

THE BANK OF NOVA SCOTIA

Unaudited Financial Information Disclosure Statement as at October 31, 2024

SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)

I. <u>Profit and loss information</u>	12 mths ended Oct-31-24 HKD'000	12 mths ended Oct-31-23 HKD'000
Interest income	1,594,082	1,557,978
Interest expense	(1,394,265)	(1,327,328)
Net interest income	199,817	230,650
Gains less losses arising from trading in foreign currencies	(519)	(6,088)
Fees and commission income	13,161	45,520
Others	111	0
Operating income	212,570	270,082
Staff expenses	(28,589)	(96,271)
Other expenses	(55,110)	(55,607)
Operating expenses	(83,699)	(151,878)
Profit before taxation	128,871	118,204
Tax charge	(23,234)	(17,681)
Profit after taxation	105,637	100,523

II. <u>Balance Sheet</u>	Oct-31-24 HKD'000	Apr-30-24 HKD'000
Assets		
Cash and balances with banks	1,683,759	1,787,863
Placements with banks which have a residual contractual maturity of more than one month but not more than 12 months	1,458,955	1,165,404
Amount due from overseas offices of the institution	2,989,095	3,859,773
Loans and receivables		
Loans and advances to customers	14,755,079	16,551,335
Accrued interest and other accounts	100,730	226,148
Investment securities	5,848,296	6,773,790
Total assets	26,835,914	30,364,313
Liabilities	Oct-31-24 HKD'000	Apr-30-24 HKD'000
Deposits and balances from banks	7,313,159	5,528,539
Deposits from Central Bank	2,445,700	2,391,100
Deposits from customers		
Demand deposits and current accounts	1,954	1,397
Savings deposits	4,372	5,049
Time, call and notice deposits	8,710,319	11,049,410
Amount due to overseas offices of the institution	8,179,687	11,003,225
Other liabilities	180,723	385,593
Total liabilities	26,835,914	30,364,313

Impairment allowance for impaired assets

Collective impairment allowances for impaired assets are maintained at overseas Head Office (The Bank of Nova Scotia, "the Bank") incorporated in Canada, while individual impairment allowances are booked in the Hong Kong Office.

No individual impairment allowance was booked for exposures maintained in the Hong Kong Office as at October 31, 2024 (April 30, 2024: Nil).

The Bank applies a three-stage approach to measure allowance for credit losses, using an expected credit loss approach as required under IFRS 9. The impairment allowances pertaining to the exposures classified in Stages 1 and 2 under IFRS 9 are treated as collective impairment allowances and those classified in Stage 3 under IFRS 9 are treated as individual impairment allowances.

The Bank's allowance for credit losses calculations are outputs of models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. The 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.

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

- Stage 1 – Where there has not been a significant increase in credit risk (SIR) since initial recognition of a financial instrument, an amount equal to 12 months expected credit loss is recorded. The expected credit loss is computed using a probability of default occurring over the next 12 months. For those instruments with a remaining maturity of less than 12 months, a probability of default corresponding to remaining term to maturity is used.
- Stage 2 – When a financial instrument experiences a SIR subsequent to origination but is not considered to be in default, it is included in Stage 2. This requires the computation of expected credit loss based on the probability of default over the remaining estimated life of the financial instrument.
- Stage 3 – Financial instruments that are considered to be in default are included in this stage. Similar to Stage 2, the allowance for credit losses captures the lifetime expected credit losses.

III. Impaired Assets

No advances to customers, banks and other financial institutions were impaired as at October 31, 2024 (April 30, 2024: Nil).

a. Overdue advances

No advances to customers, banks, other financial institutions and other assets were overdue as at October 31, 2024 (April 30, 2024: Nil)

b. Rescheduled advances

No advances to customers, banks and other financial institutions were rescheduled as at October 31, 2024 (April 30, 2024: Nil).

c. Repossessed assets

No repossessed assets as at October 31, 2024 (April 30, 2024: Nil).

