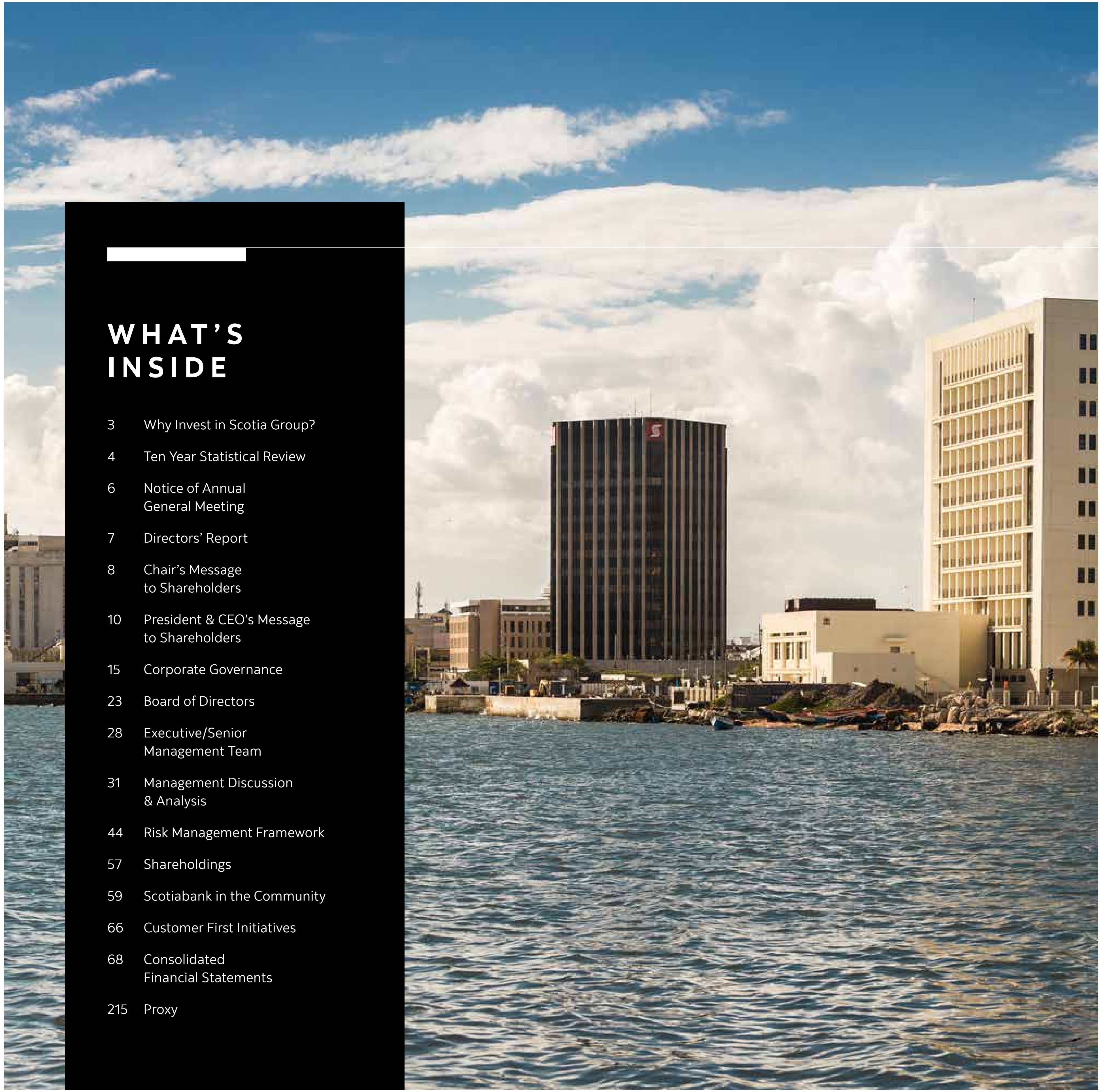
Scotiabank

2023 ANNUAL REPORT

SCOTIA GROUP JAMAICA LIMITED



WHAT'S INSIDE

SCOTIABANK HAS BEEN IN JAMAICA SINCE 1889 AND IS THE PREMIER FINANCIAL INSTITUTION IN THE COUNTRY

Scotia Group Jamaica Limited (SGJL) is a subsidiary of Scotiabank (Canada) and offers a diverse range of products and services including personal, commercial, and small business banking, wealth management, insurance, and mortgages. Our expert team of Scotiabankers are committed to assisting our clients to achieve their financial goals. SGJL is an award winning institution having been named on numerous occasions as the Bank of the Year and Best Bank in Jamaica by international financial publications – the Banker, Latin Finance, Euromoney, and Global Finance magazines. SGJL has $664.7 billion in assets (as at October 31, 2023).

CORPORATE DATA

SECRETARY
Maia Wilson
Vice President,
Senior Legal Counsel &
Company Secretary

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WHY INVEST IN SCOTIA GROUP?

	2023	2022 (RESTATED)
RETURN ON EQUITY (ROE):	15.15%	9.43%
RETURN ON ASSETS (ROA):	2.59%	1.74%
PRODUCTIVITY RATIO:	49.81%	57.29%
EARNINGS PER SHARE:	$5.54	$3.32
NIAT (BILLION)	$17.23	$10.32
TOTAL ASSETS (BILLION)	$664.74	$594.42
TOTAL LOANS ($BILLION)	$268.83	$234.66

OUR 2023 AWARDS

Consolidated Balance Sheet	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Balance Sheet Data - $000		(Restated)	(Restated)							
Total Assets^	**664,736,962**	594,416,156 ~	584,296,467 +	543,326,016 +	535,507,538	508,629,891	478,654,013	466,919,326	422,238,030	399,399,298
Performing Loans	**264,325,238**	230,641,432 ~	199,492,333 +	215,961,142	201,902,111	178,919,287	161,979,917	162,446,895	149,997,313	140,829,220
Non-Performing Loans	**4,504,480**	4,016,110	6,029,612	4,765,692	3,723,273	3,687,971	4,513,674	4,379,885	4,502,060	4,902,782
Investments & Other Earning Assets^	**265,348,380**	253,958,380 ~	270,990,941 +	224,970,252	221,439,836	230,860,468	229,671,461	239,330,388	218,909,608	209,116,786
Deposits by the Public	**444,875,527**	397,176,483	378,473,110	336,660,438	312,968,147	287,948,379	260,559,467	248,416,381	209,461,602	190,726,667
Securities Sold Under Repurchase Agreement	**—**	—	—	—	—	31,152	20,666,065	31,634,237	39,832,452	47,840,197
Stockholders' Equity	**126,548,087**	106,362,825 ~	112,068,060 +	110,919,149 +	118,114,076	115,647,730	102,431,566	91,855,773	85,257,232	76,484,253 *
Profits and Dividends - $000										
Profit Before Tax	**25,440,171**	15,365,747 ~	12,669,179	13,397,088	18,482,724	18,292,628	18,201,458	16,640,943	14,244,136	14,357,886 *
Net Profit After Tax Attributable to Stockholders	**17,228,629**	10,319,766 ~	8,638,852 +	9,215,562 +	13,190,054	12,770,916	12,174,742	11,300,599	9,921,429	10,457,709 *
Dividends Paid and Proposed	**4,356,229**	4,356,230	4,511,810	4,822,969	14,811,171	6,067,607	5,694,214	5,320,815	5,040,748	4,978,516
Number of Stock Units at Year End	**3,111,573**	3,111,573	3,111,573	3,111,573	3,111,573	3,111,573	3,111,573	3,111,573	3,111,573	3,111,573
Financial Ratios										
Earnings Per Stock Unit	**5.54**	3.32 ~	2.78 +	2.96 +	4.24	4.10	3.91	3.63	3.19	3.36 *
Price Earnings Ratio	**6.14**	11.07 ~	12.76 +	15.16 +	12.96	13.09	13.10	8.67	8.43	5.72 *
Dividends Per Stock Unit	**1.40**	1.40	1.45	1.55	4.76 **	1.95	1.83	1.71	1.62	1.60
Dividend Yield	**4.06%**	3.89%	3.49%	3.11%	8.61% **	3.66%	4.28%	5.53%	7.01%	8.08%
Dividend Payout Ratio	**25.28%**	42.21% ~	52.23% +	52.34% +	112.29% **	47.51%	46.77%	47.08%	50.81%	47.61% *
Return on Average Equity	**15.15%**	9.43% ~	7.47% +	8.13% +	11.25%	11.54%	12.58%	12.65%	12.32%	14.23% *
Return on Assets at Year End^	**2.59%**	1.74% ~	1.48% +	1.70% +	2.46%	2.51%	2.54%	2.42%	2.35%	2.62% *
Other Data										
Tier 1 Capital (Bank Only) [1] $000	**51,939,245**	47,932,451	47,958,609	47,954,917	47,931,662	39,909,535	33,900,498	27,391,052	23,332,290	19,401,181
Risk Based Capital Adequacy Ratio (Bank Only) [1]	**13.55%**	14.15%	16.28%	15.58%	16.04%	16.91%	15.28%	12.88%	11.50%	12.08%
Stock Price at Year End	**34.03**	36.75	35.48	44.88	54.95	53.72	51.25	31.48	26.87	19.23
Price Change from Last Year	**(7.41%)**	3.58%	(20.95%)	(18.33%)	2.29%	4.82%	62.83%	17.16%	39.74%	(3.73%)
JSE Index at Year End	**318,788**	347,651	403,965	375,386	495,188	365,134	292,895	166,759	131,284	71,719
Change in JSE Index from Last Year	**(8.30%)**	(13.94%)	7.62%	(24.20%)	35.62%	24.66%	75.64%	27.02%	83.05%	(12.36%)
Number of Staff	**1,485**	1,449	1,490	1,611	1,650	1,727	1,876	2,021	2,144	2,311
Exchange Rate US$1.00 = J$	**155.2457**	153.1594	154.6673	145.1010	138.9420	127.9971	126.6851	128.7033	119.5755	112.4939
Inflation Rate Year Over Year	**5.10%**	9.83%	8.51%	5.00%	3.26%	4.72%	4.68%	1.78%	2.03%	8.09%

[1] Risk Based Capital Adequacy ratio and Tier 1 Capital are calculated per Bank of Jamaica Regulations.
* Effective November 1, 2014 the Group adopted IFRIC 21, Levies. These amounts were restated due to the change in accounting policy.
** Includes special dividends of $2.68 paid in 2019.
^ Effective 1 November 2020, Total Assets, Investments & Other Earning Assets for the years 2012 to 2020 were restated given the derecognition of Guarantees and Letter's of Credit. Consequently, the Group's return on assets were also restated.
+ Based on the Group's review of the applicable tax treatment, Total Assets, Net Profit Attributable to Shareholders' and Shareholders' Equity were restated to account for deferred taxes associated with the premiums/discounts on the investment portfolio. Consequently, the financial ratios affected were also restated.
~ Based on the Group's review of the applicable recognition of loan origination fees, Total Assets, Profit Before Tax, Net Profit Attributable to Shareholders' and Shareholders' Equity were restated to account for the deferral of the loan origination fees over the life of the loan. As such, the financial ratios affected were also restated.

NOTICE OF ANNUAL GENERAL MEETING

SCOTIA GROUP JAMAICA LIMITED (THE "COMPANY)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of **SCOTIA GROUP JAMAICA LIMITED** (the "Company") will be held on Thursday, March 7, 2024 between 10 a.m. to 12 noon at the AC Hotel by Marriott, 38-42 Lady Musgrave Road, Kingston 5, Jamaica in-person to consider, and if thought fit, pass the following resolutions:

ORDINARY BUSINESS

1. **Resolution No. 1 – Audited Accounts**
   That the Directors' Report, the Auditors' Report and the Financial Statements of the Company for the year ended October 31, 2023 previously circulated be and are hereby received.

2. **Resolution No. 2 – Election of Directors**
   That each of the following persons shall be elected a Director of the Company for the term from the date of his or her election until the close of the next Annual General Meeting of the Company following election, subject always to earlier termination pursuant to the Articles of the Company:

   A. Aileen Corrigan
   B. Eric Crawford
   C. Vernon Douglas
   D. Angela Fowler
   E. Antony Mark Hart
   F. William David McConnell
   G. James McPhedran
   H. Audrey Richards
   I. Anya Schnoor
   J. Evelyn Smith
   K. Audrey Tugwell Henry

3. **Resolution No. 3 – Appointment of Auditors**
   That KPMG, Chartered Accountants, having agreed to continue in office as Auditors, be and are hereby appointed Auditors of the Company to hold office until the next Annual General Meeting at a remuneration to be fixed by the Directors of the Company.

SPECIAL BUSINESS

4. **Resolution No. 4 – Directors' Remuneration**
   That the Directors be and are hereby authorised to fix their remuneration for the ensuing year.

5. **Resolution No. 5 – Amendment of Articles**
   That the following amendments to paragraphs 63, 66, 69 and 90 of the Articles of the Company to further facilitate the holding of general meetings by virtual-only or hybrid means be approved:

(i) by inserting after article 63 the following new article 63A:

"63A. Notwithstanding anything to the contrary in these Articles, general meetings may, at the discretion of the Board of Directors, be held as a virtual-only or a hybrid meeting by means of a teleconference communication system or a video conference communication system or such other similar electronic communication system that permits all members participating in such meeting to hear the proceedings, and to communicate with the chairman."

(ii) Amend article 66, by renumbering that article as paragraph (1) thereof and inserting next after paragraph (1), as renumbered, the following paragraphs:

"(2) Where a general meeting is called under paragraph (1), the notice of the meeting may be served, in writing or by electronic means in accordance with article 150 (3).

(3) Notwithstanding the provisions of paragraph (1), where the general meeting is called as a virtual-only meeting, the notice is not required to specify the venue of the meeting."

(iii) Amend article 69, by renumbering that article as paragraph (1) thereof and inserting next after paragraph (1), as renumbered, the following paragraph:

"(2) For the avoidance of doubt, a member participating in a general meeting held as a hybrid meeting or virtual-only meeting, is deemed to be present at the meeting and count towards constituting the quorum."

(iv) INSERT the following new clause 90(A):

"Notwithstanding anything to the contrary in these articles, where a member participates in a virtual only or hybrid general meeting in the manner set out in paragraph 63(A) above, a vote on any resolution shall be effected and recorded electronically by means of such electronic polling mechanism as may be employed for the conduct of the meeting, and any such vote shall be deemed valid and conclusive. Where the meeting is held virtually in the manner set out in paragraph 63(A) above, voting by such electronic means shall replace a vote by show of hands"

BY ORDER OF THE BOARD

Maia A. Wilson
Company Secretary
January 29, 2024

REGISTERED OFFICE
Scotiabank Centre
Cnr. Duke & Port Royal Streets
Kingston

A Member entitled to attend and vote at this meeting may appoint a Proxy to attend and vote in his/her stead. A Proxy need not also be a Member of the Company. Enclosed is a Proxy Form for your convenience, which must be lodged at the Company's Registered Office at least 48 hours before the time appointed for holding a meeting. The Proxy Form shall bear the stamp duty of $100.00 before being signed. The stamp duty may be paid by adhesive stamp(s) to be cancelled by the person executing the Proxy.

DIRECTORS' REPORT

SCOTIA GROUP JAMAICA LIMITED

The Directors submit herewith the Statement of Consolidated Revenue, Expenses, Unappropriated Profits, Assets and Liabilities of the Group for the year ended October 31, 2023.

The Consolidated Statement of Revenue and Expenses reports pre-tax profit for the year of $25.44 Billion from which there has been provided $8.21 Billion for corporate income tax, leaving a balance of $17.23 Billion.

The appropriation of earnings detailed in the financial statements includes:

A last interim dividend of 40 cents per stock unit payable to stockholders on record as at December 28, 2023 payable on January 19, 2024. This brings the total distribution for the year to $1.40 per stock unit the same as the previous year.

Barbara Alexander retired from the Board of Directors as at March 9, 2023. The Board expressed its sincere gratitude to Barbara for her invaluable contribution to the Group and wished her every success in future endeavours.

Dr. William Warren Smith resigned from the Board of Directors effective December 9, 2023. The Board wishes to express its sincere appreciation to Dr. Smith for his contribution to the Company and wish him all the best in his future endeavours.

The Auditors, KPMG, have signified their willingness to continue in office.

Your Directors wish to thank the Management and Staff of the Company for their performance during the year under review.

ON BEHALF OF THE BOARD

Anya Schnoor
Chair
Kingston, Jamaica
January 29, 2024

CHAIR'S MESSAGE TO SHAREHOLDERS

Anya Schnoor
Chair of the
Board of Directors

Dear Shareholders,

I am pleased to report that the Scotia Group has delivered an outstanding performance for the financial year ending October 31, 2023. The Board is very proud of the work done by the management and staff of the Group and the value that they have created for both shareholders and clients.

WE ARE VERY PROUD THAT CLIENTS ARE INCREASINGLY CHOOSING SCOTIA GROUP AS THEIR FINANCIAL PARTNER AND WE ARE COMMITTED TO BEING THE BEST FINANCIAL SOLUTIONS PROVIDER IN JAMAICA.

PERFORMANCE

The Group reported net income of $17.2 billion for the year ended October 31, 2023, representing an increase of $6.9 billion or 67% over the comparative prior year. This performance was underpinned by strong growth in all areas of our business, sound risk management and operational management. We are very committed to delivering value to our shareholders and year-to-date, the Group has distributed $1.40 per share in dividend payments equating to a payout ratio (DPR) of 25.28%. This performance has resulted in a Return on shareholder's Equity of 15.15%. Our productivity ratios are also best-in-class at 49.81%

We continue to make strategic investments in our people and processes with the clear objective to deliver service excellence to delight our clients. We are confident that these investments will position us for sustainable, long-term growth. This includes the deployment of digital technology throughout the business. During the year we improved our Online Banking platform to make it easier to use for everyone, including clients with disabilities. Q-Flow, our automated queuing system, was also added to more branches to improve efficiency and wait times and allowed our clients to be comfortably seated while waiting to be served. These and other initiatives have significantly enhanced our customer service, as evidenced with improved results based on surveys via our proprietary customer feedback system, The Pulse.

In February, the Group launched its newest subsidiary, Scotia General Insurance Agency operating under the brand, Scotia Protect. This signals our entry into a new area of financial services, rounds out our suite of products and augurs well for the continued growth of the Group. ScotiaProtect offers competitive rates and benefits and was designed with an end-to-end digital purchasing option for ultimate client convenience.

SOCIAL IMPACT

Our role as a good corporate citizen is an integral part of who we are as an organisation. We are dedicated to supporting our communities and our country to develop and thrive, and to help our people achieve their full potential. Through our global philanthropic vision, Scotia Rise, we have worked to help build economic resilience through various projects. In December 2022, Scotia Foundation committed $10 million to Project STAR (Social Transformation and Renewal)—a social intervention programme to support underserved communities. We have also created a joint programme with Dress for Success to teach entrepreneurial skills to women from under-resourced areas. The Foundation also partnered with many other charities, including United Way Jamaica, Food for the Poor, and the Jamaica Social Stock Exchange in furtherance of our social impact objectives.

GOVERNANCE

Part of our success at Scotia Group must be attributed to the strength of the governance resident within the organisation. We have a very dynamic group of Directors who bring with them tremendous expertise and insight to the Board. Governed by the Scotiabank Code of Conduct, the Board operates under the highest ethical principles and provides guidance and challenge to the executive management team. The Board continues to value diversity of thought and application of best practices to the governance of the business. I would like to publicly thank Ms. Barbara Alexander for dedicating 15 years of excellent service to our Board. We are truly grateful. I would also like to thank Dr. William Warren Smith who has recently resigned from the Board, for his sound contribution during his tenure. I would also like to thank all my fellow board members for their commitment and dedication.

OUTLOOK

As we look toward 2024, we will continue to advance our strategic objectives – promoting a high-performance culture and winning team mindset, while delivering excellent, consistent service to our clients. We are redoubling our efforts to refine our processes and improve the experience throughout our channels with the aim of making it easier to do business with us. We are very proud that clients are increasingly choosing Scotia Group as their financial partner and we are committed to being the best financial solutions provider in Jamaica.

I believe 2024 will bring many new opportunities for the Scotia Group and I look forward to supporting our talented cadre of Scotiabankers as we continue to drive sustainable, profitable growth and maximize total shareholder return.

Anya Schnoor

PRESIDENT AND CEO'S MESSAGE TO SHAREHOLDERS

Audrey Tugwell Henry
President and Chief Executive Officer

Dear Shareholders,

I am extremely proud to report that the Scotia Group has delivered an excellent year's performance for 2023. Our results signal our clients' confidence in us to support their financial objectives. Throughout our rich history, Scotiabank has built its reputation on trust and expertise and we continue to leverage that legacy.

THE GROWTH IN THE BUSINESS HAS BEEN SIGNIFICANT AND IS UNDERSCORED BY THE DELIBERATE ACTIONS IN EVERY AREA TO BE THE PREFERRED FINANCIAL INSTITUTION IN JAMAICA.

This year's performance can be attributed to the alignment and strong implementation of our strategic imperatives, which consisted of 2 main tenets:

- creating a winning team culture where our staff can be their best every day
- maintaining an unrelenting commitment to helping clients achieve their financial goals.

The growth in our business has been significant and is underscored by the deliberate actions in every area to be the preferred financial institution in Jamaica. We are committed to delivering a consistent, best-in-class service and relevant, innovative financial solutions.

We approached 2023 with optimism despite the very present challenges created by geopolitical and economic factors. One of our strengths at Scotiabank is the institutional knowledge that we have resident in our organization which has helped us to manoeuvre various economic cycles.

In 2023, we celebrated 134 years of unbroken service to Jamaica. We take tremendous pride in having served Jamaicans for over a century and we continue to work to be the financial services provider of choice. Our efforts have been acknowledged by international publications, Euromoney and Global Finance which named Scotiabank Jamaica as 'Best Bank' and 'Best Digital Consumer Bank' in July and August respectively.

BUSINESS PERFORMANCE HIGHLIGHTS

Our strong performance for the year yielded a return on average equity of 15.15% versus 9.43% in the prior year, a marked improvement of 5.72%. Our asset base grew by $70.3 billion or 12% to $664.7 billion as at the end of the fiscal year and was underpinned by the excellent performance of our loan portfolio. Shareholders' equity available to common shareholders increased by $20.2 billion or 19% when compared to October 2022. We continue to maintain strong capital adequacy, exceeding regulatory capital requirements in all our business lines, and our strong capital position also enables us to capitalize on any growth opportunities which emerge in the market.

The business has yielded stellar results for the past fiscal year. Each business line made strong contributions to the overall results as we offer clients a comprehensive suite of financial services. Our deposit book continues to grow as clients choose us to manage their finances. Total deposits grew by 12% when compared with the previous year while total loans increased by 14.6% year over year.

In our retail business, we continue to see significant growth in mortgages which increased by 25% when compared with prior year. This continued growth is indicative of the demand in the market, our competitive rates as well as our very streamlined mortgage process. Commercial banking also delivered outstanding results with commercial loans increasing over prior year by 12%. Our relationship managers have consistently delivered positive results by understanding the needs of our business clients and providing solutions to facilitate their growth and development.

As we continue to promote a balanced financial portfolio, our wealth and insurance businesses continue to offer real value to our clients. This year, we re-affirmed the importance of adequate protection through our insurance subsidiaries.

Our life insurance arm - Scotia Jamaica Life Insurance Company increased net insurance revenue by 105% versus last year. Key to their performance were product enhancements for flagship products such as ScotiaCriticare as well as our Approved Retirement Scheme, ScotiaBRIDGE.

Our newest subsidiary, Scotia General Insurance Agency (ScotiaProtect), generated $400 million in annualized premiums in its first year of operation as clients positively respond to our strong value proposition.

Scotia Investments also made a strong contribution to the Group's performance. Assets Under Management increased by $11 billion or 6% year over year.

Additionally, all Scotia Investments mutual and unit trust funds continue to deliver good returns to unitholders. Our stable NAV fund, the Scotia Premium Money Market Fund recorded a 1-year return of 7.3%, exceeding the inflation rate (5.1%) for the 12-month period ending October 31, 2023. Scotia Money Market Fund also delivered over 4% US Dollar returns to unitholders over the last 12 months.

BUSINESS UPDATES

Leveraging our client insights, we launched Scotia Access, a focused relationship strategy for clients with more complex financial needs. This model offers personalized advice and solutions by a dedicated advisor as well as a digital collaboration tool which allows clients to connect on the go in a secure environment through mobile or online banking with their assigned advisor via chat, audio or video conferencing.

In keeping with our commitment to give the best value to our clients, in March 2023, we began a major migration exercise of approximately 70,000 clients to accounts better suited for their needs. The migration exercise included clients who now qualify for senior accounts which offer a range of special benefits and reduced fees.

Further upgrades continued across our digital channels with the revamping of our online banking website and the implementation of - a more intuitive online web platform with several enhanced functionalities. Online banking is now our most used channel with 39% of total transactions being conducted online and only 2% within our branches.

In July, Scotiabank partnered with American Express to launch The Platinum Card in metal – a first for clients in Jamaica. This collaboration combines the strong brand power of two international companies and creates a strong value proposition for clients including unrivalled travel benefits and premium experiences.

Throughout the year, we have made significant investments in our people, including the implementation of ongoing training as well as technical and professional development. This is absolutely critical to our strategy and to the advancement of our Winning Team culture.

AS WE STRIVE TO HELP OUR CLIENTS AND THE WIDER PUBLIC TO BECOME FINANCIALLY SUCCESSFUL, WE COORDINATED VARIOUS FINANCIAL EDUCATION INITIATIVES DURING THE QUARTER.

SOCIAL AND ENVIRONMENTAL IMPACT

We continue to advance our Environmental, Social and Governance (ESG) agenda through various initiatives.

As a committed corporate citizen, community outreach features strongly in our activities. In December, Scotiabank hosted a seminar for young persons with disabilities to help them prepare for employment opportunities. Diversity, Equity and Inclusion factor strongly in our corporate culture and our employees with disabilities proudly participated in the seminar.

In April 2023, we supported the Jamaica Environment Trust in coastal clean-up efforts with a beach clean-up activity at Sigarny Beach in Kingston. Over 4,100 pounds of garbage were collected and sorted during that event. During the quarter, Scotiabank globally launched a Net-Zero research fund which offered not-for-profit and charitable organizations opportunities to submit proposals for research targeting decarbonization.

In July, we also took another step in advancing our environmental agenda with the launch of sustainable energy or "Go Green loans" for personal and small business clients. Through this initiative, we aim to drive a significant transformation in the business sector by promoting environmentally friendly practices. We believe that sustainable development and economic growth go hand-in-hand, and this initiative offers an opportunity for small and medium sized businesses as well as individuals to benefit from cost savings in the long term while making

WE REMAIN OPTIMISTIC IN REGARD TO THE COUNTRY'S ECONOMIC PERFORMANCE IN THE COMING YEAR. THE GROUP IS HAS DEMONSTRATED ITS ABILITY TO NAVIGATE DIFFICULT ECONOMIC CYCLES AND TO SUPPORT TO THE CONTINUED GROWTH OF THE ECONOMY.

a positive impact on the environment. As part of our campaign, we also distributed approximately 3,000 fruit and ornamental seedings to clients with the support of the Forestry Department. Tree planting is regarded as one of the most effective ways to combat climate change and restore biodiversity and we intend to implement more projects of this nature.

As we strive to help our clients and the wider public to become financially successful, we coordinated various financial education initiatives during the quarter. In August, in commemoration of our 134th anniversary, we launched SME Compass - a 7-week programme geared towards helping business operators to better understand financial management and build their business acumen. The Group also hosted a free financial education seminar for public sector employees and teachers. The event was very well received, and we will continue to champion similar initiatives with the aim of empowering clients to grow their wealth.

We are also proud to report that the Scotiabank Women Initiative has performed extremely well and is making a real contribution to women led and owned businesses in Jamaica. To date over 600 women have benefitted from business coaching and mentorship sessions and over $1.3 billion has been deployed in preferential rate loans. This is a significant milestone and we are very proud to be helping these business operators to overcome the hurdles often faced by women in business.

As part of our social impact objectives, fifteen schools were assisted with Back-to-School activities during the quarter. School supplies and backpacks were distributed to hundreds of grade six students to ensure that they were well equipped ahead of the Primary Exit Profile examinations.

2024 ECONOMIC OUTLOOK

Over the course of 2023, the Jamaican economy remained resilient. Throughout the year, it was observed that the Bank of Jamaica's efforts to combat elevated inflation began to materialize as the inflation rate fell from 8.1% in January to 6.3% in November, during which the point-to-point inflation rate was within the target band for three readings. As credit to the private sector continued to expand to keep pace with consumer demand, businesses increased their demand for labour, resulting in the record low unemployment rate of 4.5% achieved in July 2023. Several of these factors compounded by the governments adherence to prudent fiscal policies and debt reduction led to the country's credit rating being upgraded to 'BB-' STABLE.

With respect to output, for the January to September period, preliminary data from the Planning Institute of Jamaica (PIOJ) suggest that Jamaica's GDP grew by 2.8% when compared to the similar period of 2022. Output from the Services Industry is estimated to have grown by 3.1% for the first nine months of 2023. The improved performance resulted largely from increased external demand as the economic conditions of our main trading partners, primarily the US, remained resilient despite the tighter financial climate.

GDP growth for the 2024 fiscal year may be supported by several factors such as strong tourism demand, the record low unemployment level and increased wages under the government's restructuring exercise which may drive consumer spending. It's noted though that the Bank of Jamaica (BoJ) asserts that there are risks to the domestic GDP forecast for the coming quarters suggesting that actual GDP growth may potentially be below the expectation due to factors such as adverse weather conditions, elevated interest rates and slowdowns in our main source markets could temper growth.

We remain optimistic in regard to the country's economic performance in the coming year. The Group has demonstrated its ability to navigate difficult economic cycles and to support to the continued growth of the economy.

2024 BUSINESS OUTLOOK

As we look to the year ahead, we remain laser-focused on our strategic imperatives. We will continue to distinguish ourselves in the market by being our clients' most trusted financial partner. The trust our clients place in us is a result of our reputation for offering expert advice, sound financial management and best-in-class financial solutions to help them achieve their financial goals. We will strategically focus on earning primary client relationships and deepening those relationships. We will work to ensure that clients have access to products and services that provide a balanced financial portfolio incorporating the best products for day-to-day finances, insurance and investments to meet their unique objectives. Our comprehensive suite of products across the Scotia Group are designed with our clients in mind and offer a broad range of options to suit their varied needs.

Service excellence, centred around making it easy for our customers to do business with us, will continue to be a key strategic imperative as we work to further simplify our processes and create more convenient options for clients to transact with us across the Group. Significant work is also being done to enhance the experience at all our touchpoints. This will concurrently increase the capacity of our team to better serve and engage with our clients.

The success of our business is fueled by our excellent team of professional Scotiabankers. We will continue to invest in developing talent and creating an inclusive environment that allows us to win as one team. Continued collaboration across the business will be critical in ensuring that we can offer the best suite of solutions and deliver the best value to clients.

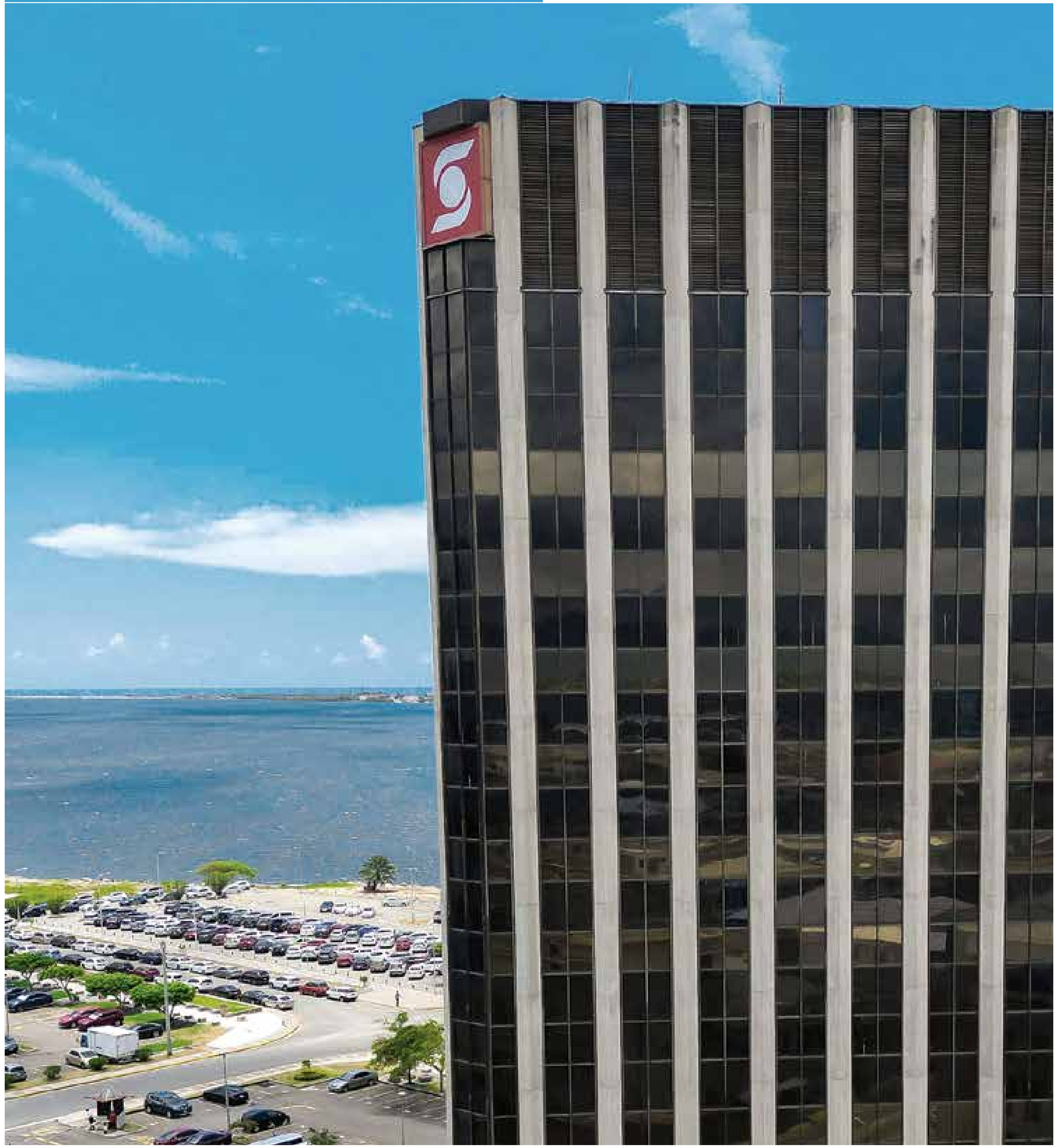
Lastly, we will build on the efficiencies that we have created in the business to continue to improve our productivity. We will continue to maintain a disciplined, enterprise-wide approach to risk management in order to effectively run our business and ultimately to drive sustainable, profitable growth and maximize shareholder return.

ACKNOWLEDGEMENTS

We are extremely proud of the work done over the past year and the excellence demonstrated by our dedicated team who have worked tirelessly to help our clients to attain their financial goals. I thank each one of them for their teamwork, professionalism and discretionary effort towards achieving our objectives. I must also thank our Board of Directors for the insightful guidance they have given us in navigating the market. Thanks as well to our shareholders for their commitment to the Scotia Group and our clients for choosing us to be their financial partner - for every future."

Audrey Tugwell Henry

CORPORATE GOVERNANCE



GROUP CORPORATE STRUCTURE

Scotia Group Jamaica Limited (Scotia Group) is a publicly listed holding company trading on the Jamaica Stock Exchange.

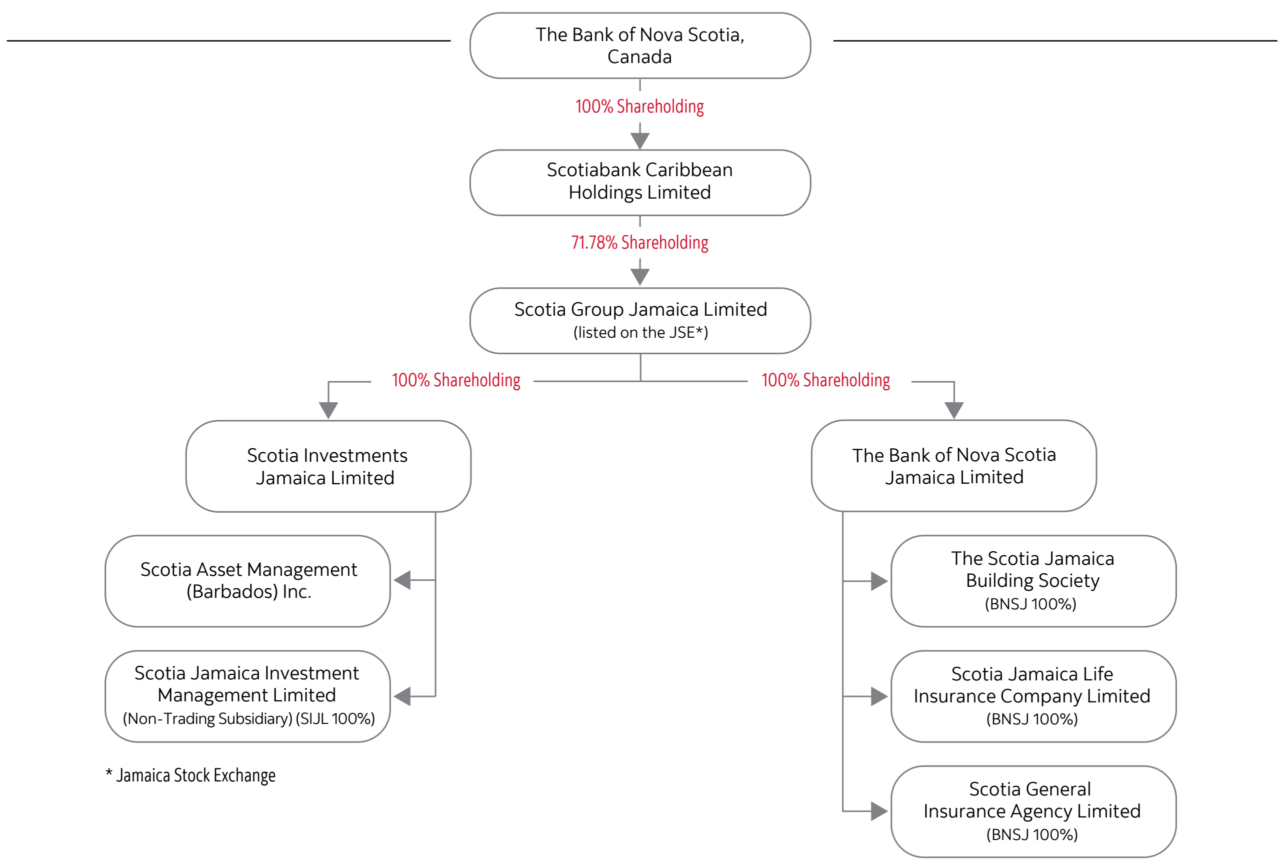
Scotia Group is the financial holding company for several entities operating within the financial sector. The Bank of Nova Scotia Jamaica Limited (BNSJ), which is its wholly owned subsidiary, is a duly licensed commercial bank and has three active subsidiaries: The Scotia Jamaica Building Society (SJBS), Scotia Jamaica Life Insurance Company Limited (SJLIC) and Scotia General Insurance Agency Limited (SGIA).

Scotia Group also wholly owns Scotia Investments Jamaica Limited (SIJL), which is licensed as a Member Dealer by the Jamaica Stock Exchange and a Securities Dealer by the Financial Services Commission.

Our Board of Directors recognises that a robust corporate governance structure is critical to sustaining value and preserving the long-term financial viability of Scotia Group for the benefit of all stakeholders.

Good corporate governance fosters integrity which goes hand in hand with the core values of Scotia Group.

Scotia Group is proud of our track record of being a leader of good corporate governance in action and are honoured to be recipients of an award at the Jamaica Stock Exchange Best Practice Awards held in December 2023, namely: 2nd Runner Up for the Corporate Disclosure & Investor Relations Award – Main Market.



* Jamaica Stock Exchange

CORPORATE GOVERNANCE

THE ROLE AND RESPONSIBILITY OF THE BOARD DIRECTORS

The role of the Board of Directors is to supervise and monitor management's performance against the Board approved parameters and compliance with applicable legal and regulatory requirements. Additionally, the Directors provide advice and counsel to management to ensure that the key strategic objectives of the business are achieved. While management undertakes the day-to-day functions of the Group's operations, it is the Board of Directors who remain ultimately accountable to the Company's stakeholders for the Company's performance and adherence to applicable laws and sound business practices.

The Board, in accordance with its approved Board mandate, is responsible for the following key duties and functions:

- Develop the Group's approach to corporate governance principles and guidelines
- Oversee and approve the Group's strategic direction, the organisational structure and succession planning of senior management
- Evaluate the actual operating and financial results of the Group against the Group's business objectives, business strategy and plans
- Identify the principal business risks, review and approve key risk management policies and practices and oversee the implementation of appropriate systems to enable compliance with such policies
- Oversee the integrity of the Group's internal controls and management information systems
- Identify, evaluate and select candidates for the Board of the Company and that of its subsidiaries
- Establish committees of the Group and subsidiary Boards with appropriate responsibilities, appoint Chairs for these Committees and approve the Terms of Reference for each Board Committee

At all times, our Directors are expected to exercise sound, independent, business judgment in the best interest of the Company and to balance the interests of various stakeholders. They may rely on the expertise of the Company's senior management, external advisors and auditors.

Below is the definition of an Independent Director extracted from the Banking Services Act which is adopted by our Corporate Governance Policy. An Independent Director means a Director who is not:

1. an employee of the company;
2. a person holding five per centum or more of the shares of the company or a connected person in relation to the company; or;
3. a party to a significant economic or other relationship with the licensee or company that, in the opinion of the Supervisor (BOJ), is inconsistent with that director being considered as independent of the company;

The Corporate Governance Policy, which is a Board approved Policy, is reviewed on an annual basis by the Board to ensure that its provisions remain relevant and in accord with local and international best practices, laws, regulations, and regulatory guidance.

A copy of our Corporate Governance Policy is available for review on our website at **www.jm.scotiabank.com**

BOARD COMPOSITION

As at October 31, 2023, the Board comprised of twelve Directors chaired by Anya Schnoor.

Our Directors have diverse skill sets, experience and backgrounds which include local and international experience in banking, business, strategic management, manufacturing, tourism, accounting, education and law, and they are recognized as strong leaders in their respective fields of work and experience.

Ten of our twelve Directors are independent of the Company, its parent, subsidiaries and affiliates; and eleven Directors of the Board are Non-Executive Directors.

All Directors have access to and are encouraged to meet with the Chair, the President and CEO and senior management. Time is reserved at the end of every Board and Committee meeting for in-camera discussions independent of management, among the Directors. This allows the Chair and other Directors to independently identify any issues for discussion with management and the Board.

Board Expertise	Independent (I)/Non-Independent (NI)	Leadership	Strategic Formation	Governance	Risk Management	Financial Services	Human Resources & Compensation	Legal/Compliance & Regulatory Skills
Aileen Corrigan	I	☒	☒	☒			☒	
Eric Crawford	I	☒	☒			☒		
Vernon Douglas	I	☒	☒	☒	☒	☒		☒
Angela Fowler	I	☒		☒			☒	☒
A. Mark Hart	I	☒	☒	☒			☒	
W. David McConnell	I	☒	☒				☒	
James McPhedran	I	☒	☒	☒	☒	☒	☒	☒
Audrey Richards	I	☒	☒	☒		☒		☒
Anya Schnoor	NI	☒	☒	☒	☒	☒	☒	☒
Evelyn Smith	I	☒	☒	☒	☒		☒	
W. Warren Smith	I	☒	☒	☒	☒	☒		
Audrey Tugwell Henry	NI	☒	☒	☒	☒	☒	☒	

COMMITTEES OF THE GROUP AND SUBSIDIARY BOARDS

During the year the Board amended it's Committees and Charters. The Board has delegated certain responsibilities to its Audit & Conduct Review Committee,the Risk Committee and the Human Resources & Governance Committee.

AUDIT AND CONDUCT REVIEW COMMITTEE

The Group's Audit and Conduct Review Committee has oversight responsibility for the Group and its subsidiaries in relation to the following areas:

- The integrity of the financial reporting and system of internal controls
- Ensuring compliance with legal and regulatory requirements
- The performance of the internal auditors and external auditors
- The identification and resolution of conflicts of interest which may arise from transactions conducted by the Group and its subsidiaries

Prior to the adjournment of Committee meetings, time is reserved for the Independent Committee Members to meet separately with the Internal and External Auditors to discuss any areas of concern.

RISK COMMITTEE

The Group's Risk Committee has oversight responsibility for the Group and its subsidiaries in relation to the following areas:

- Cyber Risk & Cyber Awareness
- Enterprise and Operational Risk Management
- Market Risk Analysis
- Review of Policies for Implementation

Prior to the adjournment of Committee meetings, time is reserved for the Independent Committee Members to meet separately with the Internal Auditor and/or the Chief Risk Officer to discuss any areas of concern.

HUMAN RESOURCES AND GOVERNANCE COMMITTEE

The Human Resources and Governance Committee has oversight responsibility for the following governance, staff welfare and compensation matters:

- Review of staff welfare and compensation matters
- Review of staff continuing development and education programs and staff engagement activities
- Review of Employee Relations Matters
- Staff compensation, including incentive programmes
- Review of Board and Management Succession Plan
- Review of Board nominees prior to appointment
- Review of the Corporate Governance Policy
- Review of Board performance
- Senior level organisational structure and staffing needs
- Mandates for the negotiation of collective bargaining agreements
- Performance of the Executive Team and Board appointed officers
- Pension Plan design and Investment policies
- Monitoring Pension Plan Fund performance against its policies, objectives and strategies

- Appointment and/or removal of the Sponsor Trustees of the Pension Fund
- Review of actuarial reports, audited financial statements of the Fund and proposed changes to the Pension Plan rules and benefits

DIRECTORS' ORIENTATION AND TRAINING OPPORTUNITIES

The Board of Directors is exposed to continuous training and education about the Group, the business line segments, products, legal and regulatory changes impacting operations. Training and education sessions are multimodal being comprised of quarterly Board Presentations from senior management, web based training on a variety of governance, compliance and risk based areas of concentration, and internal and external seminars on industry related matters. In addition each year the Board is engaged by senior management on strategic industry initiatives.

Attendance Record for Directors for Financial Year Ended October 31, 2023	Annual General Meeting	Board of Directors' Meeting	Audit & Conduct Review Committee	Risk Committee	Human Resources & Governance Committee
Number of Meetings	**1**	**12**	**4**	**4**	**4**
Aileen Corrigan**	1	8		3	3
Eric Crawford	1	11	4		
Vernon Douglas**	1	8	3		
Angela Fowler	1	11	4		
A. Mark Hart*	1	9		1	3
W. David McConnell*		4	3		
James McPhedran	1	10		4	
Audrey Richards*	1	10	1		3
Anya Schnoor*	1	12		1	1
Evelyn Smith*	1	11	3		1
W. Warren Smith**	1	8		3	
Audrey Tugwell Henry	1	12		4	4
Jeffrey Hall ***		3	1	1	
Barbara Alexander***		6	1		1

*Rotation of Directors as at March 10 2023: Audit & Conduct Review Committee: Audrey Richards
Risk Committee: A. Mark Hart; Anya Schnoor, W. David McConnell
Human Resources & Governance: Evelyn Smith
**Board Appointments as at December 14, 2022: Aileen Corrigan; Vernon Douglas; W. Warren Smith
***Board Retirements: Jeffrey Hall as at December 9, 2022 and Barbara Alexander as at March 10, 2023

To further cement the importance of Board education this year the Board approved a Guideline on Director Orientation & Continuous Education.

BOARD TRAINING & PRESENTATIONS

This year the Board received presentations and training on the following topical issues:

- Scotiabank Code of Conduct
- Global Mandatory AML & Compliance Training:
  - Tactical Compliance
  - Risk Culture
  - AML/ATF
  - Privacy, Digital & Cyber Security
  - Data Protection
- Cyber Security Awareness
- Board Succession Planning & Skills Matrix
- International Financial Reporting Standards IFRS 17
- Diversity & Inclusion Education
- Media Enquiries & Scotia Environmental & Social Governance Strategy & Corporate Governance Developments

APPOINTMENT, TERM, ELECTION AND RETIREMENT OF DIRECTORS

All Directors automatically retire from the Board at each Annual General Meeting (AGM) and are elected or re-elected (as the case may be) by the shareholders of the Company on the recommendation of the Board.

In keeping with international best practices, effective November 1, 2021 Directors appointed to the Board may serve on the Board until the expiry of 12 years from the date of their first appointment, or in exceptional circumstances for such longer term as may be approved by the Board of Directors. A Director appointed prior to November 1, 2021 may also serve on the Board until expiry of 12 years from the date of their first appointment, save that any such Director who at the date of this policy, shall have exceeded 12 years of service, may continue to serve on the Board until the next AGM immediately following the date of the 15 year anniversary of their initial appointment to the Board.

The date of first appointment for Directors appointed prior to November 1, 2021, shall be the date on which the Director was first appointed to the Board of The Bank of Nova Scotia Jamaica Limited.

Upon the recommendation of the Human Resources & Governance Committee or any subcommittee of the Board charged with corporate governance, the Board may:

(a) in extenuating circumstances, consider and approve the extension of a Director's term beyond the stipulated period as is considered appropriate.

(b) reserve the right not to recommend a Director with an unexpired term to the shareholders for re-election at the Annual General Meeting.

A Director shall resign from the Board of Directors upon the expiration of the respective term (including any variation of the term recommended by the Human Resources & Governance Committee) no later than 6 weeks prior to the date of the Annual General Meeting of the year in which the term expires.

DIRECTORS' COMPENSATION

Directors' Compensation is paid on the basis of an Annual Retainer Fee which covers Directors' attendance and participation at Board and Committee Meetings throughout the course of each year.

