,424)	5,988,302
Retail loans	14,449,325	58,829	(280,677)	14,227,477
	20,481,491	83,389	(349,101)	20,215,779

	2024			
	Gross Loans	Interest Receivable	Allowance for Credit Losses	Carrying Amount
	$	$	$	$
Loans and advances to customers				
Commercial loans	6,714,734	32,183	(42,227)	6,704,690
Retail loans	13,643,954	65,395	(275,429)	13,433,920
	20,358,688	97,578	(317,656)	20,138,610

(presented in thousands of Trinidad and Tobago dollars)

8. Loans and Advances to Customers (continued)

8.2 Concentration of credit

Scotiabank monitors concentrations of credit risk by sector based on the volume of loans granted to retail and commercial customers based on their industry sector. An analysis of concentrations of credit risk from loans and advances to customers is shown below.

	2025	2024
	$	$
Mortgages- residential	8,852,245	8,323,780
Consumer	5,551,455	5,354,917
Energy and petrochemical	1,511,224	1,383,546
Business and personal services	1,357,566	2,112,088
Construction and engineering	1,238,885	1,521,100
Distributive trades	1,231,603	1,077,261
Manufacturing and assembly	490,432	367,010
Mortgages- commercial	124,286	136,468
Communication and transport	79,468	22,812
Financial services	27,860	32,720
Hospitality industry	13,345	24,124
Agriculture	3,122	2,862
	20,481,491	20,358,688

8.3 Impaired loans

Gross impaired loans represent those loans which are recognised as Stage 3.

	2025			2024		
	Gross impaired loans	Allowance for credit losses	Net	Gross impaired loans	Allowance for credit losses	Net
	$	$	$	$	$	$
Loans and advances to customers						
Commercial loans	26,977	(8,367)	18,610	26,977	(8,888)	18,089
Retail loans	360,237	(101,286)	258,951	377,889	(77,733)	300,156
	387,214	(109,653)	277,561	404,866	(86,621)	318,245

(presented in thousands of Trinidad and Tobago dollars)

8. Loans and Advances to Customers (continued)

8.4 Allowance for credit losses

	2025			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	$	**$**	**$**	**$**
Loans and advances to customers				
Commercial loans	(20,772)	(39,285)	(8,367)	(68,424)
Retail loans	(83,193)	(96,198)	(101,286)	(280,677)
	(103,965)	(135,483)	(109,653)	(349,101)

	2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	$	**$**	**$**	**$**
Loans and advances to customers				
Commercial loans	(28,842)	(4,497)	(8,888)	(42,227)
Retail loans	(61,170)	(136,526)	(77,733)	(275,429)
	(90,012)	(141,023)	(86,621)	(317,656)

8.5 Analysis of movement of allowance for credit losses

	2025	**2024**
	$	**$**
Allowance at beginning of the year	317,656	316,556
Impairment charge for the year (note 8.6)	231,340	158,531
Write-offs	(199,895)	(157,431)
Net increase in allowance for credit losses for the year	31,445	1,100
Allowance at end of the year	349,101	317,656

(presented in thousands of Trinidad and Tobago dollars)

8. Loans and Advances to Customers (continued)

8.6 Net impairment loss on financial assets

	2025 $	2024 $
Impairment charge for the year:		
- Loans and advances to customers (note 8.5)	231,340	158,531
- Acceptances, guarantees, letters of credit and undrawn credit commitments (note 15)	477	(247)
- Cash at bank (note 5)	139	64
- Investments at FVOCI	(166)	(1,453)
- Modification losses	(556)	247
Recoveries	(86,121)	(55,158)
	145,113	101,984

9. Investment Securities

	2025 $	2024 $
Debt instruments measured at FVOCI:		
- Government and state-owned enterprise debt securities	1,280,144	1,105,237
- Corporate debt securities	251,182	303,747
	1,531,326	1,408,984
Equity instruments designated as FVOCI:		
- Unlisted equity securities	4,141	4,171
Interest receivable	14,934	27,268
Total investment securities	1,550,401	1,440,423
Classified as:		
Current assets	829,808	276,998
Non-current assets	720,593	1,163,425
	1,550,401	1,440,423

The analysis of credit quality of investment securities is disclosed in Note 27.1(iv).

(presented in thousands of Trinidad and Tobago dollars)

9. Investment Securities (continued)

The following table shows investments in equity securities that are designated at FVOCI. The FVOCI designation was made because the investments are expected to be held for long term strategic purposes.

	Number of units	Fair value at October 31, 2025
		$
Investment in Trinidad and Tobago Stock Exchange	56,000	4,141

	Number of units	Fair value at October 31, 2024
		$
Investment in Trinidad and Tobago Stock Exchange	56,000	4,171

The change in fair value on these investments was $30 for the year ended October 31, 2025 (2024: $398). No dividend income was recognised for the years ended October 31, 2025 and 2024.

10. Receivables and Other Assets

	2025	2024
	$	$
Accounts receivable and prepayments	11,221	79,689
Clearing items in transit	13,310	1,130
Other assets	1,490	4,382
	26,021	85,201

Accounts receivable and prepayments is comprised of balances due from the maturities of investments, amounts prepaid for services and other balances receivable from third parties.

(presented in thousands of Trinidad and Tobago dollars)

11. Property and Equipment

	Land	Buildings	Leasehold Improvements	Equipment & Furniture	Capital Work in Progress	Total
	$	$	$	$	$	$
October 31, 2025						
Cost						
At beginning of year	15,357	329,424	64,917	293,090	13,106	715,894
Additions	-	-	-	7,143	8,134	15,277
Additions to ROU asset	-	4,695	-	-	-	4,695
Disposals	-	-	(2,023)	(1,041)	-	(3,064)
At end of year	15,357	334,119	62,894	299,192	21,240	732,802
Accumulated Depreciation						
At beginning of year	-	134,958	19,278	232,068	-	386,304
Charge for year	-	14,949	1,417	18,429	-	34,795
At end of year	-	149,907	20,695	250,497	-	421,099
Net book value	**15,357**	**184,212**	**42,199**	**48,695**	**21,240**	**311,703**

	Land	Buildings	Leasehold Improvements	Equipment & Furniture	Capital Work in Progress	Total
	$	$	$	$	$	$
October 31, 2024						
Cost						
At beginning of year	15,357	322,775	64,917	278,537	5,745	687,331
Additions	-	-	-	14,553	7,361	21,914
Remeasurement of right-of-use assets	-	6,649	-	-	-	6,649
At end of year	15,357	329,424	64,917	293,090	13,106	715,894
Accumulated Depreciation						
At beginning of year	-	117,873	17,838	215,148	-	350,859
Charge for year	-	17,085	1,440	16,920	-	35,445
At end of year	-	134,958	19,278	232,068	-	386,304
Net book value	**15,357**	**194,466**	**45,639**	**61,022**	**13,106**	**329,590**

(presented in thousands of Trinidad and Tobago dollars)

11. Property and Equipment (continued)

As at October 31, 2025, property and equipment includes right-of-use assets with net book value of $93 million (2024: $100 million) related to leased branches and office premises (note 26).

Work in progress comprise several ongoing projects relating to premises and equipment to be used in banking operations, which are expected to be completed in the coming fiscal year.

12. Defined Benefit Pension Fund and Other Post-Employment Benefits Obligations

Scotiabank maintains a regulated, non-contributory defined benefit pension plan (the Plan) which entitles a retired employee to receive an annual pension. Employees may retire at age 63 and are entitled to receive annual payments based on a percentage of their final salary. Employees may retire earlier than age 63 under certain conditions.

The Plan exposes Scotiabank to actuarial risks, such as longevity risk, currency risk, interest rate risk and market risk. There is no obligation for Scotiabank to contribute amounts on behalf of employees other than those which are in line with the terms of employment as it related to long term benefits.

The Plan is fully funded by Scotiabank, the assets of the Plan being managed separately by the Trustee. The funding requirements are based on the pension fund's actuarial measurement performed by an independent qualified actuary. Scotiabank has not paid contribution to its defined benefit pension fund since 2021 as the fund has been broadly in balance and the defined benefit component of the Plan was closed to future service accrual from November 1, 2020.

The Bank provides a post-employment medical plan to employees who either retire due to ill-health or retire from the Bank and whose age at retirement plus number of years of service rendered is at least 75 years.

Pensioners who retire after June 1, 2008 are currently eligible for post-retirement life insurance. The sum assured for those who retired prior to June 1, 2008 is equal to 100% of their salary at retirement up to age 65. After age 65, the sum assured reduces to 50% of their salary at retirement.