IV. Off-Balance Sheet Exposures

	Oct-31-24 HKD'000	Apr-30-24 HKD'000
a. Contingent liabilities and commitments		
- Trade-related contingencies	-	25,718
- Other commitments	4,722,520	4,072,535
- Others	-	17,368
Total	<u>4,722,520</u>	<u>4,115,621</u>
b. Derivatives		
Notional Amounts:		
- Exchange rate contracts	752,647	5,333,741
- Interest rate contracts	1,162,155	1,057,574
Total	<u>1,914,802</u>	<u>6,391,315</u>
Fair value:		
- Exchange rate contracts	148	769
Total	<u>148</u>	<u>769</u>

No bilateral netting arrangements were made for the above derivative transactions.

V. Segmental Information

a. Analysis of loans and advances to customers by sectors

	Oct-31-24		Apr-30-24	
	HKD'000	% of loans and advances covered by collateral	HKD'000	% of loans and advances covered by collateral
Industrial, commercial & financial				
- Property development	800,000	-	800,000	-
- Information technology	4,000,000	-	4,000,000	-
- Transport and Transport equipment	1,338,571	-	1,310,000	-
- Others	3,377,280	-	3,346,450	-
Loans and advances for use in Hong Kong	9,515,851	-	9,456,450	-
Trade finance		-		-
Loans and advances for use outside Hong Kong	5,239,228	12.8%	7,094,885	7.8%
Total loans and advances to customers	14,755,079	4.6%	16,551,335	3.6%

b. Non-bank Mainland exposures

	Oct-31-24 HKD'000		
	On-Balance sheet exposure	Off-Balance sheet exposure	Total
- Central government, central government-owned entities and their subsidiaries and JV	327,191	777,280	1,104,471
- PRC nationals residing outside Mainland China or other entities incorporated outside Mainland China where the credit is granted or use in Mainland China	903,692	125,000	1,028,692
Total	1,230,883	902,280	2,133,163
Total Asset after provision	26,835,914		
On-balance sheet exposures as % of total asset	4.59%		
	Apr-30-24 HKD'000		
	On-Balance sheet exposure	Off-Balance sheet exposure	Total
- Central government, central government-owned entities and their subsidiaries and JV	2,214,433	782,150	2,996,583
- PRC nationals residing outside Mainland China or other entities incorporated outside Mainland China where the credit is granted or use in Mainland China	1,094,365	250,000	1,344,365
Total	3,308,798	1,032,150	4,340,948
Total assets after provision	30,364,313		
On-balance sheet exposures as % of total assets	10.90%		

c. Analysis of advances to customers by geographic areas according to the location of counterparties after risk transfer :

	Oct-31-24 (HKD millions)	Apr-30-24 (HKD millions)
Hong Kong	13,585	13,573
Rest of Asia Pacific	1,170	2,978
	14,755	16,551

d. International Claims

The following table provides a breakdown of international claims by major countries and geographical segments. Only major countries or geographical locations with not less than 10% of the total international claims after taking into account any recognized risk transferred are disclosed.

	Oct-31-24 (HKD millions)				Total
	Banks	Official Sector	Non-bank private sector		
			Financial Institutions	Non-financial Private Sector	
Developed Countries	3,005	2,809	-	-	5,813
<i>of which Canada</i>	2,997	-	-	-	2,997
<i>of which Japan</i>	1	2,809	-	-	2,810
Offshore Centres	397	-	452	3,968	4,816
<i>of which Hong Kong</i>	8	-	452	3,397	3,856
Developing Asia and Pacific	2,708	327	-	0	3,035
<i>of which China</i>	1,844	327	-	-	2,172

	Apr-30-24 (HKD millions)				Total
	Banks	Official Sector	Non-bank private sector		
			Financial Institutions	Non-financial Private Sector	
Developed Countries	4,261	4,240	-	-	8,501
<i>of which Canada</i>	3,984	-	-	-	3,984
<i>of which Japan</i>	266	4,240	-	-	4,506
Offshore Centres	202	-	2,008	5,492	7,702
<i>of which Hong Kong</i>	202	-	2,008	4,911	7,121
Developing Asia and Pacific	2,498	650	-	237	3,385
<i>of which China</i>	1,793	650	-	-	2,443

VI. Currency risk

The following position constitutes more than 10% (either positive or negative) of the total net position in all foreign currencies.