The Compensation Structure for Directors includes an annual retainer fee and annual meeting fees as reflected in the Table of Fees below:

FEE STRUCTURE

Category	Total Annual Fee
	Expressed in JMD
Board Chair (Not applicable to internal Chairperson)	$4,098,600
Deputy Board Chair (Currently vacant)	$3,753,600
Audit & Conduct Review Committee Chair	$3,063,600
Risk Committee Chair	$2,718,600
Human Resources & Governance Committee Chair	$2,718,600
Non-Executive Director	$2,166,600

SCOTIABANK CODE OF CONDUCT

The Board of Directors, the management and all employees of the Group, its subsidiaries and affiliates are required to observe the Group's Code of Conduct and in this regard, annual certification of due compliance is required.

The Code of Conduct outlines the Group's rules and expectations regarding proper business conduct and ethical behaviour of directors, officers and employees of the subsidiaries, including:

- Following the law wherever the Group and its subsidiaries do business
- Avoiding putting themselves or any of the subsidiaries in a conflict of interest position
- Conducting themselves honestly and with integrity
- Keeping the subsidiaries' transactions, communications and information accurate, confidential and secure, and all customers' assets safe
- Treating everyone fairly and equitably – whether customers, suppliers, employees or others who deal with the Group and its subsidiaries
- Honouring our commitments to the communities in which we operate

In keeping with the established Code of Conduct, Board members and senior management of the Group's subsidiaries are subject to the Insider Trading Policy in respect of trading in the securities of the Company, its subsidiaries and affiliates.

BOARD ANNUAL SELF-EVALUATION

The Group's Board and the Boards of its subsidiaries conduct an annual self-evaluation of performance during the year. Directors are required to complete a questionnaire which tests a wide range of issues regarding the effectiveness of the Board's governance.

The issues include the quality of the information provided by management, the effectiveness of the operation of any committee and a performance assessment of the Board and Chairperson during the year.

Additionally, the Chairperson of the Board conducts one-on-one interviews with each Independent Director to solicit feedback on the performance of the Board and Management.

The results of the questionnaire are reviewed by the Human Resources & Governance Committee and appropriate action taken to remedy any areas of concern. The process has been invaluable to the continuous improvement of the governance process.

Scotia Group remains committed to good corporate governance practices and continues to comply with the applicable laws and regulations, international best practices and guidance from the Jamaica Stock Exchange, the Bank of Jamaica, the Financial Services Commission, and other regulators.

POLICIES IMPLEMENTED DURING THE YEAR

Some of the key policies implemented this year include the following:

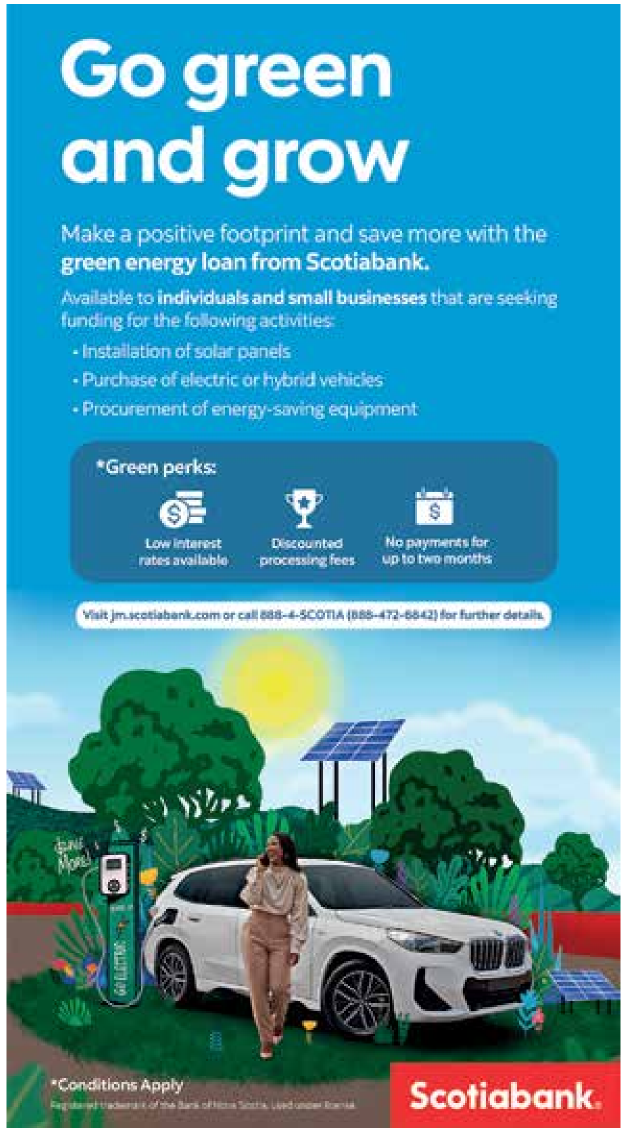
- Cybersecurity Policy
- Enterprise AML/ATF Policy
- Enterprise Wide Risk Management Framework
- Environmental Risk Policy
- Information Security Governance Framework
- Liquidity Risk and Collateral Management Policy
- Stress Testing Policy

CUSTOMER EXPERIENCE COUNCIL

As part of our Customer First Strategy the Board approved the establishment of a Customer Experience Council. The Council is appointed to assist management in monitoring and ensuring the consistency and reliability of service quality delivery; and to provide strategic direction in devising and executing customer experience strategies and programmes. The Council has oversight for internal and external service delivery within the Bank, subsidiaries and external support units across Scotia Group Jamaica. The Council is overseen by a Steering Committee which includes two External Directors.

DIVERSITY & INCLUSION EDUCATION PROGRAMME FOR DIRECTORS

This Programme focuses on how the business is addressing critical social issues through our Diversity & Inclusion (D&I) approach, the imperative to do so, and the expectations on all directors and employees to uphold Scotiabank values.



Scotiabank is aware of the growing attention and call to action on environmental, social and governance (ESG) issues. This D&I Education Programme highlights aspects of our Inclusive Society pillar and how we are taking action on this in our operations. The Bank has developed a D&I strategy designed to meet our commitment to becoming the bank of choice for the diverse communities we serve. Scotiabank is investing significantly in creating an inclusive culture where every employee is empowered to reach their fullest potential.

WHISTLEBLOWER POLICY

The Bank has established channels through which employees can Raise a Concern to ensure that matters are reported and addressed. The Whistleblower Policy, (the Policy), as part of the larger Raise a Concern framework, enables employees to raise Concerns through a confidential and anonymous channel and provides the framework for how the independent and objective Whistleblower Programme within the Audit Department will receive, assess, investigate and resolve Concerns, particularly when those Concerns constitute wrongdoing. The Whistleblower Programme is designed as a control to safeguard the integrity of the Bank, and its subsidiaries, financial reporting, its business dealings and to support adherence to the Scotiabank Code of Conduct (the Code) and its regulatory obligations.

The Policy governs the operations of the Bank's Whistleblower Programme that enables individuals to raise anonymous and confidential Concerns and wrongdoing that may otherwise not be known to management and ensure appropriate investigation is undertaken. The Policy applies to all individuals in the Bank to whom the Scotiabank Code of Conduct applies, inclusive of employees, officers, directors, and contingent workers.

SCOTIABANK' S ENVIRONMENTAL, SOCIAL AND GOVERNANCE APPROACH

Scotiabank's approach to Environmental, Social, and Governance (ESG) focuses on four pillars — Environmental Action, Economic Resilience, Inclusive Society and Leadership & Governance. We develop, implement and invest in initiatives across these pillars in order to maximize our positive impact on the world.

Our impact in these areas is greatest when we take action at three different levels — In our Operations, With our Customers, and in the World Around Us.

We have the most controls and ability to drive positive change in our operations. We also support and enable positive ESG outcomes with our customers through our core business: delivering important financial products, services and advice that help them achieve their goals and we affect progress in the world around us by using our partnerships and influence to address global concerns that affect everyone.

Our diversified geographic footprint, varied business lines, and large customer and employee base give us a responsibility and an opportunity: we can help address important social, environmental, and economic challenges while positioning our Bank for success. By working with stakeholders at all levels across our entire value chain, we are best positioned to build a better future.

In Jamaica we have rolled out the Environmental Risk Management Framework which forms part of a customer's risk rating as well as undertaken various Diversity & Inclusion initiatives with all staff and Directors.

Our parent bank produces an annual ESG Report which highlights all the initiatives of the global bank and most recently released its Net Zero Pathways Report which shows how the global bank plans to reach its goal of being a Net Zero bank by 2050.

OUR LEADERSHIP

BOARD OF DIRECTORS

1. Anya Schnoor

Anya Schnoor was appointed Chair of Scotia Group Jamaica Limited effective December 10, 2022. She has been the Executive Vice President, Caribbean, Central America & Uruguay for International Banking since October 2020. In this role, Anya leads the development of the overall strategic direction for the Bank's personal, commercial, corporate, wealth, and insurance operations in the regions.

Anya joined Scotiabank in Jamaica in 2006, and has held progressively senior roles across the bank, including her most recent role as the Executive Vice President, Retail Products in Canadian Banking. Her experience in the financial services sector in the Caribbean spans more than 30 years in the areas of wealth management, insurance and banking.

She is widely-recognized as a strong business leader in the Caribbean region, receiving the Caribbean Luminary Award in 2019 by the American Foundation for The University of the West Indies for her contributions in the business community. She is also a member of the International Women's Forum (IWF), an organization dedicated to supporting the next generation of women leaders.

Ms. Schnoor holds a Master of Business Administration from Barry University and a Bachelor of Business Administration in Finance and International Business from Florida International University.

Scotiabank Board Details:

- Chair: Scotia Group Jamaica Limited and The Bank of Nova Scotia Jamaica Limited since December 10, 2022.
- Director: Scotia Group Jamaica Limited (SGJ) since November 1, 2020. The Bank of Nova Scotia Jamaica Limited (BNSJ) since November 1, 2020
- Member: BNSJ & SGJ Human Resources & Governance Committee

2. Aileen Corrigan

Aileen Corrigan is a highly experienced transformation director with over 25 years of international experience in the Caribbean, Pacific, North America and European regions. She specializes in digital, media, and telecommunications sectors focusing on major strategic programmes including strategy and development, business change, organizational design and digital transformation.

During her career, Aileen has held various senior roles including CEO of Trend Media and NewComLive, Business Development with Motorola and O2 Ireland and most recently Chief Digital Officer and Transformation Director for Digicel Group.

Aileen studied Industrial Relations at McGill University, Canada, holds a Graduateship from The Marketing Institute Ireland and Masters in Digital Marketing from the Digital Marketing Institute.

Scotiabank Board Details:

- Chair: Scotia Investments Jamaica Limited, Human Resources & Governance Committee since March 10, 2023
- Director: Scotia Group Jamaica Limited (SGJ) since December 14, 2022; The Bank of Nova Scotia Jamaica Limited (BNSJ) since December 14, 2022; Scotia Investments Jamaica Limited (SIJL) since January 1, 2023; Scotia General Insurance Agency Limited (SGIA) since March 3, 2023

3. Eric Crawford

Eric Crawford concluded a thirty-five-year career with PricewaterhouseCoopers (PwC) Jamaica in June of 2015, twenty-six of which he had partner responsibility for the delivery of Taxation services to the firm's clientele.

His professional career with PricewaterhouseCoopers included a tour of duty with the Toronto office, leadership of the Caribbean Region Taxation practice, and a one-year secondment to act as Chief Financial Officer of Jamaica National Investment Company Limited (now Development Bank of Jamaica). Before joining PricewaterhouseCoopers, he served as Chief Internal Auditor of the National Housing Trust (NHT). He was also a Director and Chairman of the Finance Committee of the Trust between 1996 and 2000.

He is presently a Commissioner and chairs the Audit, Finance and Technology Committee of the Integrity Commission.

Eric is a Life Fellow of the Institute of Chartered Accountants of Jamaica (ICAJ), of which he served as President between 1995 and 1997, as well as a member of the UK Chartered Association of Certified Accountants where he was Jamaica's Representative on its International Assembly in 1997/98.

Scotiabank Board Details:

- Chair: BNSJ Audit & Conduct Review Committee since March 7, 2018; Scotia Investments Jamaica Limited (SIJL) Audit & Conduct Review Committee since January 1, 2023
- Director: Scotia Group Jamaica Limited (SGJ) since June 8, 2017; The Bank of Nova Scotia Jamaica Limited (BNSJ) since June 8, 2017; Scotia Investments Jamaica Limited (SIJL) since January 1, 2023

4. Vernon Douglas

Vernon Douglas is a purpose-driven leader and trusted business partner, who is passionate about transformation at the individual, community and national levels. He has over 20 years of experience in financial leadership, business development, process implementation and improvement in several countries across the Caribbean, Central America, and Europe.

Skilled in tackling a diverse array of business opportunities, Vernon has worked in Telecoms, Energy, Retail and Fast-Moving Consumer Goods (FMCGs) sectors. In his current role as CFO at JPS, Jamaica's leading energy company, he has immediate responsibility for Corporate Finance, Corporate Accounting, Logistics & Inventory Management, and Regulatory & Strategy Administration. His career has spanned roles with; the Digicel Group as CFO- Mergers and Acquisitions (Caribbean and Central America). He also held executive, senior positions with Celebration Brands Ltd, Red Stripe Diageo (Jamaica), and Richer Sounds PLC (UK).

Vernon has a consistent record of delivering results in financial control, operational performance excellence and profitability improvement, having helped companies to deliver corporate and operational growth via both organic and inorganic means. His areas of expertise include: Competitive Strategy, Business Optimization & Transformation, M&A evaluations, Risk Management, and Investor Relations.

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He is a chartered accountant (FCCA) with Executive Education from Wharton Business School, and MIT Sloan Institute of Management.

Scotiabank Board Details:

- Chair: Scotia Jamaica Building Society, Audit & Conduct Review Committee since February 27, 2023
- Director: Scotia Group Jamaica Limited (SGJ) since December 14, 2022; The Bank of Nova Scotia Jamaica Limited (BNSJ) since December 14, 2022; Scotia Jamaica Life Insurance Company Limited since March 3, 2023
- Member: BNSJ & SGJ, Audit & Conduct Review Committee; SJLIC Audit & Conduct Review Committee and Investment, Loan & Risk Committee

5. Angela Fowler

Angela Fowler is a practicing Attorney-at-Law since 1975 and formerly the Senior Partner of the law firm, Livingston, Alexander & Levy est. 1911. She practices in the areas of commercial law, estate and corporate tax planning, pensions and employee benefits schemes.

Mrs. Fowler is a graduate of the University of the West Indies. She is a member of the Jamaican Bar Association and the International Pension and Employee Benefits Lawyers' Association.

Scotiabank Board Details:

- Director: Scotia Group Jamaica Limited (SGJ) and The Bank of Nova Scotia Jamaica Limited (BNSJ) since May 4, 2018
- Member: BNSJ & SGJ, Audit & Conduct Review Committee

6. Antony Mark Hart

Mark Hart is a founder, Executive Chairman and largest shareholder of Caribbean Producers (Jamaica) Limited, a leading, fast growing food/service distributor listed on the main market of the Jamaica Stock Exchange. He is Chairman of Airports Authority of Jamaica and the Montego Bay Freezone. He is a Director of the Port Authority of Jamaica and serves on the Boards We Care of Cornwall Regional Hospital and Itel-BPO Solutions.

He holds a Bachelor of Science degree in History and Motion Picture Film Production, from the University of Miami and participated in Executive Education at Columbia University, USA. Amongst his accomplishments is the documentary film, Rise Up.

Scotiabank Board Details:

- Director, Scotia Group Jamaica Limited (SGJ) since August 5, 2016; The Bank of Nova Scotia Jamaica Limited (BNSJ) since August 5, 2016
- Member: BNSJ & SGJ, Human Resources and Governance Committee

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7. William David McConnell

David McConnell is co-managing Director and co-founder of Select Brands Limited a leading Wines and Spirits Company in Jamaica. Prior to the establishment of his business he held the position of Managing Director of Sales and Marketing for J. Wray and Nephew Limited with key responsibility for increasing profitability and developing brand positioning for the company's products both locally and internationally. Mr. McConnell sits on the Board of the Supreme Ventures Limited, a member of the Jamaica Stock Exchange and Ironrock Insurance Company, a member of the Junior Market of the Jamaica Stock Exchange. He is also a Governor on the Board of Directors of Hillel Academy.

He holds an M.B.A. in Marketing and Finance from the University of Miami and a B.A. in Marketing and International Business from Florida International University.

Scotiabank Board Details:

- Director: Scotia Investments Jamaica Limited since August 2, 2016; Scotia Group Jamaica Limited and The Bank of Nova Scotia Jamaica Limited since May 4, 2018
- Member: BNSJ & SGJ Audit & Conduct Review Committee; SIJL Human Resources & Governance Committee and SIJL Audit & Conduct Review Committee

8. James McPhedran

James McPhedran is a senior executive with a wide range of experience spanning over 30 years in financial services. He is a Supervisory Board Director, Maduro & Curiel's Bank (Dutch Caribbean) where he is Chair of the Risk and Compliance Committee and also sits on the Board of Governors for CI Financial in Toronto. As well, James is Chair of the Board of Directors for UNICEF Canada and serves on the Board of St. Michael's Hospital Foundation in Toronto.

James is a Senior Advisor to McKinsey and Company where he consults on Customer Experience, Retail Banking and Wealth Management engagements in North America, Europe and Australia.

He holds a Bachelors Degree in Economics and Political Studies from Queen's University in Kingston, Ontario and has completed the Institute of Corporate Directors Program at the University of Toronto. James has also completed the Senior Executive Programme at the London Business School in London UK.

Scotiabank Board Details:

- Chair: BNSJ & SGJ Risk Committee since June 8, 2022
- Director: Scotia Group Jamaica Limited and The Bank of Nova Scotia Jamaica Limited since June 8, 2022

9. Audrey Richards

Audrey Richards is a Consultant with the Development Bank of Jamaica, overseeing the bank's pivotal roles as anchor investor in private capital funds and ecosystem development catalyst, aimed at expanding access to private equity, venture capital, and other alternative finance, from local, regional, and global funders, for Jamaican businesses.

She has held executive leadership positions in the Jamaican capital markets and has consulted for both private and public sector institutions, including the Inter-American Development Bank, Bank of Jamaica, Jamaica Stock Exchange, and the Financial Services Commission. Mrs. Richards sits on the Boards of British Caribbean Insurance Company Limited, St. Andrew High School Foundation, and the Board of Governors of the St. Andrew High School.

She holds an MBA (Finance) from the De Groote Graduate School of Business, McMaster University, Canada, and a BSc. (Special Chemistry) from the University of the West Indies, Mona, and is a Certified Project Manager.

Scotiabank Board Details:

- Chair: Scotia Group Jamaica Limited (SGJ) & The Bank of Nova Scotia Jamaica Limited (BNSJ), Human Resources & Governance Committee since March 10, 2023; Scotia Investments Jamaica Limited (SIJL) since December 9, 2022; Scotia Jamaica Life Insurance Company Limited (SJLIC) since August 16, 2018; SJLIC, Investment, Loan & Risk Committee since May 9, 2018
- Director: Scotia Group Jamaica Limited since May 4, 2018; The Bank of Nova Scotia Jamaica Limited since May 4, 2018; Scotia Jamaica Life Insurance Company Limited since May 9, 2018
- Member: BNSJ & SGJ Risk Committee; SJLIC, Audit & Conduct Review Committee; SIJL Risk Committee and Audit & Conduct Review Committee

BOARD OF DIRECTORS

10. Evelyn Smith

Evelyn Smith manages the Tensing Pen Hotel in Negril, one of Jamaica's leading character hotels. She serves on the Board of the Caribbean Hotel and Tourist Association (CHTA) and has served on the Boards of Jamaica Tourist Board (JTB), Jamaica Vacations (Jamvac), Tourism Enhancement Fund (TEF), Advisory Council of the Passport Immigration and Citizen Agency (PICA), and Negril Chamber of Commerce.

Evelyn has been actively involved in the tourism industry since the late 1980's, and is Past President of Jamaica Hotel and Tourist Association (JHTA). She was the recipient of the JHTA Hotelier of the Year Award in 2008 and awarded the Prime Minister's Medal of Appreciation for Service to Tourism in 2013.

A graduate of the prestigious Wellesley College in Massachusetts, Mrs. Smith holds a Bachelor's degree with majors in French and Spanish, and an MBA with Honours from Nova Southeastern University, USA.

Scotiabank Board Details:

- Director: Scotia Group Jamaica Limited since December 2, 2015; The Bank of Nova Scotia Jamaica Limited (BNSJ) since December 2, 2015; Scotia Jamaica Building Society (SJBS) since February 27, 2023
- Member: SGJ & BNSJ Audit & Conduct Review Committee; SJBS Audit & Conduct Review Committee

11. Audrey Tugwell Henry

Audrey Tugwell Henry is the President & CEO, Scotia Group Jamaica Limited since January 1, 2021. She has been employed to Scotiabank for a collective period of 14 years in executive positions. Audrey joined Scotiabank in May 2000 to May 2008 and again in September 2017 as the Executive Vice President, Retail and Small Business Banking, Caribbean North & Central.

Audrey has a combined 36 years of experience in banking with 21 years at the executive level and a proven track record leading businesses within the Financial Services Industry.

She is passionate about women empowerment, diversity and inclusion. Audrey spearheaded the launch of the Scotiabank Women Initiative in Jamaica, a program supporting women-led and women-owned businesses. She is a member of the Scotiabank International Banking Inclusion Council and under her leadership, the Caribbean Inclusion Council was established with representatives from across the Caribbean. Additionally, she places much of her focus on the development of talent and provides guidance and coaching through the Scotiabank Caribbean Network's Mentorship Program, as well as direct coaching. She is also a member of the International Women's Forum (IWF), an organization dedicated to supporting the next generation of women leaders.

Outside of the Scotia Group, Audrey is the President of the Jamaica Bankers' Association, appointed in October 2023, and also serves on the board of the Mona School of Business and Management.

She has a Diploma in Education from Church Teachers' College, Mandeville, a Bachelor of Science degree in Management Studies from the University of the West Indies and a Master of Business Administration degree from the Mona School of Business.

Scotiabank Board Details:

- Chair: Scotiabank Jamaica Foundation, appointed Director since November 16, 2017
- Director: Scotia Group Jamaica Limited (SGJ) since December 9, 2020, The Bank of Nova Scotia Jamaica Limited (BNSJ) since December 9, 2020; Scotia Investments Jamaica Limited (SIJL) since December 7, 2020; Scotia Jamaica Life Insurance Company Limited (SJLIC) since December 31, 2020; The Scotia Jamaica Building Society since June 25, 2018; Scotia General Insurance Agency Limited (SGIA) since December 30, 2021
- Member: BNSJ &SGJ Risk Committee; SGJ & BNSJ Human Resources & Governance Committee; SJLIC Investment, Loan & Risk Committee; SIJL Human Resources & Governance Committee and Risk Committee; SGIA Conduct Review Committee


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EXECUTIVE/SENIOR MANAGEMENT TEAM

1. Audrey Tugwell Henry
President and
Chief Executive Officer

2. Sabrina Cooper
Senior Vice President,
Wealth and Scotia
Investments

3. Tricia Davies
Vice President,
Business Support

4. Yanique Forbes-Patrick
Vice President,
Public Affairs and
Communications

5. Perrin Gayle
Executive Vice President,
Retail & Small Business

6. Debra Lopez-Spence
President, Scotia Jamaica
Life Insurance Company

7. Marcette McLeggon
Chief Risk Officer

8. Morris Nelson
Senior Vice President,
Corporate and
Commercial Banking

9. Gabrielle O'Connor
Chief Financial Officer

10. Adrian Reynolds
Vice President Treasury

11. Tonya Russell
Head of Marketing

12. Sheila Segree-White
Vice President,
Human Resources

13. Gary-Vaughn White
Senior Vice President,
Collateral Protection

14. Naadia White
Vice President, Compliance

15. Shelee Wilkie-Channer
Chief Auditor

16. Maia Wilson
Vice President,
Senior legal Counsel
& Company Secretary


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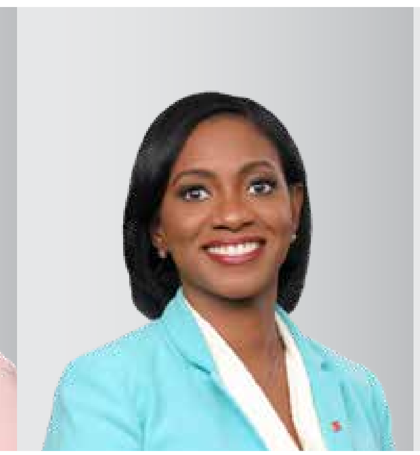
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MANAGEMENT DISCUSSION & ANALYSIS

INTRODUCTION

Scotia Group Jamaica Limited (Scotia Group), established in 1889 and headquartered in Kingston is one of the largest banking and financial service organizations in Jamaica, with assets in excess of $664 billion. We offer a diversified range of tailored financial solutions through our subsidiaries to a wide range of corporations, governments, institutions, and individual clients across all sectors within the Jamaican economy, supported by a network of 28 branches, 292 ATMs, 1,485 team members and a best-in-class digital banking platform.

Subsidiaries	Services
The Bank of Nova Scotia Jamaica Limited	Deposits, Lending, Foreign Exchange and Payments
Scotia Jamaica Life Insurance Company Limited	Credit and Life Insurance, Retirement Accumulation and Payout
Scotia General Insurance Agency	General Insurance Services
Scotia Investments Jamaica Limited	Investments, Structured Financing
The Scotia Jamaica Building Society	Mortgage Lending, Deposits

Scotia Group has delivered 134 years of unbroken industry-leading service to Jamaica and continues to focus on evolving by building on our client first strategy in Jamaica as we continue to leverage our strength, experience, resilience and execute on our strategic plans to support clients' financial well-being and help them plan for the future.

OUR OPERATING ENVIRONMENT

MACROECONOMIC ENVIRONMENT

For the 2023 financial year, Scotia Group operated in a challenging environment due to adverse macroeconomic factors such as inflationary pressures, high interest rates, geo-political conflicts, tightening global financial conditions and challenges faced by a number of global banks. Scotia Group with its diversified business model showed resilience and delivered an excellent performance. Global shocks pushed inflation above the target range and The Bank of Jamaica (BOJ) continued to execute its monetary policy response, which together with prudent fiscal policy has moderated inflationary impulses. Point-to-point (P-T-P) inflation trended downward throughout the financial year and was 5.1% as at October 2023, within the BOJ's target range of 4.0% to 6.0%. The outturn was influenced by the 'Food and Non-Alcoholic Beverages' (8.3%), 'Restaurants and Accommodations Services' (13.1%) and 'Furnishings, Household Equipment and Routine Household Maintenance' (10.8%) divisions. Moderating these divisional increases was a fall of 3.5% in the index for the 'Housing, Water, Electricity, Gas and Other Fuels' division.

According to the BOJ, inflation is projected to rise above the Bank's target range between December 2023 and March 2025, due in large part to the impact of announced increases in selected public passenger fares. In September 2023, Standard & Poor's (S&P) upgraded the Government of Jamaica's (GOJ) Long-Term Foreign and Local Currency Issuer Default Rating (IDR) to 'BB-' with the outlook remaining Stable, citing that Jamaica will continue to pursue cautious macroeconomic policy and maintain its commitment to prudent public sector financing and debt reduction. Additionally, Moody's B1 rating with a Positive Outlook in October 2023 augurs well for the country's credit resilience. Gross Domestic Product (GDP) for the quarter ended September 2023 recorded an expansion of 2.3% compared to 4.8% recorded for the same period last year. This increase resulted from growth in the Services and Goods Producing Industries of 2.2% and 2.6%, respectively. The outlook for real GDP is 1.0% - 3.0% for FY2023/24 and between 1.0% to 2.0% over the medium term and is based on the continued expansion of economic activities. Growth will continue to be driven by the Services and the Goods Producing industries, given improvements in the economies of Jamaica's major trading partners and minimization of weather-related shocks. The country's unemployment rate fell to a new record low of 4.5% as at July 2023 when compared to 6.6% for the same period last year.

FINANCIAL SECTOR PERFORMANCE

Throughout the year, inflation continued to be an ongoing concern for Jamaica. The BOJ maintained its three-pronged approach and have experienced success in controlling inflation during the financial year. However, the annual inflation continues to be affected by domestic agricultural price increases and the risks to inflation outlook is skewed to the upside. Against this background, the Central Bank maintained the policy interest rate at 7.0%, to foster tight Jamaican dollar liquidity conditions as well as to create relative stability in the foreign exchange market as a part of its efforts aimed at facilitating inflation convergence to its target range.

As at June 2023, the overall growth in loans in the Financial Sector increased, and was 12.9% compared to 8.6% for the comparative period in 2022. Deposits growth declined to 9.4% from 9.8% in 2022. Total assets expanded to 9.6% compared to 6.6% last year. Additionally, as at June 2023, commercial banking sector loans to the private sector increased by 13.1% or $123.4 billion (2022: 9.1% or $78.5 billion), due mainly to growth in the Construction, Distribution, Professional & Other Services and Tourism sectors. Credit quality for the sector improved marginally, with non-performing loans representing 2.5% of total gross loans as at June 2023, relative to 2.8% for the comparative period in 2022. Looking ahead it is expected that lenders may tighten supply based on the 1% adjustment to the Cash Reserve Requirement (CRR) for Deposit Taking Institutions (DTI) in April 2023.

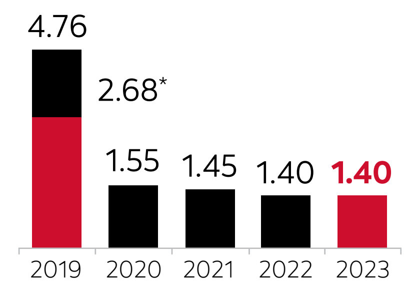
The Collective Investment Scheme industry (unit trusts and mutual funds) increased slightly by 0.5% to US$2.3 billion for the year ended October 31, 2023, due to elevated interest rates and growth in the real estate market. Of note, gross life insurance premiums sold in the industry as at August 2023, were higher by $3.0 billion or 10% year over year.

OVERVIEW OF FINANCIAL RESULTS

TOTAL REVENUE

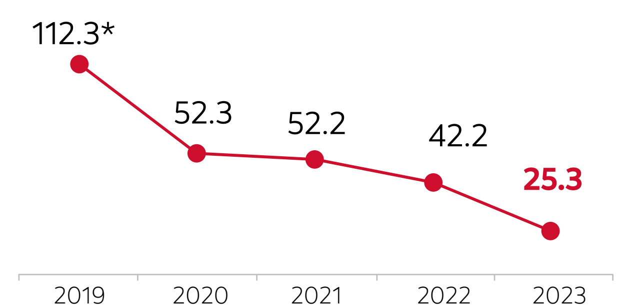
As at October 31, 2023, Scotia Group delivered a very robust performance with net profit attributable to common shareholders of $17.2 billion, representing an increase of $6.9 billion or 67% year over year. This strong performance translated to earnings per share of $5.54, an increase of 67% from the prior year amount of $3.32 and return on equity of 15.15% up by 5.72% from 9.43% in 2022. The dividend per share was $1.40, representing a dividend payout ratio of 25.28%.

Dividends per Share ($)



* Special dividends of $2.68 paid in 2019

Dividend Payout Ratio (%)



* Dividend Payout Ratio excluding special dividends: 49.07%

Scotia Group has key competitive advantages from which to build on, and our diversified business model continued to demonstrate resilience in challenging times by seizing opportunities as they became available during the year and exercising prudent risk management which allowed us to achieve this strong performance. As the economy continues to rebound, we maintain our commitment, remain client-focused and continue to bring value to our clients through our dynamic product offerings and solutions designed to assist them to achieve their financial goals. Our strategic investments in our people, assets and technology continue to allow us the competitive advantage to execute on our plan to deliver sustainable, profitable growth. Our core business remains strong and continues to perform well. Our loan portfolio reflected strong growth of 15% over last year, driven by outstanding increases of 25% growth in our mortgage portfolio and 9% growth in our flagship product, Scotia Plan Loans. We continue to fulfil the dreams of clients to own their own homes and accomplish other personal goals with our streamlined mortgage process and competitive rates.

Financial Highlights	31-Oct-23 $millions	31-Oct-22 $millions
Total Assets	**664,737**	594,416
Investments	**161,927**	153,623
Loans (net of expected credit losses)	**268,830**	234,658
Deposits by the Public	**444,876**	397,176
Insurance Contract Liabilities	**49,450**	49,405
Shareholders' Equity	**126,548**	106,363
Profit after Tax	**17,229**	10,320
Total Comprehensive Income	**24,386**	(1,349)
Return on Average Equity	**15.15%**	9.43%
Productivity Ratio	**49.8%**	57.3%
Operating Leverage	**16.8%**	7.9%
Earnings per share (cents)	**554**	332
Dividend per share (cents)	**140**	140

Additionally, our insurance business lines continue to provide our clients with adequate protection solutions. Our life insurance business reported an increase of 105% in net insurance revenues year over year driven by our enhanced flagship products such as ScotiaCriticare and our Approved Retirement Scheme, ScotiaBRIDGE, while our newest subsidiary, Scotia General Insurance Agency (ScotiaProtect), generated $400 million in annualized premiums in its first year of operation as clients responded positively to our strong value proposition.

Scotia Group is one of the largest banking and financial services organizations in Jamaica, with assets of $664.7 billion, and client deposits of $444.9 billion as at October 31, 2023. The growth in our asset base was achieved through the alignment and effective implementation of our strategic imperatives across all our business lines throughout the year. The Bank's solid risk management framework has redounded to a high-quality loan portfolio with non-accrual loans as a percentage of gross loans at 1.6% compared to 1.7% last year which is significantly below the industry average of 2.5% as at June 2023.

We continue to assist clients to choose the best investment solution for their unique financial needs through our evolving product offerings from Scotia Investments. The total value of Funds under Management amounted to $193.5 billion up $11.0 billion or 6% over prior year.

Our capital base remains strong, and the bank remains well capitalized to support its strategic growth plans and to maximize returns to shareholders. We continue to exceed regulatory capital requirements in all our business lines. Our strong capital position enables us to effectively manage future increased capital adequacy requirements and take advantage of growth opportunities as they emerge in the market. This solidifies the resilience of our proven operating model, our ability to withstand market volatility, and further provide our valued clients and shareholders with confidence, that we are well positioned for the future.

OUR STRATEGY

Our strategic priorities continue to be the roadmap for our success, and consists of three pillars, deeply focused on our clients, valued team members, and built on a strong risk culture. These priorities have shaped the direction of the organization by balancing key growth opportunities and structural transformation while delivering best- in-class service. We continue to execute well on our strategic priorities, as these are the mainstays, we believe will have the greatest impact and will drive long-term value creation for all stakeholders.

MANAGEMENT'S DISCUSSION AND ANALYSIS

2024 STRATEGIC FOCUS

Win as one Team: We are committed to fostering a culture of collaboration, trust and belonging, creating, and maintaining an inclusive environment through shared purpose and values, demonstrated through our people and our practices that allow us to become the best place to work for the diverse communities we serve.

Our employees' well-being is a critical component of a productive and healthy work environment, as such, we remain committed to providing our valued employees with the necessary support and care for their physical and mental health. Developing and nurturing our talented employees is a high priority for Scotia Group. We continue to invest in our people and their skills while actively planning for the future and putting programs in place to build a world-class high-performing, and inclusive team that is focused on prioritizing clients and improving sustainable business performance, further strengthening team-focused engagement. Our robust recruitment practices are designed to attract a diverse pool of high potential team members who are tuned in with the needs of our clients and who have the required knowledge and skills which are honed through our strong onboarding programmes. We remain committed to strengthening our leadership capability by grooming and growing talent from within to ensure the Group has the right people to drive superior performance. We are increasing our focus on performance management by enhancing our learning and development, coaching and performance measurement processes so that employees can reach their full potential. We consistently reinforce our culture of openness, collaboration, accountability and always doing the right thing, to maintain strong engagement and ensure that the Group continues to be a Great Place to Work.

Make it easy to do business with us: We will continue to improve our performance and building seamless experiences across our footprint though productivity and efficiency.

We continue to invest in technology and our award-winning digital and analytical capabilities to build stronger relationships with clients, increase engagement, client primacy and loyalty to understand and anticipate client needs to make it easy for them to do business with us. We remain committed to delivering a seamless best-in-class client experience through our modernized platforms, which are specifically geared towards serving all our client segments while meeting and exceeding their evolving client needs. The Pulse, our client feedback system continues to yield positive results and has indicated our clients' growing preference for the convenience of our digital channels which offer a simple and more cost-effective way of conducting transactions. Scotia Group remains focused on being the most trusted financial partner wherever we operate and as such, maintaining the trust and confidence of our clients is paramount in everything we do.

Earn primary client relationships: We will continue to deepen client relationships to accelerate new business origination across all our business lines to drive sustainable profitable growth while focusing on primacy to become the leading financial services group in Jamaica.

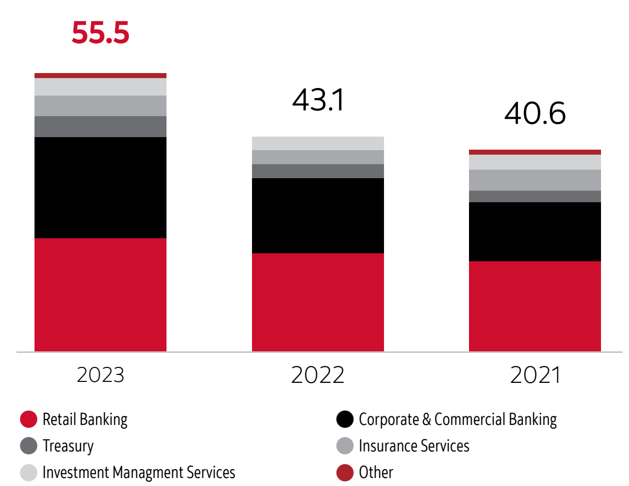
We will focus our resources on the acceleration of new business origination through a segment driven client-centric approach across all our business lines. We will maintain a client-focused approach to create consistent high-quality experiences across all channels, leading with advice and solutions to offer clients relevant and useful products to suit their financial needs.

GROUP FINANCIAL PERFORMANCE

TOTAL REVENUE

Total revenue excluding expected credit losses was $55.5 billion in 2023, up $12.3 billion or 29% compared to $43.1 billion for 2022. All business lines in the Group contributed to the strong growth in our revenue for the financial year.

Revenues by Business Line
(excluding expected credit losses) $ Billions



- **Investment Management (+8%):** Revenues from our investment management portfolio increased year over year driven by higher interest income and higher gains on financial instruments. We continued our strategy to grow our Asset Management segment and reduce exposure to the inherent risks in an on-balance sheet business model. Consequently, Assets Under Management increased by 6% year over year, while our Mutual and Unit Trust funds continued to deliver good returns to unitholders.
- **Commercial (+34%):** Loan balances grew significantly by $11.1 billion or 12% over prior year as we continued to provide best-in-class solutions for the growth and development of our corporate and commercial clients. This also resulted in higher fees and commission income as transaction volumes increased. Additionally, interest income increased due to higher yields from the higher interest rate environment in 2023.
- **Retail (+17%):** Loan growth was led by residential mortgages which grew $15.5 billion or 25% over prior year, and personal and credit cards which were up $7.7 billion or 9%. Overall, our retail loans amounted to $170.4 billion reflecting solid growth of $23.2 billion or 16% over last year. The increase in revenues was driven by higher interest income due to higher loan balances based on market demand, our competitive rates, strong service delivery and digital capabilities to increase product fulfillment across all channels.
- **Treasury (+46%):** The strong performance was due to our management strategy to invest in higher yielding securities, in addition to increased trading activities. This resulted in higher net interest income and FX revenue year over year.
- **Insurance Services (+66%):** Growth in revenues for this business line was mainly due to heightened creditor protection and insurance planning advice and solutions underpinned by enhanced product offerings such as ScotiaCriticare, our Approved Retirement Scheme ScotiaBRIDGE, and our newest subsidiary Scotia General Insurance Agency (ScotiaProtect).

NET INTEREST INCOME

Loan volumes increased across our business lines year over year. We recorded net interest income before expected credit losses of $39.5 billion, an increase of $8.8 billion or 29% when compared to prior year. The Group's average earning assets increased by 15%, while the net interest margin (net interest income as a percentage of average earning assets) increased relative to the previous year by 84 basis points. Average yields on earning assets were higher by 98 basis points due to the higher interest rate environment throughout the year. The year over year growth in volumes contributed a positive $4.5 billion to net interest income for the year and a positive impact from increasing asset yields of $4.3 billion.

Net Interest Income

$ Billions

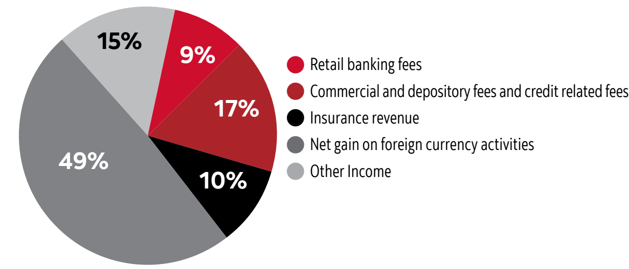
*2022 restated

OTHER REVENUE

Other revenue, defined as all income other than interest income, was $17.9 billion for fiscal year 2023, up $3.8 billion or 27% from prior year.

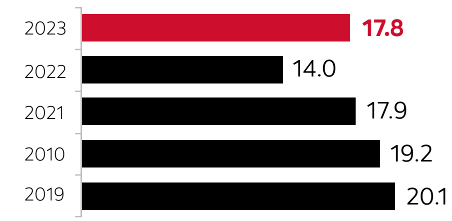
- **Net fees and commissions** totaled $6.7 billion up $1.6 billion or 31% compared to last year. The increase in net fees noted was primarily due to an increase in transaction volumes, business activities and deepening of client relationships, resulting from increased economic activities. Throughout the year the Group continued its drive to educate clients on our alternative and convenient digital channels as we continue to elevate our client experience.
- **Net insurance revenue** was higher by 105% and amounted to $1.8 billion compared to $0.9 billion for 2022, due to higher contractual service margin, expected claims and insurance expense releases based on the performance of the portfolio, and higher revenue generated from our Creditor Life portfolio given higher transaction volumes.

Sources of Other Revenue (%)



Other Revenue

$ Billions



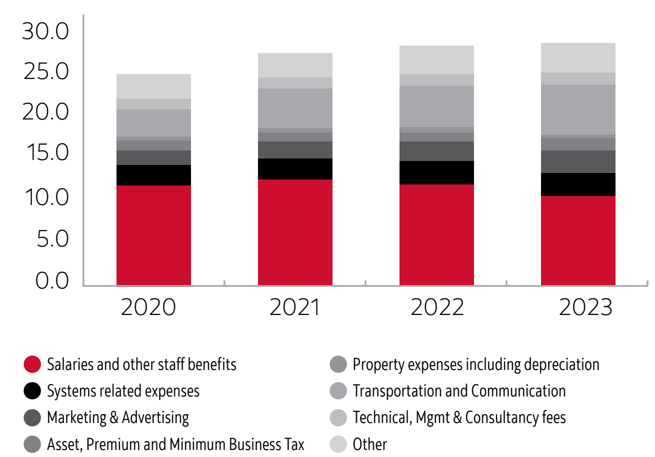
- **Foreign exchange revenues** amounted to $8.8 billion compared to $7.2 billion for 2022. The increase of $1.5 billion or 21% noted was primarily driven by higher trading volumes.
- **Net gains on financial assets** amounted to $312.5 million, a year over year increase of $455 million or 320% due to the recovery of asset prices and higher net asset values of unitized funds, as well as higher unrealized fair value gains on securities carried at fair value through the profit and loss.
- **Other income** amounted to $215 million compared to $951 million last year. The reduction of $736 million was driven by one-off gains realized on the extinguishment of debt arrangements in the prior year.

Non-Interest Expenses

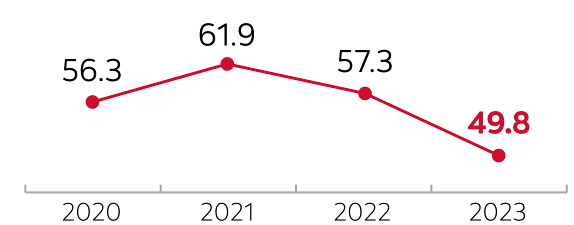
Non-Interest expenses for the year totaled $27.6 billion, up $2.9 billion or 12% year over year. The increase noted in expenses was mainly due to investment in personnel reflected in higher salaries and staff benefits, up $1.3 billion or 13% due to annual salary increases, higher incentives based on improved business performance, and higher technical support fees up $1.2 billion or 25%. Of note, the increase in technical and support services resulted from higher transaction volumes during the year, combined with higher charges in relation to digitization initiatives.

Non-Interest Expenses

$ Billions



Productivity Ratio (%)



The Group continues to execute on its prudent expense management and efficiency initiatives. Our productivity ratio, which is calculated as total expenses as a percentage of total revenue (excluding expected credit losses), improved to 49.8% from 57.3% in 2022, due to an increase in our revenues coupled with our expense management strategy.

TAXES

Our Income tax expense was $8.2 billion, up $3.2 billion or 63% from last year as our pre-tax profit grew by $10.0 billion or 66%. Our effective tax rate was slightly lower and decreased to 32.3% from 32.8%. When asset tax of $1.4 billion is added, the tax expense for the year amounted to 35.9% of our pre-tax income.

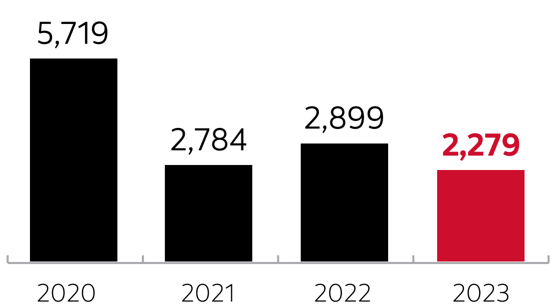
Taxation Charge ($'000)	2023	2022	2021
Profit Before Taxes	**25,440,171**	**15,365,747**	**12,669,179**
Current Income Tax:			
Income tax calculated at 33⅓%	6,157,776	4,126,879	2,056,513
Income tax calculated at 30%	437,153	433,008	630,854
Income tax calculated at 25%	1,000,673	1,003,126	702,475
Other tax rates 1% to 5%	7,048	7,983	5,702
Adjustment for (over)/under provision of prior year's charge	30,055	(8,487)	89,194
	7,632,705	**5,562,509**	**3,484,738**
Deferred Income Tax	578,837	(516,528)	545,589
Taxation Charge	**8,211,542**	**5,045,981**	**4,030,327**
Effective Tax Rate	**32.3%**	**32.8%**	**31.8%**

CREDIT QUALITY

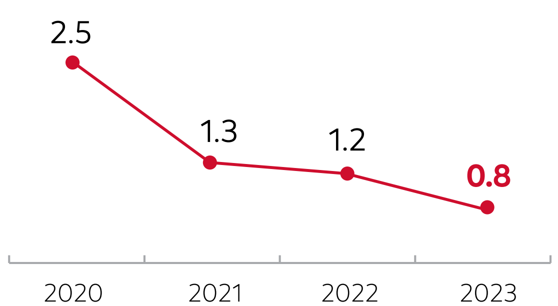
Expected credit losses on loans amounted to $2.3 billion and were down $620 million or 21% year over year due to a reduction in bad debts written off coupled with lower recoveries and lower provision releases. Non-accrual loans (NALs) as at October 31, 2023, was $4.5 billion, up $500 million or 12% when compared to prior year. NALs currently represent 1.6% of gross loans and 0.7% of total assets as at year end October 31, 2023. The Group's NALs as a percentage of gross loans remains below the industry average of 2.5% reported as at June 2023.

Expected Credit Losses

$ Millions

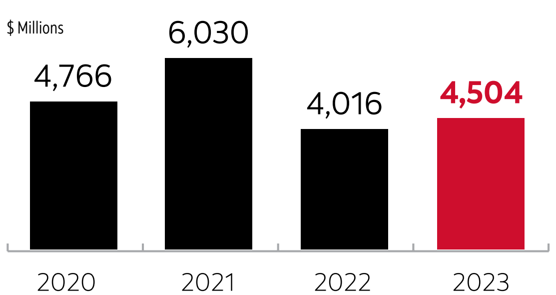


Expected Credit Losses (Profit & Loss) to Gross Loans (%)

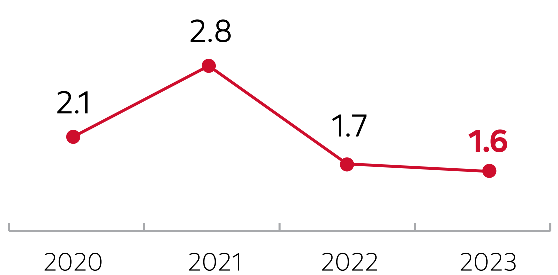


Non-Accrual Loans

$ Millions



Non-Accrual Loans to Gross Loans (%)



Credit Quality *(continued)*

The total expected credit losses reflect lower levels of IFRS provisions. Provisions which meet the regulatory requirements but exceed the IFRS standards are credited to a non-distributable loan loss reserve. The table below shows the IFRS and regulatory provisions for the last three financial years.