12.1 Amounts recognised in the separate statement of financial position are as follows:

	Defined Benefit Pension Fund		Post-Employment Medical and Life Benefits	
	2025	2024	2025	2024
	$	$	$	$
Defined benefit obligation	(727,892)	(750,594)	(198,357)	(196,941)
Fair value of plan assets	861,668	866,527	-	-
Net asset (liability)	133,776	115,933	(198,357)	(196,941)

(presented in thousands of Trinidad and Tobago dollars)

12. Defined Benefit Pension Fund and Other Post-Employment Benefits Obligations (continued)

12.2 Reconciliation of change in defined benefit obligation:

	Defined Benefit Pension Fund		Post-Employment Medical and Life Benefits	
	2025	2024	2025	2024
	$	$	$	$
Defined benefit obligation at beginning of year	(750,594)	(771,855)	(196,941)	(193,044)
Current service cost	-	-	(8,905)	(8,613)
Net interest cost	(45,687)	(45,188)	(12,047)	(11,347)
Transferred-in DC balances	(193)	(72)	-	-
Experience adjustments	3,536	3,922	1,612	289
Actuarial gains	25,357	27,573	10,241	7,934
Benefits paid	39,689	35,026	7,683	7,840
Defined benefit obligation at end of year	(727,892)	(750,594)	(198,357)	(196,941)

The post-employment medical and life benefits are funded by Scotiabank. There are no assets explicitly set aside for this Plan.

12.3 Reconciliation of the fair value of plan assets:

	Defined Benefit Pension Fund	
	2025	2024
	$	$
Plan assets at beginning of year	866,527	883,002
Interest income	52,933	51,857
Fair value loss on plan assets	(18,322)	(33,395)
Benefits paid	(39,689)	(35,026)
Transferred-in DC balances	219	89
Plan assets at end of year	861,668	866,527

	Defined Benefit Pension Fund	
	2025	2024
	$	$
Interest income	52,933	51,857
Fair value loss on plan assets	(18,322)	(33,395)
Actual return on plan assets	34,611	18,462

(presented in thousands of Trinidad and Tobago dollars)

12. Defined Benefit Pension Fund and Other Post-Employment Benefits Obligations (continued)

12.4 Movement in the asset and liability recognized in the separate statement of financial position:

	Defined Benefit Pension Fund		**Post-Employment Medical and Life Benefits**	
	2025	**2024**	**2025**	**2024**
	$	**$**	**$**	**$**
Opening defined benefit asset/(liability)	115,933	111,147	(196,941)	(193,044)
Net retirement benefit credit (costs)	7,246	6,669	(20,952)	(19,960))
Remeasurement recognized in other comprehensive income	10,597	(1,883)	11,853	8,223
Benefits paid	-	-	7,683	7,840
Closing defined benefit asset/(liability)	133,776	115,933	(198,357)	(196,941)

12.5 The amount recognized in the separate statement of profit or loss comprised:

	Defined Benefit Pension Fund		**Post-Employment Medical and Life Benefits**	
	2025	**2024**	**2025**	**2024**
	$	**$**	**$**	**$**
Current service cost	-	-	(8,905)	(8,613)
Net interest on net defined benefit asset (liability)	7,246	6,669	(12,047)	(11,347)
Net retirement benefit credit (cost)	7,246	6,669	(20,952)	(19,960)

12.6 The amount recognized in other comprehensive income comprised:

	Remeasurements recognised in Other Comprehensive Income	
	2025	**2024**
	$	**$**
Defined benefit pension fund	10,597	(1,883)
Post-employment medical and life benefits	11,853	8,223
	22,450	6,340

(presented in thousands of Trinidad and Tobago dollars)

12. Defined Benefit Pension Fund and Other Post-Employment Benefits Obligations (continued)

12.7 Experience history:

	Post-Employment Medical and Life Benefits	
	2025	**2024**
	$	**$**
Defined benefit obligation	(198,357)	(196,941)
Experience adjustment on plan liabilities	11,853	8,223

12.8 Asset allocation:

	Defined Benefit Pension Fund	
	2025	**2024**
Equity securities	42%	41%
Debt securities	53%	52%
Property	2%	2%
Other	3%	5%
Total	100%	100%

12.9 Composition of plan assets:

	2025	**2024**
	$	**$**
Locally listed equities	134,483	146,137
Overseas listed equities	226,236	212,052
TT$ denominated bonds	354,035	347,360
US$ denominated bonds	103,667	95,741
Property	13,236	17,995
Mortgages	5,791	6,764
Cash and cash equivalents	24,220	40,478
Total	861,668	866,527

(presented in thousands of Trinidad and Tobago dollars)

12. Defined Benefit Pension Fund and Other Post-Employment Benefits Obligations (continued)

12.9 Composition of plan assets (continued)

All equities have quoted prices in active markets. The fair values of all TT$ and US$ denominated government bonds and corporate bonds are calculated by discounting expected future proceeds using a constructed yield curve. The majority of the Plan's government bonds were issued by the Government of Trinidad and Tobago, which also guarantees many of the corporate bonds held by the Plan. As at October 31, 2025, the Plan held $27.9 million (2024: $32.6 million) worth of Scotiabank's shares and property assets carried at $14.9 million (2024: $19.8 million) were occupied by Scotiabank. There were no asset-liability matching strategies used by the Plan for the year ended October 31, 2025. These Plan's leases are non-cancellable over a period of three to five years. The resulting right of use asset and lease liability are $23 million and $23 million.

12.10 The principal actuarial assumptions of the Pension Plan and Post-Employment benefits were:

	Defined Benefit Pension Fund	
	2025	**2024**
	%	**%**
Discount rate: Active members and current and deferred pensioners	6.50	6.25
Rate of inflation	4.25	4.25
Future salary increases	4.00	4.00
Future pension increases	0.00	0.00

Assumptions regarding future mortality are based on published statistics and mortality tables. The current longevities underlying the values of the defined benefit obligation at the reporting date are as follows:

	2025	**2024**
Longevity at age 60 for current pensioners (in years)		
Males	22.0	22.0
Females	26.3	26.2
Longevity at age 60 for current members at age 40 (in years)		
Males	22.9	22.8
Females	27.2	27.1

At October 31, 2025, the weighted-average duration of the defined benefit obligation is 16.7 years (2024: 17.0 years).

(presented in thousands of Trinidad and Tobago dollars)

12. Defined Benefit Pension Fund and Other Post-Employment Benefits Obligations (continued)

12.11 Sensitivity analysis:

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	Effect on Net Defined Benefit Pension Fund Obligation			
	2025		2024	
	Increase	Decrease	Increase	Decrease
	$	$	$	$
Discount rate (1% movement)	(87,362)	112,130	(95,424)	102,765
Future salary increases (1% movement)	35,543	(30,459)	40,670	(46,067)

An increase of 1 year in the assumed life expectancies shown above would increase the defined benefit obligation at year-end by $12.2 million (2024: $12 million).

These sensitivities were calculated by re-calculating the defined benefit obligation using the revised assumptions.

	Effect on Post-employment Medical and Life Benefits Obligation			
	2025		2024	
	Increase	Decrease	Increase	Decrease
	$	$	$	$
Discount rate (1% movement)	(27,562)	35,369	(27,814)	27,814
Medical cost increases (1% movement)	34,982	(27,637)	35,286	(35,048)

An increase of 1 year in the assumed life expectancies shown above would increase the defined benefit obligation at year-end by $6.4 million (2024: $6.4 million).

These sensitivities were calculated by re-calculating the defined benefit obligation using the revised assumptions.

(presented in thousands of Trinidad and Tobago dollars)

13. Deposits from Customers

		2025	2024
		$	$
13.1	Deposit balances	24,271,409	22,931,224
	Interest payable	42,757	28,663
		24,314,166	22,959,887
13.2	***Concentration of deposit liabilities***		
	Personal	11,690,173	11,733,638
	Commercial	10,925,987	10,311,977
	Financial institutions	1,655,249	885,609
		24,271,409	22,931,224

14. Deposits from Banks and Other Related Companies

	2025	2024
	$	$
Related companies	64,881	900,665
Banks	7,103	13,140
	71,984	913,805

15. Other Liabilities

	2025	2024
	$	$
Customer loyalty programs*	214,459	220,973
Accrued charges and other payables	308,565	340,857
Lease liabilities (Note 26)	104,040	110,508
Other	79,853	45,523
Provision for undrawn credit commitments and others	2,318	1,841
	709,235	719,702

Other liabilities include dormant accounts, unpresented drafts, dividends payable and other clearing items in suspense in the normal course of business.

*Customer loyalty programs allow customers to accumulate points when using the Bank's products and services. Where points are earned for statement credits, the cost of the loyalty program is presented net of card fees. Where points are redeemed, revenue initially deferred to the loyalty provision is recognized as net card fees. The costs of these rewards for goods and services are recorded in non-interest expenses.