	Oct-31-24 (HKD millions)			TOTAL
	GBP	AUD	USD	
Spot assets	2,022	694	7,238	9,954
Spot liabilities	(2,020)	(692)	(7,733)	(10,445)
Forward purchases	0	128	625	753
Forward sales	0	(128)	(128)	(256)
Net long (short) position	2	2	2	6

	Apr-30-24 (HKD millions)	
	USD	TOTAL
Spot assets	11,163	11,163
Spot liabilities	(10,515)	(10,515)
Forward purchases	2,341	2,341
Forward sales	(2,999)	(2,999)
Net long (short) position	(10)	(10)

There were no structural assets and liabilities as at October 31, 2024 (April 30, 2024: Nil).

VII. Liquidity Risk Management

Liquidity risk is defined as the risk of being unable to meet financial obligations in a timely manner at reasonable prices. Financial obligations include liabilities to depositors, maturing debt obligations, and lending and pledging commitments.

Effective liquidity risk management is essential to maintain the confidence of counterparties, manage the company's cost of funds and to support core business activities, even under adverse circumstances.

Liquidity risk is managed through a governance structure that includes the frameworks policies, limits, and liquidity risk appetite that approved by senior management committees and Head Office. Senior management receives reports on risk exposures against approved limits. These liquidity limits are subject to appropriate risk governance and oversight from senior management committees including the Asset-Liability Committee (ALCO) and Market Risk Management and Policy Committee

The Bank's liquidity risk management framework addresses the following key elements:

(a) Liquidity Management Strategy – Group Treasury is responsible for the development and implementation of funding and liquidity strategy, subject to review and approval by management commit.

(b) Risk Appetite and Limits – appropriate liquidity risk management limits consistent with the Bank's Enterprise Risk Appetite Framework (RAF) and regulatory requirements. These limits are reviewed and approved by the Board and/or senior management committee at least annually.

(c) Reporting – Liquidity risk reports are provided to senior management, and relevant committees on a timely and regular basis, where ALCO provides management oversight of liquidity risks.

(d) Stress testing – The Bank conducts monthly liquidity stress testing, to evaluate the liquidity adequacy of BNSHK and quantify the impact of potential liquidity strains under idiosyncratic, systemic and combined scenarios. A separate intraday liquidity stress test is also performed at each financial quarter to evaluate potential impact from counterparties payment and settlement under stress event.

The Bank's liquidity stress testing program also consider the impact of changes in funding assumptions, depositor behavior, market value of liquid assets and contingent liabilities. The results of stress tests are submitted to Hong Kong Asset Liability Committee (HKALCO) and reviewed by senior management in consideration of making liquidity management decisions.

The HKALCO provides strategic direction for balance sheet management and risk oversight. Specifically, this involves making decisions regarding the management of structural risk, liquidity and funding risk, and investment activities. Decisions can be made on policies, measurement, parameters, and strategies. The ALCO also provides support and guidance to Business Lines regarding balance sheet optimization, including deposit gathering initiatives.

The core strategies and technique used to mitigate liquidity risk exposures are:

(a) Contingency planning – the Bank maintains a liquidity contingency plan that identifies early warning indicators, specifies an approach for analyzing and responding to actual and potential liquidity events timely in a coordinated manner. The plan outlines an appropriate governance structure for the management and monitoring of liquidity events, processes for effective internal and external communication, formation of a specific Liquidity Management Task force with detailed roles and responsibilities, identifies potential counter measures to be considered at various stages of an event, deactivating and post crisis debrief.