Loan Loss Provision Analysis ($'000)	2023	2022	2021
Gross Loans	**277,311,025**	242,942,126	213,921,188
Non Accrual Loans	**4,504,480**	4,016,110	6,029,612
Expected Credit Losses (IFRS 9)	**5,626,436**	5,898,116	6,237,325
Loan Loss Reserve	**269,386**	361,367	334,797
Total Regulatory Expected Credit Losses	**5,895,822**	6,259,483	6,572,122
IFRS Expected Credit Losses as a % of Gross Loans	**2.0%**	2.4%	2.9%
IFRS Expected Credit Losses as a % of Non Accrual Loans	**124.9%**	146.9%	103.4%
Total Regulatory Expected Credit Losses as a % of Gross Loans	**2.1%**	2.6%	3.1%
Total Regulatory Expected Credit Losses as a % of Non Accrual Loans	**130.9%**	155.9%	109.0%
Total Assets	**664,736,962**	594,416,156	584,296,467
Net Loans (after expected credit losses)	**268,829,718**	234,657,542	205,521,945
NAL : Gross Loans	**1.6%**	1.7%	2.8%
NAL : Net Loans	**1.7%**	1.7%	2.9%
NAL : Total Assets	**0.7%**	0.7%	1.0%

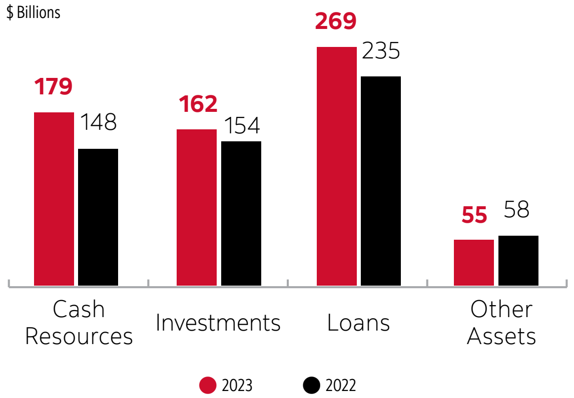
GROUP FINANCIAL CONDITION

ASSETS

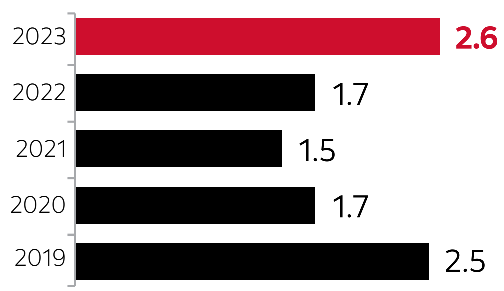
Total assets amounted to $664.7 billion an increase of $70.3 billion or 12% as at October 31, 2023. The increase noted in our asset base was driven by higher cash resources of $30.6 billion or 21%, solid growth of $34.2 billion or 15% in our loan portfolio, and growth of $8.3 billion or 5% in our investment securities portfolio. These increases were partially offset by a reduction in other assets of $2.0 billion or 4%.

Asset Mix

$ Billions



Return on Assets (%)



CASH RESOURCES

Our cash resources held to meet statutory reserves and the Group's prudential liquidity targets stood at $179 billion as at October 31, 2023 up $30.6 billion or 21% from $148.0 billion last year and was primarily attributable to the growth in our core deposits. Cash resources held were used to fund our loan portfolio and reinvested in securities. We continue to maintain a strong liquidity position which enables us to respond effectively to changes in cash flow requirements.

INVESTMENTS

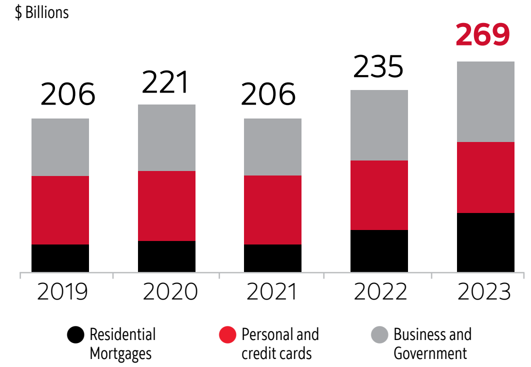
Total investment securities amounted to $162.0 billion, up $8.3 billion or 5% year over year. The increase noted resulted from the purchase of additional investment securities with inflows from incoming deposits, as well as proceeds from sales and maturities.

LOANS

Our loan portfolio increased by $34.2 billion or 15.0% as at October 31, 2023. After allowance for expected credit losses the loan portfolio stood at $268.8 billion. Our loan book performed extremely well, with residential mortgages increasing by $15.5 billion or 25% over last year, Personal and credit cards up $7.7 billion or 9% and Business and Government up $11.1 billion or 12%.

Loan Portfolio (net of expected credit losses)

$ Billions



LIABILITIES

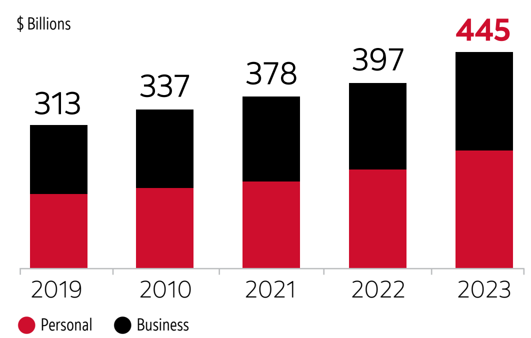
Total liabilities as at October 31, 2023, were $538.2 billion, an increase of $50.1 billion or 10.3%. The increase noted was driven mainly by the growth in client deposits and amounts due to clients which were partially offset by lower capital management fund balances.

DEPOSITS

Deposits by the public increased to $444.9 billion, up from $397.2 billion in the prior year. This represents an increase of $47.7 billion or 12% growth in core deposits which was reflected in higher inflows from our retail and commercial portfolios, signaling our clients' continued confidence in the strength of the Group.

Deposit Portfolio

$ Billions

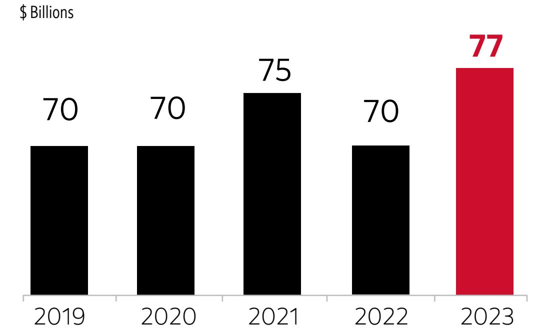


FUNDS UNDER MANAGEMENT

Our strategic focus continues to be geared towards growing our off-balance sheet business, namely, mutual funds and unit trusts. As at October 31, 2023, our unit trusts and mutual funds net asset value reflected a year over year increase of $7.1 billion or 10.1%. Of note, our Assets Under Management showed an increase of $11.0 billion or 6.0% attributed to the growth in the net asset value of the Scotia Premium JMD Short Term Income Fund and Scotia Premium US$ Indexed Fund which were launched in 2022.

Unit Trusts & Mutual Funds

$ Billions

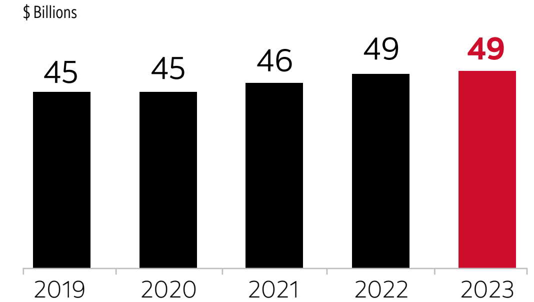


INSURANCE CONTRACT LIABILITIES

The Group has early adopted the new insurance standard IFRS 17. Consequently, insurance contract liabilities were restated and insurance contracts with direct participation features were brought on balance sheet. Insurance contract liabilities primarily relates to our flagship product ScotiaMint with a balance of $49.5 billion as at October 2023 and reflected a year over year increase of $44.9 million or 0.1%.

Insurance Contract Liabilities

$ Billions



* 2021-2022 restated to IFRS 17

SEGREGATED FUNDS

Our segregated fund balance relates primarily to our Scotia Affirm product which continues to perform well, growing by $312.6 million or 32% year over year. The increase noted was attributable to improved market performance. We continue to advise Jamaicans of the importance of having insurance protection as part of their overall financial plan for the future.

SHAREHOLDERS' EQUITY

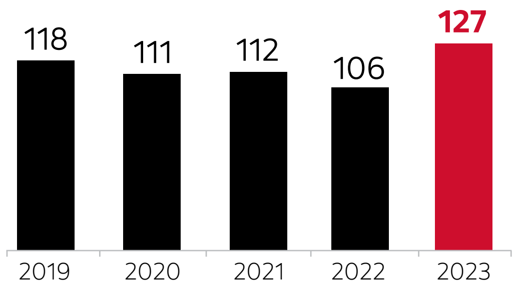
Shareholders' equity totaled $126.5 billion and reflected an increase of $20.2 billion or 19% year over year driven mainly by the re-measurement of the defined benefit pension plan assets, lower fair value losses on the investment portfolio, recognition of the insurance finance reserve on adoption of IFRS 17, and higher internally generated profits partially offset by dividends paid.

SHAREHOLDERS' RETURN

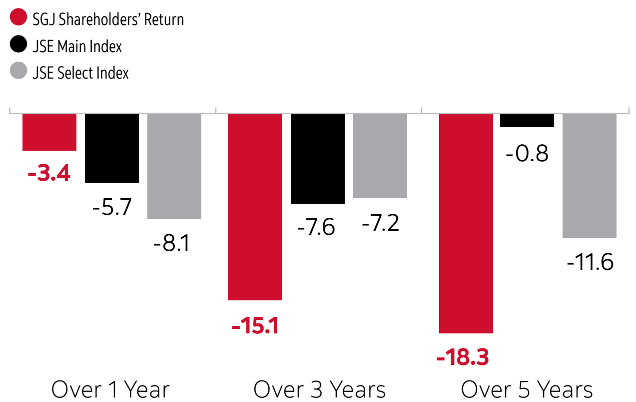
We continue to focus on achieving sustainable long-term earnings growth and providing a high return on equity to our shareholders. Shareholders continue to benefit from consistent quarterly dividends, which totaled $1.40 per share for the year and resulted in a strong yield of 4.1%. Scotia Group's closing share price decreased by 7.4% to close the year at $34.03 per share. During the year, declines in the JSE indices adversely impacted shareholders' returns. The downturn in economic activities caused by the COVID-19 global pandemic impacted the JSE indices and curtailed Shareholders' return in the over 3 years category. The over 5 years category was impacted by the special dividend payment in 2019. Our consistent dividend policy continues to be a key component of shareholders' return.

Shareholders' Equity

$ Billions



Shareholders' Returns (%)



Shareholders' Returns – For the years ended	2023	2022	2021
Closing Market Price ($)	**34.03**	36.75	35.48
Dividends Paid ($)	**1.40**	1.40	1.45
Dividend Yield	**4.06%**	3.89%	3.49%
Change in Share Price	**(7.41%)**	3.58%	(20.95%)
Total Annual Shareholder Return	**(3.35%)**	7.47%	(17.46%)

CAPITAL

The entities in the Group continue to exceed regulatory capital requirements, and our strong capital position also enables us to manage increased capital adequacy requirements that may arise in the future and take advantage of growth opportunities. Our regulatory and capital adequacy levels versus the minimum requirement is shown below.

Capital Adequacy	2023 Capital Adequacy Ratio	2022 Capital Adequacy Ratio	Regulatory Requirement	Excess over Regulatory Requirement
Banking and Building Society	14.6%	15.3%	10.0%	4.6%
Investment Management	67.8%	49.9%	10.0%	57.8%
Life Insurance	294.0%	606.3%	*100.0%	194.0%

*Effective January 2023 FSC requirement Life Insurance Capital Adequacy Test (LICAT) 100%: 2022 Minimum Continuing Capital and Surplus Requirements (MCCSR) 150%

CAPITAL MANAGEMENT

Scotia Group is committed to maintaining a strong capital base to support the risks associated with its business lines, ensuring the safety of clients' funds, and fostering investor confidence. This policy also allows the Group to take advantage of growth opportunities as they arise and invest further in our core businesses to enhance shareholders' return.

The Group's capital management framework includes a capital adequacy assessment process to ensure that the Group is able to meet current and future risks, and also achieve its strategic objectives.

REGULATORY CAPITAL

Capital ratios are means to monitor the capital adequacy and the financial strength of financial institutions. Capital adequacy standards for Jamaican financial institutions are regulated by the Bank of Jamaica for Deposit-Taking Institutions and the Financial Services Commission for Securities Dealers and Insurance Companies. These standards are largely guided by international criteria set by the Basel Committee on Banking Supervision (BCBS). We continue to exceed regulatory capital requirements in all our business lines.

RISK MANAGEMENT FRAMEWORK

RISK MANAGEMENT OVERVIEW

Effective risk management is fundamental to the success and resilience of the Bank and is recognized as key in the Bank's overall approach to strategy management. Scotiabank has a strong, disciplined risk culture where managing risk is a responsibility shared by all the Bank's employees.

The Group's risk management activities are designed to safeguard the balance between risk and reward and ensuring that the results of risk-taking activities are consistent with the Group's strategies and risk appetite.

The primary goals of risk management are to ensure that the outcomes of risk-taking activities are consistent with the Bank's strategies and risk appetite, and that there is an appropriate balance between risk and reward to maximize shareholder value. Scotiabank's Enterprise-Wide Risk Management Framework articulates the foundation for achieving these goals.

RISK MANAGEMENT FRAMEWORK

This Framework is subject to constant evaluation in order for it to meet the challenges and requirements of the market in which the Group operates, including regulatory standards and industry best practices. The risk management program is designed to identify, assess, and mitigate threats and vulnerabilities to which the Group is exposed and serve to enhance its overall resilience.

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

RISK GOVERNANCE

The Group has a well-established risk governance structure, with an active and engaged Board of Directors, supported by an experienced senior management team and a centralized risk management group that is independent of the business lines. Decision-making is highly centralized through several senior and executive level risk management committees.

RISK APPETITE

The Group's Risk Appetite Framework (RAF) expresses the amounts and types of risk the Group is willing to take to meet its strategic objectives. The RAF consists of the identification of risk capacity, a risk appetite statement and risk appetite measures. Together, these components help to ensure the Group stays within its risk boundaries, finds an optimal balance between risk and return and assists in nurturing a healthy risk culture.

RISK MANAGEMENT TOOLS

Effective risk management includes tools that are guided by the Group's Risk Appetite Framework, which is integrated within the Group's strategies and business planning processes. Risk management tools are revised regularly and refreshed to ensure consistency with risk-taking activities and relevance to the business and financial strategies of the Group.

RISK IDENTIFICATION & ASSESSMENT

Effective risk management requires a comprehensive process to identify risks and assess their materiality. The Group's principal risk types are reviewed regularly to ensure they adequately reflect the Group's risk profile.

RISK CULTURE

The Group's risk culture is influenced by several factors including the interdependent relationship amongst the Group's risk governance structure, risk management frameworks, policies and organizational culture. Risks are managed as per the frameworks, policies and limits approved by the Board of Directors.

The Board receives quarterly reports on risk exposures and performances against approved limits. Senior management committees meet regularly and provide oversight of various risks; while the Group's Risk Management Unit provide independent oversight of the significant risks.

RISK MANAGEMENT PRINCIPLES

Risk-taking and risk management activities across the enterprise are guided by the following principles:

- **Balancing Risk and Reward** – business and risk decisions are consistent with strategies and risk appetite.
- **Understand the Risks** – all material risks to which the Group is exposed, including both financial and non-financial, are identified and managed.
- **Forward Thinking** – emerging risks and potential vulnerabilities are proactively identified and managed.
- **Shared Accountability** – every employee is responsible for managing risk.
- **Customer Focus** – understanding our customers and their needs is essential to all business and risk decision-making.
- **Protect our Brand** – all risk-taking activities must be in line with the Group's risk appetite, Scotiabank Code of Conduct, values and policy principles.
- **Controls** – maintaining a robust and resilient control environment to protect our stakeholders.
- **Resilience** – being prepared operationally and financially to respond to adverse events.
- **Compensation** – performance and compensation structures reinforce the Group 's values and promote sound risk-taking behaviour considering the compensation-related regulatory environment.

RISK GOVERNANCE

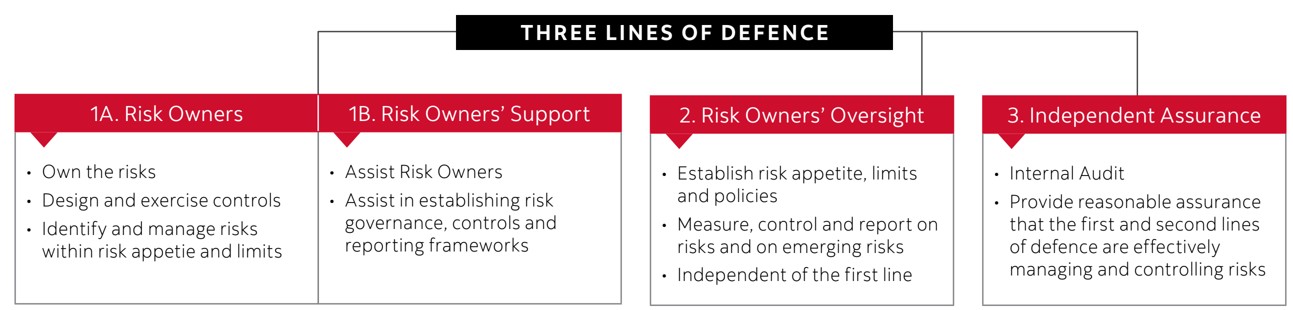
Effective risk management begins with effective risk governance.

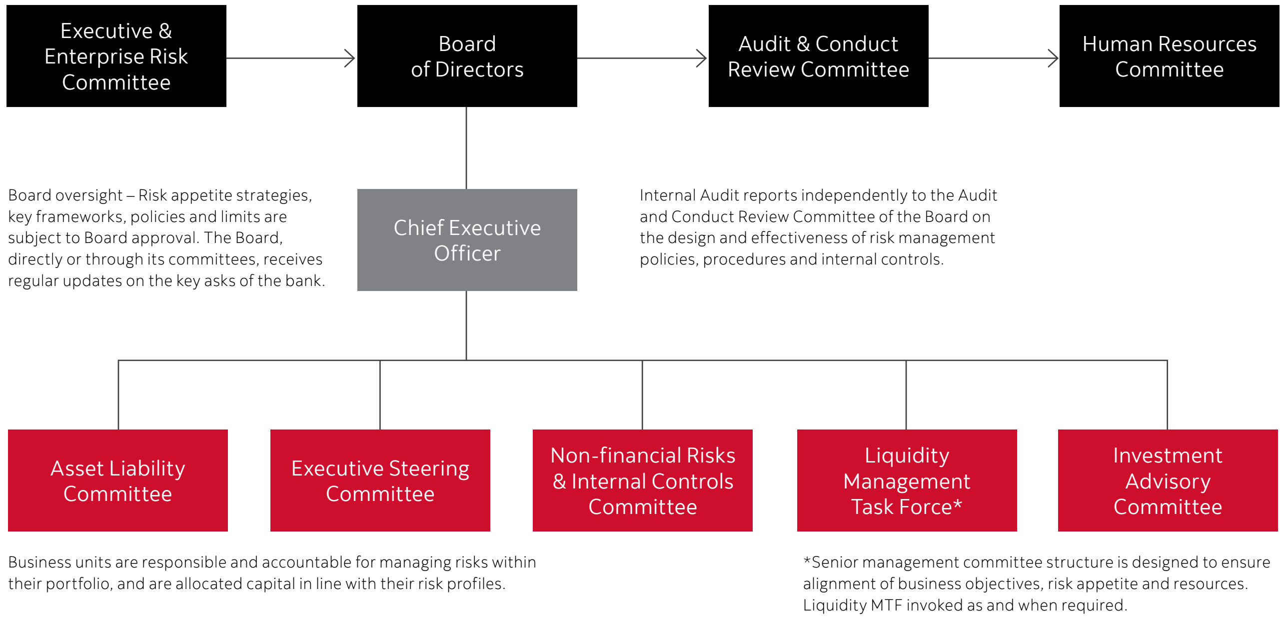
The Group has a well-established risk governance structure, with an active and engaged Board of Directors supported by an experienced executive management team. Decision-making is highly centralized through several executive and senior risk management committees.

THREE LINES OF DEFENCE MODEL

The Group's risk management framework is predicated on the three lines of defence model. Within this model

- **The First Line of Defence** (typically comprised of the business lines and most corporate functions)
  - Incurs and owns the risks
  - Designs and executes internal controls
  - Ensures that the risks generated are identified, assessed, managed, monitored, reported on, within risk appetite, and are in compliance with relevant policies, guidelines and limits
- **The Second Line of Defence** (typically comprised of control functions such as Risk Management, Compliance and Finance)
  - Provides independent oversight and effective challenge of the First Line of Defence
  - Establishes risk appetite, risk limits, policies, and frameworks, in accordance with best practice and regulatory requirements
  - Measures, monitors, controls and reports on risks taken in relation to risk appetite, and on emerging risks





- **The Third Line of Defence** (Audit Department) provides enterprise-wide independent, objective assurance over the design and operation of the Bank's internal control, risk management and governance processes

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

GOVERNANCE STRUCTURE

The Bank's Board of Directors and its Committees provide oversight and governance over the Bank's Risk Management program which is supported by the President and Chief Executive Officer and Chief Risk Officer.

The Board of Directors: as the top of the Group's risk management governance structure, provides oversight, either directly or through its committees, to satisfy itself that decision making is aligned with the Group's strategies and risk appetite. The Board receives regular updates on the key risks of the Group– including a quarterly comprehensive summary of the Group's risk profile and performance of the portfolio against defined limits – and approves key risk policies, frameworks, and limits.

Risk Committee of the Board (EERC): assists the Board in fulfilling its responsibilities for identifying and monitoring key financial and non-financial risks. The Committee assists the Board by providing oversight to the risk management and anti-money laundering/anti-terrorist finance functions of the Group. This includes periodically reviewing and approving the Group's key risk management policies, frameworks and limits and satisfying itself that management is operating within the Group's Enterprise Risk Appetite Framework. The Committee also oversees the independence of each of these control functions, including the effectiveness of the heads of these functions, as well as the functions themselves.

Audit and Conduct Review Committee of the Board: assists the Board by providing oversight on the effectiveness of the Group's system of internal controls. The Committee oversees the integrity of the Group's consolidated financial statements and related quarterly results. This includes oversight of the Group's financial reporting as well as the external auditor's qualifications, independence and performance. This Committee assists the Board in fulfilling its oversight responsibilities for setting standards of conduct and ethical behaviour, and the oversight of conduct and conduct risk management. The Committee also oversees the Group's compliance with legal and regulatory requirements, and oversees the Finance, Compliance and Audit functions at the Bank. The Committee also oversees the independence of each of these control functions, including the effectiveness of the heads of these functions, as well as the functions themselves.

Human Resources and Pension Committee of the Board: in conjunction with the Risk Committee of the Board, satisfies itself that adequate procedures are in place to identify, assess and manage the risks (including conduct risk) associated with the Group's material compensation programs and that such procedures are consistent with the Group's risk management programs. The Committee has further responsibilities relating to leadership, succession planning and total rewards.

President and Chief Executive Officer (CEO): reports directly to the Board and is responsible for defining, communicating and implementing the strategic direction, goals and core values for Group that maximize long term shareholder value. The CEO oversees the establishment of the Group's risk appetite, in collaboration with the Chief Risk Officer and Chief Financial Officer, which is consistent with the Group's short- and long-term strategy, business and capital plans, as well as compensation programs.

Chief Risk Officer (CRO): is responsible for the overall management of Risk Management and works closely with key stakeholders who are responsible for Compliance and AML Risk. The CRO and the Director of Audit and Director of Compliance and AML Risk also have unfettered access to certain Committees of the Board to ensure their independence. As a senior member of the Group's executive management team, the CRO participates in strategic decisions related to where and how the Group will deploy its various sources of capital to meet the performance targets of the business lines.

RISK APPETITE

Effective risk management requires clear articulation of the Bank's risk appetite and how the Bank's risk profile will be managed in relation to that appetite.

The Group's Enterprise Risk Appetite Framework (ERAF) articulates the amount and types of risk the Group is willing to take to achieve its strategic and financial objectives. The Enterprise RAF consists of the risk capacity, risk appetite statement, risk appetite metrics, and roles and responsibilities of those overseeing the implementation and monitoring of the ERAF. Together, the application of these components helps to ensure the Group stays within the appropriate risk boundaries, finds an optimal balance between risk and return, and supports a strong risk culture.

RISK APPETITE STATEMENT

The Group's Risk Appetite Statement articulates the aggregate level and types of risk the Group is willing to accept, or to avoid, to achieve its business objectives. It includes qualitative statements as well as quantitative measures and considers all the Group's Principal Risks.

RISK APPETITE METRICS

Risk appetite metrics provide clear risk limits, which are critical in implementing an effective risk management framework. Risk appetite metrics are supported by management level limit structures and controls, as applicable.

RISK MANAGEMENT TOOLS

Effective risk management includes tools that are guided by the Group's Enterprise Risk Appetite Framework and integrated with the Group's strategies and business planning processes.

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

FRAMEWORKS, POLICIES AND LIMITS

FRAMEWORKS AND POLICIES

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

Key risk frameworks and policies may be supported by standards, procedures, guidelines and manuals.

LIMITS

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

RISK MEASUREMENT

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

MODELS

The use of quantitative risk methodologies and models is subject to effective oversight and a strong governance framework which includes the application of sound and experienced judgment. The development, design, independent review and testing, and approval of models are subject to the Model Risk Management Policy.

MONITORING AND REPORTING

The Group continuously monitors its risk exposures to ensure business activities are operating within approved risk appetite limits, thresholds or guidelines. Risk owners are responsible for identifying and reporting breaches of early warning thresholds and risk appetite limits or any other deteriorating trends in risk profile, as well as highlighting evolving external risk factors, to senior management and/or the Board, as appropriate.

Regular ongoing risk reporting to senior management and the Board of Directors aggregate measures of risk for all products and business lines and are used to ensure compliance with risk appetite, policies, limits, and guidelines. They also provide a clear statement on the types, amounts, and sensitivities of the various risks in the portfolio. Senior management and the Board use this information to understand the Group's risk profile and the performance of the portfolios. A comprehensive summary of the Bank's risk profile and performance of the portfolios are presented to the Board of Directors on a quarterly basis.

RISK IDENTIFICATION AND ASSESSMENT

Effective risk management requires a comprehensive process to identify risks and assess their materiality.

We define Risk as the potential impact of deviations from expected outcomes on the Bank's earnings, capital, liquidity, reputation and resilience caused by internal and external vulnerabilities.

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

- **Transactions** – risks, including credit and market exposures, are assessed by the business lines as risk owners with Risk Management providing review and effective challenge, as applicable
- **Monitoring** – risks are identified by constantly monitoring and reporting current trends and analysis, top and emerging risks and internal and external significant adverse events impacting the Bank
- **New Products and Services** – new or significant change to products, services and/or supporting technology are assessed for potential risks through the New Initiatives Risk Assessment Program
- **Self Assessments** – operational risks through people, processes and systems are periodically self-assessed by the risk owners with the responsible second line of defense providing effective challenge

On an annual basis, the Bank undergoes a Bank-wide risk assessment that identifies the material risks faced by the Bank for the Internal Capital Adequacy Assessment Process (ICAAP) and the determination of internal capital. This process evaluates the risks and determines the pervasiveness of the risk across business lines, the significance of the risk to a specific business line, the likelihood and potential impact of the risk and whether the risk may cause unexpected losses in income and therefore would be mitigated by internal capital. The process also reviews other evolving and emerging risks and includes qualitative considerations such as strategic, economic and Environmental Social Governance risk factors.

PRINCIPAL RISK TYPES

The Group's Principal Risk types are reviewed annually as part of the Assessment of Risks process to determine that they adequately reflect the Group's risk profile. Principal Risks are defined as:

Those risks which management considers of primary importance: i) having a significant impact or influence on the Group's primary business and revenue generating activities (Financial Risks) or ii) inherent in the Bank's business and can have significant negative strategic, business, financial and/or reputational consequences (Non-Financial Risks).

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

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

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

- Committee governance structures have been established to manage the risk
- Dedicated 2nd line resources are in place providing effective challenge

RISK MANAGEMENT

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

Principal Risks are categorized into two main groups:

FINANCIAL RISKS:

Credit, Liquidity, Market

These are risks that are directly associated with the Group's primary business and revenue generating activities. The Group understands these risks well and takes them on to generate sustainable, consistent and predictable earnings. Financial risks are generally quantifiable and are relatively predictable. The Group has a higher risk appetite for financial risks which are a fundamental part of doing business; but only when they are well understood, within established limits, and meet the desired risk and return profile.

NON-FINANCIAL RISKS

Compliance, Cyber Security & Information Technology (IT), Data, Environmental, Social & Governance (ESG), Model, Money Laundering /Terrorist Financing and Sanctions, Operational, Reputational, Strategic

These are risks that are inherent in our business and can have significant negative strategic, business, financial and/or reputational consequences if not managed properly. In comparison to financial risks, non-financial risks are less predictable and more difficult to define and measure. The Group`has low risk appetite for non-financial risks and mitigates these accordingly.

PRINCIPAL RISK TYPES

CREDIT RISK

Credit risk is the possibility of a loss resulting from a counterparty's failure to repay a loan or meet contractual obligations. Traditionally, it refers to the risk that a lender may not receive the owed principal and interest, which results in an interruption of cash flows and increased costs for collection. Credit risk arises in the Group's direct lending operations and in its funding, investment and trading activities where counterparties have repayment or other obligations to the Group. The Group's Risk Management Units develop the credit risk management Programme and credit risk policies that detail among other things; the credit risk rating systems and associated parameters, the delegation of authority for granting credit, the calculation of the allowance for credit losses, and the authorization of write-offs. The Board reviews and approves the Group's Credit Risk Policy and key credit risk related documents and limits. The Group's counterparty credit risk-taking activities include Securities Financing Transactions (SFTs), such as repurchase/reverse repurchase transactions for Treasury's liquidity management purposes and securities borrowing/lending. These types of risk-taking activities give rise to counterparty credit risk. The Counterparty Credit Risk Management Framework and Credit Risk Policy describe the approach taken to manage counterparty credit risk.

MARKET RISK

Market risk is the risk of loss from changes in market prices and rates (including interest rates, credit spreads, equity prices, and foreign exchange rates), the correlations among them and their levels of volatility. Market risk exposures primarily come from the Group's investment and funding activities with exposures managed through the Group's asset-liability management processes. This is also supplemented by the Group's stress testing program designed and managed in accordance with the Bank's Stress Testing Framework; and Stress Testing Policy.

Exposures also come from the Group's trading activities; however, there are policies, processes and controls designed to achieve a balance between pursuing profitable trading opportunities and managing earnings volatility. These activities are primarily customer-focused but include a proprietary component. In its trading activities, the Group primarily buys and sells currencies, equities and bonds for its customers.

The key exposures arising from these activities are:

INTEREST RATE RISK

The risk of loss due to changes in the level and/or the volatility of interest rates. This risk affects instruments such as, but not limited to, debt securities, loans, mortgages, deposits and derivatives. The Group actively manages its interest rate exposures, the objective being to enhance net interest income within established risk tolerances. Interest rate risks are managed through sensitivity analysis (including economic value of equity and net interest income), VaR limits, stress testing and mitigated through portfolio diversification and other strategies. Interest rate exposures in individual currencies are also controlled by gap limits. Interest rate risk exposure is generally based on the earlier of contractual re-pricing or maturity of the Group's assets and liabilities. Further details on the interest rate risk exposure for the Group are summarized in Note 50 (c) (i) of the Financial Statements.

FOREIGN CURRENCY RISK

The risk of loss resulting from changes in currency exchange rates and exchange rate volatility. Foreign currency denominated debt and other securities as well as future cash flows in foreign currencies are exposed to this type of risk. This arises from foreign currency operations and is typically mitigated by financing foreign currency assets with borrowings in the same currencies. Risk is managed through maximum net trading position, sensitivity, stress testing and VaR limits and mitigated through hedges using foreign exchange positions. The foreign currency risk exposure for the Group is summarized in Note 50 (c) (ii) of the Financial Statements.

CREDIT SPREAD RISK

The risk of loss due to changes in the market price and volatility of credit, or the creditworthiness of issuers. This risk is mainly concentrated in loan and debt securities portfolios. This emerges from investment portfolios that the Group holds to meet liquidity and statutory reserve requirements and investment purposes. Debt investments primarily consist of government and corporate bonds. Most of these securities are fair valued using prices/yields obtained from external observable sources. Risk is managed through sensitivity and stress testings.

EQUITY PRICE RISK

Equity price risk arises out of price fluctuations in equity prices. This risk affects instruments such as, but not limited to, equities, mutual funds, and other equity linked products The risk arises from holding positions in either individual exposures (idiosyncratic risk) or in the market (systemic risk). The goal is to earn dividend income and realize capital gains to offset the interest foregone in holding such long-term positions. The risk is managed through sensitivity analysis, stress testing and VaR limits. The equity price risk exposure for the Group is summarized in Note 50 (c) (iv) of the Financial Statements.

LIQUIDITY RISK

Liquidity risk is the risk that the Group is unable to meet its financial obligations in a timely manner at reasonable prices. Financial obligations include liabilities to depositors, settlement of securities borrowing, repurchase transactions, lending and investment commitments. Liquidity risk also arises due to mismatches in the amount and maturity of the Bank's financial assets and liabilities. The ability of the bank to meet its financial obligations is managed under both normal and stressed conditions. Effective liquidity risk management is essential to maintain the confidence of depositors and counterparties, and to enable the core businesses to continue to generate revenue, even under adverse circumstances. The key elements of the liquidity risk framework are:

- **Measurement and modeling** – the Group measures and forecasts cash inflows and outflows, including off-balance sheet cash flows by currency daily; and runs regular stress tests to assess the sufficiency of their stock of liquid asset resources under stressed conditions.
- **Contingency planning** – the Group maintains a Liquidity Monitoring and Contingency Plan that specifies an approach for analyzing and responding to actual and potential liquidity events. The plan outlines the governance structure for the management and monitoring of liquidity events, processes for effective internal and external communication and identifies potential counter measures to be considered at various stages of an event.
- **Funding diversification** – the Group actively manages the diversification of its deposit liabilities by source, type of depositor, instrument and term. Funding source concentrations are regularly monitored and analyzed against established limits. The principal sources of funding are capital, core deposits from retail and commercial clients through the branch network and wholesale funding.

- **Core liquidity** – the Group maintains a pool of highly liquid, unencumbered assets that can be readily sold, or pledged to secure borrowings under stressed market conditions or due to company specific events. The liquidity risk for the Group is summarized in note 50 d.

NON-FINANCIAL RISK

Non-financial risks directly or indirectly affect the Group's primary business and revenue- generating activities. They are inherent to the Group's businesses and if not managed properly, could have significant operational, strategic, business and/or reputational consequences. Unlike financial risks, these core risks are unpredictable and difficult to define and measure. The Bank mitigates these core risks through robust internal controls and processes, while ensuring alignment with its low risk.

OPERATIONAL RISK

The risk of loss resulting from ineffective or failed internal processes, people, systems, or external events that can disrupt the flow of business operations. Operational risk exists in some form within each of the Group's business and support activities and can result in financial loss, regulatory sanctions and damage to the Group's reputation. These losses can be catastrophic and as such require close monitoring. To this end, the Group has frameworks, policies, processes and assessment methodologies to ensure that operational risks are identified, managed and supported by robust controls. The Operational Risk function within the Group's risk management unit oversees the identification, assessment, monitoring and analysis of operational risks and reports loss events. Oversight of the Group's non- financial risks is reinforced by a Non-Financial Risk and Internal Controls Committee chaired by the Group's Chief Risk Officer.

TECHNOLOGY, INFORMATION AND CYBER SECURITY RISK

Information Technology (IT) risk is the likelihood of failures or deficiencies related to the IT environment that may result in loss or other negative impact to the Group. Cybersecurity refers to the protection of information assets by addressing threats to information processed, stored and transported by internet-worked information systems. The continued increase in Technology, Information and Cyber Security Risks impacts financial institutions and other businesses in Jamaica and globally. The continuous evolution of, and access to various technologies have facilitated the increase in volumes and the sophistication level of the ever-lurking threats. The era of digitization has led to the development and deployment of mobile and internet banking platforms. These changes simplify transactions for the Group's customers and facilitate the receipt of leading applications, processes and services from third parties. However, they can be sources of attacks, breaches or points of compromise. Incidences like these can result in disruption to operations, misappropriation or unauthorized release of personally identifiable information (PII), fines, sanctions and reputational damage. In order to protect key systems and critical assets, the Group proactively monitors and manages these potential risks and constantly reviews and refines Programmes as new threats emerge. The Group also trains and sensitizes employees and customers about the increasing levels of security threats faced daily. Our employees complete mandatory annual training around cyber security. These trainings are facilitated through various channels such as internal and external workshops, online lectures and presentations. Awareness Programmes for our customers are delivered through bulletins, print media and appropriate digital channels. These Programmes are geared towards educating our customers about best practices, DOs and DON'Ts. The Bank continues to advance our efforts to reduce cyber security risks. The necessary measures have been taken to have protection guidelines for our ABMs and vestibules.

DATA RISK

The risk, whether direct or indirect, to data that is used to support the Group's ability to make informed decisions and develop accurate reporting and analytics for the Group, including the Board, senior management and regulators, or for customer facing and/or marketing purposes. These risks include data management, data taxonomy, metadata breaches or data that is incomplete, inaccurate, invalid, untimely and/or inaccessible. To ensure robust governance and oversight, the Group has a Data Governance Framework and policy which ensures that the outcomes of the data management activities fulfill all regulatory requirements, align to industry best practices, and enable the Group to manage the key components of data governance used to support decision-making.

ENVIRONMENTAL RISK

Refers to the possibility that environmental concerns involving Scotiabank, or its stakeholders (including customers) could negatively impact the performance or reputation of the Group. Concerns that tend to be captured under Environmental Risk include, but are not limited to, the loss of, or damage to the natural environment and biodiversity, such as land, water, the atmosphere, plants, animals, natural resources, habitats, and ecosystems. The Group's Environmental Risk Management Framework outlines key principles that the Group uses when managing matters relating to potential or emerging environmental risks and considerations. The Environmental Risk framework instructs lending practices, supplier agreements, the management of real estate holdings and external reporting practices. Environmental risks associated with the business operations of each borrower and any real property offered as security are considered in the Group's credit evaluation procedures. This includes an environmental risk assessment where applicable, as well an assessment of the potential impact of climate change (including physical and transition risks) on the borrower. In the area of project finance, the Equator Principles have been integrated into the Group's internal processes and procedures since 2006. The Equator Principles help financial institutions determine, assess, manage and report environmental and social risk for projects where capital costs exceed US$10 million.

INSURANCE RISK

Insurance Risk is the risk of potential financial loss due to actual experience being different from that assumed in the pricing process of insurance products. Scotia Jamaica Life Insurance Company (SJLIC), the Group's insurance subsidiary, engages in insurance underwriting activity. These activities are guided by an Insurance Risk Policy and Insurance Risk Management Framework, which influences and guides SJLIC in its governance and risk management practices. SJLIC's Board of Directors provide oversight and approval of the SJLIC's insurance risk policies and risk appetite statement.

REPUTATIONAL RISK

The risk that negative publicity regarding the Group's conduct, business practices or associations, whether true or not, will adversely affect its revenues, operations or customer base, or require costly litigation or other defensive measures. The Group's Reputational Risk Policy, and applicable procedures are used to manage suitability risk, reputational and legal risk specific to structured finance transactions. Throughout the enterprise, reputational risks are managed and controlled using codes of conduct, governance practices, risk management Programmes, policies, procedures and training. All directors, officers and employees have a responsibility to conduct their activities in accordance with the Group's Code of Conduct and in a manner, which minimizes reputational risk. The activities of the Legal, Corporate Secretary, Public, Corporate Affairs and Compliance departments are geared towards the management of reputational risk.

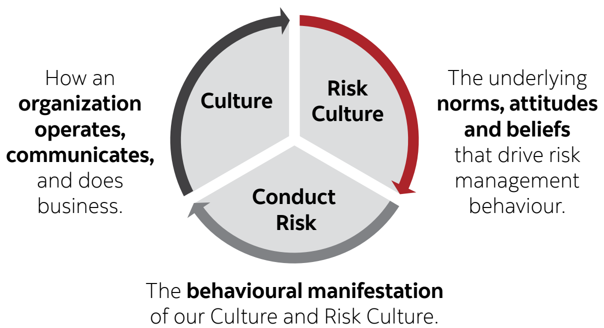
STRATEGIC RISK

The risk that the enterprise, business lines or corporate functions will make strategic choices that are poorly executed and/or ineffective, or insufficiently resilient to changes in the business environment. The ultimate responsibility for the oversight of strategic risks lies with the Board of Directors. On an annual basis, the Group engages in its robust strategic planning and approval process to formulate its strategic objectives. On an ongoing basis, Heads of Business Lines and Control Functions identify, manage and assess the internal and external risks which could impede the achievement or progress of strategic imperatives. The executive management team meets regularly to evaluate the effectiveness of the Group's strategic plan and where necessary, make amendments.

RISK CULTURE

Effective risk management requires a strong, robust, and pervasive risk management culture where every Group employee is a risk manager and is responsible for managing risks.

KEEPING THE BANK SAFE



The Group's risk culture is influenced by numerous factors including the interdependent relationship amongst the Group's risk governance structure, risk appetite, strategy, organizational culture, and risk management tools.

A strong risk culture is a key driver of conduct. It promotes behaviours that align to the Group's values, and enables employees to identify risk taking activities that are beyond the established risk appetite.

The Group's Risk Culture Program is based on four indicators of a strong risk culture:

- **Tone from the Top** – Leading by example including clear and and consistent communication on risk behavior expectations, the importance of the Group's values, and fostering an environment where everyone has ownership and responsibility for "doing the right thing".
- **Accountability** – All employees are accountable for risk management. There is an environment of open communication where employees feel safe to speak-up and raise concerns without fear of retaliation and consequences for not adhering to the desired behaviours.
- **Risk Management** – Risk taking activities are consistent with the Group's strategies and risk appetite. Risk appetite considerations are embedded in key decision making processes.
- **People Management** – Performance and compensation structures encourage desired behaviors and reinforce the Group's risk culture.

Other elements that influence and support the Group's risk culture:

- **Scotiabank Code of Conduct:** describes standards of conduct to which all directors, officers, and employees of the Group. This includes an annual acknowledgement that they have read the Scotiabank Code of Conduct and agree to adhere to it.
- **Values:** Value Every Voice; Integrity – Act With Honour; Accountability – Make It Happen; Passion – Be Your Best
- **Communication:** the Group actively communicates risk appetite, and how it relates to Scotiabankers, to promote a sound risk culture
- **Compensation:** programs are structured to comply with compensation-related principles and regulations and discourage behaviours that are not aligned with the Group's values and Scotiabank Code of Conduct and ensure that such behaviours are not rewarded
- **Training:** risk culture is continually reinforced by providing effective and informative mandatory and non-mandatory training modules for all employees on a variety of risk management topics
- **Decision-making on risk issues is highly centralized:** The flow of information and transactions to senior and executive committees keeps management well informed of the risks the Bank faces and ensures that transactions and risks are aligned with the Group's risk appetite
- **Executive Mandates:** all Executives across the Group have risk management responsibilities within their mandates

SHAREHOLDINGS

Scotia Group Jamaica Limited – As at October 31, 2023

TOP TEN LARGEST SHAREHOLDERS*

Rank	SHAREHOLDER	Holdings as at October 31, 2023
1	SCOTIABANK CARIBBEAN HOLDINGS LIMITED	2,233,403,384
2	SAGICOR POOLED EQUITY FUND	58,981,902
3	NATIONAL INSURANCE FUND	57,924,069
4	SJIML A/C 3119	55,725,439
5	RESOURCE IN MOTION LIMITED (R.I.M)	38,389,031
6	NCB INSURANCE AGENCY AND FUND MANAGERS LTD WT109	24,291,176
7	GRACEKENNEDY PENSION FUND CUSTODIAN LTD	21,397,463
8	SIJL A/C 560-03	15,586,743
9	SAGICOR SELECT FUNDS LIMITED - (CLASS B' SHARES) FINANCIAL	12,578,986
10	PAM-POOLED EQUITY FUNDS	11,293,101

SHAREHOLDINGS OF DIRECTORS, SENIOR MANAGERS AND CONNECTED PARTIES*

DIRECTORS	Holdings as at October 31, 2023 (Units)
ANYA SCHNOOR	264,213
AILEEN CORRIGAN	0
ERIC CRAWFORD	53,638
VERNON DOUGLAS	59,879
ANGELA FOWLER	0
ANTHONY MARK HART	0
JAMES MCPHEDRAN	0
WILLIAM DAVID MCCONNELL	1,885
AUDREY RICHARDS	12,000
EVELYN SMITH	0
WILLIAM WARREN SMITH	0
AUDREY TUGWELL HENRY	29,996

SENIOR MANAGERS	Holdings as at October 31, 2023 (Units)
ANDERSON, YVETT	107,283
BROWN, DANIEL	3,258
BUCKNOR, DAYNE	22,070
COOPER, SABRINA	0
CUMMING, SARAH	0
DAVIES, TRICIA	549
FORBES-PATRICK, YANIQUE	2,000
GAYLE, PERRIN	73,118
HEYWOOD, NADINE	72,612
LEONCE, AVRIL	48,477
LOUNGES, DENISE	2,079
MAIR, HORACE	132,932
MCLEGGON, MARCETTE	351,451
NELSON, MORRIS	65,311
O'CONNOR, GABRIELLE	0
REYNOLDS, ADRIAN	95,183
RUSSELL, TONYA	0
SEGREE WHITE, SHEILA	51,481
SPENCE, DEBRA	0
WALTERS, KEVIN	8,397
VAUGHN-WHITE, GARY	230,169
WHITE, NAADIA	9,814
WILKIE-CHANNER, SHELEE	255,807
WILSON, MAIA	10,000
WRIGHT, MICHELLE	149,884

COMBINED HOLDINGS	Holdings*
Issued Shares	3,111,592,984
Combined Director's Holdings	1,691,875.00
Combined Connected Party Holdings	61,154.00
Combined Holdings	1,753,029.00

"NOTES: Report is generated based on information provided directly to the Registrar Services Unit of the Jamaica Central Securities Depository Limited."

SCOTIABANK IN THE COMMUNITY

SUPPORTING OUR COMMUNITIES

For 134 years Scotia Group Jamaica has supported communities across the nation, providing a path to financial wellness and investing in the development of our communities and the people we serve.

Our commitment to contributing to the advancement of the people remains unwavering and in the past year, the financial group has contributed to educational, environmental and community outreach initiatives that promote economic resilience and help our communities to rise despite the challenges.

EDUCATION

Support for Education and Youth Development

Globally, the bank through its Scotia Rise philanthropic mission aims to support the completion of secondary and post-secondary studies. Locally, through an investment of approximately J$3 million, the Scotia Group supported the education of tertiary students completing studies at the University of the West Indies, under the Scotiabank/UWI Toronto Gala scholarship programme.

1200 students at fifteen primary schools island wide received over $10 million in back-to-school supplies and book vouchers as well as backpacks and other stationery supplies in preparation for the new academic year. Across the island our employee volunteers also led the charge and hosted mini-fairs at the schools which were used to engage both the students and parents on the importance of securing a solid education for their children.

A further investment of J$1.6 million was made in the education of our youth during the month of May (Child Month). The Scotia Foundation marked Read Across Jamaica Day by contributing to the upgrade of libraries and reading corners at 20 early childhood and primary level schools. Books and other learning implements were provided to provide comfortable space that encourages reading. Several volunteers across the Group's network island wide visited schools in Kingston & St. Andrew, Manchester, Clarendon, St. Catherine, Trelawny, and Westmoreland.

The Scotia Foundation was a corporate sponsor of the National Child Month Committee and contributed $700,000 towards the entity's annual youth forum which engages high school students.

The Foundation also financed a programme in partnership with the United Way of Jamaica to spread the joy of Christmas with children in state care by providing gifts and food items for the wards. The initiative received an injection of J$1.5 million from the Scotia Foundation.

Debra Lopez Spence (left), President, Scotia Jamaica Life Insurance Company, and Nadine Heywood (second right), Programme Manager, Scotiabank Women Initiative present a cheque to representatives from the United Way of Jamaica Stephi-Ann Wray (second left) and Jomo Dixon (third left) at the Scotiabank Christmas in the Park event held at Emancipation Park. Sharing in the moment is World Champion and Scotiabank's Brand Ambassador, Shericka Jackson.

STEM and Financial Education

Continuing our commemoration of Child Month, the Foundation also contributed over J$1 million to host 70 students enrolled from two schools in Downtown, Kingston, for a STEM immersion session at the Halls of Learning Centre. Students from the Calabar Primary and Infant School and Holy Family Primary School were exposed to Computer Science, Coding Robotics and were introduced to the various opportunities in the technology field.

Having identified financial education as an important component in helping our youth to achieve economic resilience, the Scotia Foundation in partnership with Junior Achievement Jamaica engaged and educate high school students on the importance of understanding personal finances and to set clear personal goals for a successful future. The programme culminated with the JAJ's annual Innovation Challenge which this year invited students to propose solutions and workable solutions to educate and encourage Jamaicans to become financially savvy.

Naadia White (left), Vice President, Compliance and Adrian Reynolds, Vice President, Treasury is captured with this student from the Holy Family Primary School during the STEM Immersion Session at Halls of Learning Centre.

Social Intervention

The Scotia Foundation contributed J$10 million to support the social transformation and renewal programme instituted by the Private Sector Organisation of Jamaica and the Council of Voluntary Social Services, Project STAR. The initiative provided intervention for residents of up to 10 volatile communities island wide, with an aim to expand in up to 20 over the next five years. It supported at-risk youth in the communities to stem the surge in violence.

Throughout the year, financial literacy sessions were hosted with members of the enrolled communities by employee volunteers which has helped to further bolster the impact that the Bank is having on the community.

This Scotiabank volunteer reads a book to engaged students at the Salt Spring School in St. James on Read Across Jamaica Day (May 3). The Foundation visited several schools across the island to promote reading among youth on the nationally celebrated day.