Movement in Provision for undrawn credit commitments

Allowance, beginning of year	1,841	2,088
Impairment reversal for the year (Note 8.6)	477	(247)
Allowance, end of year	2,318	1,841

(presented in thousands of Trinidad and Tobago dollars)

16. Deferred Taxation

	2025 $	2024 $
16.1 The net deferred tax asset is attributable to the following items:		
Deferred tax liability		
Receivables and other assets	-	(2,431)
Property and equipment	(38,563)	(40,250)
	(38,563)	(42,681)
Deferred tax asset		
Investment securities at FVOCI	838	8,416
Allowance for credit losses	81,949	70,080
Post-employment benefit asset/obligation	23,233	28,352
Other liabilities	4,469	-
	110,489	106,848
Net deferred tax asset	71,926	64,167

16.2 The movement in the deferred tax amount comprised:

	2025 $	2024 $
Balance at beginning of the year	64,167	72,345
Amounts recognized in OCI		
- Investment securities at FVOCI (Note 24.3)	(838)	(8,416)
- Post-employment benefit asset/ obligation (Note 24.3)	(7,695)	(2,219)
Amounts recognized in profit or loss		
- Current year's deferred tax (Note 24.1)	16,494	1,669
Prior years (Note 24.1)	(202)	788
Balance at end of year	71,926	64,167

(presented in thousands of Trinidad and Tobago dollars)

17. Stated Capital

	2025	2024
	$	$
Authorised		
Authorised capital consists of an unlimited number of ordinary shares of no par value		
Issued and fully paid up shares		
176,343,750 (2024: 176,343,750) ordinary shares	267,563	267,563

The Bank has one class of ordinary shares. The holders of the ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Bank and for residual interest in the assets of the Bank.

18. Statutory Reserve Fund

In accordance with the Financial Institutions Act, 2008, Scotiabank is required to transfer at the end of each financial year no less than 10 percent of its net income after taxation to a statutory reserve fund until the amount standing to the credit of the statutory reserve fund is not less than its paid-up capital. In addition, this fund is also required to be reserved to support deposit liabilities at not less than twenty times its balance as at October 31, 2025.

The balance shown for the statutory reserve fund is as follows:

	2025	2024
	$	$
Balance, beginning of year	962,563	877,563
Amount transferred	55,000	85,000
Balance, end of year	1,017,563	962,563

(presented in thousands of Trinidad and Tobago dollars)

19. Dividends

19.1 Dividends paid and proposed are analysed as follows:

	2025		2024	
	¢ per share	**$**	**¢ per share**	**$**
Dividends paid				
First interim dividend	70	123,440	75	132,257
Second interim dividend	70	123,440	70	123,441
Third interim dividend	70	123,441	70	123,441
	210	370,321	215	379,139
Dividends proposed				
Final dividend	90	158,709	70	123,441
Total dividends paid and proposed	300	529,030	285	502,580

The final dividend was approved after the reporting date, on December 15, 2025 (2024: December 9, 2024), and are not reflected in the consolidated statement of changes in equity as at October 31, 2025.

19.2 Reconciliation of dividends paid and proposed to dividends during the year:

	2025		2024	
	¢ per share	**$**	**¢ per share**	**$**
Total dividends paid and proposed for the year	300	529,030	285	502,580
Dividends proposed and not paid	(90)	(158,709)	(70)	(123,441)
Dividends paid in respect of prior year	70	123,441	70	123,441
Dividends paid during the year	280	493,762	285	502,580

20. Interest Income Calculated Using the Effective Interest Method

	2025	2024
	$	$
Loans and advances to customers	1,374,297	1,316,887
Investment securities	204,610	133,641
Other interest income	17,158	18,814
	1,596,065	1,469,342

(presented in thousands of Trinidad and Tobago dollars)

21. Interest Expense Calculated Using the Effective Interest Method

	2025	2024
	$	$
Deposits from customers	132,743	94,069
Interest on lease liability (Note 26)	5,281	5,540
	138,024	99,609

22. Other Income

	2025	2024
	$	$
Card revenues	274,164	259,186
Net trading income	173,911	154,442
Deposit and payment services	124,297	115,945
Dividend income from subsidiary	70,000	65,000
Other fees and commissions	50,186	47,809
Credit fees	25,569	25,341
Wealth management services	8,367	7,765
	726,494	675,488

23. Other Expenses

	2025	2024
	$	$
Other operating expenses	253,246	238,640
Deposit insurance premiums	46,343	35,160
Green Fund Levy	7,477	7,242
Directors’ fees	4,170	4,269
Audit fees and expenses	3,633	2,453
Non-audit services	39	98
	314,908	287,862

Other operating expenses include amounts relating to technology, card expenses, reward and loan incentive programs.

(presented in thousands of Trinidad and Tobago dollars)

24. Taxation

24.1 Taxation charge

	2025	2024
	$	$
Current tax	339,472	306,899
Deferred tax: origination and reversal of temporary differences (note 16.2)	(16,494)	(1,669)
Prior year (note 16.2)	(202)	788
	322,776	306,018

24.2 Taxation reconciliation

The tax on the operating profit differs from the theoretical amount that would arise using the basic tax rate of the home country of Scotiabank.

The following is a reconciliation of the application of the effective tax rate with the provision for taxation:

	2025		2024	
	$	%	$	%
Profit before taxation	944,661	100	897,206	100
Computed tax calculated at the statutory rate of 35% (2024: 35%)	330,631	35	314,022	35
Prior year charge	(202)	-	788	-
Tax effect of items that are adjusted in determining taxable profit:				
- Tax effect of non-taxable income	(26,883)	(3)	(26,546)	(3)
- Tax effect of non-deductible costs	19,230	2	17,754	2
Tax charge and effective tax rate	322,776	34	306,018	34

24.3 Amounts recognized in OCI:

	Before Tax	Tax (Expense) Benefit	Net of Tax
	$	$	$
2025			
Fair value re-measurement of investments at FVOCI	2,300	(838)	1,462
Remeasurement of post-employment benefits obligation/asset	22,450	(7,695)	14,755
	24,750	(8,533)	16,217

(presented in thousands of Trinidad and Tobago dollars)

24. Taxation (continued)

24.3 Amounts recognized in OCI (continued):

	Before Tax	Tax (Expense) Benefit	Net of Tax
	$	$	$
2024			
Fair value re-measurement of investments at FVOCI	23,065	(8,416)	14,649
Remeasurements of post-employment benefits obligation/asset	6,340	(2,219)	4,121
	29,405	(10,635)	18,770

25. Contingent Liabilities

In the normal course of business, various contingent liabilities are outstanding [see Note 3(k)] which are not reflected in these separate financial statements. These include commitments to extend credit, which, in the opinion of management, do not represent unusual risk, and no material losses are anticipated as a result of these transactions.

As at October 31, 2025, there were certain legal proceedings against Scotiabank. Based upon legal advice, the Bank does not expect the outcome of those actions to have a material effect on Scotiabank's separate financial position at that date or profit reported for the year then ended.

26. Leases

The Bank leases a number of branch and office premises. The length of the leases varies but are typically run for a period of three to five years.

Information about leases for which the Bank is a lessee is presented below:

Right-of-use assets

Right-of-use assets relate to branch and office premises that are presented within property and equipment.

	2025	2024
	$	$
Balance at November 1	100,744	108,698
Depreciation charge for the year	(12,409)	(14,554)
Additions	4,695	6,600
Balance at October 31	93,030	100,744

(presented in thousands of Trinidad and Tobago dollars)

26. Leases (continued)

Maturity analysis- contractual undiscounted cash flows

The future maturity lease payments under non-cancellable operating leases were payable as follows:

	2025 $	2024 $
Gross finance lease liabilities:		
Less than one year	30,686	23,247
Between one and five years	112,692	121,582
Over 5 years	274	254
Future interest	(39,612)	(34,575)
Present value of minimum lease payments	104,040	110,508

	2025 $	2024 $
Finance lease liabilities are payable as follows:		
Less than one year	30,686	23,306
One to five years	112,692	121,582
More than five years	274	195
Total undiscounted lease payments	143,652	145,083

	2025 $	2024 $
Amounts recognized in profit or loss		
Interest on lease liabilities	5,281	5,540
Expenses relating to leases of low-value assets	1,011	1,204
Amounts recognized in the statement of cash flows		
Balance at start of the year	110,508	117,668
Changes from financing cash flows	(11,749)	(19,449)
Interest expense	5,281	5,540
New lease	-	6,749
Balance at end of the year	104,040	110,508

27. Financial Risk Management

Scotiabank has exposure to the following risks from its use of financial instruments:

(a) Credit risk
(b) Market risk
(c) Liquidity risk
(d) Capital management
(e) Operational risk

This note presents information about Scotiabank's exposure to each of the above risks, Scotiabank's objectives, policies and processes for measuring and managing risk, and Scotiabank's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of Scotiabank's risk management framework. Scotiabank has established the Scotiabank Group Asset Liability Committee (ALCO), Scotiabank Group Audit Committee, Scotiabank Group Credit Committee and Scotiabank Group Operational Risk Committee, which are responsible for developing and monitoring Scotiabank's risk management policies in their specified areas.

Scotiabank's risk management policies are established to identify and analyse the risks faced by Scotiabank, to set appropriate risk limits and controls, and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. Scotiabank, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Scotiabank Group Audit Committee is responsible for monitoring compliance with Scotiabank's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by Scotiabank. The Scotiabank Group Audit Committee is assisted in these functions by the Group Internal Audit function. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Group Audit Committee.

27. Financial Risk Management (continued)

27.1 Credit risk

Credit risk is the risk of loss resulting from the failure of a borrower or counterparty to honour its financial or contractual obligations to Scotiabank. Credit risk is created in Scotiabank's direct lending operations, and in its funding, investment and trading activities where counterparties have repayment or other obligations to Scotiabank.

Credit risk is managed through strategies, policies, and limits that are approved by the Board of Directors, which routinely reviews the quality of the major portfolios and all the larger credits. Scotiabank's credit policies and limits are structured to ensure broad diversification across various types of credits. Limits are set for individual borrowers, particular industries and certain types of lending.

These various limits are determined by taking into account the relative risk of the borrower or industry.

Scotiabank's credit processes include:

- A centralised credit review system that is independent of the customer relationship function;
- Senior management, which considers all major risk exposures; and
- An independent review by Scotiabank's Internal Audit Department.

Relationship managers develop and structure individual proposals at branches and commercial centres. Furthermore, they conduct a full financial review for each customer at least annually, so that Scotiabank remains fully aware of customers' risk profiles. The Credit Risk Management department analyses and adjudicates on commercial and corporate credits over a certain size and exceptions to established credit policies.

Retail credits are normally authorised in branches within established criteria using a credit scoring system. The Credit Risk Management department adjudicates on those retail credits that do not conform to the established criteria. The retail portfolios are reviewed regularly for early signs of possible difficulties.

These credit scoring models are subject to ongoing review to assess their key parameters and to ensure that they are creating the desired business and risk results. Proposed changes to these models or their parameters require analysis and recommendation by the credit risk unit independent of the business line, and approval by the appropriate management credit committee.

27. Financial Risk Management (continued)

27.1 Credit risk (continued)

A centralised collection unit utilises an automated system for the follow-up and collection of delinquent accounts. All delinquent accounts are aggressively managed with slightly greater emphasis being placed on the larger dollar accounts given that they represent a potential larger loss exposure to Scotiabank. The centralised collections unit is also responsible for the monitoring and trending of delinquency by branch, business lines and any other parameters deemed appropriate. Adverse trends, when identified, are analysed and the appropriate corrective action implemented. Maximum delinquency targets are set for each major product line and the collections unit works towards ensuring delinquency levels are below these targets. Inputs, assumptions and techniques used for estimating impairment is described in Note 3(f).

(i) Collateral held and other credit enhancements, and their financial effects

Collateral

Scotiabank, as part of its credit risk management strategy, employs the practice of taking security in respect of funds advanced to its clients. Scotiabank, through its ALCO and its Credit Risk department, develops and reviews policies related to the categories of security and their valuation that are acceptable to Scotiabank as collateral. The principal collateral types are as follows:

- Mortgages over residential and commercial property.
- Charges over business assets such as premises, inventory and accounts receivable.
- Charges over debt instruments and equity instruments.

The collateral values are updated annually (including but not limited to professional valuations) with special focus given to individual collateral values when the loan is assessed as impaired.

For each loan, the recorded value of collateral is capped at the nominal amount of the loan that it is held against.

(presented in thousands of Trinidad and Tobago dollars)

27. Financial Risk Management (continued)

27.1 Credit risk (continued)

i) Collateral held and other credit enhancements, and their financial effects (continued)

Repossessed collateral

Scotiabank enforces its power of sale agreements over various types of collateral (as noted above) as a consequence of failure by borrowers or counterparties to honour their financial obligations to Scotiabank. Appraisals are obtained for the current value of the collateral as an input to the impairment measurement, and once repossessed, the collateral is sold as soon as practicable. The proceeds net of disposal cost are applied to the outstanding debt.

The mortgage loan portfolio of the bank represents 65% (2024: 72%) of the Bank's total loans and a large portion of the Bank's lending portfolio is comprised of residential mortgages, which are well diversified by borrower. As at October 31, 2025, these loans accounted for $9.4 billion or 45%) of the Bank's total loans and acceptances outstanding (2024: $7.8 billion or 39%). The estimated value of the collateral with enforceable legal right pursuant to this residential mortgage is $9.8 billion (2024: $8.9 billion).

ii) Exposure to credit risk

Scotiabank's maximum exposure to credit risk before collateral held or credit enhancements is detailed below:

	2025	2024
	$	$
Credit risk recognized on the statement of financial position		
Cash on hand and in transit	172,548	203,404
Cash at bank	780,227	532,535
Treasury bills	3,327,308	3,045,881
Deposits with Central Bank	2,680,501	2,666,065
Loans and advances to customers	20,564,880	20,456,266
Investment securities (excluding equities)		
- Debt instruments measured at FVOCI	1,546,260	1,437,705
Receivables, excluding prepayments	5,111	-
	29,076,835	28,341,856

(presented in thousands of Trinidad and Tobago dollars)

27. Financial Risk Management (continued)

27.1 Credit risk (continued)

ii) Exposure to credit risk (continued)

	2025	2024
	$	$
Credit risk not recognized on the separate statement of financial position		
Acceptances, guarantees and letters of credit	900,767	891,759
Undrawn credit commitments	3,385,328	3,090,773
	4,286,095	3,982,532
Total credit risk exposure	33,362,930	29,731,722

(iii) Changes to the allowance for credit losses

The following table presents the changes to the allowance for credit losses on loans and advances to customers. Explanation of terms ‘Stage 1’, ‘Stage 2’, and ‘Stage 3’ is included in Note 3(f).

	2025			
	Stage 1	Stage 2	Stage 3	Total
	$	$	$	$
Retail loans				
Balance at beginning of the year	61,170	136,526	77,733	275,429
Remeasurement of loss allowance	(55,296)	16,838	237,982	199,524
Newly originated or purchased	38,703	-	-	38,703
Derecognition and maturities	(13,885)	(20,440)	-	(34,325)
Transfers to (from):				
- Stage 1	73,863	(62,499)	(11,364)	-
- Stage 2	(20,941)	59,265	(38,324)	-
- Stage 3	(421)	(33,492)	33,913	-
Gross write offs	-	-	(198,654)	(198,654)
Balance at end of year	83,193	96,198	101,286	280,677

(presented in thousands of Trinidad and Tobago dollars)

27. Financial Risk Management (continued)

27.1 Credit risk (continued)

(iii) Changes to the allowance for credit losses (continued)

	2024			
	Stage 1	Stage 2	Stage 3	Total
	$	$	$	$
Retail loans				
Balance at beginning of the year	77,722	139,246	76,512	293,480
Remeasurement of loss allowance	(97,076)	72,353	152,815	128,092
Newly originated or purchased	28,047	-	-	28,047
Derecognition and maturities	(5,280)	(13,907)	-	(19,187)
Transfers to (from):				
- Stage 1	71,046	(67,601)	(3,445)	-
- Stage 2	(13,070)	29,588	(16,518)	-
- Stage 3	(219)	(23,153)	23,372	-
Gross write offs	-	-	(155,003)	(155,003)
Balance at end of year	61,170	136,526	77,733	275,429

	2025			
	Stage 1	Stage 2	Stage 3	Total
	$	$	$	$
Commercial loans				
Balance at beginning of year	28,842	4,497	8,888	42,227
Remeasurement of loss allowance	(1,086)	24,182	720	23,816
Newly originated or purchased	11,345	-	-	11,345
Derecognition and maturities	(6,577)	(1,146)	-	(7,723)
Transfers to (from):				
- Stage 1	(12,076)	12,076	-	-
- Stage 2	324	(324)	-	-
- Stage 3	-	-	-	-
Gross write offs	-	-	(1,241)	(1,241)
Balance at end of year	20,772	39,285	8,367	68,424

(presented in thousands of Trinidad and Tobago dollars)

27. Financial Risk Management (continued)

27.1 Credit risk (continued)

(iii) Changes to the allowance for credit losses (continued)

	2024			
	Stage 1	Stage 2	Stage 3	Total
	$	$	$	$
Commercial loans				
Balance at beginning of year	7,663	3,229	12,184	23,076
Remeasurement of loss allowance	16,560	3,819	(868)	19,511
Newly originated or purchased	14,604	-	-	14,604
Derecognition and maturities	(10,735)	(1,801)	-	(12,536)
Transfers to (from):				
- Stage 1	-	-	-	-
- Stage 2	(581)	581	-	-
- Stage 3	1,331	(1,331)	-	-
Gross write offs	-	-	(2,428)	(2,428)
Balance at end of year	28,842	4,497	8,888	42,227