Perrin Gayle (right), Executive Vice President Retail and SME Banking presents school supplies to Marlon Willington (second right) and his mother Shereen Johnson (second left). Sharing in the moment is Joset Lesley, Principal, Calabar Infant & Primary.

Audrey Tugwell Henry (right) President and CEO, Scotia Group Jamaica presents a symbolic cheque of $10 million to Saffrey Brown, Director of the Council of Voluntary Social Services, in support of the Project STAR initiative.

Physical Safety and Food Security

Scotia Group invested $3 million to finance projects at three schools in Jamaica on Labour Day (May 2023). Funds were donated to the Food for the Poor to build a greenhouse at the Osborne Store Primary School in Clarendon. The greenhouse is an expansion of a sustainability project seeking to further expose the students to agriculture. Surplus and B-grade crops from the structure will be sold to the school's canteen and the profit used to help finance the maintenance of the greenhouse and contribute in a major way to the school's students' outreach and nutrition programme. Meanwhile, funds contributed to the United Way of Jamaica were used to renovate and upgrade the Special Needs Unit at the Montego Bay Infant School in St. James and the First-Born Basic School in St. Catherine. Scotiabank's team members also volunteered their time to support work completed at the schools.

Continuing our longstanding support of the Salvation Army's Christmas Kettle Appeal, Scotiabank donated J$1.5 million, to provide food packages for several families during the festive season.

Craig Richards (centre) branch manager, Scotiabank May Pen is flanked by project stakeholders as they suvey the greenhouse funded by the Scotia Foundation. From left: Head Boy Shaeem Robertson; Renikah King; Head Girl Abrielle Reid; Agriculture Teacher Geraldine Forrest; Food for the Poor Executive Director Kivette Silvera; Dan-Luis McKenzie; Vice Principal Dianne Roach Henry; Chairperson Ruth Watson; and Principal Avalyn Henry.

ENVIRONMENT

As we continue to adopt Scotiabank's global net-zero goals into our local operations, the Bank worked to increase the role it plays in preserving the environment.

Clean-up Efforts

Pursuing this mission, the Scotia Foundation partnered with the Jamaica Environment Trust and other corporate entities to clear garbage from the Sigarny Beach in Downtown, Kingston. Over 60 volunteers, including Scotiabankers and their guests, worked together to rid the coast of 413 bags of garbage, weighing an estimated 4,100 pounds.

Reforestation

Scotiabank also supported the national climate change and reforestation efforts to plant three million trees in three years by distributing 3,000 fruit and ornamental seedlings to customers through the branch network. The initiative was in promotion of the bank's sustainable energy loans. The financial group also aided reforestation efforts at the Osborne Store Primary School, where fruit and ornamental trees were planted on Labour Day.

Responsible Refuse Disposal

Fulfilling our broader corporate environmental responsibilities, through our technology unit, we have maintained our recycling and proper disposal programme for old electronics including computers, printers, electrical hardware. Throughout the fiscal over 4,700 pieces of equipment were diverted from landfills under the programme.

CONCLUSION

Overall, the Bank broadened its impact throughout the year and surpassed the investments and effort of the prior year. This was significantly enhanced by a refreshed employee volunteer core which provided an incredible 1055 in volunteer hours to enhance the impact of donations made.

As we look to the future, we will continue to invest in programmed address societal issues that limit the abilities of vulnerable groups to have access to opportunities and become economically resilient. We will also continue to channel our efforts geared at removing barriers to success for disadvantaged persons and promoting educational advancement for young people.

WINNING TEAM UPDATE

In Fiscal Year 2023, Scotia Group maintained focus on cultivating a Winning Team and engendering a great place to work through strategic communication and engagement activities.

Impactful employee engagement initiatives spearheaded throughout the year, resulted in a significant improvement in Jamaica's ScotiaPulse Employment Engagement Index

Here are some of the key initiatives undertaken throughout the year.

THE ANNUAL BEST OF THE BEST RECOGNITION PROGRAM

Throughout the year, Scotiabankers recognize and are recognized on an internal recognition platform known as Applause. Once a year, through the Best of the Best program, we recognize those employees who have made extraordinary contributions to the Bank's culture, strategy, and priorities. The Best of the Best initiative highlights and recognizes who:

- Exemplify our core values in everything they do;
- Amplify our culture, supporting others to connect with purpose, both internally and externally; and
- Achieve outstanding results, putting the customer first, and enabling their teams/colleagues to perform at their best.

Over 100 Best of the Best awardees were recognized in Fiscal 2022-2023. Five exceptional employees were also awarded an all-expense paid trip to Punta Cana, Dominican Republic.

The inspirational Best of the Best awards ceremony was broadcast on Television Jamaica for the second year in a row to the delight of team members and their families.

IMPACTFUL EMPLOYEE ENGAGEMENT INITIATIVES!

Using sports as a team building tool, Scotia Group successfully staged key engagement initiatives during the year including Sports Day, Fun Day and The Employee Annual Meeting (TEAM). TEAM was held in March 2023 under the theme S.P.E.E.D - Strategy Performance Engagement and Energy to Drive. Almost all employees attended the high energy event which focused on sharing Scotia Group's vision, strategy, plans, accomplishments and the way forward, in order to facilitate awareness and engagement.

Sports Day was staged in June 2024 at the National Stadium. Employees were placed in 14 teams that participated in variety of sporting activities including football, track & field, cheerleading, netball and basketball. Employees also had the opportunity to take their families to watch the exciting games and events.

Fun Day was held during the fiscal year in the month of September. Team members were excited to come together at the cool and lush Plantation Cove for a day of fun, relaxation and camaraderie. Some of the fun activities included a staff talent show, beach activities, scavenger hunts, spa treatment, entertainment and more.

'ALWAYS ON' COMMUNICATION

In addition to the foregoing initiatives, every quarter, an All-Staff townhall and Leadership Summit are held to ensure that team members and leaders are aware and engaged with Scotia's vision, business performance and strategic priorities. These occasions have also provided an opportunity to facilitate our #SpeakUp #ListenUp culture and recognize and celebrate our team members each quarter.

WELLNESS ON WHEELS W.O.W

Running from February to April 2023, WOW is an impactful staff initiative that is geared towards building awareness on the importance of self care by giving our busy staff members the opportunity to access convenient health care support and assist in getting them up to date with their health status. Several locations were visited with approximately 45 Branches/Units gaining accessed to medical services such as executive profiles, checking of vitals etc.

THE DIVERSITY EQUITY AND INCLUSION (DEI) COMMITTEE

DEI Committee undertook several initiatives focused on youth, mentorship, women, disabilities, allyship and other areas during the year.

- The Committee hosted a Disability Seminar in which 50 young persons at the tertiary level were invited to join us for a workshop geared towards preparing them for working in corporate Jamaica.
- During a young professional workshop, the Committee launched a mentorship program to develop the next generation of leaders in Scotia Group.
- With our ongoing commitment to empower young women in our communities, Scotia Group again partnered with Dress for Success to donate corporate attire to young women in need.
- Finally, the DEI Committee staged an Allyship Summit which invited employees to put allyship in action.

TRAINING & DEVELOPMENT

During the year, Scotia Group remained focussed on training and developing team members in several areas including Upskilling, Leadership Development, Career Development, Onboarding programme enhancement, Improved Communication and Speech Confidence.

The Learning and Development also introduced the Spanish Acquisition programme titled "Let's Learn Spanish" which commenced in May with enthused participants from across the Scotia Group. Each group attending a face-to-face class weekly as well as a virtual class. At the end of the 3-month program all attendees successfully sat a Spanish exam and received a certificate of completion at the closing ceremony held in October.

Senior leaders also benefitted from the internationally recognized John Maxwell Leadership Training programme. The 14-week initiative started with an in-depth leadership and communication assessment, followed by a comprehensive change management course on John Maxwell's 11 Leader-Shift principles.

Scotia Group also proactively moved to develop its employee talent pool through the successful implementation of a Summer Internship Programme resulting in some participants being formally employed at the end of the internship.

CUSTOMER FIRST INITIATIVES

At Scotiabank, we believe that exceeding customer expectations isn't simply a goal, it's a fundamental principle that drives everything we do. In 2023, we focused on building upon the success of our "Customer First" initiatives from the previous year, taking concrete steps to strengthen the connection with our customers and create a seamless and positive experience at every touchpoint.

We recognize that the financial landscape is constantly evolving. New technologies are emerging, customer preferences and choices are shifting, and their expectations for simple, convenient solutions are rising. To remain at the forefront of the industry, we are committed to continuously improving and adapting to the changing needs of our customers. By actively listening to our customers' feedback, analyzing trends, and anticipating their needs, we were able to focus on key areas to further strengthen our connection and create a more personalized and convenient experience.

- Personalized experiences: We tailored email communications and celebrated customer milestones such as finally owning their home, fostering deeper connections and demonstrating our understanding of individual financial journeys.
- Enhanced digital experience: We migrated our customers to a new mobile and online banking platform, which offers a seamless user experience across multiple devices and additional functionalities for convenient financial management, such as paying taxes online.
- Streamlined service: Express Service has been expanded to busy branches, reducing wait time as common requests are resolved more quickly and efficiently.
- Empowered frontline staff: We equipped our frontline staff with conversation guides, standardized scripts, knowledge aids, and resources, so that they can handle customer-impacting issues with confidence and empathy.
- Building bridges: We hosted "Digital Saturdays" to help customers open accounts and learn about our digital tools. We also streamlined account opening procedures to reduce wait times and trained security guards to align their service delivery to our standards.
- Digital innovation: We pioneered a first-of-its-kind service, offering chat, audio, and video calls through our mobile app for portfolio customers, providing personalized support and virtual end-to-end access for day-to-day banking products and services
- Enhanced fraud management: We implemented a pilot program for a new end-to-end fraud dispute management process, ensuring a prompt turnaround and seamless resolution for any fraud-related issues, promoting strong financial security.

We are proud of the progress we have made in 2023, and we are committed to continuing to invest in initiatives, that strengthen the connection with our customers and enhance their overall experience. Throughout the year, our net promoter scores continue to be a testament to the quality of service delivered on the frontline and the satisfaction of our customers. We celebrate our service heroes and honour their dedication, hard work and commitment to delighting our customers.

Looking ahead, we take our mandate seriously to prioritize our customers, improve our processes, and support our people. By continuously listening to our customers and investing in these areas, we are raising the bar for the customer experience and ensuring that interactions at every touchpoint, whether digital, customer care, or in-branch, are positive and memorable.

Our unwavering commitment to service excellence and being driven to win, fuels our ultimate goal to be the financial institution of choice in the eyes of our customers and we are poised to achieve and maintain this core objective.

FY2023 DIGITAL HIGHLIGHTS

New Online Banking Platform

Utilizing digital technology is central to our Customer First Strategy, and we have consistently invested in this area in response to our customers' preference for online and electronic channels. Throughout the year, we improved our Online Banking platform to make it easier to use for everyone, including people with disabilities. We also made our Mobile App look and feel consistent with other digital platforms.

Our goal is to provide a consistent experience across all our digital platforms. Since we started the upgrade, we have been actively involving our customers in using the new platform.

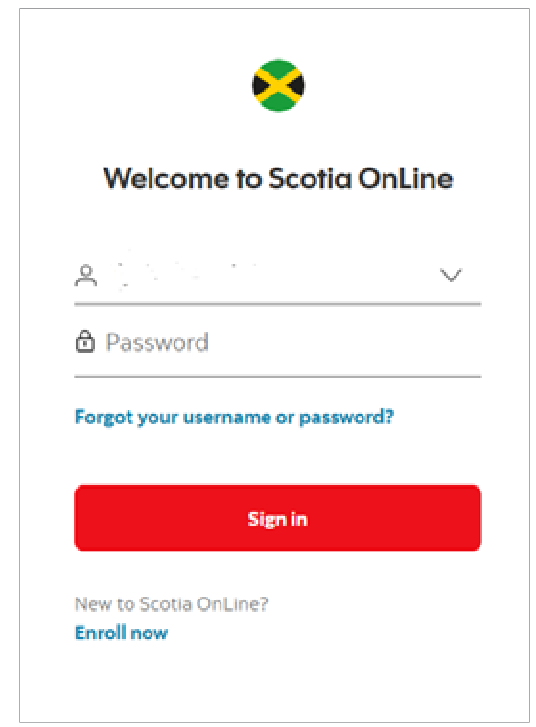
Over 85% of our online banking users are currently using the new platform. Our aim is to have all functionalities migrated to the new platform by December 31, 2023, with the intention of fully decommissioning the old platform by January/February 2024.

Tax Payment

In March, we introduced a new tax payment feature, allowing customers to conveniently pay over 25 different tax types, such as personal property tax. This feature was initially offered on the mobile app and then subsequently implemented on the online banking platform later during the year. The feedback has been overwhelmingly positive, as it removes the need to visit the tax office while providing great convenience and flexibility.

Other Enhancements

We have also made several other enhancements, including improvements in the customer interface, the ability to set up recurring transfers and bill payments, and displaying transaction details for deposit accounts, based on customer feedback.



CONSOLIDATED FINANCIAL STATEMENTS

of Scotia Group Jamaica Limited

CONTENTS

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INDEPENDENT AUDITORS' REPORT

To the Members of
SCOTIA GROUP JAMAICA LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Scotia Group Jamaica Limited ("the Company") comprising the separate financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries ("the Group"), set out on pages 83 to 211, which comprise the Group's and Company's statements of financial position as at October 31, 2023, the Group's and the Company's statements of revenue and expenses, comprehensive income, changes in stockholders' equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Company as at October 31, 2023, and of the Group's and the Company's financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards (IFRS) and the Jamaican Companies Act.

Basis for Opinion

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

To the Members of
SCOTIA GROUP JAMAICA LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matters

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

1. Early adoption and transition to IFRS 17 *Insurance contracts*

The key audit matter	*How the matter was addressed in our audit*
International Financial Reporting Standards 17, *Insurance Contracts* (IFRS 17) is effective for accounting periods beginning on or after January 1, 2023. The Group made the decision to early adopt the standard in the current financial period. As described in note 2 (a) of the consolidated financial statements, the Group has assessed that it will apply the fair value approach for contracts issued prior to November 1, 2021 (the transition date). Auditing the Group's adjustment to the opening balance sheet dated November 1, 2021 to reflect IFRS 17 was complex as it required: - the determination of an appropriate transition approach to determine groups of insurance contracts issued; - the determination and application of an appropriate approach for the transition contractual service margin (transition CSM); and - that transition adjustments are appropriately calculated and recorded in the opening transition balance sheet. .	Our procedures in this area included the following: • Tested, with the involvement of IT specialist; the design, implementation and operating effectiveness of relevant controls over the transition process. • Evaluated the completeness of the population of contracts which are to be accounted for under IFRS 17. • Evaluated whether initial assessments have been performed in accordance with the requirements of IFRS 17. Initial assessments include: separation, combination, level of aggregation and measurement approach assessments. • Evaluated whether the entity has determined the appropriate transition approach(es) to apply groups of contracts.

INDEPENDENT AUDITORS’ REPORT (CONTINUED)

To the Members of
SCOTIA GROUP JAMAICA LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

1. Early adoption and transition to IFRS 17 *Insurance Contracts* (continued)

The key audit matter (continued)	*How the matter was addressed in our audit (continued)*
This required the application of significant auditor judgement due to the complexity of the cash flow models, the determination of the discount rate and risk adjustment relating to the measurement of the insurance contract liabilities and the development of fair value assumptions used in the determination of the transition CSM *[see notes 2(a) and 58 of the financial statements]*	Our procedures in this area included the following (continued): • Evaluated whether the Group has appropriately prepared the opening balance sheet. This includes evaluating whether the Group has appropriately: • Recognised each group of contracts. • Recognised the resulting net difference in equity • Involved valuation/actuarial specialist to evaluate the fair value, including assumptions and models [where the Fair Value Approach (FVA) is applied to groups of contracts]. • Evaluated whether the Group has appropriately made adjustments to the IFRS 4 balance sheet to determine the opening IFRS 17 balance sheet.

INDEPENDENT AUDITORS’ REPORT (CONTINUED)

To the Members of
SCOTIA GROUP JAMAICA LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

1. Early adoption and transition to IFRS 17 *Insurance Contracts* (continued)

The key audit matter (continued)	*How the matter was addressed in our audit (continued)*
	Our procedures in this area included the following (continued): • For the fair value approach, involved actuarial specialist to evaluate management’s calculations for: • the fair value of groups of contracts as at the transition date. • the fulfilment cash flows as at the transition date. • the transition CSM/loss component/loss recovery component and transitional adjustment as at the transition date. • Assessed whether disclosures in the financial statements are adequate in respect of the related transition disclosures.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
SCOTIA GROUP JAMAICA LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

2. Valuation of insurance contract liabilities

The key audit matter	*How the matter was addressed in our audit*
The Group's insurance contract liabilities as at October 31, 2023, were $49 billion. The Group determines the insurance contract liabilities by applying International Financial Reporting Standards 17, *Insurance Contracts* (IFRS 17), which incorporates economic and non-economic assumptions. The determination of the present value of future cash flows for the liability for remaining coverage (LRC) and liability for incurred claims (LIC) requires the use of appropriate assumptions in respect of the methods/models and assumptions used as well as complete, accurate, relevant and reliable data to determine future cash flows and discount rate. The methods/models, assumptions and data may not be appropriately applied due to its complexity.	Our procedures in this area included the following: • With the assistance of actuarial specialist, evaluated the appropriateness of methods/models and assumptions to estimate amount, timing, uncertainty of future cash flows; to determine ultimate expected claims and estimate discount rate curves; as well as to determine risk adjustments and CSM. • Evaluated methods/model and assumption changes in the period. • With the assistance of IT specialist, evaluated the completeness, accuracy and relevance of data including reconciliation between source administration systems, data warehouse and cash flows model/discount rate model and CSM calculations. • With the assistance of actuarial specialist, evaluated the appropriateness and tested the mathematical accuracy of models/methods, assumptions and data applied as well as recalculated CSM. • Performed independent reprojection of estimated cash flows and estimation of discount rate curves, ultimate estimate claims and estimation of risk adjustment. • Identified and tested the relevant controls. Evaluated the design and implementation and tested the operating effectiveness (where required) of the new controls.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
SCOTIA GROUP JAMAICA LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

2. Valuation of insurance contract liabilities (continued)

The key audit matter (continued)	*How the matter was addressed in our audit (continued)*
The amount estimated and recorded for the CSM (including the release/amortization of the CSM) requires the determination and appropriate application of methods/models and assumptions as well as complete, accurate, relevant and reliable data to determine the CSM. The methods/models, assumptions and data may not be appropriately applied due to its complexity. The required disclosures under IFRS 17 may be incomplete, inaccurate or not fairly presented. Significant auditor judgment was required because there was a high degree of measurement uncertainty in the significant financial and non-financial assumptions. Significant and complex auditor judgment was required to evaluate the results of audit procedures. [see notes 2(g), 3 (ii), 40 and 50(d), of the financial statements]	Our procedures in this area included the following (continued): • Involved IT specialists to test new or revised IT systems and relevant controls. • Involved actuarial specialists to assist in auditing the methods and significant assumptions/ judgement relating to the valuation of insurance contract liabilities. • Evaluated management's analysis of change to verify that the movement in the estimates of future cash flows, risk adjustments, CSM and total insurance contract liabilities period to period are in-line with our business understanding.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
SCOTIA GROUP JAMAICA LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

2. Valuation of insurance contract liabilities (continued)

The key audit matter (continued)	*How the matter was addressed in our audit (continued)*
	Our procedures in this area included the following (continued): • Evaluated the completeness, accuracy and relevance of disclosures required by IFRS 17, including disclosures about assumptions about the future, and other major sources of estimation uncertainty.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
SCOTIA GROUP JAMAICA LIMITED

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

3. Expected credit losses

The key audit matter	*How the matter was addressed in our audit*
Loans, net of allowance for expected credit losses, represent 40% or $269 billion of the Group's total assets. Allowance for credit losses on loans of $6 billion and a charge of $2 billion have been recognised by the Group. The Group applies a three-stage approach to measure the allowance for credit losses, using an Expected Credit Loss (ECL) approach as required under IFRS 9 *Financial Instruments*. The Group's allowance for credit losses are outputs of complex models and there is a high degree of measurement uncertainty due to significant judgements inherent in the Group's methodology such as judgements about forward-looking information. These judgements impact certain inputs, assumptions, qualitative adjustments or overlays, and the determination of when there has been a significant increase in credit risk. *[see notes 2(l), 3(i) and 25 of the financial statements]*	Our procedures in this area included the following: • Evaluated the appropriateness of the accounting policies based on IFRS 9's requirements, our business understanding and industry practice. • Updated our understanding of management's processes, systems and controls implemented –e.g. controls over model development. • Identified and tested the relevant controls with the assistance of IT specialists. • Involved Financial Risk managementb/economic specialists to challenge significant assumptions and judgements relating to the ECL Methodology. • Evaluated the completeness, accuracy and relevance of data. • Evaluated the appropriateness and tested the mathematical accuracy of models applied. • Evaluated the reasonableness of and tested the post-model adjustment. • Evaluated the completeness, accuracy and relevance of disclosures required by IFRS 9.

Report on the Audit of the Financial Statements (continued)

Key Audit Matters (continued)

4. Completeness, existence and accuracy of insurance revenue

The key audit matter	*How the matter was addressed in our audit*
Insurance revenue may not be completely identified and accurately recorded. Components of insurance revenue may not be accurately recorded, are not recorded in the correct accounting period or have not occurred due to: - release of contractual service margin for insurance contract services provided in the period; - change in the risk adjustment for non-financial risk for risk expired; - release of expected incurred claims and other insurance service expenses; and - recovery of insurance acquisition cash flows. Investment components and transaction-based taxes collected on behalf of third parties may not be appropriately identified and excluded from revenue. Required disclosures under IFRS 17 may be incomplete, inaccurate or not fairly presented.	Our procedures in this area included the following: • Involved actuarial specialists to assist in evaluating the components of insurance revenue and disclosure notes. • Involved actuarial specialists to evaluate whether management has appropriately identified and recognised insurance revenue. • Reconciled the components of insurance revenue recognised in the period to management's analysis. • Evaluated the completeness, accuracy and relevance of disclosures required by IFRS 17, including disclosures about assumptions about the future, and other major sources of estimation uncertainty.

Report on the Audit of the Financial Statements (continued)

Other Information

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

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

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
SCOTIA GROUP JAMAICA LIMITED

Report on the Audit of the Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Financial Statements

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

A further description of our responsibilities for the audit of the financial statements is included in the Appendix to this auditors' report. This description, which is located at pages 81-82, forms part of our auditors' report.

Report on additional matters as required by the Jamaican Companies Act

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

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

The engagement partner on the audit resulting in this independent auditors' report is Cynthia Lawrence.

Chartered Accountants
Kingston, Jamaica

December 29, 2023

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
SCOTIA GROUP JAMAICA LIMITED

Appendix to the Independent Auditors' Report

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

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

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of
SCOTIA GROUP JAMAICA LIMITED

Appendix to the Independent Auditors' Report (continued)

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.

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

SCOTIA GROUP JAMAICA LIMITED

Consolidated Statement of Revenue and Expenses
Year ended October 31, 2023
(*Expressed in thousands of Jamaican dollars unless otherwise stated*)

	Notes	2023	2022 Restated*
Net financial result and other revenue			
Net interest income calculated using the effective interest method			
Interest from loans and deposits with banks		32,596,740	24,846,596
Interest from securities		7,991,204	6,114,361
	6	40,587,944	30,960,957
Interest income on securities at fair value through profit and loss	6	248,770	242,885
Total interest income	6	40,836,714	31,203,842
Interest expense	6	(1,379,907)	(579,790)
Net interest income	6	39,456,807	30,624,052
Expected credit losses		(2,395,789)	(3,057,324)
Net interest income after expected credit losses		37,061,018	27,566,728
Net gains/(losses) on financial assets	7	312,510	(142,194)
		37,373,528	27,424,534
Net finance expenses from insurance contracts	8	(1,828,708)	(1,527,058)
Net finance expenses from reinsurance contracts	8	(131)	345
Total insurance/reinsurance finance expenses		(1,828,839)	(1,526,713)
Net financial results	8	35,544,689	25,897,821
Other revenue			
Insurance revenue	9	2,788,585	1,874,808
Insurance service expenses	14	(971,419)	(989,847)
Net expenses from reinsurance contracts		(198)	(272)
Net insurance revenue		1,816,968	884,689
Fee and commission income	10	21,314,590	18,464,386
Fee and commission expense	10	(14,576,916)	(13,333,060)
Net fee and commission income	10	6,737,674	5,131,326
Net gains on foreign currency activities	11	8,754,339	7,210,517
Other income	12	214,706	950,666
		17,523,687	14,177,198
Total operating income		53,068,376	40,075,019
Expenses			
Salaries, pensions and other staff benefits	13	11,109,963	9,836,785
Property expenses, including depreciation		2,459,221	2,474,898
Amortisation of intangible assets	31	24,874	119,654
Asset tax		1,375,620	1,316,085
Other operating expenses		12,658,527	10,961,850
	14	27,628,205	24,709,272
Profit before taxation	15	25,440,171	15,365,747
Taxation	16	(8,211,542)	(5,045,981)
Profit for the year attributable to stockholders of the Company		17,228,629	10,319,766
EARNINGS PER STOCK UNIT (expressed in $) **attributable to stockholders of the Company**	17	5.54	3.32

*See note 58
The accompanying notes form an integral part of the financial statements.

SCOTIA GROUP JAMAICA LIMITED

Consolidated Statement of Comprehensive Income
Year ended October 31, 2023
(*Expressed in thousands of Jamaican dollars unless otherwise stated*)

	Notes	2023	2022 Restated*
Profit for the year		17,228,629	10,319,766
Other comprehensive income/(loss):			
Items that will not be reclassified to profit or loss:			
Remeasurement of retirement benefits plan asset and obligations	32(c)	5,739,720	(8,463,456)
Taxation	39(a)	(1,913,240)	2,821,152
		3,826,480	(5,642,304)
Items that are or will be reclassified subsequently to profit or loss:			
Unrealised gains/losses on investment securities		3,530,941	(7,013,781)
Realised losses on investment securities		112,505	86,101
Foreign operations – foreign currency translation		3,322	(3,770)
Finance income/(expense) from insurance contracts		870,016	(1,600,938)
Expected credit losses on investment securities		178,110	30,685
		4,694,894	(8,501,703)
Taxation	39(a)	(1,364,090)	2,475,236
		3,330,804	(6,026,467)
Other comprehensive income/(loss), net of tax		7,157,284	(11,668,771)
Total comprehensive income/(loss) attributable to stockholders of the Company		24,385,913	(1,349,005)

*See note 58
The accompanying notes form an integral part of the financial statements.

SCOTIA GROUP JAMAICA LIMITED

Consolidated Statement of Financial Position
October 31, 2023
(*Expressed in thousands of Jamaican dollars unless otherwise stated*)

	Notes	2023	2022 Restated*	2021 Restated*
ASSETS				
Cash resources				
Cash and balances at Bank of Jamaica	18	110,399,971	88,436,264	101,249,141
Government and bank notes other than Jamaican	21	2,117,289	2,353,614	2,416,012
Due from other banks	19	21,836,385	21,049,363	35,342,911
Accounts with parent and fellow subsidiaries	20	44,260,551	36,163,211	29,667,548
	21	178,614,196	148,002,452	168,675,612
Financial assets at fair value through profit or loss	22	2,841,833	3,035,413	3,703,002
Pledged assets	23	3,521,127	15,598,720	15,639,678
Loans, net of allowance for credit losses	24	268,829,718	234,657,542	205,521,945
Investment securities	26	158,755,546	149,835,798	141,625,200
Government securities purchased under resale agreements	27	330,075	751,427	-
Segregated fund assets	28	1,290,656	978,078	830,584
Insurance contract assets	40	14,469	131,195	6,182
Reinsurance contract assets	40	1,356	1,218	1,181
Other assets				
Taxation recoverable		3,098,152	2,591,341	2,982,872
Other assets	29	4,396,788	2,999,328	4,030,172
Property and equipment	30	9,527,847	9,311,741	8,851,961
Goodwill and intangible assets	31	530,665	552,036	570,421
Retirement benefits asset	32(a)	31,094,511	23,561,041	31,254,250
Deferred tax assets	39(b)	1,890,023	2,408,826	603,407
		50,537,986	41,424,313	48,293,083
		664,736,962	594,416,156	584,296,467

*See note 58
The accompanying notes form an integral part of the financial statements.

SCOTIA GROUP JAMAICA LIMITED

Consolidated Statement of Financial Position (Continued)
October 31, 2023
(*Expressed in thousands of Jamaican dollars unless otherwise stated*)

	Notes	2023	2022 Restated*	2021 Restated*
LIABILITIES				
Deposits by the public	33	444,875,527	397,176,483	378,473,110
Due to other banks and financial institutions	34	3,914,779	1,047,139	1,283,410
Due to ultimate parent company	35	6,342	14,458	311,274
Due to fellow subsidiaries	36	565,890	499,535	363,132
		449,362,538	398,737,615	380,430,926
Other liabilities				
Cheques and other instruments in transit	21	3,392,616	3,546,806	3,155,909
Capital management and government securities funds	37	-	14,128,403	18,808,108
Other liabilities	38	10,010,600	10,107,722	9,862,357
Provision for taxation		2,400,061	2,136,713	445,460
Deferred tax liabilities	39(b)	6,839,089	3,501,883	7,508,730
Retirement benefits obligations	32(b)(i)	4,879,478	4,557,782	5,237,873
Due to customers and clients		10,561,400	950,606	273,366
		38,083,244	38,929,915	45,291,803
Insurance contract liabilities	40	49,450,309	49,405,428	45,672,796
Reinsurance contract liabilities	40	2,128	2,295	2,298
Segregated fund liabilities	28	1,290,656	978,078	830,584
EQUITY				
Share capital	41	6,569,810	6,569,810	6,569,810
Reserve fund	42	3,249,976	3,249,976	3,249,976
Retained earnings reserve	43	49,891,770	45,891,770	45,891,770
Capital reserve	44	11,340	11,340	11,340
Cumulative remeasurement result from investment securities	45	(2,756,700)	(5,431,669)	(609,675)
Loan loss reserve	46	269,386	361,367	334,797
Other reserves	47	9,964	9,964	9,964
Insurance finance reserve	48	(548,190)	(1,200,703)	-
Translation reserve		38,257	34,935	38,705
Unappropriated profits		69,812,474	56,866,035	56,571,373
Total equity		126,548,087	106,362,825	112,068,060
Total liabilities and equity		664,736,962	594,416,156	584,296,467

The financial statements on pages 83 to 211 were approved for issue by the Board of Directors and signed on its behalf on December 29, 2023 by:

Anya Schnoor — Director
Audrey Tugwell Henry — Director
Eric Crawford — Director
Maia Wilson — Secretary

*See note 58
The accompanying notes form an integral part of the financial statements.

SCOTIA GROUP JAMAICA LIMITED

Consolidated Statement of Changes in Stockholders' Equity
Year ended October 31, 2023
(*Expressed in thousands of Jamaican dollars unless otherwise stated*)

		Attributable to equity holders of the Company										
	Notes	Share capital	Reserve fund	Retained earnings reserve	Capital reserve	Cumulative remeasurement result from investment securities	Loan loss reserve	Other reserves	Insurance finance reserve	Translation reserve	Unappropriated profits	Total
Balances at November 1, 2021, as previously reported*		6,569,810	3,249,976	45,891,770	11,340	(609,675)	334,797	9,964	-	38,705	58,498,486	113,995,173
Cumulative effect of adopting IFRS 17 (note 58)		-	-	-	-	-	-	-	-	-	(485,834)	(485,834)
Prior year adjustments (note 58)		-	-	-	-	-	-	-	-	-	(1,441,279)	(1,441,279)
Balances at November 1, 2021, as restated		6,569,810	3,249,976	45,891,770	11,340	(609,675)	334,797	9,964	-	38,705	56,571,373	112,068,060
Profit for the year, as restated (note 58)		-	-	-	-	-	-	-	-	-	10,319,766	10,319,766
Other comprehensive income:												
Remeasurement of retirement benefit plan/obligations		-	-	-	-	-	-	-	-	-	(5,642,304)	(5,642,304)
Foreign currency translation		-	-	-	-	-	-	-	-	(3,770)	-	(3,770)
Unrealised losses on investment securities, net of taxes and provisions		-	-	-	-	(4,879,394)	-	-	-	-	-	(4,879,394)
Realised losses on investment securities, net of taxes		-	-	-	-	57,400	-	-	-	-	-	57,400
Finance expense on insurance contracts, net of taxes		-	-	-	-	-	-	-	(1,200,703)	-	-	(1,200,703)
Total other comprehensive loss		-	-	-	-	(4,821,994)	-	-	(1,200,703)	(3,770)	(5,642,304)	(11,668,771)
Total comprehensive loss		-	-	-	-	(4,821,994)	-	-	(1,200,703)	(3,770)	4,677,462	(1,349,005)
Transfer between reserves:												
Transfer to loan loss reserve		-	-	-	-	-	26,570	-	-	-	(26,570)	-
Transaction with owners of the Company:												
Dividends paid	56	-	-	-	-	-	-	-	-	-	(4,356,230)	(4,356,230)
Net movement for the year		-	-	-	-	-	26,570	-	-	-	(4,382,800)	(4,356,230)
Balances at October 31, 2022, as restated*		6,569,810	3,249,976	45,891,770	11,340	(5,431,669)	361,367	9,964	(1,200,703)	34,935	56,866,035	106,362,825
Profit for the year		-	-	-	-	-	-	-	-	-	17,228,629	17,228,629
Other comprehensive income:												
Remeasurement of retirement benefit plan/obligations		-	-	-	-	-	-	-	-	-	3,826,480	3,826,480
Foreign currency translation		-	-	-	-	-	-	-	-	3,322	-	3,322
Unrealised gains on investment securities, net of taxes and provisions		-	-	-	-	2,592,041	-	-	-	-	-	2,592,041
Realised losses on investment securities, net of taxes		-	-	-	-	82,928	-	-	-	-	-	82,928
Finance income on insurance contracts		-	-	-	-	-	-	-	652,513	-	-	652,513
Total other comprehensive income		-	-	-	-	2,674,969	-	-	652,513	3,322	3,826,480	7,157,284
Total comprehensive income		-	-	-	-	2,674,969	-	-	652,513	3,322	21,055,109	24,385,913
Transfer between reserves:												
Transfer to retained earnings reserve		-	-	4,000,000	-	-	-	-	-	-	(4,000,000)	-
Transfer from loan loss reserve		-	-	-	-	-	(91,981)	-	-	-	91,981	-
Transaction with owners of the Company:												
Dividends paid	56	-	-	-	-	-	-	-	-	-	(4,200,651)	(4,200,651)
Net movement for the year		-	-	4,000,000	-	-	(91,981)	-	-	-	(8,108,670)	(4,200,651)
Balances at October 31, 2023		6,569,810	3,249,976	49,891,770	11,340	(2,756,700)	269,386	9,964	(548,190)	38,257	69,812,474	126,548,087

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

SCOTIA GROUP JAMAICA LIMITED

Consolidated Statement of Cash Flows
Year ended October 31, 2023
(*Expressed in thousands of Jamaican dollars unless otherwise stated*)

	Notes	2023	2022 Restated*
Cash flows from operating activities			
Profit for the year		17,228,629	10,319,766
Adjustments for:			
Taxation	16	8,211,542	5,045,981
Depreciation	30	845,898	809,726
Amortisation of right of use assets	30	165,090	156,017
Amortisation of intangible assets	31	24,874	119,654
Expected credit losses		3,311,567	4,499,285
Gain on sale of property and equipment	12	(159,953)	(290,100)
Impairment of property and equipment	30	-	11,871
Increase in retirement benefits asset/obligations, net		(1,317,140)	(1,287,628)
Gain on extinguishment of liability	12	-	(629,030)
		28,310,507	18,755,542
Interest income	6	(40,836,714)	(31,203,842)
Interest expense	6	1,379,907	579,790
		(11,146,300)	(11,868,510)
Changes in operating assets and liabilities:			
Loans		(36,607,451)	(32,842,867)
Deposits by the public		33,561,010	14,034,127
Insurance contract liabilities		1,031,319	2,032,890
Statutory reserves at Bank of Jamaica		(8,092,742)	(2,797,688)
Other liabilities, net		(11,772)	125,236
Due to parent company		58,239	(156,460)
Accounts with fellow subsidiaries		(1,682,289)	2,768,534
Financial assets at fair value through profit or loss		185,345	669,519
Amounts due to other banks and financial institutions		2,867,640	392,758
Other assets, net		(1,393,384)	907,450
Due to customers and clients		9,610,794	677,240
Taxation recoverable		(506,810)	(1,000,281)
Retirement benefits		(154,914)	(162,710)
		(12,281,315)	(27,220,762)
Interest received		39,944,236	30,170,480
Interest paid		(1,338,880)	(562,886)
Taxation paid		(7,368,358)	(2,479,445)
Net cash provided by/(used in) operating activities (carried forward to page 89)		18,955,683	(92,613)

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

SCOTIA GROUP JAMAICA LIMITED

Consolidated Statement of Cash Flows (Continued)
Year ended October 31, 2023
(*Expressed in thousands of Jamaican dollars unless otherwise stated*)

	Notes	2023	2022 Restated*
Cash flows from operating activities (brought forward from page 88)		18,955,683	(92,613)
Cash flows from investing activities			
Purchase of investment securities		(66,028,793)	(88,773,366)
Proceeds from maturity/disposal of investment securities		72,191,827	72,070,581
Proceeds from disposal of property and equipment		203,391	334,073
Purchase of intangible assets, net		(3,503)	(101,269)
Purchase of property and equipment	30	(1,105,424)	(1,352,599)
Net cash provided by/(used in) investing activities		5,257,498	(17,822,580)
Cash flows from financing activities			
Dividends paid to stockholders	56	(4,200,651)	(4,356,230)
Lease payments right of use assets	38(ii)(d)	(181,861)	(166,001)
Net cash used in financing activities		(4,382,512)	(4,522,231)
Effect of exchange rate changes on cash and cash equivalents		1,146,996	(2,114,037)
Net increase/(decrease) in cash and cash equivalents		20,977,665	(24,551,461)
Cash and cash equivalents at beginning of year		102,861,158	127,412,619
Cash and cash equivalents at end of year	21	123,838,823	102,861,158

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

SCOTIA GROUP JAMAICA LIMITED

Separate Statement of Comprehensive Income
Year ended October 31, 2023
(*Expressed in thousands of Jamaican dollars unless otherwise stated*)

	Notes	2023	2022
Net interest income calculated using the effective interest method			
Interest from deposit with banks	6	423,503	65,790
Net gains/(losses) on foreign currency activities		124,463	(95,053)
Dividend income	12,49	4,121,922	3,677,360
		4,246,385	3,582,307
Total operating income		4,669,888	3,648,097
Expenses			
Other operating expenses	14	71,786	57,134
Profit before taxation	15	4,598,102	3,590,963
Taxation	16	(89,783)	(12,162)
Profit for the year		4,508,319	3,578,801

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

SCOTIA GROUP JAMAICA LIMITED

Separate Statement of Financial Position
October 31, 2023
(*Expressed in thousands of Jamaican dollars unless otherwise stated*)

	Notes	2023	2022
ASSETS			
Cash resources			
Accounts with subsidiaries	21	9,522,931	9,128,131
Investment in subsidiaries, at cost		13,029,908	13,029,908
Other assets			
Taxation recoverable		101,042	106,363
		22,653,881	22,264,402
LIABILITES			
Accrued expenses and other liabilities		14,788	17,440
Taxation payable		90,116	7,522
Deferred tax liabilities	39(b)	6,563	4,694
		111,467	29,656
EQUITY			
Share capital	41	6,569,810	6,569,810
Unappropriated profits		15,972,604	15,664,936
Total stockholders' equity		22,542,414	22,234,746
Total liabilities and equity		22,653,881	22,264,402

The financial statements on pages 83 to 211 were approved for issue by the Board of Directors and signed on its behalf on December 29, 2023 by:

Anya Schnoor Director

Audrey Tugwell Henry Director

Eric Crawford Director

Maia Wilson Secretary

*See note 58

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

SCOTIA GROUP JAMAICA LIMITED

Separate Statement of Changes in Stockholders' Equity
Year ended October 31, 2023
(*Expressed in thousands of Jamaican dollars unless otherwise stated*)

	Notes	Share capital	Unappropriated profits	Total
Balances at October 31, 2021		6,569,810	16,442,365	23,012,175
Profit for the year, being total comprehensive income		-	3,578,801	3,578,801
Transaction with owners:				
Dividends paid	56	-	(4,356,230)	(4,356,230)
Balances at October 31, 2022		6,569,810	15,664,936	22,234,746
Profit for the year, being total comprehensive income		-	4,508,319	4,508,319
Transaction with owners:				
Dividends paid	56	-	(4,200,651)	(4,200,651)
Balances at October 31, 2023		6,569,810	15,972,604	22,542,414

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

SCOTIA GROUP JAMAICA LIMITED

Separate Statement of Cash Flows
Year ended October 31, 2023
(*Expressed in thousands of Jamaican dollars unless otherwise stated*)

	Notes	2023	2022
Cash flows from operating activities			
Profit for the year		4,508,319	3,578,801
Adjustments for:			
Interest income	6	(423,503)	(65,790)
Dividend Income	12,49	(4,121,922)	(3,677,360)
Taxation	16	89,783	12,162
		52,677	(152,187)
Changes in operating assets and liabilities			
Other assets, net		5,320	-
Accounts with fellow subsidiaries		(535,292)	654,496
Other liabilities		(2,651)	2,308
		(479,946)	504,617
Interest received		416,024	47,229
Taxation paid		(5,319)	-
Net cash (used in)/provided by operating activities		(69,241)	551,846
Cash flows from investing activity			
Dividend received, being cash provided by investing activity		4,121,922	3,677,360
Cash flows from financing activity			
Dividends paid, being cash used in financing activity	56	(4,200,651)	(4,356,230)
Net decrease in cash and cash equivalents		(147,970)	(127,024)
Cash and cash equivalents at beginning of year		632,521	759,545
Cash and cash equivalents at end of year	21	484,551	632,521

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

(Expressed in thousands of Jamaican dollars unless otherwise stated)

1. Identification, Regulation and Licence

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

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

The Company's subsidiaries, which together with the Company are referred to as "the Group", are as follows:

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

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

*The statements included in the consolidation are financial statements as at and for the year ended October 31, 2023.

2. Summary of significant accounting policies

(a) Basis of preparation

Statement of compliance

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

Basis of measurement

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

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Certain new and amended standards came into effect during the current financial year. The Group has assessed them and has adopted those which are relevant to its financial statements:

New and amended standards that became effective during the year:

(i) Amendments to IAS 37 *Provision, Contingent Liabilities and Contingent Assets* is effective for annual periods beginning on or after January 1, 2022 and clarifies those costs that comprise the costs of fulfilling a contract.

The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs – e.g. direct labour and materials; and an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract. This clarification will require entities that apply the 'incremental cost' approach to recognise bigger and potentially more provisions. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other component of equity, as appropriate. The comparatives are not restated.

This amendment did not have a significant impact on the Group's financial statements.

(ii) Annual Improvements to IFRS Standards 2018-2020 cycle contain amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards*, IFRS *9 Financial Instruments,* IFRS 16 *Leases*, IAS 41 *Agriculture*, and are effective for annual periods beginning on or after January 1, 2022.

a) IFRS 9 *Financial Instruments* amendment clarifies that – for the purpose of performing the ''10 per cent test' for derecognition of financial liabilities – in determining those fees paid net of fees received, a borrower includes only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

b) IFRS 16 *Leases* amendment removes the illustration of payments from the lessor relating to leasehold improvements.

These amendments did not have a significant impact on the Group's financial statements.

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

At the date of authorisation of these financial statements, certain new and amended standards and interpretations have been issued which were not effective for the current year. The Group has assessed them with respect to its operations and has determined that the following are relevant:

(i) Amendments to IAS 1 *Presentation of Financial Statements* are effective for annual periods beginning on or after January 1, 2023 and may be applied earlier. The amendments help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:

- requiring companies to disclose their material accounting policy information rather than their significant accounting policies;
- clarifying that accounting policy information related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
- clarifying that not all accounting policy information that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The amendments are consistent with the refined definition of material:

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

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

(i) Amendments to IAS 1 *Presentation of Financial Statements* (continued)

"Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements".

The Group is assessing the impact that the amendment will have on its 2024 financial statements.

(ii) Amendments to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* are effective for periods beginning on or after January 1, 2023, with early adoption permitted. The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.

The amendment will affect the company and group for the first time in its 2024 financial statements . The amendment is not expected to have a significant impact.

(iii) Amendments to IAS 12 *Income Taxes* are effective for annual reporting periods beginning on or after January 1, 2023, with early adoption permitted. The amendments clarify how companies should account for deferred tax on certain transactions – e.g. leases and decommissioning provisions.

The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other component of equity at that date. If a company previously accounted for deferred tax on leases and decommissioning liabilities under the net approach, then the impact on transition is likely to be limited to the separate presentation of the deferred tax asset and the deferred tax liability.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented.

The Group is assessing the impact that the amendment will have on its 2024 financial statements.

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

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

(iv) Amendments to IAS 1 *Presentation of Financial Statements*, will apply retrospectively for annual reporting periods beginning on or after January 1, 2024. The amendments promote consistency in application and clarify the requirements in determining if a liability is current or non-current.

Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the requirement for a right to be unconditional has been removed and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. However, when non-current liabilities are subject to future covenants, companies will now need to disclose information to help users understand the risk that those liabilities could become repayable within twelve months after the reporting date.

The amendment will affect the company and group for the first time in its 2025 financial . The amendment is not expected to have a significant impact.

(v) IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information*, is effective for annual reporting periods beginning on or after January 1, 2024 (with earlier application permitted as long as IFRS S2 Climate-related Disclosures is also applied).

IFRS S1 requires an entity to disclose information about its sustainability-related risks and opportunities that are useful to users of general-purpose financial reports in making decisions relating to providing resources to the entity. The standard also requires entities to disclose information about all sustainability-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term (collectively referred to as 'sustainability-related risks and opportunities that could reasonably be expected to affect the entity's prospects').

IFRS S1 prescribes how an entity prepares and reports its sustainability-related financial disclosures and sets out general requirements for the content and presentation of those disclosures so that the information disclosed is useful to users in making decisions relating to providing resources to the entity.

Under the standard, entities are required to provide disclosures about the governance processes, controls and procedures, strategies and processes the entity uses to monitor, manage and oversee sustainability-related risks and opportunities, as well as, the entities performance and progress towards any targets the entity has set or is required to meet by law or regulation.

The Group is assessing the impact that the amendment will have on its 2025 financial statements.

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

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

(vi) IFRS S2 *Climate-related Disclosures*, is effective for annual reporting periods beginning on or after January 1, 2024 (with earlier application permitted as long as IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information is also applied).

IFRS S2 requires entities to disclose information about its climate-related risks and opportunities that is useful to users of general-purpose financial reports in making decisions relating to providing resources to the entity. The standard also requires entities to disclose information about climate-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term (collectively referred to as 'climate-related risks and opportunities that could reasonably be expected to affect the entity's prospects'). IFRS S2 applies to climate-related physical risks; climate-related transition risks; and climate-related opportunities available to an entity.

IFRS S2 sets out the requirements for disclosing information about an entity's climate-related risks and opportunities. Under the standard, entities are required to provide disclosures about the governance processes, controls and procedures, strategies and processes the entity uses to monitor, manage and oversee climate-related risks and opportunities, as well as, the entities performance and progress towards any targets the entity has set or is required to meet by law or regulation.

The Group is assessing the impact that the amendment will have on its 2025 financial statements.

Early adoption of IFRS 17

IFRS 17 *Insurance Contracts*, is effective for annual reporting periods beginning on or after January 1, 2023, replaces IFRS 4 *Insurance Contracts* and provides a comprehensive principle-based framework for recognition, measurement, presentation and disclosure of insurance contracts. The standard provides three models to apply to all insurance contracts: the general measurement model, the variable fee approach and the premium allocation approach.

The key principles in IFRS 17 are that an entity:

- Identifies insurance contracts as those contracts under which the entity accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.
- Separates specified embedded derivatives, distinct investment components and distinct performance obligations from the insurance contracts.
- Recognises and measures groups of insurance contracts at:
  (a) a risk - adjusted present value of the future cash flows (the fulfilment cash flows) that incorporates all of the available information about the fulfilment cash flows in a way that is consistent with observable market information; plus (if this value is a liability) or minus (if this value is an asset); and

  (b) an amount representing the unearned profit in the group of contracts (the contractual service margin).

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Early adoption of IFRS 17 (continued)

- Recognises the profit from a group of insurance contracts over the period the entity provides insurance cover, and as the entity is released from risk. If a group of insurance contracts is or becomes loss making, an entity recognises the loss immediately.
- Presents separately insurance revenue (that excludes the receipt or repayment of any investment component) and insurance finance income or expenses;
- Includes an optional simplified measurement approach, or premium allocation approach, for simpler insurance contracts where the coverage period is less than a year or where there are no significant expected changes in estimates before the claims are incurred.
- Entities are required to apply IFRS 17 using the full retrospective approach. If however, it is impracticable to do so, an entity may apply the modified retrospective or fair value approach.

Amendments to IFRS 17 *Insurance Contracts,* effective for annual reporting periods beginning on or after January 1, 2023 and provides for the following amendments to the standard:

- Most companies that issue credit cards and similar products that provide insurance coverage will be able to continue with their existing accounting, unless the insurance coverage is a contractual feature, thereby easing implementation for non-insurers.
- Companies that issue loan contracts that meet the definition of insurance but limit the compensation for insured events to the amount otherwise required to settle the policyholder's obligation created by the contract have an option to apply IFRS 9 or IFRS 17, thus reducing the impact of IFRS 17 for non-insurers.