(iv) Analysis of credit quality

The following table presents the carrying value of exposures by risk rating:

	2025			
	Stage 1	Stage 2	Stage 3	Total
	$	$	$	$
Retail loans				
Very low	572,655	1,352	-	574,007
Low	8,571,072	11,416	-	8,582,488
Medium	2,545,776	22,528	-	2,568,304
High	1,335,882	457,472	-	1,793,354
Very high	1,190	464,935	-	466,125
Loans not graded	81,517	23,293	-	104,810
Default	-	-	360,237	360,237
Total	13,108,092	980,996	360,237	14,449,325
Allowance for credit losses	(83,193)	(96,198)	(101,286)	(280,677)
Carrying value	13,024,899	884,798	258,951	14,168,648

(presented in thousands of Trinidad and Tobago dollars)

27. Financial Risk Management (continued)

27.1 Credit risk (continued)

(iv) Analysis of credit quality (continued)

The following table presents the carrying value of exposures by risk rating:

	2024			
	Stage 1	Stage 2	Stage 3	Total
	$	$	$	$
Retail loans				
Very low	76,984	-	-	76,984
Low	8,259,543	12,366	-	8,271,909
Medium	2,468,538	29,168	-	2,497,706
High	1,119,520	409,335	-	1,528,855
Very high	1,890	424,912	-	426,802
Loans not graded	414,058	49,751	-	463,809
Default	-	-	377,889	377,889
Total	12,340,533	925,532	377,889	13,643,954
Allowance for credit losses	(61,170)	(136,526)	(77,733)	(275,429)
Carrying value	12,279,363	789,006	300,156	13,368,525

	2025			
	Stage 1	Stage 2	Stage 3	Total
	$	$	$	$
Commercial loans				
Very low	45,905	76,516	-	122,421
Low	2,512,314	103,473	-	2,615,787
Medium	2,349,776	247,158	-	2,596,934
High	-	670,047	-	670,047
Default	-	-	26,977	26,977
Total	4,907,995	1,097,194	26,977	6,032,166
Allowance for credit losses	(20,772)	(39,285)	(8,367)	(68,424)
Carrying value	4,887,223	1,057,909	18,610	5,963,742

(presented in thousands of Trinidad and Tobago dollars)

27. Financial Risk Management (continued)

27.1 Credit risk (continued)

(iv) Analysis of credit quality (continued)

	2024			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
	$	**$**	**$**	**$**
Commercial loans				
Very low	-	83,621	-	83,621
Low	3,339,598	104,190	-	3,443,788
Medium	2,990,735	131,543	-	3,122,278
High	-	38,070	-	38,070
Default	-	-	26,977	26,977
Total	6,330,333	357,424	26,977	6,714,734
Allowance for credit losses	(28,842)	(4,497)	(8,888)	(42,227)
Carrying value	6,301,491	352,927	18,089	6,672,507

Probability of default (PD) measures the likelihood that a borrower will default within a one-year time horizon. Each category of PD grades is assigned a PD range as follows:

Category of (PD) grades	**PD Range**
Exceptionally low	0.0000%- 0.0499%
Very low	0.0500%- 0.1999%
Low	0.20000%- 0.9999%
Medium low	1.0000%- 2.9999%
Medium	3.0000%- 9.9999%
High	10.0000%- 19.9999%
Extremely high	20.0000%- 99.9999%
Default	100%

The following tables show key macroeconomic variables used to calculate the modelled estimate for the allowance for credit losses. Further changes in these variables up to the date of the financial statements is incorporated through expert credit judgment. For the base case, optimistic and pessimistic scenarios, the projections are provided for the next 12 months and for the remaining forecast period, which represents a medium-term view.

Real GDP growth, y/y % change	**Base Case Scenario**	**Alternative Scenario – Optimistic**	**Alternative Scenario – Pessimistic**	**Alternative Scenario – Very Pessimistic**
Weight	22%	21%	23%	34%
2025	3.2 – 3.3	4.0 – 4.1	2.1 - 2.2	7.2 - 41.7
2024	3.6 - 3.8	4.2 - 4.5	2.5 - 4.2	0.6 - 4.7

27. Financial Risk Management (continued)

27.1 Credit risk (continued)

Investment securities and treasury bills

The credit quality of FVOCI debt instruments as well as loan commitments and financial guarantee contracts are all classified as “very low”. Total ECL provision as at October 31, 2025 is $0.2 million (2024: $0.4 million) See Note 8.6 for allowance for credit losses.

Cash on hand and in transit, cash at bank and deposits with central banks

Scotiabank held cash on hand and in transit, cash at bank and deposits with central banks of $3,633,276 (2024: $3,401,940) at the reporting date. The balances are held with reputable financial institutions with no history of default.

27.2 Market risk

Market risk refers to the risk of loss resulting from changes in market prices such as interest rates, foreign exchange, market prices and other price risks.

The Scotiabank Group Asset Liability Committee (ALCO) provides senior management oversight of the various activities that expose Scotiabank to market risk. This includes, asset liability management, while also approving limits for funding and investment activities, and reviewing Scotiabank’s interest rate strategies and performance against established limits.

Scotiabank measures and controls market risk primarily through the use of risk sensitivity analysis. This method of stress testing provides an indication of the potential size of losses that could arise in extreme conditions. These tests are conducted by the market risk function, the results of which are reviewed by senior management.

All market risk limits are reviewed at least annually. The key sources of Scotiabank’s market risk are as follows:

27.2.1 Currency risk

Scotiabank has no significant foreign exchange exposure since assets are funded by liabilities in the same currency. Foreign currency transactions have not required the use of interest rate swaps and foreign currency options and other derivative instruments which all carry inherent risks. Currency exposure resides mainly in trading activity where Scotiabank buys and sells currencies in the spot and forward markets to assist customers in meeting their business needs. Trading portfolios are managed with the intent to buy and sell over short periods of time, rather than to hold positions for investment. Explicit limits are established by currency, position and term. Daily reports are independently reviewed for compliance. There were no changes to the policies and procedures for managing foreign exchange when compared with last year.

(presented in thousands of Trinidad and Tobago dollars)

27. Financial Risk Management (continued)

27.2 Market risk (continued)

27.2.1 Currency risk (continued)

The results of the sensitivity analyses conducted as at October 31, on the possible impact on net profits before tax and on equity, of fluctuations of the US dollar foreign exchange rate relative to the TT dollar are presented below. The impact of changes in other minor currencies are not material.

Change in currency rate	Effect on PBT		Effect on Equity	
	2025	2024	2025	2024
	$	$	$	$
Increase of 1%	2,168	1,835	1,409	1,192
Decrease of 1%	(2,168)	(1,835)	(1,409)	(1,192)

Concentration of assets and liabilities by currency

Scotiabank has the following significant currency positions, shown in TT$ equivalents:

	2025			
	TT	US	Other	Total
	$	$	$	$
Financial Assets				
Cash on hand an in transit	153,659	14,578	4,311	172,548
Cash at bank	212,748	330,771	236,708	780,227
Treasury bills	878,499	2,394,069	24,740	3,297,308
Deposits with Central Bank	2,680,501	-	-	2,680,501
Loans and advances to customers	17,866,730	2,349,049	-	20,215,779
Investment securities	874,058	676,325	18	1,550,401
Other assets	3,699	1,412	-	5,111
Total financial assets	22,669,894	5,766,204	265,777	28,701,875
Financial Liabilities				
Deposits from customers	18,162,682	5,892,357	259,127	24,314,166
Deposits from subsidiaries	61,960	6,808	-	68,768
Deposits from banks and other related companies	37,421	34,563	-	71,984
Lease liabilities	104,040	-	-	104,040
Other liabilities	353,241	31,273	3,904	388,418
Total financial liabilities	18,719,344	5,965,001	263,031	24,947,376
Net financial position	3,950,550	(198,797)	2,746	3,754,499
Undrawn credit commitments	3,379,205	6,123	-	3,385,328

(presented in thousands of Trinidad and Tobago dollars)

27. Financial Risk Management (continued)

27.2 Market risk (continued)

27.2.1 Currency risk (continued)

Concentration of assets and liabilities by currency (continued)

	2024			
	TT	**US**	**Other**	**Total**
	$	**$**	**$**	**$**
Financial Assets				
Cash on hand an in transit	186,790	13,832	2,782	203,404
Cash at bank	69,113	188,978	274,380	532,471
Treasury bills	1,567,458	1,453,722	24,701	3,045,881
Deposits with Central Bank	2,666,065	-	-	2,666,065
Loans and advances to customers	17,076,288	3,062,322	-	20,138,610
Investment securities	827,706	612,434	283	1,440,423
Other assets	72,164	1,299	-	73,463
Total financial assets	22,465,584	5,332,587	302,146	28,100,317
Financial Liabilities				
Deposits from customers	17,667,606	4,995,619	296,662	22,959,887
Deposits from subsidiaries	97,998	6,611	-	104,609
Deposits from banks and other related companies	43,671	870,134	-	913,805
Lease liabilities	110,508	-	-	110,508
Other liabilities	365,573	17,211	3,596	386,380
Total financial liabilities	18,285,356	5,889,575	300,258	24,475,189
Net financial position	4,180,228	(556,988)	1,888	3,625,128
Undrawn credit commitments	3,086,351	4,422	-	3,090,773

27.2.2 Interest rate risk

Interest rate risk arises when there is a mismatch between positions which are subject to interest rate adjustments within a specific period. In Scotiabank's funding, lending and investment activities, fluctuations in interest rates are reflected in interest rate margins and consequently its earnings. A negative gap, which is not unusual, occurs when more liabilities than assets are subject to rate changes during a prescribed period of time. Interest rate risk is managed through the matching of funding products with financing services, regular review of structural gaps which may exist and monitoring market conditions through a centralised treasury operation. The interest rates on a material amount of Scotiabank's assets can be repriced as and when required.

(presented in thousands of Trinidad and Tobago dollars)

27. Financial Risk Management (continued)

27.2 Market risk (continued)

27.2.2 Interest rate risk (continued)

The results of the sensitivity analysis conducted as at October 31 on the impact on net profits before tax and on equity as a consequence of a reasonably possible change in interest rates at that date, are presented below:

Sensitivity of projected net interest income for variable rate instruments

	100b parallel increase	25bp parallel increase	25bp parallel decrease	100bp parallel decrease
	$	$	$	$
	2025			
At October 31	14,393	3,598	(3,624)	(14,497)
Average for the period	11,633	2,908	(2,934)	(11,735)
Maximum for the period	16,559	4,140	(4,164)	(16,657)
Minimum for the period	6,181	1,545	(1,572)	(6,286)
	2024			
At October 31	17,976	4,494	(4,517)	(18,069)
Average for the period	27,425	6,856	(6,876)	(27,505)
Maximum for the period	31,269	7,817	(7,843)	(31,371)
Minimum for the period	17,976	4,494	(4,517)	(18,069)

(presented in thousands of Trinidad and Tobago dollars)

27. Financial Risk Management (continued)

27.2 Market risk (continued)

27.2.2 Interest rate risk (continued)

Interest Sensitivity of Financial Assets and Financial Liabilities

The following table summarises carrying amounts of financial assets and financial liabilities on the separate statement of financial position, in order to arrive at Scotiabank's interest rate gap on the earlier of contractual repricing if floating rate or the maturity date if fixed rate:

	2025					
	Due on demand	**Due in one year**	**Due in two to five years**	**Over five years**	**Non-interest bearing**	**Total**
	$	**$**	**$**	**$**	**$**	**$**
Financial Assets						
Cash on hand and in transit	-	-	-	-	172,548	172,548
Cash at bank	228,630	-	-	-	551,597	780,227
Treasury bills	-	3,297,308	-	-	-	3,297,308
Deposits with Central Bank	-	-	-	-	2,680,501	2,680,501
Loans and advances to customers	20,809	5,106,154	6,859,169	8,192,084	37,563	20,215,779
Investment securities	-	829,808	716,452	-	4,141	1,550,401
Other assets	-	-	-	-	5,111	5,111
Total financial assets	**249,439**	**9,233,270**	**7,575,621**	**8,192,084**	**3,451,461**	**28,701,875**
Financial Liabilities						
Deposits from customers	13,438,187	3,635,036	254,061	-	6,986,882	24,314,166
Deposits from banks and subsidiaries and related companies	75,910	-	-	-	64,842	140,752
Lease liabilities	-	18,877	84,954	209	-	104,040
Other liabilities	-	-	-	-	388,418	388,418
Total financial liabilities	**13,514,097**	**3,653,913**	**339,015**	**209**	**7,440,142**	**24,947,376**
Net Gap	**(13,264,658)**	**5,579,357**	**7,236,606**	**8,191,875**	**(3,988,681)**	**3,754,499**
Cumulative Gap	**(13,264,658)**	**(7,685,301)**	**(448,695)**	**7,743,180**	**3,754,499**	

(presented in thousands of Trinidad and Tobago dollars)

27. Financial Risk Management (continued)

27.2 Market risk (continued)

27.2.2 Interest rate risk (continued)

Interest Sensitivity of Financial Assets and Financial Liabilities (continued)

	2024					
	Due on demand	Due in one year	Due in two to five years	Over five years	Non-interest bearing	Total
	$	$	$	$	$	$
Financial Assets						
Cash on hand and in transit	-	-	-	-	203,404	203,404
Cash at bank	77,537	-	-	-	454,934	532,471
Treasury bills	-	3,045,881	-	-	-	3,045,881
Deposits with Central Bank	-	-	-	-	2,666,065	2,666,065
Loans and advances to customers	46,242	6,154,220	6,333,286	7,517,651	87,211	20,138,610
Investment securities	-	276,998	1,159,254	-	4,171	1,440,423
Other assets	-	-	-	-	73,463	73,463
Total financial assets	123,779	9,477,099	7,492,540	7,517,651	3,489,248	28,100,317
Financial Liabilities						
Deposits from customers	14,216,432	1,762,402	986,035	-	5,995,018	22,959,887
Deposits from banks and subsidiaries and related companies	960,264	-	-	-	58,150	1,018,414
Lease liabilities	-	18,408	83,497	8,603	-	110,508
Other liabilities	-	-	-	-	386,380	386,380
Total financial liabilities	15,176,696	1,780,810	1,069,532	8,603	6,439,548	24,475,189
Net Gap	(15,052,917)	7,696,289	6,423,008	7,509,048	(2,950,300)	3,625,128
Cumulative Gap	(15,052,917)	(7,356,628)	(933,620)	6,575,428	3,625,128	

Equity price risk

Equity price risk is the risk that the fair value of equities decreases as a result of equity indices and/or the value of individual equities.

The effect on equity will arise from changes in stock prices for those stocks that are categorised as fair value through other comprehensive income, whereas the impact on income will arise from those categorised as fair value through profit or loss.

Scotiabank is exposed to an insignificant amount of equity price risk.

27. Financial Risk Management (continued)

27.3 Liquidity risk

Liquidity risk is the risk that Scotiabank is unable to meet its financial obligations in a timely manner at reasonable prices. Financial obligations include liabilities to depositors, payments due under contractual arrangements, settlement of securities, borrowing and repurchase transactions and lending and investing commitments.

Liquidity risk arises from fluctuations in cash flows. The objective of the liquidity management process is to ensure that Scotiabank honours all of its financial commitments as they fall due. Scotiabank, through its Treasury function, measures and forecasts its cash flow commitments and ensures that sufficient liquidity is available to meet its needs. The ALCO monitors Scotiabank's liquidity management process, policies and strategies.

To fulfill this objective, Scotiabank maintains diversified sources of funding, sets prudent limits and ensures immediate access to liquid assets. Scotiabank relies on a broad range of funding sources and applies prudent limits to avoid undue concentration. The principal sources of funding are capital, core deposits from retail and commercial customers and wholesale deposits raised in the interbank and commercial markets. Scotiabank's extensive branch network provides a strong foundation for diversifying its funding and raising the level of core deposits. Fallback techniques include access to local interbank and institutional markets and stand-by lines of credit with external parties.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Bank. It is unusual for entities to be completely matched, as transacted business is often of uncertain term and of different types. An unmatched position potentially enhances profitability but can also increase the risk of loss. Based on historical trend, there is no expectation that the deposits by the public will be withdrawn or repaid by the Bank within 3 months. These deposits are from a diverse set of clients.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Bank and its exposure to changes in interest rates and exchange rates. Assets available to meet all of the liabilities and to cover outstanding loan commitments include cash and central bank balances; government and corporate bonds; treasury bills; and loans.

Liquidity requirements to support calls under guarantees and standby letters of credit are considerably less than the amount of the commitment because the Group does not generally expect the third party to draw funds under the agreement. The total outstanding contractual amount of commitments to extend credit does not

(presented in thousands of Trinidad and Tobago dollars)

27. Financial Risk Management (continued)

27.3 Liquidity risk (continued)

necessarily represent future cash requirements, as many of these commitments will expire or terminate without being funded.