In measuring the contractual service margin, companies will choose to apply either a 'period-to-period' or 'year-to-date' approach, allowing greater opportunity for consistency with current practice and for subsidiaries to align reporting with their parent. Revenue and profit emergence will better reflect performance of the wide range of insurance products and the services they provide to customers. Allocating insurance acquisition cash flows to future renewal groups reduces the risk of groups becoming onerous solely from acquisition expenses paid relating to future renewals. The allocation is revised at each reporting period to reflect any changes in assumptions that determine the inputs to the method of allocation used. Companies will also need to assess each period the recoverability of insurance acquisition cash flow assets on a more granular level than is performed today.

- Upon transition, companies may be able to account for acquired contracts before the transition date as liabilities for incurred claims. In many cases, companies will be required to identify and recognise an asset for insurance acquisition cash flows incurred prior to transition. Companies are not required to perform a recoverability assessment for periods prior to transition.
- In accounting for direct participating contracts, risk mitigation option was expanded to non-derivative assets at FVTPL and reinsurance contracts held to provide relief prospectively from the transition date. If a company meets the risk mitigation option criteria before transition, it can now apply the fair value approach to the related contracts at transition. Companies applying both OCI and risk mitigation options together will be able to achieve better matching in the income statement.
- For reinsurance contracts, companies will be able to offset losses on initial recognition of direct insurance contracts based on a prescribed formula if they are covered by reinsurance contracts held, reducing accounting mismatches.
- There is relief for companies to present (re)insurance contract assets and liabilities at a portfolio level, instead of group level in the statement of financial position and income taxes specifically charged to policyholders may now be included in fulfilment cash flows, better reflecting local practice in certain jurisdictions.

2. Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Early adoption of IFRS 17 (continued)

Except for the changes below, the Group has consistently applied the accounting policies set out in note 3 to all periods presented in these consolidated financial statements.

Given the non-coterminous year-ends of the Bank of Nova Scotia Jamaica Limited and it's subsidiary Scotia Jamaica Life Insurance company, as well as the system requirements to maintain parallel reporting under IFRS 4 and IFRS 17, the Group has early adopted the new insurance standard IFRS 17 – *Insurance Contracts* as at November 1, 2021.

The nature and effects of the key changes in the Group's accounting policies resulting from the adoption of IFRS 17 are summarized below:

The Group applied the fair value approach to identify, recognise and measure certain groups of contracts because it was impracticable to apply the full or modified retrospective approaches given the following circumstances.

a) After making reasonable efforts to gather necessary historical information, it was determined that for certain groups of contracts, the historical information was not available or not available in a form that would enable it to be used without undue cost and effort.

b) The Group had limited or no information to appropriately determine assumptions and estimates relating to experience adjustments of financial and non-financial risks (e.g. discount rates, expenses).

c) The Group has not historically been accumulating information about the changes in assumptions and estimates that would have been recognised in profit or loss for each accounting period.

Changes in accounting policies resulting from the adoption of IFRS 17 have been applied using the fair value approach for all General Measurement Model (GMM) and Variable Fee Approach (VFA) portfolios and the full retrospective approach for the Premium Allocation Approach (PAA) portfolios.

Under the fair value approach, the CSM (or the loss component) at November 1, 2021 was determined as the difference between the fair value of a group of contracts at that date and the fulfilment cash flows at that date. For all contracts measured under the fair value approach, the amount of insurance finance income or expenses accumulated in the insurance finance reserve at November 1, 2021 was determined to be zero.

Under the full retrospective approach, the Group measured insurance cash flows as if IFRS 17 had always applied and recognized any resulting net differences in equity.

Assets for insurance acquisition cash flows

The Group has determined that all acquisition costs are recognized at contract recognition. As a result, an asset for insurance acquisition cash flows was not recognized on transition.

IFRS 9 *Financial Instruments* redesignation

The Group has applied IFRS 9 to annual periods prior to the adoption of IFRS 17 and has elected to maintain the classification or designation of these financial assets.

Further details on the specific IFRS 17 accounting policies applied are described in **note 2(g)**

The impact net of taxes on transition to IFRS 17 on the Group's financial statements are detailed in note 58.

2. Summary of significant accounting policies (continued)

(b) Basis of consolidation

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

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

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

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

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

(c) Segment reporting

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

(d) Translation of foreign currencies

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions.

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

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

2. Summary of significant accounting policies (continued)

(d) Translation of foreign currencies (continued)

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

(e) Revenue recognition

Interest income

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

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

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

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

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

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

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

Fee and commission income

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

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

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

2. Summary of significant accounting policies (continued)

(e) Revenue recognition (continued)

Performance obligations and revenue recognition policies:

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

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

Insurance revenue

Contracts not measured under the premium allocation approach

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

Contracts measured under the premium allocation approach

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

Dividend income

Dividend income is recognised when the right to receive payment is established.

(f) Interest expense

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

2. Summary of significant accounting policies (continued)

(g) Insurance contracts

Insurance and reinsurance contracts – Classification

(i) Definitions and classifications

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

This assessment is made on a contract-by-contract basis at the contract issue date. In making this assessment, the Group considers all its substantive rights and obligations, whether they arise from contract, law or regulation. The Group uses judgement to assess whether a contract transfers insurance risk (i.e. if there is a scenario with commercial substance in which the Group has the possibility of a loss on a present value basis) and whether the accepted insurance risk is significant.

The Group issues certain insurance contracts that are substantially investment-related service contracts where the return on the underlying items is shared with policyholders. Underlying items comprise specified portfolios of investment assets that determine amounts payable to policyholders. Participating contracts meet the definition of insurance contracts with direct participating features if the following three criteria are met:

- The contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- the Group expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- the Group expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

The Group uses judgement to assess whether the amounts expected to be paid to the policyholders constitute a substantial share of the fair value returns on the underlying items.

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

All other insurance and reinsurance contracts are classified as contracts without direct participation features.

2. Summary of significant accounting policies (continued)

(g) Insurance contracts (continued)

(i) Definitions and classifications (continued)

Summary of measurement approaches

The Group issues the following types of contracts that are accounted for in accordance with IFRS 17 *Insurance Contracts*.

Contracts Issued	Product	Product classification	Portfolio	Measurement Model
Whole life insurance contracts	Life Shelter Lifetime Security Solace	Insurance contracts	Individual Life	GMM
Universal life insurance contracts	ScotiaMint	Insurance contracts without direct participation features	Individual Life (Savings & Wealth)	GMM
Universal life insurance contracts	Affirm Elevate	Insurance contracts with direct participation features	Individual Universal Life	VFA
Critical illness insurance contracts	Criticare	Insurance contracts	Individual Health	GMM
Variable annuity	Scotia Retirement Fund (RIF)	Insurance contracts	Individual Annuity	GMM
Group creditor level premium	Creditor Life (Revolving and Non-Revolving level premium)	Insurance contracts	Group Creditor Combined Level	PAA
Group creditor single premium	Creditor Life (Non-Revolving single premium)	Insurance contracts	Group Creditor Combined Single	GMM
Universal life - excess of loss reinsurance	Affirm	Reinsurance contract held	Reinsurance Held	GMM

(ii) Separating components from insurance and reinsurance contracts

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

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

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

2. Summary of significant accounting policies (continued)

(g) Insurance contracts (continued)

(iii) Aggregation and recognition of insurance and reinsurance contracts

Insurance contracts

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

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

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

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

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

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

Reinsurance contracts

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

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

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

(iv) Insurance acquisition cash flows

The Group includes insurance acquisition cash flows in the measurement of a group of insurance contracts if they are directly attributable to the individual contracts in a group. Insurance acquisition cash flows are allocated to groups of insurance contracts using a systematic and consistent basis, in an unbiased way, using reasonable and supportable information that is available without undue cost or effort.

2. Summary of significant accounting policies (continued)

(g) Insurance contracts (continued)

(iv) Insurance acquisition cash flows (continued)

When applying IFRS 17, the Group assumes that insurance acquisition costs are incurred at contract recognition and the acquisition cash flows incurred in each reporting period would relate to contracts issued in the period unless any of the following two apply:

1. Cash flows relate to insurance contracts that are expected to arise from renewals;
2. Cash flows relate to groups of contracts that have not been issued any new business in the reporting period

   The Group has determined that all acquisition costs are recognized at contract recognition. As a result, the Group does not recognize an asset for insurance acquisition cash flows.

(v) Contract boundaries

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

Insurance contracts

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

A substantive obligation to provide services ends when:

– the Group has the practical ability to reassess the risks of the particular policyholder or change the level of benefits so that the price fully reflects those risks; or

– the Group has the practical ability to reassess the risks of a portfolio of contracts so that the price fully reflects the reassessed risk of that portfolio and the pricing of premiums related to coverage to the date when risks are reassessed does not reflect the risks related to periods beyond the reassessment date.

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

Reinsurance contracts

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

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

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

2. Summary of significant accounting policies (continued)

(g) Insurance contracts (continued)

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

Insurance contracts – without direct participation features

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

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

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

Risk adjustment for non-financial risk

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

Contractual service margin

The CSM is a component of the carrying amount of the asset or liability for a group of insurance contracts issued representing the unearned profit that the Group will recognise as it provides coverage in the future. At initial recognition, the CSM is an amount that results in no income or expenses (unless a group of contracts is onerous) arising from:

a) the fulfilment cash flows (FCF),
b) the derecognition at the date of initial recognition of any liability recognised for insurance acquisition cash flows; and
c) cash flows arising from the contracts in the group at that date.

A negative CSM at the date of inception means the group of insurance contracts issued is onerous. A loss from onerous insurance contracts is recognised in profit or loss immediately with no CSM recognised on the balance sheet on initial recognition.

Insurance contracts – Subsequent measurement

The carrying amount of a group of insurance contracts at each reporting date is the sum of the liability for remaining coverage and the liability for incurred claims.

The liability for remaining coverage comprises:

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

The liability for incurred claims includes:

a) the fulfilment cash flows for incurred claims and expenses that have not yet been paid, and
b) claims that have been incurred but not yet reported.

2. Summary of significant accounting policies (continued)

(g) Insurance contracts (continued)

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

Fulfilment cash flows

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

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

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

Insurance contracts without direct participation features

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

a) the CSM of any new contracts that are added to the group in the year;

b) interest accreted on the carrying amount of the CSM during the year, measured at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition;

c) changes in fulfilment cash flows that relate to future services, except to the extent that:

   i. any increases in the fulfilment cash flows exceed the carrying amount of the CSM, in which case the excess is recognised as a loss in profit or loss and creates a loss component (see (viii); or
   ii. any decreases in the fulfilment cash flows are allocated to the loss component, reversing losses previously recognised in profit or loss (see (viii);
   iii. the effect of any currency exchange differences on the CSM; and
   iv. the amount recognised as insurance revenue because of the services provided in the year (see (viii).

Changes in fulfilment cash flows that relate to future services comprise:

a) experience adjustments arising from premiums received in the year that relate to future services and related cash flows, measured at the discount rates determined on initial recognition;

b) changes in estimates of the present value of future cash flows in the liability for remaining coverage, measured at the discount rates determined on initial recognition, except for those that arise from the effects of the time value of money, financial risk and changes therein;

c) differences between -

   i. component expected to become payable in the year, determined as the any investment payment expected at the start of the year plus any insurance finance income or expenses (see (viii)) related to that expected payment before it becomes payable; and
   ii. the actual amount that becomes payable in the year;

2. Summary of significant accounting policies (continued)

(g) Insurance contracts (continued)

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

d) differences between any loan to a policyholder expected to become repayable in the year and the actual amount that becomes repayable in the year; and

e) changes in the risk adjustment for non-financial risk that relate to future services

Insurance contracts with direct participation features

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

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

For insurance contracts under the VFA, the following adjustments relate to future service and thus adjusts the CSM:

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

– the CSM of any new contracts that are added to the group in the year;
– the change in the amount of the Group's share of the fair value of the underlying items, and
– changes in fulfilment cash flows that relate to future services, except to the extent that:

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

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

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

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

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

SCOTIA GROUP JAMAICA LIMITED

Notes to the Financial Statements (Continued)
October 31, 2023
(*Expressed in thousands of Jamaican dollars unless otherwise stated*)

2. Summary of significant accounting policies (continued)

(g) Insurance contracts (continued)

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

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

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

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

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

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

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

– the CSM on any new contracts that are added to the group in the year;
– interest accreted on the carrying amount of the CSM during the year, measured at the discount rates on nominal cash flows that do not vary based on the returns on any underlying items determined on initial recognition;
– income recognised in profit or loss in the year on initial recognition of onerous underlying contracts (see below);
– reversals of a loss-recovery component to the extent that they are no changes in the fulfilment cash flows on the group of reinsurance contracts;
– changes in fulfilment cash flows that relate to future services, measured at the discount rates determined on initial recognition, unless they result from changes in fulfilment cash flows on onerous underlying contracts, in which case they are recognised in profit or loss and create or adjust the loss-recovery component;
– the amount recognised in profit or loss because of the services received in the year.

(ix) Insurance contracts – Subsequent measurement

The carrying amount of a group of insurance contracts at each reporting date is the sum of the liability for remaining coverage and the liability for incurred claims. The liability for remaining coverage comprises the fulfilment cash flows that relate to services that will be provided under the contracts in further periods and any remaining CSM at that date. The liability for incurred claims includes the fulfilment cash flows for incurred claims and expenses that have not yet been paid including claims that have been incurred but not yet reported.

2. Summary of significant accounting policies (continued)

(g) Insurance contracts (continued)

(x) Derecognition and contract modification

The Group derecognizes insurance contracts when:

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

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

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

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

(xi) Presentation

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

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

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

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

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

Insurance revenue

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

2. Summary of significant accounting policies (continued)

(g) Insurance contracts (continued)

(xi) Presentation (continued)

Insurance service expenses

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

Net expenses from reinsurance contracts

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

Insurance finance income and expenses

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

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

(h) Taxation

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

Current income tax

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

Deferred income tax

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

Current and deferred tax assets and liabilities are offset when the legal right of set-off exists, and when they relate to income taxes levied by the same tax authority on either the same taxable entity, or different taxable entities which intend to settle current tax liabilities and assets on a net basis.

2. Summary of significant accounting policies (continued)

(h) Taxation (continued)

Deferred income tax (continued)

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

(i) Financial assets and liabilities

Financial assets comprise cash resources, financial assets at fair value through profit or loss, securities purchased under resale agreements, pledged assets, loans, investment securities and certain other assets. Financial liabilities comprise deposits, securities sold under repurchase agreements, capital management and government securities funds, assets held in trust on behalf of participants, certain other liabilities and policyholders' liabilities.

Recognition and initial measurement

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

Classification and measurement, derecognition, and impairment of financial instruments

Classification and measurement

Classification and measurement of financial assets

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

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

Financial assets include both debt and equity instruments.

Debt instruments

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

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

2. Summary of significant accounting policies (continued)

(i) Financial assets and liabilities (continued)

Classification of debt instruments is determined based on:

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

Business model assessment

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

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

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. Contractual cash flows are consistent with a basic lending arrangement if they represent cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

Principal is defined as the fair value of the instrument at initial recognition. Principal may change over the life of the instrument due to repayments or amortization of premium/discount.

Interest is defined as the consideration for the time value of money and the credit risk associated with the principal amount outstanding and for other basic lending risks and costs (liquidity risk and administrative costs), and a profit margin.

If the Group identifies any contractual features that could significantly modify the cash flows of the instrument such that they are no longer consistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

2. Summary of significant accounting policies (continued)

(i) Financial assets and liabilities (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 for collection the contractual cash flows, where those cash flows represent solely payments of principal and interest. Interest income on these instruments is recognised in interest income using the effective interest method. The effective interest rate is the rate that discounts estimated future cash payments or receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. Amortised cost is calculated by taking into account any discount or premium on acquisition, transaction costs and fees that are an integral part of the financial transaction.

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

Debt instruments *measured at FVOCI*

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

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

Debt *instruments measured at FVTPL*

Debt instruments are measured at FVTPL if assets:

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

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

Debt instruments designated at FVTPL

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

2. Summary of significant accounting policies (continued)

(i) Financial assets and liabilities (continued)

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

Equity instruments

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

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

Equity instruments measured at FVTPL

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

Equity instruments measured at FVOCI

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

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

Classification and measurement of financial liabilities

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

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

Financial liabilities measured at FVTPL

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

Financial liabilities measured at amortised cost

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

2. Summary of significant accounting policies (continued)

(i) Financial assets and liabilities (continued)

Determination of fair value

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

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

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

Derecognition of financial assets and liabilities

Derecognition of financial assets

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

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

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

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

Derecognition of financial liabilities

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

2. Summary of significant accounting policies (continued)

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(j) Embedded derivatives

Derivatives may be embedded in another contractual arrangement (a host contract). The Group accounts for an embedded derivative separately from the host contract when:

- the host contract is not an asset in the scope of IFRS 9;
- the host contract is not itself carried at FVTPL;
- the terms of the embedded derivative would meet the definition of a derivative if they were contained in a separate contract; and
- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract.

Where an embedded derivative is separable from the host contract but the fair value, as at the acquisition or reporting date, cannot be reliably measured separately, the entire combined contract is measured at fair value. All embedded derivatives are presented on the consolidated statement of financial position on a combined basis with the host contracts. Changes in fair value of embedded derivatives that are separated from the host contract are recognized in non-interest income in the consolidated statement of comprehensive income.

(k) Cash and cash equivalents

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

(l) Allowance for expected credit losses

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

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

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

- Stage 1 – Where there has not been a significant increase in credit risk (SIR) since initial recognition of the financial instrument. The expected credit loss is computed using the probability of default occurring over the next 12 months. For those instruments with a remaining maturity of less than 12 months, the probability of default corresponding to the remaining term to maturity is used.

2. Summary of significant accounting policies (continued)

(l) Allowance for expected credit losses (continued)

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

- Stage 2 – When a financial instrument experiences a SIR subsequent to origination but is not considered to be in default. This requires the computation of expected credit losses based on the probability of default over the remaining estimated life of the financial instrument.
- Stage 3 – Financial instruments that are considered to be in default. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses.

Measurement of expected credit loss

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

Details of these statistical parameters/inputs are as follows:

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

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 judgment.

Macroeconomic factors

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

Multiple forward-looking scenarios

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

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

2. Summary of significant accounting policies (continued)

(l) Allowance for expected credit losses (continued)

Assessment of significant increase in credit risk (SIR)

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

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

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

Expected life

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

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

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

(Expressed in thousands of Jamaican dollars unless otherwise stated)

2. Summary of significant accounting policies (continued)

(l) Allowance for expected credit losses (continued)

Modified financial assets

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

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

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

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

Definition of default

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

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

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

Write-off policy

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

2. Summary of significant accounting policies (continued)

(m) Repurchase and reverse repurchase agreements

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

(n) Acceptances and guarantees

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

Financial guarantees are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with IFRS 9 [note 2(l) and the amount initially recognised, less where appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15. Management has determined that the amount initially recognised is immaterial to the financial statements. The Group's commitments under acceptances, guarantees and letters of credit as at October 31, 2023 total $19,344,571 (2022: $20,700,537). In the event of a call on these commitments, the Group has equal and offsetting claims against its customers.

(o) Property and equipment

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

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

Depreciation and amortisation are calculated on the straight-line method at rates that will write off the depreciable amount of the assets over their expected useful lives, as follows:

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

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

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

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

2. Summary of significant accounting policies (continued)

(p) Investment in subsidiaries

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

(q) Goodwill and intangible assets

Intangible assets acquired separately

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

Intangible assets acquired in a business combination

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

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

Goodwill

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

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

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

Acquired customer relationships

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

Contract-based intangible assets

Contract-based intangible assets represent the Group's right to benefit from SIJL's unit trust management contracts. This asset has an indefinite useful life and is therefore tested for impairment annually and whenever there is an indication that the asset may be impaired.

Licences

The asset represents the value of SIJL's Jamaica Stock Exchange licence to trade shares, which has an indefinite useful life. The asset is tested for impairment annually, and whenever there is an indication that the asset may be impaired.

2. Summary of significant accounting policies (continued)

(q) Goodwill and intangible assets (continued)

Computer software

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

(r) Employee benefits

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

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

Pension obligations

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

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

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

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

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

2. Summary of significant accounting policies (continued)

(r) Employee benefits (continued)

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

Termination benefits

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

Pension and other post-employment benefits

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

The Group determines the appropriate discount rate at the end of each year; such rate represents the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension and post-retirement benefit obligations. In determining the appropriate discount rate, the Group considers interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liabilities.

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

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

Equity compensation benefits

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

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

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

2. Summary of significant accounting policies (continued)

(r) Employee benefits (continued)

Annual leave

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

Defined contribution plan

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

(s) Borrowings

Borrowings are recognised initially at fair value of consideration received net of transaction costs incurred and are subsequently measured at amortised cost. Any difference between proceeds, net of transaction costs, and the redemption value is recognised in the statement of revenue and expenses immediately, as they are not considered material for deferral.

(t) Share capital

Classification

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

Share issue costs

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

Dividends

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

(u) Leases

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

As a lessee

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

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

2. Summary of significant accounting policies (continued)

(u) Leases (continued)

As a lessee (continued)

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

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

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

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

– fixed payments, including in-substance fixed payments;

– variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

– amounts expected to be payable under a residual value guarantee; and

– the exercise price under a purchase option that the Group is reasonably certain to exercise,

– lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

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

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

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

Short-term leases and leases of low-value assets

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

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2. Summary of significant accounting policies (continued)

(v) Impairment of non-financial assets

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

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

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs 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.

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

(w) Fiduciary activities

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

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

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

Estimates

i. Expected credit losses (ECL)

The measurement of the expected credit loss allowance for certain financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in notes 25 and 50(b), which also set out key sensitivities of the ECL to changes in these elements.

(Expressed in thousands of Jamaican dollars unless otherwise stated)

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

ii. *Insurance contract* cash flows, valuation

(a) *Fulfilment cash flows*

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

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

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

Estimates of future cash flows

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

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

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

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

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

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

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

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

(a) *Fulfilment cash flows (continued)*

Estimates of future cash flows (continued)

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

	2023					2022				
	1 year	5 years	10 years	15 years	20 years	1 year	5 years	10 years	15 years	20 years
Portfolio										
Individual life	23%	6%	2%	2%	1%	23%	6%	2%	2%	1%
Individual Health	32%	7%	3%	3%	3%	32%	7%	3%	3%	3%
Group Creditor Combined Single	12%	34%	34%	34%	34%	12%	34%	34%	34%	34%
Group Creditor Combined Level	12%	34%	34%	34%	34%	12%	34%	34%	34%	34%
Group Creditor Combined Revolving	12%	34%	34%	34%	34%	12%	34%	34%	34%	34%
Individual Life Savings and Wealth	11%	9%	6%	5%	4%	11%	9%	6%	5%	4%
Individual Universal Life	15%	9%	6%	6%	6%	15%	9%	6%	6%	6%

Insurance acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads.

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

(Expressed in thousands of Jamaican dollars unless otherwise stated)

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

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

(a) *Fulfilment cash flows (continued)*

Estimates of future cash flows (continued)

Changes in the fulfilment cash flows are recognised as follows:

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

Contract boundaries

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

Insurance contracts

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

Reinsurance contracts

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

Life risk, life savings and participating contracts

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

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

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

(b) *Discount rates*

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

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

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

Estimates of future cash flows (continued)

(b) *Discount rates (continued)*

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

The ultimate risk-free forward rate was developed considering real GDP growth rates (as reported by STATIN) and the Bank of Jamaica's (BOJ's) inflation target rate. This methodology is aligned with the Canadian Institute of Actuaries Educational Note "IFRS17 Discount Rates for Life and Health Insurance Contracts" (CIA Ed Note). In this regard, a real GDP growth rate of 2% and a target inflation rate of 4% was used, leading to an ultimate forward rate of 6%.

Linear interpolation was used for points between the last observable point (20 years) and the ultimate period (30 years). Given the limited data and market activity, a full reference curve was not developed to determine the illiquidity premium. Instead, historical mortgage rates were used to develop an ultimate reference point. The ultimate reference point was 9.5% as at October 31, 2023, in line with historical mortgage rates observed over the last 10 years. The difference between the ultimate reference point and the ultimate risk-free point was assumed to include both an illiquidity premium and a credit risk premium. Using the considerations above, the ultimate illiquidity premium as at October 31, 2023 was determined to be 1.5% or 25% above the ultimate risk-free rate.

We assumed that the illiquidity premiums are 25% above the risk-free rates for all tenors. The level of illiquidity in each product was assessed using the exit cost, exit value and inherent value.

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

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

	2023					2022				
	1 year	5 years	10 years	20 years	30 years	1 year	5 years	10 years	20 years	30 years
Portfolio										
Individual life	8.7%	8.9%	9.9%	14.6%	15.5%	7.5%	8.5%	10.7%	18.4%	20.8%
Individual Health	8.7%	8.9%	9.9%	14.6%	15.5%	7.5%	8.5%	10.7%	18.4%	20.8%
Group Creditor Combined Single	8.7%	8.9%	9.9%	14.6%	15.5%	7.5%	8.5%	10.7%	18.4%	20.8%
Individual Life Savings and Wealth	7.8%	8.0%	8.8%	12.5%	13.2%	7.1%	8.0%	10.1%	17.3%	19.2%
Individual Universal Life	7.8%	8.0%	8.8%	12.5%	13.2%	7.1%	8.0%	10.1%	17.3%	19.2%

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

ii. Insurance contract cash flows, valuation (continued)

(c) Risk adjustments for non-financial risk

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

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

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

	2023	2022
Insurance contracts	86.8%	87.0%

(d) Contractual service margin

Determination of coverage units

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

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

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

An analysis of the expected timing of the allocation of the CSM to profit or loss is disclosed in note 40(d).

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

ii. Insurance contract cash flows, valuation (continued)

(e) Investment components

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

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

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

(f) Fair value of insurance contracts

The fair value of insurance contracts at transition was determined using the adjusted fulfilment cashflow approach. This method adjusts the expected cashflows to reflect a market view. The objective of this was to determine the fair value to a third-party market participant without explicit reference to the company’s own internal assumptions.

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

Judgements

Expected credit losses (ECL)

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 ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

4. Responsibilities of the appointed actuary

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

(Expressed in thousands of Jamaican dollars unless otherwise stated)

5. Segmental financial information

The Group is organised into six main business segments:

(a) Retail Banking – this incorporates personal banking services, personal deposit accounts, credit and debit cards, consumer loans and mortgages.

(b) Corporate and Commercial Banking – this incorporates non-personal direct debit facilities, current accounts, deposits, overdrafts, loans and other credit facilities;

(c) Treasury – this incorporates the Group's liquidity and investment management function, management of correspondent bank relationships, as well as foreign currency trading activities;

(d) Investment Management Services – this incorporates investments, unit trusts, pension and other fund management, brokerage and advisory services, and the administration of trust accounts;

(e) Insurance Services – this incorporates the provision of life and medical insurance, individual pension administration and annuities;

(f) Other operations of the Group – this comprises the parent company and non-trading subsidiaries.

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

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

5. Segmental financial information (continued)

	The Group 2023							
		Banking						
	Treasury	Retail	Corporate and Commercial	Investment Management Services	Insurance Services	Other	Eliminations	Group
Net external revenues	12,678,047	20,726,781	14,218,489	3,087,308	4,205,575	547,965	-	55,464,165
Revenues from other segments	(8,332,020)	2,207,619	5,683,005	171,606	289,283	-	(19,493)	-
Total revenues	4,346,027	22,934,400	19,901,494	3,258,914	4,494,858	547,965	(19,493)	55,464,165
Expenses	(773,211)	(18,268,307)	(8,802,981)	(1,528,147)	(624,872)	(71,786)	45,310	(30,023,994)
Profit before tax	3,572,816	4,666,093	11,098,513	1,730,767	3,869,986	476,179	25,817	25,440,171
Taxation								(8,211,542)
Profit for the year								**17,228,629**
Segment assets	257,791,966	191,342,215	107,223,967	25,942,171	69,460,320	22,653,882	(45,534,605)	628,879,916
Unallocated assets								35,857,046
Total assets								**664,736,962**
Segment liabilities	-	244,182,141	235,136,403	15,380,403	50,965,663	111,468	(29,992,794)	515,783,284
Unallocated liabilities								22,405,591
Total liabilities								**538,188,875**
Other segment items:								
Net interest income	2,059,974	19,331,860	12,452,022	888,761	4,270,475	423,503	30,212	39,456,807
Capital expenditure	-	345,167	753,836	8,769	1,155	-	-	1,108,927
Expected credit losses	7,107	2,071,627	208,042	9,635	99,378	-	-	2,395,789
Depreciation and amortisation	7,606	658,588	335,507	27,599	6,562	-	-	1,035,862

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

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5. Segmental financial information (continued)

	The Group 2022 (Restated*)							
	Banking							
	Treasury	Retail	Corporate and Commercial	Investment Management Services	Insurance Services	Other	Eliminations	Group
Net external revenues	7,698,272	18,523,277	11,434,847	2,806,972	2,698,236	(29,261)	-	43,132,343
Revenues from other segments	(4,713,841)	1,082,677	3,417,952	209,757	11,969	-	(8,514)	-
Total revenues	2,984,431	19,605,954	14,852,799	3,016,729	2,710,205	(29,261)	(8,514)	43,132,343
Expenses	(935,854)	(17,044,885)	(7,555,199)	(1,540,801)	(590,174)	(57,136)	(42,547)	(27,766,596)
Profit before tax	2,048,577	2,561,069	7,297,600	1,475,928	2,120,031	(86,397)	(51,061)	15,365,747
Taxation								(5,045,981)
Profit for the year								**10,319,766**
Segment assets	224,971,268	165,175,232	96,046,243	25,718,097	64,447,363	22,264,401	(31,196,967)	567,425,637
Unallocated assets								26,990,519
Total assets								**594,416,156**
Segment liabilities	1,700,279	217,139,551	199,138,624	16,108,749	50,772,437	29,655	(15,694,338)	469,194,957
Unallocated liabilities								18,858,374
Total liabilities								**488,053,331**
Other segment items:								
Net interest income	1,144,976	16,148,955	9,296,224	636,031	3,286,415	65,790	45,661	30,624,052
Capital expenditure	-	1,131,638	256,765	64,802	663	-	-	1,453,868
Expected credit losses	166,713	2,832,771	66,363	(27,366)	18,843	-	-	3,057,324
Depreciation and amortisation	7,424	630,769	320,719	121,634	4,851	-	-	1,085,397

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

(*See note 58)

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6. Net interest income

	The Group 2023	The Group 2022 Restated*	The Company 2023	The Company 2022
Interest income calculated using the effective interest method:				
Deposits with banks and other financial institutions	6,949,771	3,277,900	423,503	65,790
Investment securities	7,988,943	6,055,220	-	-
Reverse repurchase agreements	35,840	59,141	-	-
Loans and advances	25,613,390	21,568,696	-	-
	40,587,944	30,960,957	423,503	65,790
Interest income on financial assets at fair value through profit or loss	248,770	242,885	-	-
Total interest income	40,836,714	31,203,842	423,503	65,790
Interest expense measured using the effective interest method:				
Banks and customers	1,316,104	502,915	-	-
Repurchase agreements	-	342	-	-
Paid to annuitants	32,405	29,004	-	-
Other	31,398	47,529	-	-
	1,379,907	579,790	-	-
Net interest income	39,456,807	30,624,052	423,503	65,790

7. Net gains/(losses) on financial assets

	The Group 2023	The Group 2022 Restated*
Gains/(losses) on securities held for trading	425,015	(103,495)
Losses on securities at FVOCI	(112,505)	(38,699)
	312,510	(142,194)

(*See note 58)

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8. Net financial result

	The Group 2023								
	Individual Life	Individual Life Savings & Wealth	Individual Health	Individual Universal Life	Group Creditor Combined Level	Group Creditor Combined Single	Annuity	Other	Total
Total interest income									
Investment securities	10,967	2,750,152	29,340	6,200	681	67,401	104,580	5,268,392	8,237,713
Deposits with Bank and other financial institutions	-	577,396	-	-	-	-	-	6,372,375	6,949,771
Government securities purchased under resale agreement	-	-	-	-	-	-	-	35,840	35,840
Loans and advances	-	47,199	-	-	-	-	-	25,566,191	25,613,390
	10,967	3,374,747	29,340	6,200	681	67,401	104,580	37,242,798	40,836,714
Net losses/(gains on financial assets)	-	(48,083)	-	(6,148)	-	-	-	366,741	312,510
Expected credit losses	(327)	(82,049)	(875)	(185)	(20)	(2,011)	(3,120)	(2,307,202)	(2,395,789)
Net finance expenses from insurance contracts									
Changes in fair value of underlying items of direct participating contracts	-	-	-	46,145	-	-	-	-	46,145
Interest accreted	1,066	(2,036,744)	459	(5,307)	-	(45,591)	-	-	(2,086,117)
Effects of changes in interest rates and other financial assumptions	(679)	238,233	(2,330)	(22,341)	-	(1,619)	-	-	211,264
Effects of changes in interest rates and other financial assumptions OCI	(675)	854,486	(1,428)	22,455	(4,822)	-	-	-	870,016
Other Interest Expense	-	-	-	-	-	-	(32,405)	(1,347,502)	(1,379,907)
Total net finance expenses from insurance contracts	(288)	(944,025)	(3,299)	40,952	(4,822)	(47,210)	(32,405)	(1,347,502)	(2,338,599)
Net finance income from reinsurance contracts									
Interest accreted	-	-	-	(71)	-	-	-	-	(71)
Other	-	-	-	(60)	-	-	-	-	(60)
	-	-	-	(131)	-	-	-	-	(131)
Total net finance income from reinsurance contracts	10,352	2,300,590	25,166	40,688	(4,161)	18,180	69,055	33,954,835	36,414,705
Represented by:									
Amounts recognized in profit or loss	11,027	1,446,104	26,594	18,233	661	18,180	69,055	33,954,835	35,544,689
Amounts recognized in OCI	(675)	854,486	(1,428)	22,455	(4,822)	-	-	-	870,016
	10,352	2,300,590	25,166	40,688	(4,161)	18,180	69,055	33,954,835	36,414,705
A. Insurance finance income and expenses									
Net finance expenses from insurance contracts									
Recognized in profit or loss	387	(1,798,511)	(1,871)	18,497	-	(47,210)	-	-	(1,828,708)
Recognized in OCI	(675)	854,486	(1,428)	22,455	(4,822)	-	-	-	870,016
	(288)	(944,025)	(3,299)	40,952	(4,822)	(47,210)	-	-	(958,692)
Net finance income from reinsurance contracts									
Recognized in profit or loss	-	-	-	(131)	-	-	-	-	(131)
Recognized in OCI	-	-	-	-	-	-	-	-	-

SCOTIA GROUP JAMAICA LIMITED

Notes to the Financial Statements (Continued)
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(*Expressed in thousands of Jamaican dollars unless otherwise stated*)

8. Net financial results(continued)

	The Group 2022								
	Individual Life	Individual Life Savings & Wealth	Individual Health	Individual Universal Life	Group Creditor Combined Level	Group Creditor Combined Single	Annuity	Other	Total
Investment return									
Investment securities	7,542	2,610,577	20,203	4,760	558	55,223	85,602	3,513,640	6,298,105
Deposits with Bank and other financial institutions	-	216,015	-	-	-	-	-	3,061,886	3,277,901
Government securities purchased under resale agreement	-	-	-	-	-	-	-	59,141	59,141
Loans and advances	-	55,931	-	-	-	-	-	21,512,764	21,568,695
	7,542	2,882,523	20,203	4,760	558	55,223	85,602	28,147,431	31,203,842
Net losses/(gains on financial assets)	-	(201,685)	-	(14,998)	-	-	-	74,489	(142,194)
Expected credit losses	(46)	(16,393)	(127)	(30)	(4)	(347)	(538)	(3,039,838)	(3,057,324)
Net finance expenses from insurance contracts									
Changes in fair value of underlying items of direct participating contracts	-	-	-	32,468	-	-	-	-	32,468
Interest accreted	1,715	(1,543,634)	2,918	-	-	(22,143)	-	-	(1,561,144)
Effects of changes in interest rates and other financial assumptions	-	-	-	-	-	1,618	-	-	1,618
Effects of changes in interest rates and other financial assumptions OCI	54,233	(1,812,607)	149,422	-	-	8,014	-	-	(1,600,938)
Other Interest Expense	-	-	-	-	-	-	(29,004)	(550,786)	(579,790)
Total net finance expenses from insurance contracts	55,948	(3,356,241)	152,340	32,468	-	(12,511)	(29,004)	(550,786)	(3,707,786)
Net finance income from reinsurance contracts									
Interest accreted	-	-	-	373	-	-	-	-	373
Other	-	-	-	(28)	-	-	-	-	(28)
	-	-	-	345	-	-	-	-	345
Total net finance income from reinsurance contracts	63,444	(691,796)	172,416	22,545	554	42,365	56,060	24,631,295	24,296,883
Represented by:									
Amounts recognized in profit or loss	9,211	1,120,811	22,994	22,545	554	34,351	56,060	24,631,295	25,897,821
Amounts recognized in OCI	54,233	(1,812,607)	149,422	-	-	8,014	-	-	(1,600,938)
	63,444	(691,796)	172,416	22,545	554	42,365	56,060	24,631,295	24,296,883
A. Insurance finance income and expenses									
Net finance expenses from insurance contracts									
Recognized in profit or loss	1,715	(1,543,634)	2,918	32,468	-	(20,525)	-	-	(1,527,058)
Recognized in OCI	54,233	(1,812,607)	149,422	-	-	8,014	-	-	(1,600,938)
	55,948	(3,356,241)	152,340	32,468	-	(12,511)	-	-	(3,127,996)
Net finance income from reinsurance contracts									
Recognized in profit or loss	-	-	-	345	-	-	-	-	345
Recognized in OCI	-	-	-	-	-	-	-	-	-

(Expressed in thousands of Jamaican dollars unless otherwise stated)

9. Insurance revenue

	Group 2023							
	Individual Life	Individual Life Savings & Wealth	Individual Health	Individual Universal Life	Group Creditor Combined Level	Group Creditor Combined Single	Group Creditor Combined Revolving	Total
Contracts not measured under the PAA								
Amounts relating to changes in liabilities for remaining coverage								
- CSM recognised for insurance services provided	8,151	457,493	13,110	298	-	172,247	-	651,299
- Change in risk adjustment for non-financial risk for risk expired	8,057	120,377	21,404	16,894	-	30,345	-	197,077
- Expected incurred claims and other insurance service expenses	50,484	486,809	114,572	56,550	-	163,731	-	872,146
Recovery of insurance acquisition cash flows	5,430	59,333	15,316	30,020	-	8,077	-	118,176
	72,122	1,124,012	164,402	103,762	-	374,400	-	1,838,698
Contracts measured under the PAA	-	-	-	-	367,056	-	582,831	949,887
Total insurance revenue	72,122	1,124,012	164,402	103,762	367,056	374,400	582,831	2,788,585

	Group 2022							
	Individual Life	Individual Life Savings & Wealth	Individual Health	Individual Universal Life	Group Creditor Combined Level	Group Creditor Combined Single	Group Creditor Combined Revolving	Total
Contracts not measured under the PAA								
Amounts relating to changes in liabilities for remaining coverage								
- CSM recognised for insurance services provided	709	185,634	1,525	1,401	-	54,201	-	243,470
- Change in risk adjustment for non-financial risk for risk expired	5,394	105,354	14,309	8,991	-	25,312	-	159,360
- Expected incurred claims and other insurance service expenses	38,397	412,464	87,074	37,370	-	138,130	-	713,435
Recovery of insurance acquisition cash flows	1,167	15,798	3,973	6,275	-	2,542	-	29,755
	45,667	719,250	106,881	54,037	-	220,185	-	1,146,020
Contracts measured under the PAA	-	-	-	-	280,950	-	447,838	728,788
Total insurance revenue	45,667	719,250	106,881	54,037	280,950	220,185	447,838	1,874,808

10. Net fee and commission income

	The Group	
	2023	2022 Restated*
Fee and commission income:		
Retail banking fees	8,869,485	7,982,998
Credit related fees	1,524,383	250,103
Commercial and depository fees	8,800,744	7,981,941
Insurance related fees	282,478	285,439
Trust and other fiduciary fees	14,742	40,005
Asset management and related fees	1,822,758	1,923,900
	21,314,590	18,464,386
Fee and commission expense	(14,576,916)	(13,333,060)
	6,737,674	5,131,326

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

11. Net gains on foreign currency activities

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

12. Other income

	The Group		The Company	
	2023	2022	2023	2022
Gain on sale of property and equipment	159,953	290,100	-	-
Gain on extinguishment of liability	-	629,030	-	-
Dividend and other income	54,753	31,536	4,121,922	3,677,360
	214,706	950,666	4,121,922	3,677,360

13. Salaries, pensions and other staff benefits

	The Group	
	2023	2022 Restated*
Wages and salaries	9,535,019	8,700,329
Statutory payroll contributions	872,685	749,838
Other staff benefits	2,019,399	1,674,246
	12,427,103	11,124,413
Post-employment benefits:		
Credit on defined benefit plan [note 32(a)(v)]	(1,957,737)	(1,923,757)
Other post-retirement benefits [note 32(b)(ii)]	640,597	636,129
	(1,317,140)	(1,287,628)
Total	11,109,963	9,836,785

(*See note 58)

(Expressed in thousands of Jamaican dollars unless otherwise stated)

14. Expenses by nature

	The Group		The Company	
	2023	2022 Restated*	2023	2022
Staff benefits	11,301,691	10,004,921	-	-
Property expenses, including depreciation	2,472,498	2,489,240	-	-
Amortisation of Intangibles (note 31)	24,874	119,654	-	-
System related expenses	2,149,321	1,957,638	-	-
Insurance claims and benefits	305,555	508,469	-	-
Transportation & communication	1,695,992	1,461,614	2,542	2,194
Marketing and advertising	738,783	473,109	-	-
Professional, legal and consultancy fees	396,290	576,278	57,577	46,175
Technical and support services	5,850,927	4,696,540	-	-
Asset tax	1,375,620	1,316,085	-	-
Licencing and fees paid to regulators	192,456	214,504	5,887	5,145
Deposit insurance	647,984	596,598	-	-
Stationery	422,394	298,471	4,930	3,217
Other expenses	682,699	773,221	850	403
Losses on onerous insurance contracts	224,363	183,023	-	-
Amortization of insurance acquisition cash flows	118,177	29,754	-	-
	28,599,624	25,699,119	71,786	57,134
Represented by:				
Insurance service expenses	971,419	989,847	-	-
Non-insurance operating expenses	27,628,205	24,709,272	71,786	57,134
	28,599,624	25,699,119	71,786	57,134

15. Profit before taxation

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

	The Group		The Company	
	2023	2022	2023	2022
Auditors' remuneration	82,456	75,156	9,915	9,159
Depreciation of property and equipment (note 30)	845,898	809,726	-	-
Amortisation of right-of-use-assets (note 30)	165,090	156,017	-	-
Amortisation of intangible assets (note 31)	24,874	119,654	-	-
Directors' emoluments:				
Fees	48,328	31,106	25,026	16,827
Management remuneration	87,041	74,911	-	-

16. Taxation

(a) Taxation charge

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

	The Group		The Company	
	2023	2022 Restated*	2023	2022 Restated*
Current income tax:				
Income tax at 33⅓%	6,157,776	4,126,879	-	-
Income tax at 30%	437,153	433,008	-	-
Income tax 25%	1,000,673	1,003,126	90,116	7,521
Other tax rates (1% to 5.5%)	7,048	7,983	-	-
Adjustment for under/(over) provision of prior year's charge	30,055	(8,487)	(2,202)	-
Deferred income tax [note 39(a)]	578,837	(516,528)	1,869	4,641
	8,211,542	5,045,981	89,783	12,162

(*See note 58)

16. Taxation (Continued)

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

	The Group		The Company	
	2023	2022 Restated*	2023	2022 Restated*
Profit before taxation	25,440,171	15,365,747	4,598,102	3,590,963
Tax calculated at 33⅓%	7,327,860	4,287,123	-	-
Tax calculated at 30%	447,462	438,569	-	-
Tax calculated at 25%	2,131,921	1,441,292	1,149,526	897,741
Other tax rates (1% to 5.5%)	7,048	7,983	-	-
Income not subject to tax	(2,295,072)	(1,776,154)	(1,061,596)	(919,340)
Expenses not deductible for tax purposes	562,268	655,655	4,055	33,761
Prior period under provision	30,055	(8,487)	(2,202)	-
	8,211,542	5,045,981	89,783	12,162
Effective tax rate	32.28%	32.84%	1.95%	0.34%

17. Earnings per stock unit

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

	2023	2022 Restated*
Consolidated profit for the year attributable to stockholders of the Company	17,228,629	10,319,766
Weighted average number of ordinary stock units in issue ('000)	3,111,573	3,111,573
Earnings per stock unit (expressed in $)	5.54	3.32

18. Cash and balances at Bank of Jamaica

	The Group	
	2023	2022 Restated*
Statutory reserves – non-interest bearing (note 21)	42,530,215	34,437,473
Cash in hand and other balances at Bank of Jamaica	67,869,756	53,998,791
	110,399,971	88,436,264

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

Relevant legislation	Entity	Reserve percentage			
		Jamaican		Foreign currency	
		2023	2022	2023	2022
Banking Services Act, Section 14(i)	BNSJ	6%	5%	14%	13%
Building Society Regulations, Section 31	SJBS	1%	1%	1%	1%

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

(*See note 58)

(Expressed in thousands of Jamaican dollars unless otherwise stated)

19. Due from other banks

	The Group 2023	The Group 2022
Items in course of collection from other banks	715,185	51,201
Placements with other banks	21,121,200	20,998,162
	21,836,385	21,049,363

20. Accounts with parent and fellow subsidiaries

These represent accounts held with the parent company and fellow subsidiaries in the normal course of business (Note 49).

21. Cash and cash equivalents

	The Group 2023	The Group 2022 Restated*	The Company 2023	The Company 2022
Cash resources	178,614,196	148,002,452	9,522,931	9,128,131
Less amounts not considered cash and cash equivalents:				
Statutory reserves (note 18)	(42,530,215)	(34,437,473)	-	-
Cheques and other instruments in transit	(3,392,616)	(3,546,806)	-	-
Accounts with parent and fellow subsidiaries greater than ninety days	(9,012,126)	(8,476,834)	(9,012,126)	(8,476,834)
Expected credit losses	41,187	5,569	-	-
Accrued interest	(211,603)	(202,650)	(26,254)	(18,776)
	123,508,823	101,344,258	484,551	632,521
Add other cash equivalent balances:				
Reverse repurchase agreements less than ninety days (note 27)	330,000	750,000	-	-
Pledged assets less than ninety days (note 23)	-	766,900	-	-
	123,838,823	102,861,158	484,551	632,521
Cash and cash equivalents is comprised of:				
Cash and balances with Bank of Jamaica other than statutory reserves	67,910,943	54,004,360	-	-
Government and bank notes other than Jamaican	2,117,289	2,353,614	-	-
Amounts due from other banks	21,836,385	21,049,363	-	-
Accounts with parent and fellow subsidiaries	35,248,425	27,686,377	510,805	651,297
Reverse repurchase agreements	330,000	750,000	-	-
Pledged assets (note 23)	-	766,900	-	-
Accrued interest	(211,603)	(202,650)	(26,254)	(18,776)
	127,231,439	106,407,964	484,551	632,521
Cheques and other instruments in transit	(3,392,616)	(3,546,806)	-	-
	123,838,823	102,861,158	484,551	632,521

22. Financial assets at fair value through profit or loss

	The Group 2023	The Group 2022
Government of Jamaica Securities	2,125,030	2,668,484
Unit trusts	675,840	315,791
	2,800,870	2,984,275
Accrued interest	40,963	51,138
	2,841,833	3,035,413

(*See note 58)

23. Pledged assets

Assets are pledged to regulators, the clearing house and other financial institutions, and as collateral under repurchase agreements with customers and financial institutions. All repurchase agreements mature within twelve months and are contracted under terms that are customary for these transactions.

	The Group 2023	The Group 2022
Capital management and government securities funds	1,058,210	13,710,609
Securities with regulators, clearing houses and other financial institutions	2,462,917	1,888,111
	3,521,127	15,598,720

Included in pledged assets are the following categories of assets:

	The Group 2023	The Group 2022
Deposits with financial institutions	-	768,107
Government issued securities:		
Fair value through OCI	2,462,917	12,279,063
Amortised cost	-	281,761
Loans	704,051	707,289
Unitised funds:		
Fair value through profit or loss	354,159	1,562,500
	3,521,127	15,598,720

Included in pledged assets are the following amounts, which are regarded as cash equivalents for the purposes of the statement of cash flows:

	The Group 2023	The Group 2022
Debt securities and other investments with an original maturity of less than ninety days (note 21)	-	766,900

24. Loans, net of allowance for credit losses

	The Group 2023	The Group 2022 Restated*
Business and Government	105,691,884	94,544,025
Personal and credit cards	93,217,523	85,501,051
Residential mortgages	77,152,963	61,662,749
Interest receivable	1,248,655	1,234,301
	277,311,025	242,942,126
Less: Deferred origination fees	(2,854,871)	(2,386,468)
Allowance for expected credit losses (note 25)	(5,626,436)	(5,898,116)
	268,829,718	234,657,542

(*See note 58)

(Expressed in thousands of Jamaican dollars unless otherwise stated)

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

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

	The Group	
	2023	2022 Restated*
Current	260,429,498	227,298,834
Number of days past due:		
Past due 1-30 days	8,626,593	8,036,912
Past due 31-60 days	1,715,563	1,441,152
Past due 61-90 days	786,236	914,817
	11,128,392	10,392,881
Impaired:		
Past due more than 90 days	4,504,480	4,016,110
Interest receivable	1,248,655	1,234,301
Gross loan portfolio	277,311,025	242,942,126
Deferred origination fees	(2,854,871)	(2,386,468)
Less: Allowance for credit losses	(5,626,436)	(5,898,116)
Loans, net of allowance for credit losses	268,829,718	234,657,542

(ii) Repossessed collateral

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

25. Expected credit losses on loans

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

Some of the key drivers include the following:

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

	The Group			
	2023			
	Stage 1	Stage 2	Stage 3	Total
Allowance at beginning of year	1,770,116	1,764,623	2,363,377	5,898,116
Provided during the year	(3,070)	(442,959)	3,641,035	3,195,006
Bad debts written off	-	-	(3,468,662)	(3,468,662)
Foreign exchange movement	(691,369)	740,948	(47,603)	1,976
Transfer to/(from) stages				
Stage 1	1,262,090	(952,778)	(309,312)	-
Stage 2	(481,099)	916,743	(435,644)	-
Stage 3	(23,047)	(625,472)	648,519	-
Allowance at end of year (note 24)	1,833,621	1,401,105	2,391,710	5,626,436
Provided during the year	(3,070)	(442,959)	3,641,035	3,195,006
Recoveries of bad debts	-	-	(915,778)	(915,778)
Expected credit losses reported in profit for the year	(3,070)	442,959	2,725,257	2,279,228

(*See note 58)

25. Expected credit losses on loans (continued)

	The Group			
	2022			
	Stage 1	Stage 2	Stage 3	Total
Allowance at beginning of year	1,330,637	1,700,660	3,206,028	6,237,325
Provided during the year	368,382	(69,476)	4,042,088	4,340,994
Bad debts written off	-	-	(4,678,915)	(4,678,915)
Foreign exchange movement	(696,904)	834,927	(139,311)	(1,288)
Transfer to/(from) stages				
Stage 1	1,002,276	(848,849)	(153,427)	-
Stage 2	(218,313)	583,521	(365,208)	-
Stage 3	(15,962)	(436,160)	452,122	-
Allowance at end of year (note 24)	1,770,116	1,764,623	2,363,377	5,898,116
The charge for expected credit losses recognised for the year comprises:				
Provided during the year	368,382	(69,476)	4,042,088	4,340,994
Recoveries of bad debts	-	-	(1,441,961)	(1,441,961)
Expected credit losses reported in profit for the year	368,382	(69,476)	2,600,127	2,899,033

Uncollected interest not accrued on loans in default is estimated at $810,402 (2022: $ 938,914) for the Group. There were no significant changes in the gross carrying amounts outside the normal course of business.

The allowance for expected credit losses is as follows:

	The Group	
	2023	2022
Allowance based on IFRS	5,626,436	5,898,116
Additional allowance based on Bank of Jamaica (BOJ) regulations	269,386	361,367
	5,895,822	6,259,483

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

26. Investment securities

	The Group	
	2023	2022 Restated*
Fair value through other comprehensive income:		
Unquoted shares	5,105	5,105
Government securities	136,761,300	134,345,694
Bank of Jamaica securities	11,990,155	7,227,920
Treasury bills	7,155,650	5,684,786
Corporate bonds	1,123,317	1,328,729
Interest receivable	1,438,174	1,243,564
	158,473,701	149,835,798
Amortised cost:		
Government securities	279,905	-
Interest receivable	1,940	-
	281,845	-
	158,755,546	149,835,798

Included in investment securities are Government of Jamaica Benchmark Investment Notes with a book value of $90,000 (2022: $90,000) which have been deposited by one of the Group's subsidiaries, Scotia Jamaica Life Insurance Company Limited, with the insurance regulator, Financial Services Commission, pursuant to Section 8(1)(a) of the Insurance Regulations 2001.

(*See note 58)

27. Government securities purchased under resale agreements

The Group entered into reverse repurchase agreements collateralised by Government of Jamaica securities.

	The Group	
	2023	2022
Reverse repurchase agreements with an original maturity of less than 90 days (note 21)	330,000	750,000
Interest receivable	75	1,427
	330,075	751,427

The fair value of collateral held pursuant to reverse repurchase agreements is $346,500 (2022: $719,404).

28. Segregated fund assets & liabilities

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

	The Group	
	2023	2022
Segregated assets		
Fixed Income Fund	461,468	349,707
Money Market Fund	202,744	153,642
Growth Fund	626,444	474,729
	1,290,656	978,078
Segregated fund liabilities		
Opening balance	978,078	656,433
Contributions received	462,925	365,795
Benefits paid	(92,814)	(83,946)
Investment return from underlying assets	(41,579)	49,498
Asset management fees charged	(15,954)	(9,702)
Closing balance	1,290,656	978,078

In the above reconciliation, the investment return from the underlying assets represents changes in the fair value of the investment contract liabilities due to the changes in market conditions. The amount due to the investors is contractually determined based on the performance of the underlying assets. The effect of this feature on the fair value of the liability is asset-specific performance risk, not credit risk of the liability; accordingly, no amount of fair value gain or loss required an allocation to the OCI.

29. Other assets

	The Group	
	2023	2022 Restated*
Accounts receivable and prepayments	435,048	307,389
Deferred charges	2,040,973	1,669,774
Investment property	942	1,016
Other	1,919,825	1,021,149
	4,396,788	2,999,328

(*See note 58)

SCOTIA GROUP JAMAICA LIMITED

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30. Property and equipment

	The Group					
	Right-of-use on leasehold properties	Freehold land and buildings	Leasehold improvements	Furniture, fixtures, motor vehicles & equipment	Capital work-in-progress	Total
Cost:						
October 31, 2021	1,494,255	6,305,543	813,091	9,076,123	467,250	18,156,262
Additions	224,015	139,942	37,849	86,149	1,088,659	1,576,614
Disposals	-	(50,812)	(534)	(173,086)	-	(224,432)
Transfers	-	404,022	124,975	564,000	(1,092,997)	-
Transfer to investment property	-	(3,146)	-	-	-	(3,146)
Translation adjustment	(7,272)	-	-	-	-	(7,272)
Write-offs/reversals	-	-	-	(926)	(88,820)	(89,746)
October 31, 2022	1,710,998	6,795,549	975,381	9,552,260	374,092	19,408,280
Additions	125,976	55,231	36,227	69,042	944,924	1,231,400
Adjustments	-	-	-	-	67,826	67,826
Disposals	-	(31,633)	-	(65,002)	(50,691)	(147,326)
Transfers	-	167,468	136,588	315,614	(619,670)	-
Translation adjustment	11,785	-	-	-	-	11,785
October 31, 2023	1,848,759	6,986,615	1,148,196	9,871,914	716,481	20,571,965
Depreciation:						
October 31, 2021	307,389	1,283,709	607,239	7,105,964	-	9,304,301
Charge for the year	156,017	152,957	85,393	571,376	-	965,743
Eliminated on disposals	-	(16,593)	(534)	(163,332)	-	(180,459)
Translation adjustment	(1,861)	-	-	-	-	(1,861)
Transfer to Investment property	-	(2,130)	-	-	-	(2,130)
Impairment	-	7,241	-	4,630	-	11,871
Write-offs	-	-	-	(926)	-	(926)
October 31, 2022	461,545	1,425,184	692,098	7,517,712	-	10,096,539
Charge for the year	165,090	156,687	102,229	586,982	-	1,010,988
Eliminated on disposals	-	(9,723)	-	(57,344)	-	(67,067)
Translation adjustment	3,658	-	-	-	-	3,658
October 31, 2023	630,293	1,572,148	794,327	8,047,350	-	11,044,118
Net book values:						
October 31, 2023	1,218,466	5,414,467	353,869	1,824,564	716,481	9,527,847
October 31, 2022	1,249,453	5,370,365	283,283	2,034,548	374,092	9,311,741
October 31, 2021	1,186,866	5,021,834	205,852	1,970,159	467,250	8,851,961

(Expressed in thousands of Jamaican dollars unless otherwise stated)

31. Goodwill and intangible assets

	The Group					
	Customer relationships	Contract-based intangibles	License	Goodwill	Computer software	Total
Cost:						
October 31, 2020 and 2021	1,382,582	348,987	49,470	136,892	476,574	2,394,505
Addition	-	-	-	-	101,269	101,269
October 31, 2022	1,382,582	348,987	49,470	136,892	577,843	2,495,774
Additions during the year	-	-	-	-	3,503	3,503
October 31 2023	1,382,582	348,987	49,470	136,892	581,346	2,499,277
Amortisation/ impairment:						
October 31, 2021	1,291,159	71,574	5,333	61,724	394,294	1,824,084
Amortisation for the year	88,492	-	-	-	31,162	119,654
October 31, 2022	1,379,651	71,574	5,333	61,724	425,456	1,943,738
Amortisation for the year	2,931	-	-	-	21,943	24,874
October 31, 2023	1,382,582	71,574	5,333	61,724	447,399	1,968,612
Net book values:						
October 31, 2023	-	277,413	44,137	75,168	133,947	530,665
October 31, 2022	2,931	277,413	44,137	75,168	152,387	552,036
October 31, 2021	91,423	277,413	44,137	75,168	82,280	570,421

32. Retirement benefits asset/obligations

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

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

	The Group	
	2023	2022
Defined benefit pension plan (a)	31,094,511	23,561,041
Other post-retirement benefits (b)	(4,879,478)	(4,557,782)
	26,215,033	19,003,259

(a) Defined benefit pension plan

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

	The Group	
	2023	2022
Present value of funded obligations (iii)	(43,026,332)	(34,417,876)
Fair value of plan assets (iv)	79,403,777	76,762,713
	36,377,445	42,344,837
Limitation of economic benefits	(5,282,934)	(18,783,796)
Asset in the statement of financial position	31,094,511	23,561,041

32. Retirement benefits asset/obligations (continued)

(a) Defined benefit pension plan (continued)

(ii) Movement in the amount recognised in the statement of financial position:

	The Group	
	2023	2022
Balance at beginning of year	23,561,041	31,254,250
Contributions paid	500	500
Pension income recognised in statement of revenue and expenses (v)	1,957,737	1,923,757
Remeasurement recognised in other comprehensive income (vi)	5,575,233	(9,617,466)
Balance at end of year	31,094,511	23,561,041

(iii) Movement in the present value of obligation:

	The Group	
	2023	2022
Balance at beginning of year	(34,417,876)	(38,963,167)
Current service costs	(600,015)	(733,491)
Interest cost	(3,842,793)	(3,431,346)
Employees' contribution	(693,095)	(647,254)
Benefits paid	1,878,273	1,832,079
Actuarial gains arising from:		
Experience adjustments	(1,491,587)	268,394
Changes in financial assumptions	(3,859,239)	7,256,909
Balance at end of year	(43,026,332)	(34,417,876)

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

	The Group	
	2023	2022
Fair value of plan assets at beginning of year	76,762,713	80,326,884
Contributions	693,595	647,754
Benefits paid	(1,878,273)	(1,832,079)
Interest income on plan assets	8,739,498	7,172,352
Administrative fees	(160,239)	(167,118)
Remeasurement loss on plan assets included in other comprehensive income	(4,753,517)	(9,385,080)
Fair value of plan assets at end of year	79,403,777	76,762,713

Plan assets consist of the following:

	The Group	
	2023	2022
Government stocks and bonds	44,143,228	43,189,692
Quoted equities	20,594,435	22,240,986
Reverse repurchase agreements	2,359,076	2,130,414
Certificates of deposit	6,329,954	3,647,155
Real estate	4,745,012	4,475,957
Net current assets	1,232,072	1,078,509
	79,403,777	76,762,713

(Expressed in thousands of Jamaican dollars unless otherwise stated)

32. Retirement benefits asset/obligations (continued)

(a) Defined benefit pension plan (continued)

(v) Components of defined benefit credit recognised in statement of revenue and expenses:

	The Group	
	2023	2022
Current service costs	600,015	733,491
Interest cost on obligation	3,842,793	3,431,346
Interest income on plan assets	(8,739,498)	(7,172,352)
Interest on effect of asset celling	2,160,137	909,852
Administrative fees	178,816	173,906
	(1,957,737)	(1,923,757)

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

	The Group	
	2023	2022
Remeasurement of defined benefit obligations	5,350,826	(7,525,303)
Remeasurement of plan assets	4,734,940	9,378,292
Change in effect on asset ceiling	(15,660,999)	7,764,477
	(5,575,233)	9,617,466

(vii) Sensitivity analysis:

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

	The Group			
	2023		2022	
	1% Increase	1 % Decrease	1 % Increase	1% Decrease
Discount rate	(5,089,000)	6,361,000	(3,863,000)	4,784,000
Future pension increases	4,471,000	(3,752,000)	3,262,000	(2,761,000)
Future salary increases	1,226,000	(1,108,000)	998,000	(901,000)

(viii) Liability duration

The average liability duration is as follows:

	The Group	
	2023	2022
Active members and all participants (years)	14.7	13.9

(ix) The estimated pension contributions to be paid into the defined benefit and contribution plans during the next financial year is $500 (2022: $500).

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

	The Group	
	2023	2022
Discount rate	11.50%	11.50%
Future salary increases	9.50%	9.50%
Future pension increases	6.25%	5.25%

32. Retirement benefits asset/obligations (continued)

(b) Medical and group life obligations

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

	The Group	
	2023	2022
Balance at beginning of year	(4,557,782)	(5,237,873)
Current service costs	(125,615)	(171,094)
Interest cost	(514,982)	(465,035)
Benefits paid	154,414	162,210
Actuarial gains arising from:		
Experience adjustments	30,789	22,787
Changes in financial assumptions	-	1,204,021
Changes in demographic assumptions	133,698	(72,798)
Balance at end of year	(4,879,478)	(4,557,782)

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

	The Group	
	2023	2022
Current service costs	125,615	171,094
Interest on obligation	514,982	465,035
	640,597	636,129

(iii) Credit recognised in other comprehensive income:

	The Group	
	2023	2022
Experience adjustments	(30,789)	(22,787)
Changes in financial and demographic assumptions	(133,698)	(1,131,223)
	(164,487)	(1,154,010)

(iv) Principal actuarial assumptions:

In addition to the assumptions used for the pension plan that are applicable to the group health plan, the estimate assumes a long-term increase in health costs of 8.50% (2022: 8.50%) per year.

(v) Sensitivity analysis on projected benefits obligation

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

	The Group			
	2023		2022	
	1% Increase	1 % Decrease	1 % Increase	1% Decrease
Discount rate	(624,000)	780,000	(587,000)	735,000
Future pension increases	737,000	(598,000)	696,000	(564,000)
Future salary increases	6,000	(7,000)	8,000	(7,000)

32. Retirement benefits asset/obligations (continued)

(b) Medical and group life obligations (continued)

(vi) Liability duration

The average liability duration is as follows:

	The Group	
	2023	2022
Active members and all participants (years)	15.9	16.0

(c) (Credit)/charge recognised in other comprehensive income:

	The Group	
	2023	2022
Retirement benefit pension plan [note 32(a)(vi)]	(5,575,233)	9,617,466
Medical and group life obligation [note 32(b)(iii)]	(164,487)	(1,154,010)
	(5,739,720)	8,463,456

33. Deposits by the public

	The Group	
	2023	2022
Personal	242,127,188	215,459,672
Business	202,715,328	181,700,261
Interest payable	33,011	16,550
	444,875,527	397,176,483

Deposits include $2,036,091 (2022: $2,184,976) held as collateral for irrevocable commitments under letters of credit. Deposits by the public are distinguished by customer segment and include deposits payable on demand which are generally savings and chequing accounts for which we do not have the right to notice of withdrawal. Deposit balances also include amounts which mature on a specified date, and are generally call and term deposits.

34. Due to other banks and financial institutions

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

35. Due to ultimate parent company

	The Group	
	2023	2022
Deposits held with Bank	6,342	14,458

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Notes to the Financial Statements (Continued)
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(*Expressed in thousands of Jamaican dollars unless otherwise stated*)

36. Due to fellow subsidiaries

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

37. Capital Management and Government Securities funds

The capital management and government securities funds represent the investment of contributions from third-party clients. Changes in the value of the funds at each valuation date are based on the net accretion in value of the underlying investments. The capital management account was discontinued, and all client investments exited as at October 31, 2023.

38. Other liabilities

	The Group	
	2023	2022
Accrued staff benefits	2,147,299	2,066,467
Prepaid letters of credit	238,336	597,277
Provisions [note 38(i)]	186,350	126,564
Other payables	337,425	291,395
Expected credit losses on guarantees and letters of credit	112,963	208,160
Lease liabilities [note 38(ii)(b)]	1,268,710	1,284,969
Accrued liabilities	5,719,517	5,532,890
	10,010,600	10,107,722

(i) Provisions

The following table sets out the movement in provisions:

	The Group		
	Restructuring	Other	Total
Balance at November 1, 2022	75,609	50,955	126,564
Provisions made during the year	183,850	2,500	186,350
Provisions used during the year	(75,609)	(4,950)	(80,559)
Provisions reversed during the year	-	(46,005)	(46,005)
Balance at October 31, 2023	183,850	2,500	186,350
Current	183,850	2,500	186,350

(ii) Leases

Leases as lessee

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

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

(Expressed in thousands of Jamaican dollars unless otherwise stated)

38. Other liabilities (continued)

(ii) Leases (continued)

Leases as lessee (continued)

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

(a) Right-of-use assets

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

(b) Lease liabilities

	The Group	
	2023	2022
Lease liabilities included in the statements of financial position	1,268,710	1,284,969
Lease liabilities are classified as follows:		
Current	153,144	148,263
Non-current	1,115,566	1,136,706
	1,268,710	1,284,969
Maturity analysis of contractual undiscounted cash flows:		
Less than one year	182,023	172,425
One to five years	655,542	628,123
Over five years	587,914	624,877
	1,425,479	1,425,425

(c) Amounts recognised in profit or loss:

	The Group	
	2023	2022
Interest expense on lease liabilities	31,399	31,727
Depreciation on right-of-use assets (note 30)	165,090	156,017
Expenses related to short-term leases	27,133	43,220

(d) Amounts recognised in statement of cash flows:

	The Group	
	2023	2022
Total cash outflow for leases	181,861	166,001

(e) Extension options

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

The Group has estimated that the potential future lease payments, should it exercise the extension option, would result in an increase in lease liabilities of $355,416 (2022: $351,237).

39. Deferred tax assets and liabilities

Deferred income taxes are calculated on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, using applicable tax rates of:

- Scotia Group Jamaica Limited at 25%;
- The Bank of Nova Scotia Jamaica Limited at 33⅓%;
- Scotia Investments Jamaica Limited at 33⅓%;
- The Scotia Jamaica Building Society at 30%;
- Scotia Jamaica Life Insurance Company Limited at 25% and;
- Other unregulated subsidiaries at 25%.

(a) The movement on the deferred income tax account is as follows:

	The Group		The Company	
	2023	2022 Restated*	2023	2022
At beginning of year	(1,093,057)	(6,905,323)	(4,694)	(53)
Other	(877)	-	-	-
Exchange rate adjustment	1,035	(650)	-	-
Recognised in the profit for the year [note 16(a)]	(578,837)	516,528	(1,869)	(4,641)
Recognised in other comprehensive income:				
Remeasurement of retirement benefits asset/obligations	(1,913,240)	2,821,152	-	-
Net finance expenses	(217,504)	400,234	-	-
Fair value through OCI:				
- fair value remeasurement	(1,146,586)	2,097,736	-	-
- transfer to profit	-	(22,734)	-	-
	(3,856,009)	5,812,266	(6,563)	(4,694)
At end of year	(4,949,066)	(1,093,057)	(6,563)	(4,694)

(b) Deferred income tax assets and liabilities are attributable to the following items:

	The Group		The Company	
	2023	2022 Restated*	2023	2022
Pension benefits	(10,364,838)	(7,854,015)	-	-
Other post-retirement benefits	1,626,493	1,519,261	-	-
Investment securities	1,114,464	2,218,731	-	-
Vacation accrued	229,707	197,075	-	-
Accelerated tax depreciation	4,574	11,551	-	-
Insurance contracts	688,636	965,530	-	-
Allowances for expected credit losses	1,133,128	1,276,460	-	-
Interest receivable	(221,972)	(218,839)	(6,563)	(4,694)
Unrealised foreign exchange gains	(735)	(26,395)	-	-
Unrealised premiums/discounts on investment securities	813,792	869,926	-	-
Unrealised trading gains on securities	8,465	(52,993)	-	-
Leases	16,744	11,844	-	-
Exchange rate adjustments on expected credit losses	11,113	(11,140)	-	-
Other	(8,637)	(53)	-	-
Net deferred income tax liability	(4,949,066)	(1,093,057)	(6,563)	(4,694)

(*See note 58)

(Expressed in thousands of Jamaican dollars unless otherwise stated)

39. Deferred tax assets and liabilities (continued)

(b) Deferred income tax assets and liabilities are attributable to the following items: (continued)

	The Group 2023	The Group 2022 Restated*	The Company 2023	The Company 2022
This is comprised of:				
Deferred income tax asset	1,890,023	2,408,826	-	-
Deferred income tax liability	(6,839,089)	(3,501,883)	(6,563)	(4,694)
	(4,949,066)	(1,093,057)	(6,563)	(4,694)

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

	The Group 2023	The Group 2022	The Company 2023	The Company 2022
Accelerated tax depreciation	6,978	14,570	-	-
Pensions and other post-retirement benefits	490,685	483,782	-	-
Allowances for expected credit losses	121,054	(193,939)	-	-
Vacation accrued	(32,631)	(11,622)	-	-
Interest receivable	3,133	35,051	1,870	4,641
Insurance contracts	-	(403,335)	-	-
Unrealised foreign exchange gains/losses	(27,130)	(33,290)	-	-
Unrealised premiums & discounts on investment	122,719	(284,068)	-	-
Investment securities	(40,144)	(138,446)	-	-
Trading assets	(61,458)	8,046	-	-
Leases	(4,900)	(4,080)	-	-
Other	531	10,803	-	-
	578,837	(516,528)	1,870	4,641

40. Insurance and reinsurance contracts

	Individual Life	Individual Life Savings & Wealth	Individual Health	Individual Universal Life	Group Creditor Combined Level	Group Creditor Combined Single	Group Creditor Combined Revolving	Individual Annuity	Total
October 31, 2023									
Insurance contract liabilities	(163,4678)	(46,703,569)	(361,173)	(91,599)	(10,997)	(827,923)	1,379	(1,292,959)	(49,450,309)
Insurance contract assets	(8)	14,662	(185)	-	-	-	-	-	14,469
Reinsurance contract assets	-	-	-	1,356	-	-	-	-	1,356
Reinsurance contract liabilities	-	-	-	(2,128)	-	-	-	-	(2,128)
October 31, 2022 restated*									
Insurance contract liabilities	(108,727)	(47,150,567)	(285,503)	(47,073)	(12,436)	(704,487)	(4,983)	(1,091,652)	(49,405,428)
Insurance contract assets	(8)	9,672	(185)	1,625	27,287	46,657	46,147	-	131,195
Reinsurance contract assets	-	-	-	1,218	-	-	-	-	1,218
Reinsurance contract liabilities	-	-	-	(2,295)	-	-	-	-	(2,295)

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

	2023	2022
Insurance contract assets	12,303	1,901
Insurance contract liabilities	(46,406,260)	(44,949,542)
Reinsurance contract liabilities	(682)	(987)

The following reconciliations show how the net carrying amounts of insurance and reinsurance contracts in each portfolio changed during the year as a result of cash flows and amounts recognised in the statement of revenue and expenses and OCI. A separate table is used to analyse the movements in the liabilities for remaining coverage and movements in the incurred claims for each portfolio.

(*See note 58)

40. Insurance and reinsurance contracts (continued)

(a) Individual Life:

	2023 Liabilities for remaining coverage: Excluding loss component	2023 Liabilities for remaining coverage: Loss component	2023 Liability for incurred claims	2023 Total	2022 Liabilities for remaining coverage: Excluding loss component	2022 Liabilities for remaining coverage: Loss component	2022 Liability for incurred claims	2022 Total
Opening insurance assets	8	-	-	8	8	-	-	8
Opening liabilities	111,384	1,335	(3,992)	108,727	145,999	-	4,057	150,056
Fair value movement	-	-	-	-	1,904	-	(819)	1,085
Net opening balance	111,392	1,335	(3,992)	108,735	147,911	-	3,238	151,149
Insurance revenue								
Contracts under the fair value value transition approach	(51,645)	-	-	(51,645)	(41,434)	-	-	(41,434)
Other contracts	(20,477)	-	-	(20,477)	(4,233)	-	-	(4,233)
	(72,122)	-	-	(72,122)	(45,667)	-	-	(45,667)
Insurance service expenses								
Incurred claims and other insurance service expenses	-	(242)	33,398	33,156	-	(4)	27,369	27,365
Amortization of insurance acquisition cash flows	5,430	-	-	5,430	1,167	-	-	1,167
Losses and reversals of losses on onerous contracts	-	1,918	-	1,918	-	1,347	-	1,347
Adjustment to liabilities for incurred claims	-	-	407	407	-	-	(303)	(303)
	5,430	1,676	33,805	40,911	1,167	1,343	27,066	29,576
Investment components and premium refunds	-	-	-	-	2	-	(2)	-
Insurance service result	(66,692)	1,676	33,805	(31,211)	(44,498)	1,343	27,064	(16,091)
Net finance expenses from insurance contracts	292	(5)	-	287	(55,940)	(8)	-	(55,948)
Total changes in the statement of profit and loss and OCI	(66,400)	1,671	33,805	(30,924)	(100,438)	1,335	27,064	(72,039)
Cash flows								
Premiums received	130,978	-	-	130,978	82,614	-	-	82,614
Claims and other insurance service expenses paid including investment components	-	-	(21,213)	(21,213)	-	-	(34,294)	(34,294)
Insurance acquisition cash flows	(24,100)	-	-	(24,100)	(18,695)	-	-	(18,695)
Total cash flows	106,878	-	(21,213)	85,665	63,919	-	(34,294)	29,625
Net closing balance	151,870	3,006	8,600	163,476	111,392	1,335	(3,992)	108,735
Closing insurance contract assets	8	-	-	8	8	-	-	8
Closing liabilities	151,862	3,006	8,600	163,468	111,384	1,335	(3,992)	108,727
Net closing balance	151,870	3,006	8,600	163,476	111,392	1,335	(3,992)	108,735

40. Insurance and reinsurance contracts (continued)

(a) Individual Health

	2023				2022			
	Liabilities for remaining coverage				Liabilities for remaining coverage			
	Excluding loss component	Loss component	Liability for incurred claims	Total	Excluding loss component	Loss component	Liability for incurred claims	Total
Opening assets	185	-	-	185	185	-	-	185
Opening insurance contract liabilities	219,960	60,214	5,330	285,504	325,816	46,808	10,946	383,570
Fair value movement	-	-	-	-	4,598	518	(26)	5,090
Net opening balance	220,145	60,214	5,330	285,689	330,599	47,326	10,920	388,845
Changes in the statement of profit or loss and OCI								
Insurance revenue								
Contracts under the fair value transition approach	(116,224)	-	-	(116,224)	(95,642)	-	-	(95,642)
Other contracts	(48,179)	-	-	(48,179)	(11,239)	-	-	(11,239)
	(164,403)	-	-	(164,403)	(106,881)	-	-	(106,881)
Insurance service expenses								
Incurred claims and other insurance service expenses	-	(7,310)	61,205	53,895	-	(4,869)	47,104	42,235
Amortisation of insurance acquisition cash flows	15,316	-	-	15,316	3,973	-	-	3,973
Losses and reversal of losses on onerous contracts	-	5,507	-	5,507	-	18,174	-	18,174
Adjustment to liabilities for incurred claim	-	-	(377)	(377)	-	-	(1,681)	(1,681)
	15,316	(1,803)	60,828	74,341	3,973	13,305	45,423	62,701
Investment components	2	-	(2)	-	-	-	-	-
Insurance service result	(149,085)	(1,803)	60,826	(90,062)	(102,908)	13,305	45,423	(44,180)
Net finance expenses from insurance contracts	3,356	(57)	-	3,299	(151,923)	(417)	-	(152,340)
Total changes in the statement of profit or loss and OCI	(145,729)	(1,860)	60,826	(86,763)	(254,831)	12,888	45,423	(196,520)
Cash flows								
Premiums received	292,408	-	-	292,408	193,125	-	-	193,125
Claims and other insurance service expenses paid including investment components	-	-	(52,581)	(52,581)	-	-	(51,014)	(51,014
Insurance acquisition cash flows	(77,395)	-	-	(77,395)	(48,748)	-	-	(48,748)
Total cash flows	215,013	-	(52,581)	162,432	144,377	-	(51,014)	93,363
Net closing balance	289,429	58,354	13,575	361,358	220,145	60,214	5,329	285,688
Closing insurance contract assets	185	-	-	185	185	-	-	185
Closing liabilities	289,244	58,354	13,575	361,173	219,960	60,214	5,329	285,503
Net closing balance	289,429	58,354	13,575	361,358	220,145	60,214	5,329	285,688

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40. Insurance and reinsurance contracts (continued)

(a) Individual Life Savings & Wealth

	2023				2022			
	Liabilities for remaining coverage				Liabilities for remaining coverage			
	Excluding loss component	Loss component	Liability for incurred claims	Total	Excluding loss component	Loss component	Liability for incurred claims	Total
Opening insurance contract assets	(9,672)	-	-	(9,672)	(6,375)	-	-	(6,375)
Opening liabilities	47,018,114	110,549	21,904	47,150,567	44,375,687	-	300,868	44,676,555
Fair value movement	-	-	-	-	547,864	-	(35,939)	511,925
Net opening balance	47,008,442	110,549	21,904	47,140,895	44,917,176	-	264,929	45,182,105
Insurance revenue								
Contracts under the fair value transition approach	(1,046,076)	-	-	(1,046,076)	(687,354)	-	-	(687,354)
Other contracts	(77,937)	-	-	(77,937)	(31,897)	-	-	(31,897)
	(1,124,013)	-	-	(1,124,013)	(719,251)	-	-	(719,251)
Insurance service expenses								
Incurred claims and other insurance service expenses	-	(24,061)	347,898	323,837	-	(671)	318,351	317,680
Amortisation of insurance acquisition cash flows	59,333	-	-	59,333	15,798	-	-	15,798
Losses and reversal of losses on onerous contracts	-	46,030	-	46,030	-	110,857	-	110,857
Adjustment to liabilities for incurred claims	-	-	7,163	7,163	-	-	(2,534)	(2,534)
	59,333	21,969	355,061	436,363	15,798	110,186	315,817	441,801
Investment components	(6,060,642)	-	6,060,642	-	(4,809,226)	-	4,809,226	-
Insurance service result	(7,125,322)	21,969	6,415,703	(687,650)	(5,512,679)	110,186	5,125,043	(277,450)
Net finance expenses from insurance contracts	939,026	4,998	-	944,024	3,355,878	363	-	3,356,241
Total changes in the statement of profit or loss and OCI	(6,186,296)	26,967	6,415,703	256,374	(2,156,801)	110,549	5,125,043	3,078,791
Cash flows								
Premiums received	6,037,627	-	-	6,037,627	4,695,332	-	-	4,695,332
Claims and other insurance service expenses paid, including investment components	-	-	(6,178,267)	(6,178,267)	-	-	(5,368,067)	(5,368,067)
Insurance acquisition cash flows	(107,868)	-	-	(107,868)	(163,221)	-	-	(163,221)
Total cash flows	5,929,759	-	(6,178,267)	(248,508)	4,532,111	-	(5,368,067)	(835,956)
Premium receivable	(4,990)	-	-	(4,990)	(3,297)	-	-	(3,297)
Policy loan receivable	6,431	-	-	6,431	(742,043)	-	-	(742,043)
Premium suspense	(461,295)	-	-	(461,295)	461,295	-	-	461,295
Net closing balance	46,292,051	137,516	259,340	46,688,907	47,008,441	110,549	21,905	47,140,895
Closing insurance contract assets	(14,662)	-	-	(14,662)	(9,672)	-	-	(9,672)
Closing liabilities	46,306,713	137,516	259,340	46,703,569	47,018,113	110,549	21,905	47,150,567
Net closing balance	46,292,051	137,516	259,340	46,688,907	47,008,441	110,549	21,905	47,140,895

40. Insurance and reinsurance contracts (continued)

(a) Group Creditor Combined Single

	2023				2022			
	Liabilities for remaining coverage				Liabilities for remaining coverage			
	Excluding loss component	Loss component	Liability for incurred claims	Total	Excluding loss component	Loss component	Liability for incurred claims	Total
Opening insurance contract assets	(46,657)	-	-	(46,657)	-	-	-	-
Opening liabilities	692,312	3	12,172	704,487	515,568	16,230	9,912	541,710
Fair value movement	-	-	-	-	(1,590)	(46)	2,511	875
Net opening balance	645,655	3	12,172	657,830	513,978	16,184	12,423	542,585
Insurance revenue								
Contracts under the fair value transition approach	(127,327)	-	-	(127,327)	(147,881)	-	-	(147,881)
Other contracts	(247,071)	-	-	(247,071)	(72,302)	-	-	(72,302)
	(374,398)	-	-	(374,398)	(220,183)	-	-	(220,183)
Insurance service expenses								
Incurred claims and other insurance service expenses	-	(1,276)	40,655	39,379	-	(7,679)	35,785	28,106
Amortisation of insurance acquisition cash flows	8,077	-	-	8,077	2,542	-	-	2,542
Losses and reversal of losses on onerous contracts	-	1,239	-	1,239	-	(8,737)	-	(8,737)
Adjustment to liabilities for incurred claims	-	-	(3,962)	(3,962)	-	-	(3,918)	(3,918)
	8,077	(37)	36,693	44,733	2,542	(16,416)	31,867	17,993
Insurance service result	(366,321)	(37)	36,693	(329,665)	(217,641)	(16,416)	31,867	(202,190)
Net finance expenses from insurance contracts	51,997	34	-	52,031	12,276	235	-	12,511
Total changes in the statement of profit or loss and OCI	(314,324)	(3)	36,693	(277,634)	(205,365)	(16,181)	31,867	(189,679)
Cash flows								
Premiums received	450,319	-	-	450,319	394,986	-	-	394,986
Claims and other insurance service expenses paid, including investment components	-	-	(38,147)	(38,147)	-	-	(32,118)	(32,118)
Insurance acquisition cash flows	(11,102)	-	-	(11,102)	(11,287)	-	-	(11,287)
Total cash flows	439,217	-	(38,147)	401,070	383,699	-	(32,118)	351,581
Premium receivable	46,657	-	-	46,657	(46,657)	-	-	(46,657)
Net closing balance	817,205	-	10,718	827,923	645,655	3	12,172	657,830
Closing insurance contract assets	-	-	-	-	(46,657)	-	-	(46,657)
Closing liabilities	817,205	-	10,718	827,923	692,312	3	12,172	704,487
Net closing balance	817,205	-	10,718	827,923	645,655	3	12,172	657,830

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40. Insurance and reinsurance contracts (continued)

(a) Individual Universal Life

	2023				2022			
	Liabilities for remaining coverage				Liabilities for remaining coverage			
	Excluding loss component	Loss component	Liability for incurred claims	Total	Excluding loss component	Loss component	Liability for incurred claims	Total
Opening insurance contract assets	(1,625)	-	-	(1,625)	-	-	-	-
Opening liabilities	78,504	56,130	(87,561)	47,073	(184,936)	-	3,613	(181,323)
Fair value movement	-	-	-	-	8,051	-	110	8,161
Net opening balance	76,879	56,130	(87,561)	45,448	(176,885)	-	3,723	(173,162)
Changes in the statement of profit or loss and OCI								
Contracts under the fair value transition approach	(37,620)	-	-	(37,620)	(37,860)	-	-	(37,860)
Other contracts	(66,142)	-	-	(66,142)	(16,176)	-	-	(16,176)
	(103,762)	-	-	(103,762)	(54,036)	-	-	(54,036)
Insurance service expenses								
Incurred claims and other insurance service expenses	-	(4,552)	40,064	35,512	-	(950)	12,575	11,625
Amortisation of insurance acquisition cash flows	30,020	-	-	30,020	6,275	-	-	6,275
Losses and reversal of losses on onerous contracts	-	171,302	-	171,302	-	62,502	-	62,502
Adjustment to liabilities for incurred claims	-	-	(151)	(151)	-	-	(122)	(122)
	30,020	166,750	39,913	236,683	6,275	61,552	12,453	80,280
Investment components	(520,076)	-	520,076	-	(234,880)	-	234,880	-
Insurance service result	(593,818)	166,750	559,989	132,921	(282,641)	61,552	247,333	26,244
Net finance expenses from insurance contracts	(31,150)	(9,802)	-	(40,952)	(27,046)	(5,422)	-	(32,468)
Total changes in the statement of profit or loss and OCI	(624,968)	156,948	559,989	91,969	(309,687)	56,130	247,333	(6,224)
Cash flows								
Premiums received	763,049	-	-	763,049	514,295	-	-	514,295
Claims and other insurance service expenses paid, including investment components	-	-	(465,987)	(465,987)	-	-	(338,617)	(338,617)
Insurance acquisition cash flows	(194,633)	-	-	(194,633)	(99,089)	-	-	(99,089)
Total cash flows	568,416	-	(465,987)	102,429	415,206	-	(338,617)	76,589
Premium receivable	1,625	-	-	1,625	(1,625)	-	-	(1,625)
Premium suspense	(149,872)	-	-	(149,872)	149,870	-	-	149,870
Net closing balance	(127,920)	213,078	6,441	91,599	76,879	56,130	(87,561)	45,448
Closing insurance contract assets	-	-	-	-	(1,625)	-	-	(1,625)
Closing liabilities	(127,920)	213,078	6,441	91,599	78,504	56,130	(87,561)	47,073
Net closing balance	(127,920)	213,078	6,441	91,599	76,879	56,130	(87,561)	45,448

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40. Insurance and reinsurance contracts (continued)

(a) Individual Annuity

	2023				2022			
	Liabilities for remaining coverage				Liabilities for remaining coverage			
	Excluding loss component	Loss component	Liability for incurred claims	Total	Excluding loss component	Loss component	Liability for incurred claims	Total
Opening liabilities	-	-	1,091,652	1,091,652	-	-	880,799	880,799
Fair value movement	-	-	-	-	-	-	-	-
Net opening balance	-	-	1,091,652	1,091,652	-	-	880,799	880,799
Cash flows								
Premiums received	-	-	266,160	266,160	-	-	259,198	259,198
Claims and other insurance service expenses paid, including investment components	-	-	(64,853)	(64,853)	-	-	(48,345)	(48,345)
Total cash flows	-	-	201,307	201,307	-	-	210,853	210,853
Net closing balance	-	-	1,292,959	1,292,959	-	-	1,091,652	1,091,652
Closing liabilities	-	-	1,292,959	1,292,959	-	-	1,091,652	1,091,652
Net closing balance	-	-	1,292,959	1,292,959	-	-	1,091,652	1,091,652

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40. Insurance and reinsurance contracts (continued)

(a) Group Creditor Combined PAA

	2023					2022				
	Liabilities for remaining coverage		Liabilities for incurred claims			Liabilities for remaining coverage		Liabilities for incurred claims		
	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total	Excluding loss component	Loss component	Estimates of present value of future cash flows	Risk adjustment for non-financial risk	Total
Opening assets	(73,434)	-	-	-	(73,434)	-	-	-	-	-
Opening liabilities	(3,609)	1,100	18,231	1,697	17,419	14,141	-	7,516	752	22,409
Fair value movement	-	-	-	-	-	(90)	-	332	(2)	240
Net opening balance	(77,043)	1,100	18,231	1,697	(56,015)	14,051	-	7,848	750	22,649
Changes in the statement of profit or loss and OCI										
Insurance revenue										
Contracts under the fair value transition approach	(733,295)	-	-	-	(733,295)	(676,947)	-	-	-	(676,947)
Other contracts	(201,625)	-	-	-	(201,625)	(51,841)	-	-	-	(51,841)
	(934,920)	-	-	-	(934,920)	(728,788)	-	-	-	(728,788)
Insurance service expenses										
Incurred claims and other insurance service expenses	-	(1,007)	127,084	353	126,430	-	-	51,430	410	51,840
Losses and reversal of losses on onerous contracts	-	4,653	-	-	4,653	-	1,100	-	-	1,100
Adjustment to liabilities for incurred claims	-	-	(2,248)	(212)	(2,460)	-	-	5,792	539	6,331
	-	3,646	124,836	141	128,623	-	1,100	57,222	949	59,271
Insurance service result	(934,920)	3,646	124,836	141	(806,297)	(728,788)	1,100	57,222	949	(669,517)
Total changes in the statement of profit or loss and OCI	(934,920)	3,646	124,836	141	(806,297)	(728,788)	1,100	57,222	949	(669,517)
Cash flows								-		
Premiums received	924,626	-	-	-	924,626	711,127	-	-	-	711,127
Claims and other insurance service expenses paid, including investment components	-	-	(126,131)	-	(126,131)	-	-	(46,838)	-	(46,838)
Total cash flows	924,626	-	(126,131)	-	798,495	711,127	-	(46,838)	-	664,289
Premium receivable	73,434	-	-	-	73,434	(73,434)	-	-	-	(73,434)
Net closing balance	(13,903)	4,746	16,936	1,838	9,617	(3,610)	1,100	18,232	1,699	17,421
Closing assets	-	-	-	-	-	-	-	-	-	-
Closing liabilities	(13,903)	4,746	16,937	1,838	9,617	(3,610)	1,100	18,232	1,699	17,421
Net closing balance	(13,903)	4,746	16,937	1,838	9,617	(3,610)	1,100	18,232	1,699	17,421

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40. Insurance and reinsurance contracts (continued)

The following reconciliations show the changes in the contractual service margin reflected in insurance contract liabilities and the amounts recognised in the statement of profit and loss and OCI.

(b) Individual Life

	2023						2022					
			Contractual Service Margin						Contractual Service Margin			
	Estimate of present Value of future cash flow	Risk Adjustment non-financial risk	Contracts under fair value transition approach	Other contracts	Subtotal	Total	Estimate of present Value of future cash flow	Risk Adjustment non-financial risk	Contracts under fair value transition approach	Other contracts	Subtotal	Total
Opening insurance contract assets	8	-	-	-	-	8	8	-	-	-	-	8
Opening liabilities	43,071	45,934	1,538	18,184	19,722	108,727	95,705	48,847	5,504	-	5,504	150,056
Fair value movement	-	-	-	-	-	-	245	569	271	-	271	1,085
Net opening balance	43,079	45,934	1,538	18,184	19,722	108,735	95,958	49,416	5,775	-	5,775	151,149
Changes that relate to current services												
CSM recognised for service provided	-	-	(1,256)	(6,895)	(8,151)	(8,151)	-	-	(157)	(552)	(709)	(709)
Change in risk adjustment for non-financial risk for risk expired	-	(8,131)	-	-	-	(8,131)	-	(5,392)	-	-	-	(5,392)
Experience adjustment	(17,254)	-	-	-	-	(17,254)	(11,034)	-	-	-	-	(11,034)
Changes that relate to future services												
Contracts initially recognised in the year	(39,828)	8,377	(1)	31,777	31,776	325	(26,108)	5,386	10	20,798	20,808	86
Changes in estimates that adjust the CSM	(9,048)	689	1,788	6,571	8,359	-	6,280	607	(4,306)	(2,581)	(6,887)	-
Changes in estimates that result in losses and reversal of losses on onerous contracts	1,584	9	-	-	-	1,593	1,505	(244)	-	-	-	1,261
Changes that relate to past services												
Adjustments to liabilities for incurred claims	352	55	-	-	-	407	(267)	(36)	-	-	-	(303)
Insurance service result	(64,194)	999	531	31,453	31,984	(31,211)	(29,624)	321	(4,453)	17,665	13,212	(16,091)
Net finance expenses from insurance contracts	(5,973)	3,001	481	2,779	3,260	288	(52,881)	(3,803)	217	519	736	(55,948)
Total changes in the statement of profit or loss and OCI	(70,167)	4,000	1,012	34,232	35,244	(30,923)	(82,505)	(3,482)	(4,236)	18,184	13,948	(72,039)
Cash flows												
Premiums received	130,978	-	-	-	-	130,978	82,614	-	-	-	-	82,614
Claims and other insurance service expenses paid, including investment components	(21,213)	-	-	-	-	(21,213)	(34,295)	-	-	-	-	(34,295)
Insurance acquisition cash flows	(24,102)	-	-	-	-	(24,102)	(18,694)	-	-	-	-	(18,694)
Total cash flows	85,663	-	-	-	-	85,663	29,625	-	-	-	-	29,625
Net closing balance	58,575	49,934	2,550	52,416	54,966	163,475	43,078	45,934	1,539	18,184	19,723	108,735
Closing insurance contract assets	8	-	-	-	-	8	8	-	-	-	-	8
Closing liabilities	58,567	49,934	2,550	52,416	54,966	163,467	43,070	45,934	1,539	18,184	19,723	108,727
Net closing balance	58,575	49,934	2,550	52,416	54,966	163,475	43,078	45,934	1,539	18,184	19,723	108,735

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40. Insurance and reinsurance contracts (continued)

(b) Individual Health

	2023						2022					
			Contractual Service Margin						Contractual Service Margin			
	Estimate of present Value of future cash flow	Risk Adjustment non-financial risk	Contracts under fair value transition approach	Other contracts	Subtotal	Total	Estimate of present Value of future cash flow	Risk Adjustment non-financial risk	Contracts under fair value transition approach	Other contracts	Subtotal	Total
Opening insurance contract assets	185	-	-	-	-	185	185	-	-	-	-	185
Opening liabilities	80,116	186,979	-	18,408	18,408	285,503	180,024	203,545	-	-	-	383,569
Fair value movement	-	-	-	-	-	-	2,294	2,797	-	-	-	5,091
Net opening balance	80,301	186,979	-	18,408	18,408	285,688	182,503	206,342	-	-	-	388,845
Changes that relate to current services												
CSM recognised for service provided	-	-	(1,476)	(11,634)	(13,110)	(13,110)	-	-	-	(1,525)	(1,525)	(1,525)
Change in risk adjustment for non-financial risk for risk expired	-	(23,045)	-	-	-	(23,045)	-	(16,321)	-	-	-	(16,321)
Experience adjustment	(59,036)	-	-	-	-	(59,036)	(42,828)	-	-	-	-	(42,828)
Changes that relate to future services	-	-	-	-	-	-	-	-	-	-	-	-
Contracts initially recognised in the year	(111,583)	26,231	(2)	87,680	87,678	2,326	(40,956)	11,571	69	29,790	29,859	474
Changes in estimates that adjust the CSM	306	2,139	2,047	(4,493)	(2,446)	(1)	10,022	685	(72)	(10,635)	(10,707)	-
Changes in estimates that result in losses and reversal of losses on onerous contracts	914	2,267	-	-	-	3,181	15,770	1,929	-	-	-	17,699
Changes that relate to past services	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments to liabilities for incurred claims	(339)	(38)	-	-	-	(377)	(1,572)	(109)	-	-	-	(1,681)
Insurance service result	(169,738)	7,554	569	71,553	72,122	(90,062)	(59,564)	(2,245)	(3)	17,630	17,627	(44,182)
Net finance expenses from insurance contracts	(11,828)	10,024	522	4,582	5,104	3,300	(136,001)	(17,119)	3	778	781	(152,339)
Total changes in the statement of profit or loss and OCI	(181,566)	17,578	1,091	76,135	77,226	(86,762)	(195,565)	(19,364)	-	18,408	18,408	(196,521)
Cash flows												
Premiums received	292,408	-	-	-	-	292,408	193,125	-	-	-	-	193,125
Claims and other insurance service expenses paid, including investment components	(52,581)	-	-	-	-	(52,581)	(51,014)	-	-	-	-	(51,014)
Insurance acquisition cash flows	(77,395)	-	-	-	-	(77,395)	(48,748)	-	-	-	-	(48,748)
Total cash flows	162,432	-	-	-	-	162,432	93,363	-	-	-	-	93,363
Net closing balance	61,167	204,557	1,091	94,543	95,634	361,358	80,301	186,978	-	18,408	18,408	285,687
Closing insurance contract assets	185	-	-	-	-	185	185	-	-	-	-	185
Closing liabilities	60,982	204,557	1,091	94,543	95,634	361,173	80,116	186,978	-	18,408	18,408	285,502
Net closing balance	61,167	204,557	1,091	94,543	95,634	361,358	80,301	186,978	-	18,408	18,408	285,687

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40. Insurance and reinsurance contracts (continued)