The table below shows a maturity analysis of financial instruments using discounted cash flows of financial assets and financial liabilities based on their contractual maturity dates as at October 31:

	2025				
	Due on demand $	Up to one year $	Two to five years $	Over five years $	Total $
Financial Assets					
Cash on hand and in transit	172,548	-	-	-	172,548
Cash at bank	780,227	-	-	-	780,227
Treasury bills	-	3,297,308	-	-	3,297,308
Deposits with Central Bank	2,680,501	-	-	-	2,680,501
Loans to customers	58,372	5,106,154	6,859,163	8,192,090	20,215,779
Investment securities (excluding equities)	-	829,902	701,424	-	1,531,326
Other assets	5,111	-	-	-	5,111
Total financial assets	3,696,759	9,233,364	7,560,587	8,192,090	28,682,800
Financial Liabilities					
Deposits from customers	20,425,069	3,635,036	254,061	-	24,314,166
Deposits from banks, subsidiaries and other related companies	140,752	-	-	-	140,752
Lease liabilities	-	18,877	84,954	209	104,040
Other liabilities	388,418	-	-	-	388,418
Total financial liabilities	20,954,239	3,653,913	339,015	209	24,947,376
Net Gap	**(17,257,480)**	**5,579,451**	**7,221,572**	**8,191,881**	**3,735,424**
Cumulative Gap	**(17,257,480)**	**(11,678,029)**	**(4,456,457)**	**3,735,424**	

The table below shows the contractual maturities of financial guarantee contracts and commitments:

	2025				
	Due on demand $	Up to one year $	Two to five years $	Over five years $	Total $
Undrawn credit commitments	**3,385,328**	**-**	**-**	**-**	**3,385,328**
Financial guarantee contracts	**-**	**862,089**	**38,374**	**304**	**900,767**

(presented in thousands of Trinidad and Tobago dollars)

27. Financial Risk Management (continued)

27.3 Liquidity risk (continued)

	2024				
	Due on demand $	**Up to one year $**	**Two to five years $**	**Over five years $**	**Total $**
Financial Assets					
Cash on hand and in transit	203,404	-	-	-	203,404
Cash at bank	532,471	-	-	-	532,471
Treasury bills	-	3,045,881	-	-	3,045,881
Deposits with Central Bank	2,666,065	-	-	-	2,666,065
Loans to customers	133,452	6,154,220	6,333,286	7,517,652	20,138,610
Investment securities (excluding equities)	-	276,998	1,159,254	-	1,436,252
Other assets	73,463	-	-	-	73,463
Total financial assets	3,608,855	9,477,099	7,492,540	7,517,652	28,096,146
Financial Liabilities					
Deposits from customers	20,211,450	1,762,402	986,035	-	22,959,887
Deposits from banks, subsidiaries and other related companies	1,018,414	-	-	-	1,018,414
Lease liabilities	-	18,408	83,497	8,603	110,508
Other liabilities	386,380	-	-	-	386,380
Total financial liabilities	21,616,244	1,780,810	1,069,532	8,603	24,475,189
Net Gap	(18,007,389)	7,696,289	6,423,008	7,509,049	3,620,957
Cumulative Gap	(18,007,389)	(10,311,100)	(3,888,092)	3,620,957	

The table below shows the contractual maturities of financial guarantee contracts and commitments:

	2024				
	Due on demand $	**Up to one year $**	**Two to five years $**	**Over five years $**	**Total $**
Undrawn credit commitments	3,338,556	-	-	-	3,338,556
Financial guarantee contracts	-	887,162	4,293	304	891,759

(presented in thousands of Trinidad and Tobago dollars)

27. Financial Risk Management (continued)

27.3 Liquidity risk (continued)

The table below summarises the maturity profile of financial liabilities based on their undiscounted cash flows at October 31. The balances include both principal and interest cash flows over the remaining term to maturity and therefore would differ from the carrying amounts in the separate statement of financial position.

	2025					
	Due on demand $	Due in one year $	Due in two to five years $	Over five years $	Total contractual cash flow $	Total carrying value $
Financial Liabilities						
Deposits from customers	20,245,069	3,636,446	254,429	-	24,135,944	24,314,166
Deposits from banks, subsidiaries and related companies	140,725	-	-	-	140,725	140,725
Lease liabilities	-	45,338	131,843	202	177,383	104,040
Total liabilities	20,385,794	3,681,784	386,272	202	24,454,052	24,558,931

	2024					
	Due on demand $	Due in one year $	Due in two to five years $	Over five years $	Total contractual cash flow $	Total carrying value $
Financial Liabilities						
Deposits from customers	20,211,450	1,763,398	987,465	-	22,962,313	22,959,887
Deposits from banks, subsidiaries and related companies	1,018,414	-	-	-	1,018,414	1,018,414
Lease liabilities	-	27,982	146,663	202	174,847	110,508
Total liabilities	21,229,864	1,791,380	1,134,128	202	24,155,574	24,088,809

27.4 Capital management

Scotiabank's capital management policies seek to achieve several objectives:

- Compliance with capital requirements as set by the Central Bank of Trinidad and Tobago
- Ensuring Scotiabank's ability to continue as a going concern
- Maintaining a strong capital base to support the development of its business.

(presented in thousands of Trinidad and Tobago dollars)

27. Financial Risk Management (continued)

27.4 Capital management (continued)

Capital adequacy and the use of regulatory capital are monitored daily by the Bank's management. The Bank employs techniques derived from the guidelines developed by the Basel Committee on Banking Supervision as implemented by the Central Bank of Trinidad and Tobago (CBTT). The required information is filed with the regulatory authority on a monthly basis.

The Basel II framework expands the rules for minimum capital requirements established under Basel I by incorporating the credit risk of assets to determine regulatory capital ratios. It consists of three pillars:

- *Capital adequacy requirements.* Takes into consideration operational risks in addition to credit risks associated with risk-weighted assets.

- *Supervisory review.* Mandates periodic assessments of internal capital adequacy in accordance with the institution's risk profile.

- *Market discipline.* Ensures market discipline by obligation to disclose relevant market information.

The following table summarizes the composition of regulatory capital and the ratios for Scotiabank as at October 31.

	2025 $	2024 $
Equity		
Tier 1 regulatory capital	3,797,013	3,734,283
Tier 2 regulatory capital	177,540	103,998
Investment in subsidiaries	(92,951)	(92,951)
Qualifying capital	3,881,602	3,745,330
Risk weighted assets:		
On balance sheet	17,519,967	17,837,058
Off balance sheet	3,540,132	3,677,166
Total risk weighted assets	21,060,099	21,514,224
Total regulatory capital to risk weighted assets- Actual	18.43%	17.41%
Total regulatory capital to risk weighted assets- Minimum	10.0%	10.0%

27. Financial Risk Management (continued)

27.5 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with Scotiabank's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risk arises from all of Scotiabank's operations.

Scotiabank's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to Scotiabank's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to the Operational Risk Committee. This responsibility is supported by the development of overall Scotiabank standards for the management of operational risk in the following areas:

- Appropriate segregation of duties, including the independent authorization of transactions
- Reconciliation and monitoring of transactions
- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures
- Periodic assessment of operational risks, the adequacy of controls and procedures to address the risks identified
- Reporting of operational losses and proposed remedial action
- Development of contingency plans
- Training and professional development
- Ethical and business standards
- Risk mitigation, including insurance where this is effective.

Compliance with Scotiabank standards is supported by a programme of periodic review undertaken by Internal Audit. The results of Internal Audit reviews are discussed with management of the business unit to which they relate, with summaries submitted to the Audit Committee and senior management of Scotiabank.

28. Fair Value of Financial Assets and Financial Liabilities and Other Contracts

The fair value of financial instruments that are recognised on the statement of financial position and the fair value of financial instruments that are not recognised on the statement of financial position are based on the valuation methods and assumptions set out in the significant accounting policies Note 3(d)(ii).

(a) Valuation models

Scotiabank classifies fair value using the following fair value hierarchy, based on the extent to which one or more significant inputs are observable or not:

- Level 1 - Quoted market price (unadjusted) in an active market for an identical instrument.

- Level 2 - Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

- Level 3 - Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other inputs used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determining fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

(presented in thousands of Trinidad and Tobago dollars)

28. Fair Value of Financial Assets and Financial Liabilities and Other Contracts (continued)

(a) Valuation models (continued)

Scotiabank recognises transfers between levels of the fair value hierarchy in the reporting period during which the change occurs. There were no transfers between levels during the year.

(b) Financial instruments measured at fair value

The table below is an analysis of financial instruments measured at fair value at the reporting date by levels in the fair value hierarchy:

	2025			
	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Financial Asset				
Treasury bills	2,394,053	903,255	-	3,297,308
Investment securities	571,451	978,350	-	1,549,801
	2,965,504	1,881,605	-	4,847,109

	2024			
	Level 1	**Level 2**	**Level 3**	**Total**
	$	**$**	**$**	**$**
Financial Asset				
Treasury bills	-	3,045,881	-	3,045,881
Investment securities	369,666	1,070,757	-	1,440,423
	369,666	4,116,638	-	4,486,304

The fair value of level 2 instruments was determined using pricing formula and discounted cash flow analysis. The estimated future cash flows are discounted using a discount rate based on quoted market prices for securities with similar credit, maturity and yield characteristics.