(b) Individual Life Savings & Wealth

	2023						2022					
			Contractual Service Margin						Contractual Service Margin			
	Estimate of present Value of future cash flow	Risk Adjustment non-financial risk	Contracts under fair value transition approach	Other contracts	Subtotal	Total	Estimate of present Value of future cash flow	Risk Adjustment non-financial risk	Contracts under fair value transition approach	Other contracts	Subtotal	Total
Opening insurance contract assets	(9,672)	-	-	-	-	(9,672)	(6,375)	-	-	-	-	(6,375)
Opening liabilities	43,979,287	1,611,470	1,535,400	24,411	1,559,811	47,150,568	41,517,993	1,818,996	1,339,566	-	1,339,566	44,676,555
Fair value movement	-	-	-	-	-	-	475,349	22,550	14,026	-	14,026	511,925
Net opening balance	43,969,615	1,611,470	1,535,400	24,411	1,559,811	47,140,896	41,986,967	1,841,546	1,353,592	-	1,353,592	45,182,105
Changes that relate to current services												
CSM recognised for service provided	-	-	(442,419)	(15,073)	(457,492)	(457,492)	-	-	(184,155)	(1,480)	(185,635)	(185,635)
Change in risk adjustment for non-financial risk for risk expired	-	(120,577)	-	-	-	(120,577)	-	(105,547)	-	-	-	(105,547)
Experience adjustment	(162,772)	-	-	-	-	(162,772)	(94,591)	-	-	-	-	(94,591)
Changes that relate to future services	-	-	-	-	-	-	-	-	-	-	-	-
Contracts initially recognised in the year	(64,263)	19,448	125	45,159	45,284	469	(36,217)	23,156	-	35,923	35,923	22,862
Changes in estimates that adjust the CSM	(1,587,302)	62,909	1,466,861	57,532	1,524,393	-	(345,924)	36,512	320,253	(10,841)	309,412	-
Changes in estimates that result in losses and reversal of losses on onerous contracts	34,144	11,417	-	-	-	45,561	89,359	(1,363)	-	-	-	87,996
Changes that relate to past services	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments to liabilities for incurred claims	6,441	722	89,085	3,822	92,907	100,070	(2,380)	(155)	-	-	-	(2,535)
Insurance service result	(1,773,752)	(26,081)	1,113,652	91,440	1,205,092	(594,741)	(389,753)	(47,397)	136,098	23,602	159,700	(277,450)
Net finance expenses from insurance contract	724,182	126,934	-	-	-	851,116	3,492,403	(182,680)	45,710	809	46,519	3,356,242
Total changes in the statement of profit or loss and OCI	(1,049,570)	100,853	1,113,652	91,440	1,205,092	256,375	3,102,650	(230,077)	181,808	24,411	206,219	3,078,792
Cash flows												
Premiums received	6,037,627	-	-	-	-	6,037,627	4,695,332	-	-	-	-	4,695,332
Claims and other insurance service expenses paid, including investment components	(6,178,267)	-	-	-	-	(6,178,267)	(5,368,067)	-	-	-	-	(5,368,067)
Insurance acquisition cash flows	(107,868)	-	-	-	-	(107,868)	(163,221)	-	-	-	-	(163,221)
Total cash flows	(248,508)	-	-	-	-	(248,508)	(835,956)	-	-	-	-	(835,956)
Premium receivable	(4,990)	-	-	-	-	(4,990)	(3,297)	-	-	-	-	(3,297)
Policy Loan receivable	6,429	-	-	-	-	6,429	(742,044)	-	-	-	-	(742,044)
Premium suspense	(461,295)	-	-	-	-	(461,295)	461,295	-	-	-	-	461,295
Net closing balance	42,211,681	1,712,323	2,649,052	115,851	2,764,903	46,688,907	43,969,615	1,611,469	1,535,400	24,411	1,559,811	47,140,895
Closing insurance contract assets	(14,662)	-	-	-	-	(14,662)	(9,672)	-	-	-	-	(9,672)
Closing liabilities	42,226,343	1,712,323	2,649,052	115,851	2,764,903	46,703,569	43,979,287	1,611,469	1,535,400	24,411	1,559,811	47,150,568
Net closing balance	42,211,681	1,712,323	2,649,052	115,851	2,764,903	46,688,907	43,969,615	1,611,469	1,535,400	24,411	1,559,811	47,140,895

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40. Insurance and reinsurance contracts (continued)

(b) Group Creditor Combined Single

	2023						2022					
			Contractual Service Margin						Contractual Service Margin			
	Estimate of present Value of future cash flow	Risk Adjustment non-financial risk	Contracts under fair value transition approach	Other contracts	Subtotal	Total	Estimate of present Value of future cash flow	Risk Adjustment non-financial risk	Contracts under fair value transition approach	Other contracts	Subtotal	Total
Opening insurance contract assets	(46,657)	-	-	-	-	(46,657)	-	-	-	-	-	-
Opening liabilities	483,371	52,804	10,143	158,169	168,312	704,487	488,369	53,340	-	-	-	541,709
Fair value movement	-	-	-	-	-	-	1,039	(164)	-	-	-	875
Net opening balance	436,714	52,804	10,143	158,169	168,312	657,830	489,408	53,176	-	-	-	542,584
Changes that relate to current services												
CSM recognised for service provided	-	-	(23,271)	(148,974)	(172,245)	(172,245)	-	-	(11,610)	(42,590)	(54,200)	(54,200)
Change in risk adjustment for non-financial risk for risk expired	-	(30,214)	-	-	-	(30,214)	-	(26,145)	-	-	-	(26,145)
Experience adjustment	(124,483)	-	-	-	-	(124,483)	(109,190)	-	-	-	-	(109,190)
Changes that relate to future services	-	-	-	-	-	-	-	-	-	-	-	-
Contracts initially recognised in the year	(247,375)	24,504	-	222,871	222,871	-	(209,439)	22,495	-	186,943	186,943	(1)
Changes in estimates that adjust the CSM	(48,868)	2,656	24,680	21,532	46,212	-	(31,160)	737	21,753	8,670	30,423	-
Changes in estimates that result in losses and reversal of losses on onerous contracts	648	591	-	-	-	1,239	(10,337)	1,600	-	-	-	(8,737)
Changes that relate to past services	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments to liabilities for incurred claims	(3,639)	(323)	-	-	-	(3,962)	(3,497)	(421)	-	-	-	(3,918)
Insurance service result	(423,717)	(2,786)	1,409	95,429	96,838	(329,665)	(363,623)	(1,734)	10,143	153,023	163,166	(202,191)
Net finance expenses from insurance contracts	29,287	3,375	438	18,932	19,370	52,032	6,005	1,362	-	5,146	5,146	12,511
Total changes in the statement of profit or loss and OCI	(394,430)	589	1,847	114,361	116,208	(277,633)	(357,618)	(372)	10,143	158,169	168,312	(189,678)
Cash flows												
Premiums received	450,319	-	-	-	-	450,319	394,986	-	-	-	-	394,986
Claims and other insurance service expenses paid, including investment components	(38,148)	-	-	-	-	(38,148)	(32,118)	-	-	-	-	(32,118)
Insurance acquisition cash flows	(11,102)	-	-	-	-	(11,102)	11,287	-	-	-	-	(11,287)
Total cash flows	401,069	-	-	-	-	401,069	351,581	-	-	-	-	351,581
Premium receivable	46,657	-	-	-	-	46,657	(46,657)	-	-	-	-	(46,657)
Net closing balance	490,010	53,393	11,990	272,530	284,520	827,923	436,714	52,804	10,143	158,169	168,312	657,830
Closing insurance contract assets	-	-	-	-	-	-	(46,657)	-	-	-	-	(46,657)
Closing liabilities	490,010	53,393	11,990	272,530	284,520	827,923	483,371	52,804	10,143	158,169	168,312	704,487
Net closing balance	490,010	53,393	11,990	272,530	284,520	827,923	436,714	52,804	10,143	158,169	168,312	657,830

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40. Insurance and reinsurance contracts (continued)

(b) Individual Universal Life

	2023 Estimate of present Value of future cash flow	2023 Risk Adjustment non-financial risk	2023 Contractual Service Margin – Contracts under fair value transition approach	2023 Contractual Service Margin – Other contracts	2023 Contractual Service Margin – Subtotal	2023 Total	2022 Estimate of present Value of future cash flow	2022 Risk Adjustment non-financial risk	2022 Contractual Service Margin – Contracts under fair value transition approach	2022 Contractual Service Margin – Other contracts	2022 Contractual Service Margin – Subtotal	2022 Total
Opening insurance contract assets	(1,625)	-	-	-	-	(1,625)	-	-	-	-	-	-
Opening liabilities	(80,258)	96,350	-	30,981	30,981	47,073	(308,031)	92,647	34,061	-	34,061	(181,323)
Fair value movement	-	-	-	-	-	-	4,153	2,827	1,181	-	1,181	8,161
Net opening balance	(81,883)	96,350	-	30,981	30,981	45,448	(303,878)	95,474	35,242	-	35,242	(173,162)
Changes in the statement of profit or loss and OCI												
Changes that relate to current services												
CSM recognised for service provided	-	-	4,942	(5,241)	(299)	(299)	-	-	-	(1,401)	(1,401)	(1,401)
Change in risk adjustment for non-financial risk for risk expired	-	(17,731)	-	-	-	(17,731)	-	(9,431)	-	-	-	(9,431)
Experience adjustment	(20,200)	-	-	-	-	(20,200)	(25,305)	-	-	-	-	(25,305)
Changes that relate to future services	-	-	-	-	-	-	-	-	-	-	-	-
Contracts initially recognised in the year	(82,571)	30,920	-	72,085	72,085	20,434	(44,065)	20,527	-	49,778	49,778	26,240
Changes in estimates that adjust the CSM	158,819	(32,495)	(60,860)	(65,464)	(126,324)	-	60,246	(7,609)	(35,242)	(17,395)	(52,637)	-
Changes in estimates that result in losses and reversal of losses on onerous contracts	110,249	40,619	-	-	-	150,868	38,882	(2,619)	-	-	-	36,263
Changes that relate to past services	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments to liabilities for incurred claims	(136)	(15)	-	-	-	(151)	(130)	9	-	-	-	(121)
Insurance service result	166,161	21,298	(55,918)	1,380	(54,538)	132,921	29,628	877	(35,242)	30,982	(4,260)	26,245
Net finance expenses from insurance contracts	(42,504)	449	501	602	1,103	(40,952)	(32,468)	-	-	-	-	(32,468)
Total changes in the statement of profit or loss and OCI	123,657	21,747	(55,417)	1,982	(53,435)	91,969	(2,840)	877	(35,242)	30,982	(4,260)	(6,223)
Cash flows												
Premiums received	763,049	-	-	-	-	763,049	514,295	-	-	-	-	514,295
Claims and other insurance service expenses paid, including investment components	(465,987)	-	-	-	-	(465,987)	(338,617)	-	-	-	-	(338,617)
Insurance acquisition cash flows	(194,633)	-	-	-	-	(194,633)	(99,089)	-	-	-	-	(99,089)
Total cash flows	102,429	-	-	-	-	102,429	76,589	-	-	-	-	76,589
Premium receivable	1,625	-	-	-	-	1,625	(1,625)	-	-	-	-	(1,625)
Premium suspense	(149,872)	-	-	-	-	(149,872)	149,869	-	-	-	-	149,869
Net closing balance	(4,044)	118,097	(55,417)	32,963	(22,454)	91,599	(81,885)	96,351	-	30,982	30,982	45,448
Closing insurance contract assets	-	-	-	-	-	-	(1,625)	-	-	-	-	(1,625)
Closing liabilities	(4,044)	118,097	(55,417)	32,963	(22,454)	91,599	(80,260)	96,351	-	30,982	30,982	47,073
Net closing balance	(4,044)	118,097	(55,417)	32,963	(22,454)	91,599	(81,885)	96,351	-	30,982	30,982	45,448

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40. Insurance and reinsurance contracts (continued)

(b) Individual Annuity Insurance Risk

	2023 Estimate of present Value of future cash flow	2023 Risk Adjustment non-financial risk	2023 Contractual Service Margin – Contracts under fair value transition approach	2023 Contractual Service Margin – Other contracts	2023 Contractual Service Margin – Subtotal	2023 Total	2022 Estimate of present Value of future cash flow	2022 Risk Adjustment non-financial risk	2022 Contractual Service Margin – Contracts under fair value transition approach	2022 Contractual Service Margin – Other contracts	2022 Contractual Service Margin – Subtotal	2022 Total
Opening assets	-	-	-	-	-	-	-	-	-	-	-	-
Opening liabilities	1,091,652	-	-	-	-	1,091,652	880,799	-	-	-	-	880,799
Net opening balance	1,091,652	-	-	-	-	1,091,652	880,799	-	-	-	-	880,799
Cash flows												
Premiums received	266,160	-	-	-	-	266,160	259,198	-	-	-	-	259,198
Claims and other insurance service expenses paid, including investment components	(64,853)	-	-	-	-	(64,853)	(48,345)	-	-	-	-	(48,345)
Total cash flows	201,307	-	-	-	-	201,307	210,853	-	-	-	-	210,853
Net closing balance	1,292,959	-	-	-	-	1,292,959	1,091,652	-	-	-	-	1,091,652
Closing assets	-	-	-	-	-	-	-	-	-	-	-	-
Closing liabilities	1,292,959	-	-	-	-	1,292,959	1,091,652	-	-	-	-	1,091,652
Net closing balance	1,292,959	-	-	-	-	1,292,959	1,091,652	-	-	-	-	1,091,652

(Expressed in thousands of Jamaican dollars unless otherwise stated)

40. Insurance and reinsurance contract (continued)

The following table summarizes the movement in the reinsurance contract balances:

(c) Analysis by remaining coverage and incurred claims

	2023			
	Assets for remaining coverage			
	Excluding loss recovery component	Loss recovery component	Assets for incurred claim	Total
Opening assets	1,218	-	-	1,218
Opening liabilities	(2,342)	48	-	(2,295)
Net opening balance	(1,124)	48	-	(1,076)
Changes in the statement of profit or loss and OCI				
Allocation of reinsurance premiums paid	(785)	-	-	(785)
Amounts recoverable from reinsurers				
Recoveries of incurred claims and other insurance service expenses	-	97	-	97
Recoveries and reversals of recoveries of losses on onerous underlying contracts	-	389	-	389
Changes related to past service (changes related to incurred claims component)	-	-	-	-
Net expenses from reinsurance contracts	-	486	-	486
Effects of changes in non-performance risk of reinsurers	101	-	-	101
Net expenses from reinsurance contracts	(684)	486	-	(198)
Net finance income from reinsurance contracts	(141)	10	-	(131)
Total changes in the statement of profit or loss and OCI	(825)	496	-	(329)
Cash flows				
Premiums paid	634	-	-	634
Total cash flows	634	-	-	634
Net closing balance	(1,315)	544	-	(771)
Closing assets	1,356	-	-	1,356
Closing liabilities	(2,671)	544	-	(2,127)
Net closing balance	**(1,315)**	**544**	**-**	**(771)**

	2022			
	Assets for remaining coverage			
	Excluding loss recovery component	Loss recovery component	Assets for incurred claim	Total
Opening liabilities	(1,116)	-	-	(1,116)
Fair value movement	(34)	-	-	(34)
Net opening balance	(1,150)	-	-	(1,150)
Allocation of reinsurance premiums paid	(319)	-	-	(319)
Amounts recoverable from reinsurers				
Recoveries of incurred claims and other insurance service expenses	-	(5)	-	(5)
Recoveries and reversals of recoveries of losses on onerous underlying contracts	-	52	-	52
Total Amounts Recovered from Reinsurance	-	47	-	47
Investment components and premium refunds				
Net expenses from reinsurance contracts	(319)	47	-	(272)
Net finance income from reinsurance contracts	345	-	-	345
Total changes in the statement of profit or loss and OCI	26	47	-	73
Net closing balance	(1,124)	47	-	(1,077)
Closing assets	1,218	-	-	1,218
Closing liabilities	(2,342)	47	-	(2,295)
Net closing balance	**(1,124)**	**47**	**-**	**(1,077)**

40. Insurance and reinsurance contract (continued)

The following table sets out when the Group expects to recognize the remaining contractual service margins (CSM) in profit and loss after the reporting date for contracts not measured under the Premium Allocation approach.

(d) Analysis by remaining contractual service margins

	2023							
	Less Than 1 Year	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	Over 10 years	Total
Insurance contracts								
Individual life	2,427	2,205	2,182	2,056	1,806	7,317	37,462	55,455
Individual Health	9,243	6,387	4,729	3,869	3,373	13,753	53,190	94,544
Group Creditor Combined Single	127,659	84,926	46,348	19,971	5,184	507	-	284,595
Individual Life Savings and Wealth	183,518	169,321	146,858	133,478	123,236	507,852	1,503,620	2,767,883
Individual Annuity	-	-	-	-	-	-	-	-
Individual Universal Life	2,744	2,117	1,895	1,658	1,382	4,709	18,543	33,048
Total	325,591	264,956	202,012	161,032	134,981	534,138	1,612,815	3,235,525
Reinsurance contracts								
Individual Universal life	(55)	(45)	(37)	(31)	(27)	(99)	(394)	(688)

	2022							
	Less Than 1 Year	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	Over 10 years	Total
Insurance contracts								
Individual life	1,460	1,368	1,350	1,126	832	2,621	10,965	19,722
Individual Health	1,788	1,246	928	761	662	2,642	10,380	18,407
Group Creditor Combined Single	71,955	50,610	27,971	13,556	3,834	387	-	168,313
Individual Life Savings and Wealth	138,636	122,909	105,783	92,892	83,301	319,072	697,218	1,559,811
Individual Annuity	-	-	-	-	-	-	-	-
Individual Universal Life	3,387	1,957	1,671	1,637	1,630	4,397	16,304	30,983
Total	217,226	178,090	137,703	109,972	90,259	329,119	734,867	1,797,236
Reinsurance contracts								
Individual Universal life	(96)	(77)	(62)	(52)	(44)	(160)	(653)	(1,144)

(Expressed in thousands of Jamaican dollars unless otherwise stated)

40. Insurance and reinsurance contract (continued)

(e) The following tables summarize the effect on the measurement components arising from the initial recognition of insurance and reinsurance contracts not measured under the PAA in the year.

Insurance contracts (Individual Life Savings and Wealth)	2023 Profitable contracts issued	Onerous contracts issued	Total
Insurance acquisition cash flows	59,957	77	60,034
Claims and other insurance service expenses payable	481,077	29,398	510,475
Estimates of present value of cash outflows	1,073,319	(2,802)	1,070,517
Estimates of present value of cash inflows	(1,138,139)	3,359	(1,134,780)
Risk adjustment for non-financial risk	19,536	(88)	19,448
CSM	45,284	-	45,284
Losses recognised on initial recognition	-	469	469

	2022 Profitable contracts issued	Onerous contracts issued	Total
Insurance acquisition cash flows	48,211	39,070	87,281
Claims and other insurance service expenses payable	388,412	24,385	412,797
Estimates of present value of cash outflows	816,160	254,445	1,070,605
Estimates of present value of cash inflows	(867,669)	(239,152)	(1,106,821)
Risk adjustment for non-financial risk	15,586	7,569	23,155
CSM	35,923	-	35,923
Losses recognised on initial recognition	-	22,862	22,862

Insurance contracts (Individual Life)	2023 Profitable contracts issued	Onerous contracts issued	Total
Insurance acquisition cash flows	21,456	3,482	24,938
Claims and other insurance service expenses payable	50,260	377	50,637
Estimates of present value of cash outflows	80,013	9,060	89,073
Estimates of present value of cash inflows	(119,446)	(9,456)	(128,902)
Risk adjustment for non-financial risk	7,657	720	8,377
CSM	31,776	-	31,776
Losses recognised on initial recognition	-	324	324

	2022 Profitable contracts issued	Onerous contracts issued	Total
Insurance acquisition cash flows	13,086	937	14,023
Claims and other insurance service expenses payable	38,374	24	38,398
Estimates of present value of cash outflows	48,232	2,520	50,752
Estimates of present value of cash inflows	(74,228)	(2,633)	(76,861)
Risk adjustment for non-financial risk	5,188	198	5,386
CSM	20,808	-	20,808
Losses recognised on initial recognition	-	85	85

40. Insurance and reinsurance contract (continued)

The following tables summarize the effect on the measurement components arising from the initial recognition of insurance and reinsurance contracts not measured under the PAA in the year (continued)

Insurance contracts (Individual Universal Life)	2023 Profitable contracts issued	Onerous contracts issued	Total
Insurance acquisition cash flows	62,257	36,289	98,546
Claims and other insurance service expenses payable	52,209	7,773	59,982
Estimates of present value of cash outflows	898,253	117,904	1,016,157
Estimates of present value of cash inflows	(994,897)	(103,652)	(1,098,549)
Risk adjustment for non-financial risk	24,747	6,144	30,891
CSM	71,897	-	71,897
Losses recognised on initial recognition	-	20,396	20,396

	2022 Profitable contracts issued	Onerous contracts issued	Total
Insurance acquisition cash flows	27,665	41,985	69,650
Claims and other insurance service expenses payable	35,425	2,302	37,727
Estimates of present value of cash outflows	496,701	173,000	669,701
Estimates of present value of cash inflows	(559,570)	(154,196)	(713,766)
Risk adjustment for non-financial risk	13,091	7,436	20,527
CSM	49,778	-	49,778
Losses recognised on initial recognition	-	26,240	26,240

Insurance contracts (Individual Health)	2023 Profitable contracts issued	Onerous contracts issued	Total
Insurance acquisition cash flows	38,522	17,839	56,361
Claims and other insurance service expenses payable	113,657	6,465	120,122
Estimates of present value of cash outflows	124,224	34,571	158,795
Estimates of present value of cash inflows	(233,949)	(36,431)	(270,380)
Risk adjustment for non-financial risk	22,045	4,187	26,232
CSM	87,680	-	87,680
Losses recognised on initial recognition	-	2,327	2,327

	2022 Profitable contracts issued	Onerous contracts issued	Total
Insurance acquisition cash flows	19,042	10,513	29,555
Claims and other insurance service expenses payable	86,200	3,681	89,881
Estimates of present value of cash outflows	55,656	21,091	76,747
Estimates of present value of cash inflows	(94,512)	(23,191)	(117,703)
Risk adjustment for non-financial risk	8,996	2,575	11,571
CSM	29,860	-	29,860
Losses recognised on initial recognition	-	475	475

(Expressed in thousands of Jamaican dollars unless otherwise stated)

40. Insurance and reinsurance contract (continued)

The following tables summarize the effect on the measurement components arising from the initial recognition of insurance and reinsurance contracts not measured under the PAA in the year (continued)

	2023		
	Profitable contracts issued	Onerous contracts issued	Total
Insurance contracts (Group Creditor Combined Single)			
Insurance acquisition cash flows	23,357	-	23,357
Claims and other insurance service expenses payable	105,703	59,114	164,817
Estimates of present value of cash outflows	153,266	-	153,266
Estimates of present value of cash inflows	(400,641)	-	(400,641)
Risk adjustment for non-financial risk	24,504	-	24,504
	222,871	-	222,871
Losses recognised on initial recognition	-	-	-

	2022		
	Profitable contracts issued	Onerous contracts issued	Total
Insurance acquisition cash flows	24,992	-	24,992
Claims and other insurance service expenses payable	71,161	73,521	144,682
Estimates of present value of cash outflows	140,868	-	140,868
Estimates of present value of cash inflows	(350,306)	-	(350,306)
Risk adjustment for non-financial risk	22,495	-	22,495
	186,943	-	186,943
Losses recognised on initial recognition	-	-	-

	2023		
	Contracts Initiated without loss recovery component	Contracts Initiated with loss recovery component	Total
Reinsurance contracts			
Estimates of present value of cash inflows	(1,295)	-	(1,295)
Estimates of present value of cash outflows	1,003	-	1,003
Risk adjustment for non-financial risk	122	-	122
CSM	170	-	170

	2022		
	Contracts Initiated without loss recovery component	Contracts Initiated with loss recovery component	Total
Reinsurance contracts			
Estimates of present value of cash inflows	(1,798)	-	(1,798)
Estimates of present value of cash outflows	2,089	-	2,089
Risk adjustment for non-financial risk	154	-	154
CSM	(445)	-	(445)

41. Share capital

	Number of Units ('000)		Carrying value	
	2023	2022	2023	2022
Authorised:				
Ordinary stock units of no par value	10,000,000	10,000,000	-	-
Issued and fully paid:				
Ordinary stock units	3,111,573	3,111,573	6,569,810	6,569,810

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

42. Reserve fund

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

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

43. Retained earnings reserve

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

44. Capital reserve

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

45. Cumulative remeasurement result from investment securities

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

46. Loan loss reserve

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

47. Other reserves

This represents reserves arising on consolidation of subsidiaries.

48. Insurance finance reserve

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

49. Related party transactions and balances

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

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

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

Related party transactions with the parent company include the payment of dividends. Related party transactions with the ultimate parent company comprise the payment of management fees, guarantee fees, centralised computing and other service fees. There were no other balances due to the ultimate parent company, outside of those balances set out in note 35.

(Expressed in thousands of Jamaican dollars unless otherwise stated)

49. Related party transactions and balances (continued)

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

	The Group					
	Ultimate parent	Fellow subsidiaries	Directors and key management personnel	Connected companies	Total 2023	Total 2022
Loans [1]						
Balance at October 31	-	-	1,168,929	7,083,510	8,252,439	8,505,261
Interest income earned	-	-	68,559	345,433	413,992	415,521
Deposit liabilities [2]						
Balance at October 31	(6,342)	(565,890)	(802,375)	(5,183,491)	(6,558,098)	(6,380,261)
Interest expense on deposits	-	(142)	(554)	(4,941)	(5,637)	(6,394)
Investments/repurchase agreements [3]						
Other investments	-	319,033	-	-	319,033	1,065,935
Interest earned/(paid) on other investments	49,341	112,394	-	-	161,735	85,110
Deposits with banks [2]						
Due from banks and other financial institutions	1,435,183	42,825,368	-	-	44,260,551	36,163,211
Interest earned from banks and other financial institutions	-	1,882,904	-	-	1,882,904	252,556
Other						
Fees and commission, net	-	-	(135,369)	-	(135,369)	(106,417)
Insurance products	-	-	30,912	-	30,912	32,215
Technical fees paid, net	(2,273,096)	-	-	-	(2,273,096)	(1,987,662)
Other operating expenses, net	(1,181,613)	(1,986,557)	381	-	(3,167,789)	(2,848,707)

	The Group 2023	The Group 2022
Key management compensation		
Salaries and other short-term benefits	921,996	966,259
Post-employment benefits	288,323	(107,930)
	1,210,319	858,329

	The Company					
Subsidiaries	Subsidiaries	Fellow subsidiaries	Directors and Key management personnel	Connected companies	Totals 2023	Totals 2022
Deposits [2]						
Balance at October 31	484,550	9,038,381	-	-	9,522,931	9,128,131
Interest expense on deposits	-	423,503	-	-	423,503	65,790
Other operating (expense)/ income	4,121,922	-	(25,026)	-	4,096,896	3,660,533

(1) Loans are extended to related parties in the normal course of the Group's banking operations. These amounts bear interest at market rates and have fixed repayment terms.

(2) These balances comprise unsecured savings, current and fixed term amounts, that are repayable on demand or with fixed maturities of up to 2 years. These amounts bear interest at market rates ranging from 0% - 0.30%.

(3) These balances have fixed maturities and bear interest at market rates.

50. Financial risk management

(a) Overview and risk management framework

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

- extensive risk management policies define the Group's risk appetite, set the limits and controls within which the Group operates, and reflect the requirements of regulatory authorities. These policies are approved by the Group's Board of Directors, either directly or through the Executive and Enterprise Risk Committee.

- guidelines are developed to clarify risk limits and conditions under which the Group's risk policies are implemented.

- processes are implemented to identify, evaluate, document, report and control risk.

- compliance with risk policies, limits and guidelines are measured, monitored and reported to ensure consistency against desired goals.

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

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

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

(i) Board Audit Committee

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

(ii) Executive and Enterprise Risk Committee

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

50. Financial risk management (continued)

(a) Overview and risk management framework (continued)

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

(iii) Asset and Liability Committee

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

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

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

(b) Credit risk

(i) Credit Risk Management

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

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

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

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

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

(ii) Credit-related commitments

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

50. Financial risk management (continued)

(b) Credit risk (continued)

(ii) Credit Risk Management (continued)

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

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

(iii) Credit quality

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

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

IG Code rating	**External rating: Standard & Poor's equivalent.**
Investment grade	AAA to BBB-
Non-investment grade	BB+ to B-
Watch list	CCC+ to CC
Default	Default

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

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

(Expressed in thousands of Jamaican dollars unless otherwise stated)

50. Financial risk management (continued)

(b) Credit risk (continued)

Retail Loans including all credit card segments:

The Group 2023					
Category of PD Grade	PD Range	Stage 1	Stage 2	Stage 3	Total
Very Low	<0.2%	1,564,108	-	-	1,564,108
Low	0.2% to <1%	79,840,398	151,866	-	79,992,264
Medium	1% to <3%	51,783,405	177,105	-	51,960,510
High	3% to <20%	24,118,200	3,261,868	-	27,380,068
Very High	20% to <99.9%	60,807	2,664,791	-	2,725,598
Subtotal: PD Grades (Advanced Models)		157,366,918	6,255,630	-	163,622,548
Loans not graded (Intermediate or simplified or gross-up)		4,946,341	200,303	-	5,146,644
Default		-	-	4,324,022	4,324,022
Total		162,313,259	6,455,933	4,324,022	173,093,214
Expected credit loss allowance		(1,632,619)	(1,238,631)	(2,360,446)	(5,231,696)
Deferred origination fees		-	-	-	(2,664,933)
Carrying Amounts		160,680,640	5,217,302	1,963,576	165,196,585

2022 (Restated *)					
Category of PD Grade	PD Range	Stage 1	Stage 2	Stage 3	Total
Very Low	<0.2%	1,490,907	-	-	1,490,907
Low	0.2% to <1%	62,834,530	56,896	-	62,891,426
Medium	1% to <3%	52,215,192	269,621	-	52,484,813
High	3% to <20%	23,298,943	3,255,857	-	26,554,800
Very High	20% to <99.9%	53,099	2,707,140	-	2,760,239
Subtotal: PD Grades (Advanced Models)		139,892,671	6,289,514	-	146,182,185
Loans not graded (Intermediate or simplified or gross-up)		280,863	8,894	-	289,757
Default		-	-	3,620,095	3,620,095
Total		140,173,534	6,298,408	3,620,095	150,092,037
Expected credit loss allowance		(1,677,612)	(1,584,708)	(2,279,706)	(5,542,026)
Deferred origination fees		-	-	-	(2,219,415)
Carrying Amounts		138,495,922	4,713,700	1,340,389	142,330,596

(*See note 58)

50. Financial risk management (continued)

(b) Credit risk (continued)

(iii) Credit quality (continued)

Commercial Loans excluding all credit card segments:

The Group 2023						
Internal Grade	IG Code	S&P	Stage 1	Stage 2	Stage 3	Total
Investment grade	99-98	AAA to AA+	3,033	1,030,355	-	1,033,388
	95	AA to A+	-	318,939	-	318,939
	90	A to A-	60,566	1,366,130	-	1,426,696
	87	BBB+	69	3,332	-	3,401
	85	BBB	14,503,417	1,954,850	-	16,458,267
	83	BBB-	10,136,006	2,566,973	-	12,702,979
Non-investment	80	BB+	8,584,232	3,118,796	-	11,703,028
	77	BB	19,485,757	804,938	-	20,290,695
	75	BB-	31,258,725	1,345,135	-	32,603,860
	73	B+	2,767,818	464,620	-	3,232,438
	70	B to B-	2,629,700	548,481	-	3,178,181
Watch	65	CCC+	-	525,787	-	525,787
	60	CCC	-	559,687	-	559,687
	40	CCC- to CC	-	7	-	7
Default			-	-	180,458	180,458
Total			89,429,323	14,608,030	180,458	104,217,811
Expected credit loss allowance			(202,347)	(162,474)	(29,919)	(394,740)
Deferred origination fee			-	-	-	(189,938)
Carrying amount			89,226,977	14,445,556	150,539	103,633,133

2022 (Restated*)						
Internal Grade	IG Code	S&P	Stage 1	Stage 2	Stage 3	Total
Investment grade	99-98	AAA to AA+	3,040	1,256,018	-	1,259,058
	95	AA to A+	-	415,260	-	415,260
	90	A to A-	94,069	1,591,773	-	1,685,842
	87	BBB+	454,680	6,892	-	461,572
	85	BBB	1,463,142	2,532,909	-	3,996,051
	83	BBB-	8,213,359	3,574,431	-	11,787,790
Non-investment	80	BB+	9,540,306	2,809,381	-	12,349,687
	77	BB	20,251,318	529,399	-	20,780,717
	75	BB-	24,459,284	1,155,393	-	25,614,677
	73	B+	6,355,201	314,112	-	6,669,313
	70	B to B-	5,313,820	909,149	-	6,222,969
Watch	65	CCC+	-	297,328	-	297,328
	60	CCC	-	777,389	-	777,389
	40	CCC- to CC	-	85,917	-	85,917
	30		-	50,504	-	50,504
Default			-	-	396,015	396,015
Total			76,148,219	16,305,855	396,015	92,850,089
Expected credit loss allowance			(92,504)	(179,915)	(83,671)	(356,090)
Deferred origination fees			-	-	-	(167,053)
Carrying amount			76,055,715	16,125,940	312,344	92,326,946

(*See note 58)

(Expressed in thousands of Jamaican dollars unless otherwise stated)

50. Financial risk management (continued)

(b) Credit risk (continued)

(iii) Credit quality (continued)

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

Real GDP growth, y/y % change	Base Case Scenario		Alternative Scenario – Optimistic		Alternative Scenario – Pessimistic		Alternative Scenario – Very Pessimistic	
	Next 12 Months	Remaining Forecast	Next 12 Months	Remaining Forecast	Next 12 Months	Remaining Forecast	Next 12 Months	Remaining Forecast
2023	3.8	3.8	4.5	4.9	2.8	4.2	0.5	4.7
2022	4.4	4.0	5.0	4.9	0.5	5.2	- 1.0	3.8

Debt securities: Internal grades are used to differentiate the risk of default of a borrower. The following table cross references the Group's internal grades with external rating agency designation of debt and similar securities, other than loans, based on Standard & Poor's ratings or their equivalent:

Debt securities:

	The Group			
	2023		2022	
	Stage 1	Total	Stage 1	Total
AAA to AA+	44,930,522	44,930,522	44,973,883	44,973,883
AA to A+	18,952,131	18,952,131	20,764,431	20,764,431
BBB+ to BB+	1,514,272	1,514,272	1,499,757	1,499,757
BB to B-	128,856,287	128,856,287	126,901,692	126,901,692
Unrated	7,088,098	7,088,098	4,918,222	4,918,222
Allowance	201,341,310	201,341,310	199,057,985	199,057,985

Classified as follows:

	The Group	
	2023	2022
Amortized cost	38,243,803	33,946,846
Fair value through OCI	158,468,597	149,830,693
Fair value through profit or loss	2,165,993	2,719,622
Pledged Assets:		
Amortised cost	-	281,761
Fair value through OCI	2,462,917	12,279,063
	201,341,310	199,057,985

50. Financial risk management (continued)

(b) Credit risk (continued)

(iii) Credit quality (continued)

Expected credit losses on investment securities carried at amortized cost and fair value through the profit and loss was $180,614 (2022: $31,278).

(iv) Maximum exposure to credit risk

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

Collateral and other credit enhancements held against loans

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

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

The estimated fair value of the collateral with enforceable legal right pursuant to the agreements for outstanding loans and guarantees is $236,016,111 (2022: $183,643,552) for the Group. The estimated fair value of the collateral with enforceable legal right pursuant to impaired loans approximates $2,114,115 (2022: $1,652,733) for the Group.

(Expressed in thousands of Jamaican dollars unless otherwise stated)

50. Financial risk management (continued)

(b) Credit risk (continued)

(v) Concentration of exposure to credit risk

The following table summarises credit exposure for loans at their carrying amounts, as categorised by industry sectors. These credit facilities are well diversified across industry sectors, and are primarily extended to customers within Jamaica.

	The Group	
	Total 2023	Total 2022 Restated*
Agriculture, Fishing & Mining	402,530	552,537
Construction and Real Estate	2,592,525	2,907,211
Distribution	28,531,697	21,058,644
Financial Institutions	2,761,567	1,338,982
Government & Public Entities	2,374,428	5,090,165
Manufacturing	18,839,728	17,665,356
Transportation, Electricity, Water & Other	24,061,488	20,939,284
Personal	170,370,485	147,189,379
Professional and Other Services	10,419,930	11,015,546
Tourism & Entertainment	15,707,991	13,976,299
Interest Receivable	1,248,656	1,208,723
Total	277,311,025	242,942,126
Deferred origination fees	(2,854,871)	(2,386,468)
Total allowance for credit losses	(5,626,436)	(5,898,116)
	268,829,718	234,657,542

(c) Market risk

Market risk arises from changes in market prices and rates (including interest rates, credit spreads, equity prices and foreign exchange rates), correlations between them, and their levels of volatility. Market risk is subject to extensive risk management controls and is managed within the framework of market risk policies and limits approved by the Board. The Executive and Enterprise Risk Committee oversee the application of the framework set by the Board and monitor the Bank's market risk exposures and the activities that give rise to these exposures.

The Group uses various metrics and models to measure and control market risk exposures. The measurements used are selected based on an assessment of the nature of risks in a particular activity.

The principal measurement techniques are Value at Risk (VaR), stress testing, sensitivity analysis, simulation modelling and gap analysis. The Board reviews results from these metrics quarterly.

The management of the individual elements of market risk – interest rate, currency and price risk are as follows:

(i) Interest rate risk

Interest rate risk is the risk of loss due to the following: changes in the level, slope and curvature of the yield curve; the volatility of interest rates; changes in the market price of credit; and the creditworthiness of a particular issuer. The Group actively manages its interest rate exposures with the objective of enhancing net interest income within established risk tolerances. Interest rate risk arising from the Group's funding and investment activities is managed in accordance with Board-approved policies and limits, which are designed to control the risk to net interest income and economic value of shareholders' equity. The income limit measures the effect of a specified shift in interest rates on the Group's annual net income over the next twelve months, while the economic value limit measures the impact of a specified change in interest rates on the present value of the Group's net assets. Interest rate exposures in individual currencies are also controlled by gap limits.

(*See note 58)

50. Financial risk management (continued)

(c) Market risk (continued)

(i) Interest rate risk (continued)

Sensitivity analysis assesses the effect of changes in interest rates on current earnings and on the economic value of assets and liabilities. Stress testing scenarios are also important for managing risk in the Group's portfolios.

The following tables summarise carrying amounts of assets, liabilities and equity in order to arrive at the Group's and the Company's interest rate gap based on the earlier of contractual repricing and maturity dates.

	The Group 2023						
	Immediately rate sensitive	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-rate sensitive	Total
Cash resources	1,219,268	76,272,843	8,476,541	-	-	92,645,544	178,614,196
Governments securities purchased under resale agreements	-	330,000	-	-	-	75	330,075
Financial assets at fair value through profit or loss	-	141,962	1,923,540	73,698	13,647	688,986	2,841,833
Pledged assets	-	2,500,543	699,643	(33,736)	-	354,677	3,521,127
Loans [(1)]	157,301,506	13,661,971	27,704,050	51,125,038	7,944,914	11,092,239	268,829,718
Investment securities [(2)]	2,328,686	14,977,978	27,343,403	85,520,643	24,064,417	4,520,419	158,755,546
Segregated fund asset	-	-	-	-	-	1,290,656	1,290,656
Insurance and reinsurance contract assets	-	-	-	-	-	15,825	15,825
Other assets	-	-	-	-	-	50,537,986	50,537,986
Total assets	160,849,460	107,885,297	66,147,177	136,685,643	32,022,978	161,146,407	664,736,962
Deposits, due to financial institutions, parent company and fellow subsidiaries [(3)]	433,919,547	7,640,156	7,192,890	598,029	-	11,916	449,362,538
Due to customers and clients	8,283,363	-	-	-	-	2,278,037	10,561,400
Insurance contract liabilities	1,610,408	47,802,320	-	-	-	37,581	49,450,309
Reinsurance contract liabilities	-	-	-	-	-	2,128	2,128
Segregated fund liabilities	-	-	-	-	-	1,290,656	1,290,656
Other liabilities	-	-	-	-	-	27,521,844	27,521,844
Stockholders' equity	-	-	-	-	-	126,548,087	126,548,087
Total liabilities and stockholders' equity	443,813,318	55,442,476	7,192,890	598,029	-	157,690,249	664,736,962
Total interest rate & sensitivity gap	(282,963,858)	52,442,821	58,954,287	136,087,614	32,022,978	3,456,158	-
Cumulative gap	(282,963,858)	(230,521,037)	(171,566,750)	(35,479,136)	(3,456,158)	-	-

	2022 Restated*						
	Immediately rate sensitive	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-rate sensitive	Total
Cash resources	1,094,371	64,208,861	8,476,541	24,137	-	74,198,542	148,002,452
Government securities purchased under resale agreements	-	751,427	-	-	-	-	751,427
Financial assets at fair value through profit or loss	-	-	-	2,424,674	271,626	339,113	3,035,413
Pledged assets	-	3,595,897	2,146,939	7,420,508	877,420	1,557,956	15,598,720
Loan [(1)]	150,478,449	14,716,142	20,418,809	38,122,399	5,636,035	5,285,708	234,657,542
Investment securities [(2)]	-	12,220,299	25,332,163	89,056,865	21,888,881	1,337,590	149,835,798
Segregated fund asset	-	-	-	-	-	978,078	978,078
Insurance and reinsurance contract assets	-	-	-	-	-	132,413	132,413
Other assets	-	-	-	-	-	41,424,313	41,424,313
Total assets	151,572,820	95,492,626	56,374,452	137,048,583	28,673,962	125,253,713	594,416,156
Deposits, due to financial institutions, parent company and fellow subsidiaries [(3)]	383,996,015	7,296,984	6,656,199	781,736	-	6,681	398,737,615
Capital management and government securities funds	14,121,515	-	-	-	-	6,888	14,128,403
Due to customers and clients	950,606	-	-	-	-	-	950,606
Insurance contract liabilities	1,059,434	47,717,732	-	-	-	628,262	49,405,428
Reinsurance contract liabilities	-	-	-	-	-	2,295	2,295
Segregated fund liabilities	-	-	-	-	-	978,078	978,078
Other liabilities	-	-	-	-	-	23,850,906	23,850,906
Stockholders' equity	-	-	-	-	-	106,362,825	106,362,825
Total liabilities and stockholders' equity	400,127,570	55,014,716	6,656,199	781,736	-	131,835,935	594,416,156
Total interest rate sensitivity gap	(248,554,750)	40,477,910	49,718,253	136,266,847	28,673,962	(6,582,222)	-
Cumulative gap	(248,554,750)	(208,076,840)	(158,358,587)	(22,091,740)	6,582,222	-	-

(*See note 58)

50. Financial risk management (continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

Average effective yields by the earlier of the contractual repricing and maturity dates:

	The Group 2023					
	Immediately rate sensitive %	Within 3 months %	3 to 12 months %	1 to 5 years %	Over 5 years %	Weighted average %
ASSETS						
Cash resources	2.30	6.01	0.05	-	-	2.59
Securities purchased under resale agreements	-	17.66	-	-	-	17.75
Financial assets at fair value through profit and loss	-	-	10.21	7.05	8.74	7.13
Pledged assets	-	24.52	7.85	240.50	-	21.28
Loans	9.99	9.55	9.27	11.06	7.74	9.62
Investment securities	3.35	6.47	6.85	6.82	5.81	6.34
LIABILITIES						
Deposits	0.12	23.01	1.00	1.28	-	0.02
Capital management and government securities fund	1.00	-	-	-	-	1.00
Insurance contract liabilities	2.22	2.30	-	-	-	2.30

	2022 Restated*					
	Immediately rate sensitive %	Within 3 months %	3 to 12 months %	1 to 5 years %	Over 5 years %	Weighted average %
ASSETS						
Cash resources	1.02	4.54	0.05	-	-	1.98
Securities purchased under resale agreements	-	8.22	-	-	-	8.22
Financial assets at fair value through profit or loss	-	-	-	7.66	4.96	6.56
Pledged assets	-	7.17	-	-	-	7.09
Loans (1)	9.31	9.22	9.54	12.02	8.91	9.45
Investment securities (2)	-	5.80	3.15	5.56	1.36	3.92
LIABILITIES						
Deposits (3)	0.10	0.26	0.33	0.44	-	0.11
Capital Management and Government Securities funds	0.18	-	-	-	-	0.18
Insurance contract liabilities	2,21	2.31	-	-	-	2.24

(1) Yields are based on book values and contractual interest rates.

(2) Yields are based on book values and contractual interest adjusted for amortisation of premiums and discounts. Yields on tax exempt investments have not been computed on a taxable equivalent basis.

(3) Yields are based on contractual interest rates.

	The Company 2023						
	Immediately rate sensitive	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	Non-rate sensitive	Total
Cash resources	1,046,390	-	8,476,541	-	-	-	9,522,931
Investment in subsidiaries	-	-	-	-	-	13,029,908	13,029,908
Other assets	-	-	-	-	-	101,042	101,042
Total assets	1,046,390	-	8,476,541	-	-	13,130,950	22,653,881
Other liabilities	-	-	-	-	-	111,467	111,467
Stockholders' equity	-	-	-	-	-	22,542,414	22,542,414
Total liabilities and stockholders' equity	-	-	-	-	-	22,653,881	22,653,881
Total interest rate sensitivity gap	1,046,390	-	8,476,541	-	-	(9,522,931)	-
Cumulative gap	1,046,390	1,046,390	9,522,931	9,522,931	9,522,931	-	-

(*See note 58)

SCOTIA GROUP JAMAICA LIMITED

Notes to the Financial Statements (Continued)
October 31, 2023
(*Expressed in thousands of Jamaican dollars unless otherwise stated*)

50. Financial risk management (continued).

(c) Market risk (continued)

(ii) Interest rate risk (continued)

	2022					
	Immediately rate sensitive	Within 3 months	3 to 12 months	1 to 5 years	Non-rate sensitive	Total
Cash resources	651,590	-	8,476,541	-	-	9,128,131
Investment in securities	-	-	-	-	13,029,908	13,029,908
Other assets	-	-	-	-	106,363	106,363
Total assets	651,590	-	8,476,541	-	13,136,271	22,264,402
Other liabilities	-	-	-	-	29,656	29,656
Stockholders' equity	-	-	-	-	22,234,746	22,234,746
Total liabilities and stockholders' equity	-	-	-	-	22,264,402	22,264,402
Total interest rate sensitivity gap	651,590	-	8,476,541	-	(9,128,131)	-
Cumulative gap	651,590	651,590	9,128,131	9,128,131	-	-

Average effective yields by the earlier of the contractual repricing and maturity dates:

	The Company 2023					
	Immediately rate sensitive %	Within 3 months %	3 to 12 months %	1 to 5 years %	Over 5 years %	Weighted average %
ASSETS						
Cash resources	0.35	-	0.05	-	-	0.08

	2022					
	Immediately rate sensitive %	Within 3 months %	3 to 12 months %	1 to 5 years %	Over 5 years %	Weighted average %
ASSETS						
Cash resources	0.35	-	0.05	-	-	0.07

Sensitivity to interest rate movements

The following shows the sensitivity to interest rate movements using scenarios that are based on recently observed market movements. This analysis assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis is performed on the same basis as for 2022.

	The Group			
	2023		2022	
	Increase/decrease		Increase/decrease	
JMD Interest rates	by 450	bps	by 450	bps
USD Interest rates	by 150	bps	by 250	bps

	The Group		The Company	
	2023	2022	2023	2022
Effect on profit or loss	7,998,454	4,949,757	135,346	182,270
Effect on stockholders' equity	18,537,765	14,895,020	61,517	98,535

(Expressed in thousands of Jamaican dollars unless otherwise stated)

50. Financial risk management (continued).

(c) Market risk (continued)

(ii) Interest rate risk (continued)

The table below analyses the Group's sensitivity to a 0.5% parallel increase or decrease in market interest rates at the reporting date, assuming that all other variables remain constant, is presented below:

	2023		2022	
	Profit and loss		Profit and loss	
	Increase	Decrease	Increase	Decrease
Insurance and reinsurance contracts	(5,449)	5,731	(4,285)	1,997
Financial Instruments	-	-	-	-
	(5,449)	5,731	(4,285)	1,997

(iii) Currency risk

The Group takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily. The main currencies giving rise to this risk are the USD, CAD, GBP and EUR. The Group ensures that the net exposure is kept to an acceptable level by matching foreign assets with liabilities as far as possible.

The tables below summarise the Group's exposure to relevant currencies:

JMD Equivalent

	The Group						
	2023						
	JMD	USD	CAD	GBP	EUR	Other	Total
Cash resources	93,577,466	75,684,467	3,260,880	5,430,495	455,950	204,938	178,614,196
Financial assets at FVPL	2,787,342	54,491	-	-	-	-	2,841,833
Pledged assets	2,410,120	738,499	62,827	281,357	28,324	-	3,521,127
Loans	237,561,722	31,267,996	-	-	-	-	268,829,718
Investment securities	94,197,433	62,901,417	1,656,696	-	-	-	158,755,546
Government securities under repurchase agreement	330,075	-	-	-	-	-	330,075
Segregated fund assets	1,290,656	-	-	-	-	-	1,290,656
Reinsurance contract assets	1,356	-	-	-	-	-	1,356
Insurance contract assets	14,469	-	-	-	-	-	14,469
Other assets	49,573,695	964,291	-	-	-	-	50,537,986
	481,744,334	171,611,161	4,980,403	5,711,852	484,274	204,938	664,736,962
Liabilities							
Deposits	278,198,530	160,439,741	4,857,076	5,195,994	669,670	1,527	449,362,538
Due to customers and clients	2,499,009	7,682,979	67,715	283,398	28,299	-	10,561,400
Segregated fund liabilities	1,290,656	-	-	-	-	-	1,290,656
Insurance contract liabilities	49,450,309	-	-	-	-	-	49,450,309
Reinsurance contract liabilities	2,128	-	-	-	-	-	2,128
Other liabilities	25,185,358	2,229,904	72,244	4,710	14,618	15,010	27,521,844
	356,625,990	170,352,624	4,997,035	5,484,102	712,587	16,537	538,188,875
Net position	**125,118,344**	**1,258,537**	**(16,632)**	**227,750**	**(228,313)**	**188,401**	**126,548,087**

50. Financial risk management (continued).

(c) Market risk (continued)

(iii) Currency risk (continued)

	The Group						
	2022 Restated *						
	JMD	USD	CAD	GBP	EUR	Other	Total
ASSETS							
Cash resources	68,675,622	69,661,807	3,975,282	4,708,437	821,321	159,983	148,002,452
Financial assets at fair value through profit or loss	2,899,347	136,066	-	-	-	-	3,035,413
Pledged assets	6,667,277	8,753,953	177,482	3	5	-	15,598,720
Loans	203,993,688	30,663,811	(8)	51	-	-	234,657,542
Investment securities	84,990,972	63,724,598	1,120,228	-	-	-	149,835,798
Government securities under repurchase agreement	751,427	-	-	-	-	-	751,427
Segregated fund assets	978,078	-	-	-	-	-	978,078
Reinsurance contract assets	1,218	-	-	-	-	-	1,218
Insurance contract assets	131,195	-	-	-	-	-	131,195
Other assets	40,491,327	932,645	(27)	368	-	-	41,424,313
	409,580,151	173,872,880	5,272,957	4,708,859	821,326	159,983	594,416,156
LIABILITIES							
Deposits	233,788,051	154,901,060	4,941,282	4,291,896	813,388	1,938	398,737,615
Capital management and government securities funds	2,307,167	10,873,572	95,800	766,442	85,422	-	14,128,403
Due to customers and clients	950,606	-	-	-	-	-	950,606
Segregated fund liabilities	978,078	-	-	-	-	-	978,078
Insurance contract liabilities	49,405,428	-	-	-	-	-	49,405,428
Reinsurance contract liabilities	2,295	-	-	-	-	-	2,295
Other liabilities	20,550,349	3,244,347	76,646	19,651	(54,404)	14,317	23,850,906
	307,981,974	169,018,979	5,113,728	5,077,989	844,406	16,255	488,053,331
NET POSITION	101,598,177	4,853,901	159,229	(369,130)	(23,080)	143,728	106,362,825

The following significant exchange rates were applied during the year:

	Average rate for the period		Reporting date spot rate	
	2023	2022	2023	2022
USD	153.4719	153.4334	155.2457	153.1594
CAD	113.1964	119.5382	112.3081	113.5403
GBP	188.0098	191.3854	186.2668	175.7410
EUR	164.8968	162.4488	163.6405	150.8400

Sensitivity to foreign exchange rate movements

A weakening of the JMD against the above currencies at October 31 would have increased/(decreased) equity and profit by the amounts shown. This analysis is performed on the same basis as 2022. The strengthening of the JMD against the same currencies at October 31 would have had an equal but opposite effect on the amounts shown, assuming that all other variables remain constant.

Sensitivity to foreign exchange movements:

	The Group	
	2023	2022
	Increase/decrease	Increase/decrease
USD	by 2.13%	by 2.86%
CAD	by 8.68%	by 7.93%
GBP	by 11.91%	by 11.24%
EUR	by 10.16%	by 9.82%

	2023	2022
Effect on profit and stockholders' equity	(17,069)	62,315

(Expressed in thousands of Jamaican dollars unless otherwise stated)

50. Financial risk management (continued)

(c) Market risk (continued)

(iv) Equity price risk

Equity price risk arises out of price fluctuations in equity prices. The risk arises from holding positions in either individual stocks (idiosyncratic risk) or in the market as a whole (systemic risk). The goal is to earn dividend income and realise capital gains sufficient to offset the interest foregone in holding such long-term positions.

The Board sets limits on the level of exposure, and diversification is a key strategy employed to reduce the impact on the portfolio which may result from the non-performance of a specific class of assets. Given the potential volatility in the value of equities and the non-interest bearing characteristic of these instruments, the Group limits the amount invested in them.

The following shows the sensitivity of the unitised funds based on the 3-month price volatility of the Funds' published net asset value /share over a 5-year period within a confidence interval of 99% using historical simulation.

	The Group	
	2023	2022
Effect on profit and stockholders' equity	(135,054)	(210,961)

The table below analyses the Group's sensitivity to a 5% increase or decrease in equity prices at the reporting date, assuming that all other variables remain constant, is presented below.

	2023		2022	
	Profit and loss		Profit and loss	
	Increase	Decrease	Increase	Decrease
Insurance and reinsurance contracts	14,230	(14,230)	14,063	(14,063)

(d) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its obligations when they fall due as a result of customer deposits being withdrawn, cash requirements from contractual commitments, or other cash outflows. The Group is exposed to daily calls on its available cash resources from overnight and maturing deposits, loan drawdowns and guarantees. The Group does not maintain cash resources to meet all of these needs, as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty. The Group maintains large holdings of unencumbered liquid assets to support its operations. These assets generally can also be sold or pledged to meet the Group's obligations.

The Group's liquidity management process includes:

(i) Monitoring future cash flows and liquidity on a daily basis;

(ii) Maintaining a portfolio of highly marketable assets that can be liquidated quickly as protection against any unforeseen interruption of cash flow;

(iii) Monitoring the liquidity ratios of the Group against internal and regulatory requirements;

(iv) Managing the concentration and profile of debt maturities, as well as undrawn lending commitments; and

(v) Liquidity stress testing and contingency planning.

50. Financial risk management (continued)

(d) Liquidity risk (continued)

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

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

Liquidity requirements to support calls under guarantees and standby letters of credit are considerably less than the amount of the commitment because the Group does not generally expect the third party to draw funds under the agreement. The total outstanding contractual amount of commitments to extend credit does not necessarily represent future cash requirements, as many of these commitments will expire or terminate without being funded.

Financial liabilities cash flows

The tables below present the undiscounted cash flows (both interest and principal cash flows) to settle financial liabilities based on contractual repayment obligations. However, the Group expects that many policyholders/depositors/customers will not request repayment on the earliest date the Group could be required to pay.

	Group						
	2023						
	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	No specific maturity	Total	Carrying amounts
Financial liabilities							
Deposits by the public, due to financial institution, parent company and fellow subsidiaries	441,569,721	7,212,008	600,090	-	-	449,381,819	449,362,538
Cheques and other instruments in transit	3,392,616	-	-	-	-	3,392,616	3,392,616
Due to customers and clients	10,561,400	-	-	-	-	10,561,400	10,561,400
Insurance contract liabilities	48,102,912	6,373,138	-	-	-	54,476,050	49,450,309
Reinsurance contract liabilities	-	-	-	-	2,128	2,128	2,128
Segregated fund liabilities	-	-	-	-	1,290,656	1,290,656	1,290,656
Guarantees and letters of credit	13,958,825	5,020,634	132,216	232,896	-	19,344,571	-
	517,585,474	18,605,780	732,306	232,896	1,292,784	538,449,240	514,059,647

	2022 Restated *						
	Within 3 months	3 to 12 months	1 to 5 years	Over 5 years	No specific maturity	Total	Carrying amounts
Financial liabilities							
Deposits by the public, due to financial institutions, parent company and fellow subsidiaries	391,304,611	6,679,078	787,406	-	-	398,771,095	398,737,615
Capital management and government securities funds	14,128,403	-	-	-	-	14,128,403	14,128,403
Due to customers and clients	950,606	-	-	-	-	950,606	950,606
Cheques and other instruments in transit	3,546,806	-	-	-	-	3,546,806	3,546,806
Insurance contract liabilities	47,579,221	6,603,340	-	-	-	54,182,561	49,405,428
Reinsurance contract liabilities	-	-	-	-	2,295	2,295	2,295
Segregated fund liabilities	-	-	-	-	978,078	978,078	978,078
Guarantees and letters of credit	15,137,999	5,077,118	50,089	435,331	-	20,700,537	-
	472,647,646	18,359,536	837,495	435,331	980,373	493,260,381	467,749,231

(*See note 58)

(Expressed in thousands of Jamaican dollars unless otherwise stated)

50. Financial risk management (continued)

(ii) The following table provides a maturity analysis of the Company's insurance and reinsurance contracts, which reflects the dates on which the cash flows are expected to occur.

Liabilities for remaining coverage measured under the PAA have been excluded from this analysis

	2023 Estimate of present value of future cash flows						
	1 year on less	2-3 years	1-2 years	2-3 years	4-5 years	More than 5 years	Total
Insurance contracts							
Liabilities – direct participating	80,164	65,099	53,608	45,721	39,370	546,792	830,754
Liabilities – other	4,253,698	3,666,602	3,055,601	2,635,856	2,303,267	27,677,285	43,592,309
Assets	(9,341)	(6,141)	(4,014)	(2,709)	(1,983)	(22,128)	(46,316)
	4,324,521	3,725,560	3,105,195	2,678,868	2,340,654	28,201,949	44,376,747
Reinsurance contracts							
Assets	-	-	-	-	-	-	-
Liabilities	(133)	(108)	(89)	(76)	(65)	(899)	(1,370)
	(133)	(108)	(89)	(76)	(65)	(899)	(1,370)

	2022 Estimate of present value of future cash flows						
	1 year on less	2-3 years	1-2 years	2-3 years	4-5 years	More than 5 years	Total
Insurance contracts							
Liabilities – direct participating	71,396	57,832	46,687	38,907	33,377	452,110	700,309
Liabilities - other	4,487,482	3,901,236	3,239,813	2,740,840	2,381,970	28,069,289	44,820,630
Assets	(3,097)	(1,964)	(1,209)	(825)	(557)	(5,986)	(13,638)
	4,555,781	3,957,104	3,285,291	2,778,922	2,414,790	28,515,413	45,507,301
Reinsurance contracts							
Assets	-	-	-	-	-	-	-
Liabilities	(112)	(90)	(73)	(61)	(52)	(702)	(1,090)
	(112)	(90)	(73)	(61)	(52)	(702)	(1,090)

(e) Key risks arising from insurance contracts issued

Classification

The Group issues insurance contracts that transfer insurance risk or financial risk or both.

Insurance contracts are those contracts that transfer significant insurance risk . Such contracts may also transfer financial risk. The Group defines insurance risk as significant if an insured event could cause an insurer to pay significant additional benefits that are 10% more than the benefits payable if the insured event did not occur.

Annuities are immediate payouts of fixed and variable amounts for a guaranteed period and recognised on the date that they originate. Benefits are recognised as liabilities until the end of the guarantee period. These liabilities are increased by interest credited and are decreased by policy administration fees, period payment charges and any withdrawals. Income consists mainly of fees deducted for fund administration and interest credited is treated as an expense in profit or loss. The annuity fund is included as a part of insurance contract liabilities [note 40(a)].

50. Financial risk management (continued)

(e) Key risks arising from insurance contracts issued

Recognition and measurement

These contracts insure human life events (for example death or permanent disability) over a long duration. The accounting treatment differs according to whether the contract bears investment options or not. Under long term contracts that do not bear investment options, premiums are recognised when they become payable by the contract holder and benefits are recorded as an expense when they are incurred.

Under contracts that bear an investment option, the investment portion of insurance premiums received are recognised as liabilities. These liabilities are increased by interest credited and are decreased by policy administration fees, mortality charges and any withdrawals or surrenders.

Interest credited to the policy and benefit claims in excess of the account balances incurred in the period are recorded as expenses in the Statement of Comprehensive Income.

Claims

Death and disability claims, net of reinsurance recoveries, are recorded in profit or loss.

Reinsurance contracts held

The Group enters into contracts with reinsurers under which it is compensated for losses on contracts it issues and which meet the classification requirements for insurance contracts. Reinsurance does not relieve the Group of its liability and reinsurance recoveries are recorded when collection is reasonably assured.

Portfolio	Product	Key risk	Risk Mitigation
Individual life	Life Shelter Lifetime Security Solace	- Mortality risk - Interest rate risk	Matching of asset and liability cash flows
Individual Health	Criticare	- Morbidity risk - Mortality risk - Interest rate risk	Matching of asset and liability cash flows
Group Creditor Combined Revolving	Visa MasterCard Small Business MasterCard ScotiaLine	- Morbidity risk - Mortality risk	Matching of asset and liability cash flows
Group Creditor Combined Single	Mortgage Scotia Plan Loan	- Morbidity risk - Mortality risk	Matching of asset and liability cash flows
Group Creditor Combined Level	Mortgage Scotia Plan Loan	- Morbidity risk - Mortality risk	Matching of asset and liability cash flows
Individual Universal Life	Affirm Elevate	- Mortality risk - Market risk - Interest rate risk	- Reinsurance of excess amounts - Surrender charges - Investing in investment-grade assets
Individual Life Savings & Wealth	Scotia Mint	- Mortality risk	- Matching of asset and liability cash flows - Surrender charges
Individual Annuity	Scotia Retirement Fund (RIF)	-Longevity risk	- Matching of asset and liability cash flows
Reinsurance Contract held	Affirm	- Mortality risk	- Matching of asset and liability cash flows

(Expressed in thousands of Jamaican dollars unless otherwise stated)

50. Financial risk management (continued)

(e) Key risks arising from insurance contracts issued (continued)

Underwriting risk

Underwriting risk comprises insurance risk, policyholder behaviour risk and expense risk.

(i) Insurance risk

The Group issues long term contracts that transfer insurance risk. The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

For a portfolio of insurance contracts where the theory of probability is applied to pricing and provisioning, the principal risk that the company faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the insurance liabilities. This could occur because the frequency or severity of claims and benefits is greater than estimated. Insurance events are random and the actual number and amount of claims and benefits will vary from year to year from the estimate established using statistical techniques.

Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio.

Long-term contracts are typically for a minimum period of 5 years and a maximum period which is determined by the coverage period for the contract, typically extending over the life expectancy of the insured. In addition to the estimated benefits which may be payable under the contract, the insurer has to assess the cash flows which may be attributable to the contract.

Frequency and severity of claims

For contracts where death is the insured risk, the most significant factors that could increase the overall frequency and severity of claims are events such as epidemics and other wide-ranging changes to health including lifestyle changes. Depending on concentration risk, natural disasters could also result in earlier or more claims than expected.

The Group charges for mortality risks on a monthly basis for insurance contracts and has the right to alter these charges to a certain extent based on mortality experience and hence minimize its exposure to mortality risk. Delays in implementing increases in charges and market or regulatory restraints over the extent of the increases may reduce this mitigating effect.

The tables below indicate the concentration of insured benefits across bands of insured benefits per individual and group life assured. The benefits insured are shown gross and net of reinsurance.

	The Group			
	Total Benefits Assured			
	2023		2022	
Individual Life Benefits assured per life	Before and Reinsurance	%	Before and Reinsurance	%
0 to 250,000	3,586,913	5%	3,823,199	5%
250,001 to 500,000	3,103,649	4%	3,082,779	4%
500,001 to 750,000	6,968,181	9%	6,962,605	10%
750,001 to 1,000,000	3,545,397	5%	3,670,002	5%
1,000,001 to 1,500,000	13,217,342	17%	12,689,172	18%
1,500,001 to 2,000,000	8,071,187	11%	7,829,062	11%
over 2,000,000	37,687,185	49%	32,940,004	47%
Total	76,179,854	100%	70,996,823	100%

50. Financial risk management (continued)

(e) Key risks arising from insurance contracts issued (continued)

(i) Insurance risk (Continued)

	The Group			
	Total Benefits Assured			
	2023		2022	
Group benefits assured per Life	Before Reinsurance	%	Before Reinsurance	%
0 to 250,000	25,487,881	22%	13,256,326	14%
250,001 to 500,000	7,518,411	6%	7,118,751	8%
500,001 to 750,000	9,827,067	8%	10,033,609	11%
750,001 to 1,000,000	9,073,702	8%	8,856,417	9%
1,000,001 to 1,500,000	15,108,311	13%	14,593,846	15%
1,500,001 to 2,000,000	12,817,707	11%	11,267,054	12%
over 2,000,000	36,946,392	32%	29,757,253	31%
Total	116,779,471	100%	94,883,256	100%

Sources of uncertainty in the estimation of future benefit payments and premiums

Uncertainty in the estimation of future benefit payments and premium receipts for long term insurance contracts arises from the unpredictability of long-term changes in overall levels of mortality and variability in policyholder behaviour.

Estimates are made of the expected number of deaths for each of the years in which the Group is exposed to risk. The Group bases these estimates on standard industry and international mortality tables that reflect recent historical mortality experience, adjusted where appropriate to reflect the Group's own experience.

Process used in deriving non-financial assumptions

For long-term contracts with fixed and guaranteed terms, estimates are made in two stages. Estimates of future deaths, voluntary terminations and partial withdrawal of policy funds, investment returns, crediting rates, inflation and administration expenses are made and form the assumptions used for calculating the liabilities at the inception of the contract. A margin for risk and uncertainty is added to these assumptions.

New estimates are made each year based on updated experience studies and economic forecasts. The valuation assumptions are altered to reflect these revised best estimates. The margins for risk and uncertainty may also be altered if the underlying level of uncertainty in the updated assumptions has changed. The financial impact of revisions to the valuation assumption or the related margins is recognised in the accounting period in which the change is made.

(ii) Policyholder behaviour risk

Policyholder behaviour risk is the risk that a policyholders will cancel a contract (i.e. lapse or persistency risk), increase or reduce premiums or withdraw deposits leading to an unfavourable position for the insurance company. Insurance risk for contracts disclosed in this note is also affected by the policyholders' right to pay reduced or no future premiums and to terminate the contract completely. As a result, the amount of insurance risk is also subject to the policyholders' behaviour. The Group has factored the impact of policyholders' behaviour into the assumptions used to measure the liabilities.

Management of underwriting risk

The Group has developed its insurance underwriting strategy and reinsurance arrangements to diversify the type of insurance risks accepted. For each type of risk, the objective is to achieve a sufficiently large population of risks to reduce the variability of the expected outcome. This is supported by policy underwriting and by applying retention limits on any single life insured.

(Expressed in thousands of Jamaican dollars unless otherwise stated)

50. Financial risk management (continued)

(e) Key risks arising from insurance contracts issued (continued)

Life risk and life savings contracts

A key aspect of the underwriting process for life risk and life savings products is assessment of insurance risks at the individual contract level. Pricing reflects the Group's own experience, the identification of emerging trends in insurance risk factors and assessment of policyholders' lifestyles.

To limit its exposure of potential loss on an insurance policy, the Group cedes certain levels of risk to a reinsurer. Reinsurance ceded does not discharge the Group's liability as primary issuer. The company also limits the probable loss in the event of a single catastrophic occurrence by reinsuring this type of risk with reinsurers. The Group manages reinsurance risk by selecting reinsurers which have established capability to meet their contractual obligations, and which generally have favourable credit ratings as determined by a reputable rating agency.

Policyholder behaviour risk is also considered when designing products – e.g. by means of additional charges on the early surrender of contracts in order to recover acquisition costs. Persistency is monitored using observed company experience.

Expense risk is managed through the annual budgeting process and regular expense analyses.

(i) ***Sensitivity analysis***

The table below analyses the sensitivity of the CSM, profit or loss and equity to changes in valuation assumptions. This analysis assumes that all other assumptions remain constant.

	2023					
	CSM		Profit and loss		Equity	
	Gross	Net	Gross	Net	Gross	Net
Individual Life, Health, and Life Savings and Wealth						
Mortality (3% increase)	(39,076)	(39,076)	(10,299)	(10,299)	4,302	4,302
Mortality (3% decrease)	39,033	39,033	10,437	10,437	(4,409)	(4,409)
Morbidity (5% increase)	(8,656)	(8,656)	(1,048)	(1,048)	(270)	(270)
Morbidity (5% decrease)	8,921	8,921	797	797	296	296
Expense (10% increase)	(56,271)	(56,271)	(34,523)	(34,523)	2,892	2,892
Expense (10% decrease)	61,547	61,547	40,840	40,840	(2,904)	(2,904)
Lapse (10% increase)	(840,377)	(840,377)	(116,589)	(116,589)	14,317	14,317
Lapse (10% decrease)	848,465	848,465	112,208	112,208	(16,333)	(16,333)
Individual Universal Life						
Mortality (3% increase)	(1,098)	(1,179)	(2,096)	(2,037)	-	-
Mortality (3% decrease)	1,099	1,191	2,645	2,674	-	-
Morbidity (5% increase)	(220)	(214)	(874)	(860)	-	-
Morbidity (5% decrease)	217	212	1,392	1,386	-	-
Expense (10% increase)	(4,480)	(4,436)	(29,064)	(29,019)	-	-
Expense (10% decrease)	4,520	4,446	29,468	29,407	-	-
Lapse (10% increase)	(7,558)	(7,456)	(60,788)	(60,655)	-	-
Lapse (10% decrease)	8,005	7,852	66,519	66,409	-	-

50. Financial risk management (continued)

(e) Key risks arising from insurance contracts issued (continued)

(i) Sensitivity analysis (continued)

	2022					
	CSM		Profit and loss		Equity	
	Gross	Net	Gross	Net	Gross	Net
Individual Life, Health, and Life Savings and Wealth						
Mortality (3% increase)	(18,241)	(18,241)	(2,426)	(2,426)	26,761	26,761
Mortality (3% decrease)	18,225	18,225	2,463	2,463	(27,193)	(27,193)
Morbidity (5% increase)	(4,154)	(4,154)	649	649	8,129	8,129
Morbidity (5% decrease)	4,162	4,162	(641)	(641)	(8,229)	(8,229)
Expense (10% increase)	(20,825)	(20,825)	(23,136)	(23,136)	59,205	59,205
Expense (10% decrease)	20,832	20,832	23,181	23,181	(59,002)	(59,002)
Lapse (10% increase)	(383,767)	(383,767)	(41,441)	(41,441)	99,614	99,614
Lapse (10% decrease)	384,941	384,941	39,063	39,063	(107,244)	(107,244)
Individual Universal Life						
Mortality (3% increase)	(615)	(678)	580	528	-	-
Mortality (3% decrease)	616	691	(600)	(566)	-	-
Morbidity (5% increase)	-	(5)	1,131	1,124	-	-
Morbidity (5% decrease)	-	3	(1,115)	(1,112)	-	-
Expense (10% increase)	(2,723)	(2,720)	(8,483)	(8,480)	-	-
Expense (10% decrease)	2,723	2,716	8,542	8,537	-	-
Lapse (10% increase)	(3,050)	(2,948)	(22,004)	(21,992)	-	-
Lapse (10% decrease)	17,991	17,939	7,146	7,187	-	-

Changes in underwriting risk variables mainly affect the CSM, profit or loss and equity as follows. The effects on profit or loss and equity are presented net of the related income tax.

a) **CSM:**

- Changes in fulfilment cash flows not relating to any loss components, other than those recognised as insurance finance income or expenses.

b) **Profit or loss:**

- Changes in fulfilment cash flows relating to loss components.
- Changes in fulfilment cash flows that are recognised as insurance finance income or expenses in profit or loss.

50. Financial risk management (continued)

c) **Equity**

- Changes in fulfilment cash flows that are recognised as insurance finance income or expenses in OCI.
- The effect on profit or loss under (b).

Determination of fair value

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

The best evidence of fair value for a financial instrument is the quoted price in an active market. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. Where possible, the Group measures the fair value of an instrument based on quoted prices or observable inputs obtained from active markets.

For financial instruments for which there is no quoted price in an active market, the Group uses internal models that maximise the use of observable inputs to estimate fair value. The chosen valuation technique incorporates all the factors that market participants would take into account.

When using models for which observable parameters do not exist, the Group uses greater management judgement for valuation purposes.

Fair value hierarchy

The Group measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.

- Level 1 - fair value measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - fair value measured based on all significant market observable inputs other than quoted prices included within Level 1 for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 - fair value measured based on significant unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no such transfers during the year.

51. Fair value of financial instruments (continued)

Basis of valuation

The specific inputs and valuation techniques used in determining the fair value of financial instruments are noted below:

(i) financial instruments classified as fair value through OCI are measured at fair value by reference to quoted market prices where available. If quoted market prices are not available, then fair values are estimated on the basis of pricing models or other recognised valuation techniques which include utilising recent transaction prices or broker quotes. Investments in unit trust are measured at fair value by reference to prices quoted by the fund managers.

(ii) financial instruments classified as fair value through profit or loss: fair value is estimated by reference to quoted market prices where available. If quoted market prices are not available, then fair values are estimated on the basis of pricing models or discounted cash flows. The carrying amount is equal to the fair value of these investments.

(iii) the fair values of liquid assets and other assets maturing within one year are considered to approximate their carrying amount. This assumption is applied to liquid assets and the short-term elements of all other financial assets and liabilities. These securities are classified at level 2;

(iv) the fair values of demand deposits and savings accounts with no specific maturity are considered to be the amount payable on demand at the reporting date; the fair values of fixed-term interest bearing deposits are based on discounted cash flows using interest rates for new deposits. These securities are classified at level 2;

(v) the fair values of variable rate financial instruments are considered to approximate their carrying amounts as they are frequently repriced to current market rates;

(vi) the fair value of fixed rate loans is estimated by comparing actual interest rates on the loans to current market rates offered on similar loans. For match-funded loans the fair value is assumed to be equal to their carrying value, as gains and losses offset each other. Changes in the credit quality of loans within the portfolio are not taken into account in determining gross fair values, and the impact of credit risk is recognised separately. The fair values are estimated using discounted cash flow analysis with current market rates ranging from 7.08% - 9.42%.

(vii) the fair values of quoted equity investments are based on quoted market bid prices. Equity securities for which fair values cannot be measured reliably are recognised at asset based values. Unquoted equities are carried at fair value through other comprehensive income. These securities are classified at level 3;

(viii) The fair values of other liabilities due to be settled within one year are considered to approximate their carrying amount. These securities are classified at level 3.

(Expressed in thousands of Jamaican dollars unless otherwise stated)

51. Fair value of financial instruments (continued)

Basis of valuation (continued)

Accounting classifications and fair values:

The following table shows the carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	The Group 2023							
	Carrying amount				Fair value			
	Amortised cost	Fair value through OCI	Fair value through profit or loss	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Unquoted shares	-	5,105	-	5,105	-	-	5,105	5,105
Government securities	281,845	138,046,541	2,165,993	140,494,379	35,133,012	105,368,544	-	140,501,556
Bank of Jamaica securities	-	12,139,023	-	12,139,023	-	12,139,023	-	12,139,023
Treasury Bills	-	7,155,650	-	7,155,650	6,255,650	900,000	-	7,155,650
Corporate bonds	-	1,127,382	-	1,127,382	-	1,127,382	-	1,127,382
Unitised funds	-	-	675,840	675,840	-	675,840	-	675,840
	281,845	158,473,701	2,841,833	161,597,379	41,388,662	120,210,789	5,105	161,604,556
Pledged assets measured at fair value								
Government securities	-	2,462,917	-	2,462,917	-	2,462,917	-	2,462,917
Bank of Jamaica securities	-	-	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-	-	-
Unitised funds	-	-	354,159	354,159	-	354,159	-	354,159
	-	2,462,917	354,159	2,817,076	-	2,817,076	-	2,817,076
Financial assets not measured at fair value								
Loans and receivables	89,927,699	-	-	89,927,699	-	-	87,527,681	87,527,681
	89,927,699	-	-	89,927,699	-	-	87,527,681	87,527,681

	2022							
	Carrying amount				Fair value			
	Amortised cost	Fair value through OCI	Fair value through profit or loss	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Unquoted shares	-	5,105	-	5,105	-	-	5,105	5,105
Government securities	-	134,788,314	2,719,622	137,507,936	34,333,378	103,174,558	-	137,507,936
Bank of Jamaica securities	-	8,024,432	-	8,024,432	-	8,024,432	-	8,024,432
Treasury bills	-	5,684,786	-	5,684,786	5,671,130	13,656	-	5,684,786
Corporate bonds	-	1,333,161	-	1,333,161	-	1,333,161	-	1,333,161
Unitised funds	-	-	315,791	315,791	-	315,791	-	315,791
	-	149,835,798	3,035,413	152,871,211	40,004,508	112,861,598	5,105	152,871,211
Pledged assets measured at fair value								
Government securities	-	10,693,978	-	10,693,978	3,301,711	7,392,267	-	10,693,978
Bank of Jamaica securities	-	1,585,085	-	1,585,085	-	1,585,085	-	1,585,085
Unitised funds	-	-	1,562,500	1,562,500	-	1,562,500	-	1,562,500
	-	12,279,063	1,562,500	13,841,563	3,301,711	10,539,852	-	13,841,563
Financial assets not measured at fair value								
Loans and receivables	82,798,077	-	-	82,798,077	-	-	84,609,477	84,609,477
Pledged assets not measured at fair value								
Government securities	281,761	-	-	281,761	-	299,053	-	299,053

Valuation technique

All Government of Jamaica securities and international bonds are valued using the bid price from Bloomberg to estimate the fair value.

52. Capital risk management

Capital risk is the risk that the Group fails to comply with mandated regulatory requirements, resulting in a breach of its minimum capital ratios and the possible suspension or loss of its licences.

Regulators are primarily interested in protecting the rights of depositors and policyholders and they monitor closely to ensure that the Group is satisfactorily managing its affairs for the benefit of depositors and policyholders. At the same time, the regulators are also interested in ensuring that the Group maintains an appropriate solvency position to meet unforeseen liabilities arising from economic shocks or natural disasters.

The operations of the company are subjected to regulatory requirements. Such regulations not only prescribe approval and monitoring of activities, but also impose certain restrictive provisions to minimize the risk of default and insolvency to meet unforeseen liabilities as these arise.

The Group manages its capital resources according to the following objectives:

- To comply with the capital requirements established by the regulatory authorities responsible for banking, insurance and other financial intermediaries;
- To safeguard its ability to continue as a going concern and meet future obligations to depositors, policyholders and stockholders;
- To provide adequate returns to stockholders by pricing investment, insurance and other contracts commensurate with the level of risk; and
- To maintain a strong capital base to support the future development of the Group's operations. Capital is managed in accordance with the Board-approved Capital Management Policy.

Individual banking, investment and insurance subsidiaries are directly regulated by their designated regulator, who sets and monitors capital adequacy requirements. Required capital adequacy information is filed with the regulators at least quarterly.

Banking, mortgage lending and investment management

Capital adequacy is reviewed by executive management, the Audit Committee and the Board of Directors. Based on the guidelines developed by Bank of Jamaica (BOJ) and the Financial Services Commission (FSC), each regulated entity is required to:

- Hold the minimum level of regulatory capital; and
- Maintain a minimum ratio of total regulatory capital to risk weighted assets.

Regulatory capital is divided into two tiers:

1. Tier 1 capital comprises share capital, reserve fund and reserves created by appropriations of retained earnings. The carrying value of goodwill is deducted in arriving at Tier 1 capital; and

2. Tier 2 capital comprises qualified subordinated loan capital, collective impairment allowances and revaluation surplus on property and equipment.

Investment in subsidiaries is deducted from Tier 1 and Tier 2 capital to arrive at the regulatory capital.

The risk weighted assets are measured by means of a hierarchy of four risk weights classified according to the nature of each asset and counterparty, taking into account any eligible collateral or guarantees. A similar treatment is adopted for off-balance sheet exposure, with some adjustments to reflect the more contingent nature of the potential losses.

(Expressed in thousands of Jamaican dollars unless otherwise stated)

52. Capital risk management (continued)

The table below summarises the composition of regulatory capital, the ratios for each subsidiary and identifies the applicable regulator. During the year, the individual entities complied with all externally imposed capital requirements.

	Regulated by the BOJ[1]		Regulated by the FSC[2]	
	2023	2022	2023	2022
Tier 1 Capital	57,119,245	53,112,451	9,998,225	8,951,948
Tier 2 Capital	-	-	464,162	464,162
	57,119,245	53,112,451	10,462,387	9,416,110
Less prescribed deductions	(2,790,000)	(2,725,000)	-	-
Total regulatory capital	54,329,245	50,387,451	10,462,387	9,416,110

	Regulated by the BOJ[1]		Regulated by the FSC[2]	
	2023	2022	2023	2022
Risk weighted assets				
On-balance sheet	313,854,967	270,213,279	11,506,515	12,706,562
Off-balance sheet	57,515,664	58,133,373	-	-
Foreign exchange exposure	413,323	986,040	3,930,415	6,170,633
Total risk weighted assets	371,783,954	329,332,692	15,436,930	18,877,195
Actual regulatory capital to risk weighted assets	14.61%	15.30%	67.78%	49.88%
Regulatory requirement	10.00%	10.00%	10.00%	10.00%

[1] This relates to The Bank of Nova Scotia Jamaica Limited and The Scotia Jamaica Building Society.

[2] This relates to Scotia Investments Jamaica Limited.

Life Insurance business

Effective January 1, 2023, the Financial Services Commission ("FSC") established a new capital adequacy regulatory framework for life insurance companies, the Life Insurance Capital Adequacy Test ("LICAT"). The adoption of LICAT is in keeping with the risk-based approach that aligns with International Financial Reporting Standard, IFRS17 – *Insurance Contracts*. Accordingly, life insurance companies and branches of foreign companies carrying on life insurance business in Jamaica shall have a capital ratio greater than 100%.

Capital adequacy is calculated by the Appointed Actuary and reviewed by executive management, the Audit Committee and the Board of Directors. The Group seeks to maintain internal capital adequacy levels higher than the regulatory requirements. The financial strength as at October 31, 2023, was evaluated using the revised risk-based assessment measure LICAT. Previously, the financial strength was evaluated under the Minimum Continuing Capital and Surplus Requirement (MCCSR) under which the minimum standard requirement was a MCCSR of 150%.

	2023	2022
Net capital required	5,494,427	1,739,713
Total capital available	14,008,356	10,547,801
Surplus Allowance	2,143,951	-
Total Capital Ratio	294%	606%
Regulatory requirement	100%	150%

53. Commitments

	The Group	
	2023	2022
(a) Capital expenditure - authorised and contracted	98,889	187,821
(b) Commitments to extend credit: Originated term to maturity of more than one year	57,779,574	58,308,373

54. Fiduciary activities

The Group provides custody, trustee, corporate administration, investment management and advisory services to third parties. This involves the Group making allocation and purchase and sale decisions in relation to a wide range of financial instruments. Those assets that are held in a fiduciary capacity are not included in these financial statements.

The subsidiary, Scotia Investments Jamaica Limited also manages funds on a non-recourse basis, on behalf of investors. The Group has no legal or equitable right or interest in these funds and accordingly, they have been excluded from the financial statements.

At October 31, 2023, the Group had assets under administration amounting to approximately $283,175,420 (2022: $284,500,338).

55. Litigation and contingent liabilities

The Group is subject to various claims, disputes and legal proceedings, in the normal course of business. Provision is made for such matters when, in the opinion of management and its legal counsel, it is probable that a payment will be made by the Group, and the amount can be reasonably estimated.

In respect of claims asserted against the Group which have not been provided for, management is of the opinion that such claims are either without merit, can be successfully defended or will result in exposure to the Group that is immaterial to both its financial position and financial performance.

56. Dividends

(a) Paid to stockholders:

	The Group and Company	
	2023	2022
In respect of 2023	3,111,600	-
respect of 2022	1,089,051	3,267,179
In respect of 2021	-	1,089,051
	4,200,651	4,356,230

(b) Proposed

At the Board of Directors meeting on December 8, 2023, a dividend in respect 2023 of $0.40 (2022 of $0.35 per share) amounting to $1,244,629 (2022: $1,089,051) was proposed. Stockholders' equity for the current financial year does not reflect this resolution, which will be accounted for in stockholders' equity as an appropriation of retained profits in the ensuing financial year.

(Expressed in thousands of Jamaican dollars unless otherwise stated)

57. Employee Share Ownership Plan

The Group has an Employee Share Ownership Plan ("ESOP" or "Plan"), the purpose of which is to encourage eligible employees of the Group to steadily increase their ownership of the Company's shares. Participation in the Plan is voluntary; any employee who has completed at least one year's service with any Group entity is eligible to participate.

The operation of the ESOP is facilitated by a Trust. The employer and employees make contributions to the Trust and these contributions are used to fund the acquisition of shares for the employees. Employees' contributions are determined by reference to the length of their employment and their annual basic remuneration. The employer contributions are as prescribed by the formula set out in the rules of the Plan.

The contributions are used by the trustees to acquire the Company's shares at market value. The shares purchased with the employees contributions vest immediately, although they are subject to the restriction that they may not be sold within two years of acquisition. Out of shares purchased with the Company's contributions, allocations are made to participating employees, but are held by the Trust for a two-year period, at the end of which they vest with the employees; if an employee leaves the employer within the two-year period, the right to these shares is forfeited; such shares then become available to be granted by the employer to other participants in accordance with the formula referred to previously.

The amount contributed by the Group to employee share purchase during the year, included in employee compensation, amounted to $30,108 (2022: $30,467).

At the reporting date, the shares acquired with the employer's contributions and held in trust pending allocation to employees and/or vesting were:

	The Group	
	2023	2022
Number of shares	1,121,261	1,226,659
Fair value of shares $'000	38,151	45,080

58. Prior year adjustments

During the year, the Bank changed how it recognised its loan origination fees. Previously loan origination fees were recognised in the profit or loss under IFRS 15 as the services were provided. The loan origination fees are integral to the effective interest rate of the loan and therefore, in keeping with IFRS 9, these fees are being deferred and amortised over the life of the loans. Consequently, the associated lines on the respective financial statements were restated.

Given the non-coterminous year-ends of the Bank of Nova Scotia Jamaica Limited and it's subsidiary Scotia Jamaica Life Insurance company, as well as the system requirements to maintain parallel reporting under IFRS 4 and IFRS 17, the Group has early adopted the new insurance standard IFRS 17 – 'Insurance Contracts'.

The Group also reclassified BOJ Certificates of Deposits with original maturities greater than 90 days to investments which were inadvertently classified as cash resources. Additionally, BOJ Certificates of Deposits which were included in Government and bank notes other than Jamaican were reclassified to cash and balances at BOJ.

The table below outlines the impact of the prior year restatements relating to the treatment of loan origination fees, reclassification of investment securities as well as the transition adjustments associated with the early adoption of IFRS 17.

58. Prior year adjustments (continued)

Statement of Financial Position

	October 2022				October 2021			
	As previously reported	IFRS 17 Transition	Other Prior Year Adjustments	As restated	As previously reported	IFRS 17 Transition	Other Prior Year Adjustments	As restated
Assets								
Cash resources, net of allowances								
Notes and coins of, deposits with, and Money at call at Bank of Jamaica	84,652,650	-	3,783,614	88,436,264	101,249,141	-	-	101,249,141
Government and bank notes other than Jamaican	7,126,960	-	(4,773,346)	2,353,614	2,416,012	-	-	2,416,012
Other cash resources	57,212,574	-	-	57,212,574	65,010,459	-	-	65,010,459
Financial assets at fair value through profit or loss	3,035,413	-	-	3,035,413	3,703,002	-	-	3,703,002
Investment securities	148,846,066	-	989,732	149,835,798	141,625,200	-	-	141,625,200
Pledged assets	15,598,720	-	-	15,598,720	15,639,678	-	-	15,639,678
Government Securities purchased under resale agreements	751,427	-	-	751,427	-	-	-	-
Loans, net of allowances for credit losses	237,786,054	(742,044)	(2,386,468)	234,657,542	208,523,054	(839,191)	(2,161,918)	205,521,945
Segregated fund assets	-	978,078	-	978,078	-	830,584	-	830,584
Insurance contract assets	-	131,195	-	131,195	-	1,181	-	1,181
Reinsurance contract assets	-	1,218	-	1,218	-	6,182	-	6,182
Other assets								
Taxation Recoverable	2,591,341	-	-	2,591,341	2,262,233	-	720,639	2,982,872
Other assets:	3,128,904	(129,576)	-	2,999,328	4,036,354	(6,182)	-	4,030,172
Property and equipment	9,311,741	-	-	9,311,741	8,851,961	-	-	8,851,961
Intangible assets	552,036	-	-	552,036	570,421	-	-	570,421
Retirement benefit asset	23,561,041	-	-	23,561,041	31,254,250	-	-	31,254,250
Deferred taxation	1,443,296	965,530	-	2,408,826	441,444	161,963	-	603,407
	40,588,359	835,954	-	41,424,313	47,416,663	155,781	720,639	48,293,083
TOTAL ASSETS	**595,598,223**	**1,204,401**	**(2,386,468)**	**594,416,156**	**585,583,209**	**154,537**	**(1,441,279)**	**584,296,467**
LIABILITIES								
Deposits by public	398,737,615	-	-	398,737,615	380,430,926	-	-	380,430,926
Other liabilities:								
Provision for lower case taxation	2,932,202	-	(795,489)	2,136,713	445,460	-	-	445,460
Other liabilities	36,793,202	-	-	36,793,202	44,846,343	-	-	44,846,343
Insurance contract liabilities	46,284,431	3,120,997	-	49,405,428	45,865,307	(192,511)	-	45,672,796
Segregated fund liabilities	-	978,078	-	978,078	-	830,584	-	830,584
Reinsurance contract liabilities	-	2,295	-	2,295	-	2,298	-	2,298
EQUITY								
Share capital and other Equity	50,697,493	-		50,697,493	55,496,687	-	-	55,496,687
Unappropriated profits	60,153,280	(1,696,266)	(1,590,979)	56,866,035	58,498,486	(485,834)	(1,441,279)	56,571,373
Insurance finance reserve	-	(1,200,703)	-	(1,200,703)	-	-	-	-
TOTAL EQUITY AND LIABILITIES	**595,598,223**	**1,204,401**	**(2,386,468)**	**594,416,156**	**585,583,209**	**154,537**	**(1,441,279)**	**584,296,467**

(Expressed in thousands of Jamaican dollars unless otherwise stated)

58. Prior year adjustments (continued)

Statement of Revenue and Expenses

	October 2022			
	As previously reported	IFRS 17 Transition	Other Prior Year Adjustments	As restated
Interest income	30,398,809	2,573	802,460	31,203,842
Interest expense	(1,779,472)	1,199,682	-	(579,790)
Expected credit losses	(3,057,324)	-	-	(3,057,324)
Net finance expenses from insurance contracts	-	(1,527,058)	-	(1,527,058)
Net finance income or expense from reinsurance contracts	-	345	-	345
Insurance revenue	3,035,990	(1,161,182)	-	1,874,808
Insurance service expenses	-	(989,847)	-	(989,847)
Net income/(expenses) from reinsurance contracts	-	(272)	-	(272)
Net fee and commission income	6,176,328	(17,992)	(1,027,010)	5,131,326
Net gains on foreign currency activities	7,210,517	-	-	7,210,517
Net loss on financial assets	(141,278)	(916)	-	(142,194)
Other revenue	950,666	-	-	950,666
Total operating income	42,794,236	(2,494,667)	(224,550)	40,075,019
Operating expenses				
Salaries and staff benefits	10,307,104	(470,319)	-	9,836,785
Property expenses, including depreciation	2,510,371	(35,473)	-	2,474,898
Amortisation of intangible assets	119,654	-	-	119,654
Asset tax	1,316,085	-	-	1,316,085
Other operating expenses	11,336,958	(375,108)	-	10,961,850
Total operating expenses	25,590,172	(880,900)	-	24,709,272
Profit before taxation	17,204,064	(1,613,767)	(224,550)	15,365,747
Taxation	(5,524,166)	403,335	74,850	(5,045,981)
Profit for the year	**11,679,898**	**(1,210,432)**	**(149,700)**	**10,319,766**

Statement of Comprehensive Income

Items that will not be reclassified to profit and loss				
Remeasurement of defined benefit plans/obligations net of taxes	(5,642,304)	-	-	(5,642,304)
Items that will be reclassified to profit and loss				
Unrealized losses on investment securities	(7,013,781)	-	-	(7,013,781)
Realised losses/gains on investment securities	86,101	-	-	86,101
Foreign currency translation	(3,770)	-	-	(3,770)
Expected credit losses on investment securities	30,685	-	-	30,685
Insurance finance reserve	-	(1,600,938)	-	(1,600,938)
	(12,543,069)	(1,600,938)	-	(14,144,007)
Taxation	2,075,001	400,235	-	2,475,236
	(10,468,068)	**(1,200,703)**	-	**(11,668,771)**
OTHER COMPREHENSIVE INCOME, NET OF TAX	**1,211,830**	**(2,411,135)**	**(149,700)**	**(1,349,005)**

58. Prior year adjustments (continued)

Statement of Cash Flows

	October 31, 2022			
	As previously reported	IFRS 17 Transition	Other Prior Year Adjustment	As Restated
Cash Flows from Operating Activities				
Profit for the period	11,679,898	(1,210,432)	(149,700)	10,319,766
Adjustments for:				
Taxation charge	5,524,166	(403,335)	(74,850)	5,045,981
Others	3,389,795	-	-	3,389,795
	20,593,859	(1,613,767)	(224,550)	18,755,542
Interest income	(30,398,809)	(2,573)	(802,460)	(31,203,842)
Interest expense	1,779,472	(1,199,682)	-	579,790
	(8,025,478)	(2,816,022)	(1,027,010)	(11,868,510)
Changes in operating assets and liabilities				
Loans	(33,869,877)	-	1,027,010	(32,842,867)
Insurance contracts	419,124	1,613,766	-	2,032,890
Others	15,457,725	-	-	15,457,725
	(26,018,506)	(1,202,256)	-	(27,220,762)
Interest received	30,167,907	2,573	-	30,170,480
Interest paid	(1,762,569)	1,199,683	-	(562,886)
Taxation paid	(2,479,445)	-	-	(2,479,445)
Net cash flows used in operating activities	(92,613)	-	-	(92,613)
Purchase of securities - Investment securities	(85,999,490)	-	(975,865)	(86,975,355)
Other	69,152,775	-	-	69,152,775
Net cash used in investing activities	(16,846,715)	-	(975,865)	(17,822,580)
Net cash used in Financing Activities	(4,522,231)	-	-	(4,522,231)
Effect of exchange rate changes on cash and cash equivalents	(2,114,037)	-	-	(2,114,037)
Net decrease in cash and cash equivalents	(23,575,596)	-	(975,865)	(24,551,461)
Cash and cash equivalent at beginning of year	127,412,619	-	-	127,412,619
Cash and cash equivalents at end of year	**103,837,023**	**-**	**(975,865)**	**102,861,158**

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FORM OF PROXY

SCOTIA GROUP JAMAICA LIMITED (THE "COMPANY")

SCOTIA GROUP JAMAICA LIMITED

I/We...

of..

in the parish of..being a Member of the above Company, hereby appoint the Chair of the Meeting or failing him/her

(see Note 1) ....

of ....

or failing them ....

of...

as my/our Proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on the 7th day of **March 2024** and at any adjournment thereof (the "Meeting").

Please indicate by inserting a cross in the appropriate square how you wish your votes to be cast. Unless otherwise instructed, the Proxy will vote or abstain from voting, at his/her discretion.

Ordinary Business		For	Against
Resolution 1	**Audited Accounts** That the Directors' Report, the Auditor's Report and the Statements of Account of the Company for the year ended October 31, 2023 previously circulated be and are hereby received.		
Resolution 2	**Election of Directors** Article 107 of the Company's Articles of Incorporation provides that at each Annual General Meeting all Directors for the time being shall retire from office. The retiring Directors are: Aileen Corrigan, Eric Crawford, Vernon Douglas, Angela Fowler, Antony Mark Hart, William David McConnell, James McPhedran, Audrey Richards, Anya Schnoor, Evelyn Smith, and Audrey Tugwell Henry. The proposed resolutions for election/re-election of Directors proposed by the Board of Directors of the Company are: a) "That retiring Director Aileen Corrigan be and is hereby re-elected a Director of the Company." b) "That retiring Director Eric Crawford be and is hereby re-elected a Director of the Company." c) "That retiring Director Vernon Douglas be and is hereby re-elected a Director of the Company." d) "That retiring Director Angela Fowler be and is hereby re-elected a Director of the Company." e) "That retiring Director A. Mark Hart be and is hereby re-elected a Director of the Company." f) "That retiring Director W. David McConnell be and is hereby re-elected a Director of the Company." g) "That retiring Director James McPhedran be and is hereby re-elected a Director of the Company." h) "That retiring Director Audrey Richards be and is hereby re-elected a Director of the Company." i) "That retiring Director Anya Schnoor be and is hereby re-elected a Director of the Company." j) "That retiring Director Evelyn Smith be and is hereby re-elected a Director of the Company." k) "That retiring Director Audrey Tugwell Henry be and is hereby re-elected a Director of the Company."		
Resolution 3	**Appointment of Auditors** That KPMG, Chartered Accountants, having agreed to continue in office as Auditors, be and are hereby appointed Auditors of the Company to hold office until the next Annual General Meeting at a remuneration to be fixed by the Directors of the Company.		

Special Business		For	Against
Resolution 4	**Directors' Remuneration** That the Directors be and are hereby authorised to fix their remuneration for the ensuing year.		
Resolution 5	**Amendment of Articles** That the following amendments to paragraphs 63, 66, 69 and 90 of the Articles of the Company to further facilitate the holding of general meetings by virtual-only or hybrid means be approved: (i) by inserting after article 63 the following new article 63A: *"63A. Notwithstanding anything to the contrary in these Articles, general meetings may, at the discretion of the Board of Directors, be held as a virtual-only or a hybrid meeting by means of a teleconference communication system or a video conference communication system or such other similar electronic communication system that permits all members participating in such meeting to hear the proceedings, and to communicate with the chairman."* (ii) Amend article 66, by renumbering that article as paragraph (1) thereof and inserting next after paragraph (1), as renumbered, the following paragraphs: *"(2) Where a general meeting is called under paragraph (1), the notice of the meeting may be served, in writing or by electronic means in accordance with article 150 (3).* *(3) Notwithstanding the provisions of paragraph (1), where the general meeting is called as a virtual-only meeting, the notice is not required to specify the venue of the meeting."* (iii) Amend article 69, by renumbering that article as paragraph (1) thereof and inserting next after paragraph (1), as renumbered, the following paragraph: *"(2) For the avoidance of doubt, a member participating in a general meeting held as a hybrid meeting or virtual-only meeting, is deemed to be present at the meeting and count towards constituting the quorum."* (iv) INSERT the following new clause 90(A): *"Notwithstanding anything to the contrary in these articles, where a member participates in a virtual only or hybrid general meeting in the manner set out in paragraph 63(A) above, a vote on any resolution shall be effected and recorded electronically by means of such electronic polling mechanism as may be employed for the conduct of the meeting, and any such vote shall be deemed valid and conclusive. Where the meeting is held virtually in the manner set out in paragraph 63(A) above, voting by such electronic means shall replace a vote by show of hands"*		

As witness my hand this.. day of.. 2024.

....

Signature

NOTES:

1. If you wish to appoint a proxy other than the Chair of the Meeting, please insert the person's name and address and delete (initialing the deletion) "the Chair of the Meeting".
2. To be valid, this form of proxy and the power of attorney or other authority (if any) under which it is signed must be lodged at the office of the Secretary of the Company, Scotiabank Centre, Cnr. Duke & Port Royal Streets, Kingston, at least 48 hours before the time appointed for the holding of the Meeting.
3. To this form must be affixed a $100.00 stamp in payment of stamp duty.
4. In the case of joint shareholders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote(s) of the other joint holder(s) and for this purpose seniority shall be determined by the order in which the names stand in the register of members.
5. To be effective, this form of proxy must be signed by the appointer or his/her attorney, duly authorised in writing or, if the appointer is a corporation, must be under its common seal or be signed by some officer or attorney duly authorised in that behalf.

CONTACT INFORMATION

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