(presented in thousands of Trinidad and Tobago dollars)

28. Fair Value of Financial Assets and Financial Liabilities and Other Contracts (continued)

(c) Financial instruments not measured at fair value

The table below is an analysis of financial instruments **not** measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Level 1	Level 2	Level 3	Total Fair Value	Carrying Amount
	$	$	$	$	$
2025					
Financial Asset					
Loans to customers	-	-	19,411,353	19,411,353	20,215,779
Financial Liabilities					
Deposits from customers	-	-	24,314,166	24,314,166	24,314,166
Lease liabilities	-	-	104,040	104,040	104,040
	-	-	24,418,206	24,418,206	24,418,206

	Level 1	Level 2	Level 3	Total Fair Value	Carrying Amount
	$	$	$	$	$
2024					
Financial Asset					
Loans to customers	-	-	18,821,308	18,821,308	20,138,610
Financial Liabilities					
Deposits from customers	-	-	22,959,887	22,959,887	22,959,887
Lease liabilities	-	-	110,508	110,508	110,508
	-	-	23,070,395	23,070,395	23,070,395

28. Fair Value of Financial Assets and Financial Liabilities and Other Contracts (continued)

(c) Financial instruments not measured at fair value (continued)

(a) Cash on hand and in transit

These amounts are short-term in nature and are taken to be equivalent to fair value.

(b) Cash at bank

Amounts due from banks and related companies are negotiated at market rates for relatively short tenors and are assumed to have discounted cash flow values that approximate the carrying values.

(c) Deposits with Central Bank

The fair value of deposits with Central Bank is determined to approximate to their carrying value using discounted cash flow analysis. A significant portion of the deposits is receivable on demand.

(d) Loans and advances to customers

Loans and advances to customers are granted at market rates and their values are not adversely affected by unusual terms. The estimated future cash flows are discounted using a discount rate based on market rates at the reporting date for similar facilities.

(e) Deposits from customers, banks, subsidiaries and related companies

Customer deposits and deposits from banks and related companies are negotiated at market rates. Deposits that are fixed rate facilities are at rates that approximate market rates and are assumed to have discounted cash flow values that approximate the carrying values. The estimated fair values of deposit liabilities are assumed to be equal to their carrying values, since the rates of interest that they bear are not materially different from current market rates and discounting the contractual cash flows would approximate the carrying values.

(f) Lease liabilities

The fair value is approximate to the carrying value which is determined using the discounted cash flow analysis. The present value of the future lease payments is discounted using the incremental borrowing rate.

(presented in thousands of Trinidad and Tobago dollars)

29. Classification of Financial Assets and Financial Liabilities

The following table provides a reconciliation between line items in the Separate Statement of Financial Position and the categories of financial instruments:

	2025				
	FVTPL	FVOCI Debt	FVOCI Equity	Amortised Cost	Total
	$	$	$	$	$
Financial Assets					
Cash and cash equivalents	-	-	-	172,548	172,548
Cash at bank	-	-	-	780,227	780,227
Treasury bills	-	3,297,308	-	-	3,297,308
Deposits with Central Bank	-	-	-	2,680,501	2,680,501
Loans and advances to customers	-	-	-	20,215,779	20,215,779
Investment securities	-	1,546,260	4,141	-	1,550,401
Total financial assets	-	4,843,568	4,141	23,849,055	28,696,764
Financial Liabilities					
Deposits from customers	-	-	-	24,314,166	24,314,166
Deposits from banks, subsidiaries and other related companies	-	-	-	140,752	140,752
Lease liabilities	-	-	-	104,040	104,040
Total financial liabilities	-	-	-	24,558,958	24,558,958

(presented in thousands of Trinidad and Tobago dollars)

29. Classification of Financial Assets and Financial Liabilities (continued)

	2024				
	FVTPL	**FVOCI Debt**	**FVOCI Equity**	**Amortised Cost**	**Total**
	$	**$**	**$**	**$**	**$**
Financial Assets					
Cash and cash equivalents	-	-	-	203,404	203,404
Cash at bank	-	-	-	532,471	532,471
Treasury bills	-	3,045,881	-	-	3,045,881
Deposits with Central Bank	-	-	-	2,666,065	2,666,065
Loans and advances to customers	-	-	-	20,138,610	20,138,610
Investment securities	-	1,436,252	4,171	-	1,440,423
Total financial assets	-	4,482,133	4,171	23,540,550	28,026,854
Financial Liabilities					
Deposits from customers	-	-	-	22,959,887	22,959,887
Deposits from banks, subsidiaries and other related companies	-	-	-	1,018,414	1,018,414
Lease liabilities	-	-	-	110,508	110,508
Total financial liabilities	-	-	-	24,088,809	24,088,809

30. Related Party Balances and Transactions

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

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

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

(presented in thousands of Trinidad and Tobago dollars)

30. Related Party Balances and Transactions (continued)

Related party transactions with the parent company include the payment of dividends. Related party transactions with the ultimate parent company comprise the payment of management fees, guarantee fees, centralised computing and other service fees. There were no other balances due to the ultimate parent company, outside of those balances set out in note 30.

Related party transactions comprise management and various technical and non-technical services including:

- Data processing and information technology support
- Operations support
- Transaction processing support
- Delinquent account collection services

The above related party transactions are recorded in operating expenses and amounted to $158.9 million (2024: 161.8 million)

(i) Outstanding balances

	2025	2024
	$	$
Loans, investments and other assets		
Directors, key management personnel and close family members	55,536	60,749
Bank of Nova Scotia	101,629	84,159
Other related entities – fellow subsidiaries (note 5)	102,843	91,343
	260,008	236,251
Provision for amounts due from related parties	-	-
Deposits and other liabilities		
Directors, key management personnel and close family members	17,054	9,983
Subsidiary entities	68,768	104,609
Other related entities – fellow subsidiaries	64,881	900,665
	150,703	1,015,257

The terms and conditions of outstanding balances with related parties based on contractual agreements outlining interest rates and terms of the instruments. In the normal course of business, Scotiabank sells loans to ScotiaLife at market rates. Scotiabank sold $52 million in loans during the year ended October 31, 2025 (2024: $100 million). These loans are with parties unrelated to Scotiabank and are sold without recourse to ScotiaLife. Related party balances are unsecured, interest at market rate and due for settlement twelve months after the reporting date.

(presented in thousands of Trinidad and Tobago dollars)

30. Related Party Balances and Transactions (continued)

(ii) Transactions

	2025 $	2024 $
Interest and other income		
Directors, key management personnel and close family members	4,555	754
Subsidiary entities	70,000	65,000
Other related entities – fellow subsidiaries	2,158	230
	76,713	65,984
Interest and expenses		
Directors, key management personnel and close family members	4,361	4,269
Bank of Nova Scotia	79,205	66,802
Other related entities – fellow subsidiaries	165,769	156,001
	249,335	227,072

(iii) Key management compensation

Key management comprises individuals responsible for planning, directing and controlling the activities of Scotiabank. Compensation paid to such individuals is as follows:

	2025 $	2024 $
Short-term benefits	38,791	39,235

Other related party balances and transactions are disclosed at notes 22 and 23.

31. Events after the Reporting Date

There are no events occurring after the reporting date and before the date of approval of these separate financial statements by the Board of Directors that require adjustment to or disclosure in these separate financial statements.

32. Climate Related Risks

Climate change presents immediate and long-term risks to Scotiabank and its clients with the risks expected to increase over time. Climate change risk refers to the risk of loss arising from climate change and is comprised of both physical risk and transition risk.

Physical risk considers how chronic and acute climate change, for example, increased storms and floods can directly damage physical assets or otherwise impact their value or productivity.

Transition risk considers how changes in policy, technology, business practices and market preferences to address climate change can lead to changes in the value of assets. Climate change risk is an overarching risk that can act as a driver of other categories of risk, such as credit risk from obligors exposed to high climate risk, reputational risk from increased stakeholder concerns about financing high carbon industries and operational risk from physical climate risks to the Bank's facilities.

Scotiabank currently identifies climate change risk as an emerging risk within its enterprise risk management framework. Emerging risks are risks or thematic issues that are either new to the landscape, or in the case of climate risk, existing risks that are rapidly changing or evolving in an escalating fashion, which are difficult to assess due to limited data or other uncertainties.

In addition, Scotiabank has made further progress in developing a comprehensive environmental and social policy geared at enhancing and complementing our existing lending policies, guidelines and business practices to better manage sustainability challenges and promote responsible growth across our core business line.

While there is no formal climate related policy in place, there are mitigants in place for climate related events such as insurance for physical assets as well as assets held as collateral for loan facilities. There is also a Business Continuity Plan (BCP) in place to ensure that Scotiabank can operate in situations where climate related disruptions to business may occur.