(b) Funding diversification – BNS HK's main funding source is customer deposits. To secure the funding stability, the Bank closely monitors the concentration of customer deposits and manages the diversification of its deposit liabilities by source, type of depositor, instrument, term, and geography.

(c) Core liquidity – the Bank maintains a pool of highly liquid, unencumbered assets that can be readily sold or pledged to secure borrowings under normal/stressed market conditions or due to Bank-specific events. The Bank also maintains marketable liquid assets to support its intra-day settlement obligations in payment,

a. Liquidity Ratios

The following analysis shows the liquidity position for the three months ended October 31, 2024 and its comparative period:

	3 mths ended Oct-31-24	3 mths ended Oct-31-23
Average liquidity maintenance ratio ("LMR") for the period	<u>39.6%</u>	<u>48.5%</u>

The average liquidity maintenance ratio is the simple average of each calendar month's average ratio and has been computed in accordance with the Banking (Liquidity) Rule.

b. Sources of funding

The sources of funding are mainly from the following:

	Oct-31-24		Oct-31-23	
	(HKD millions)	as % of total liabilities	(HKD millions)	as % of total liabilities
Group Companies	8,187	30.5%	15,136	37.8%
Non-bank customers	8,725	32.5%	11,382	28.5%
Banks	7,323	27.3%	6,660	16.7%
Central banks	2,449	9.1%	4,333	10.8%
Certificate of deposits issued	-	0.0%	2,263	5.7%

c. Liquidity Risk Mismatch

The following analysis shows the on and off-balance sheet items, broken down into maturity buckets:

Oct-31-24 (HKD millions)					
	Total	Within 1 month	Over 1 month to 3 months	Over 3 months to 12 months	Over 1 year
Cash and balances with banks	6,170	3,128	1,485	1,557	-
Loans and advances to customers	14,776	7,320	708	1,327	5,421
Investment securities	5,848	5,848			
Other assets	42	-	-	-	42
Total on-balance sheet assets	26,836	16,296	2,193	2,884	5,463
Total off-balance sheet assets	1,162	1,162	-	-	-
Deposits from banks	15,506	7,146	6,812	1,548	-
Deposits from central bank	2,449	-	2,449	-	-
Deposits from non-bank customers	8,730	5,982	1,072	1,676	-
Certificate of deposits issued	-	-	-	-	-
Other liabilities and reserves	151	22	15	-	114
Total on-balance sheet liabilities	26,836	13,150	10,348	3,224	114
Total off-balance sheet liabilities	4,771	4,771	-	-	-
Contractual maturity mismatch		(463)	(8,155)	(340)	5,349
Cumulative contractual maturity mismatch		(463)	(8,618)	(8,958)	(3,609)
Oct-31-23 (HKD millions)					
	Total	Within 1 month	Over 1 month to 3 months	Over 3 months to 12 months	Over 1 year
Cash and balances with banks	11,049	2,060	3,736	5,253	-
Loans and advances to customers	21,067	11,524	1,415	2,302	5,826
Investment securities	7,858	7,858			
Other assets	27	2	-	-	25
Total on-balance sheet assets	40,001	21,444	5,151	7,555	5,851
Total off-balance sheet assets	2,088	2,088	-	-	-
Deposits from banks	21,792	9,963	10,424	1,405	-
Deposits from central bank	4,333	4,333	-	-	-
Deposits from non-bank customers	11,386	1,917	5,982	3,487	-
Certificate of deposits issued	2,263	-	816	1,447	-
Other liabilities and reserves	227	103	-	15	109
Total on-balance sheet liabilities	40,001	16,316	17,222	6,354	109
Total off-balance sheet liabilities	5,861	5,803	34	24	-
Contractual maturity mismatch		1,413	(12,105)	1,177	5,742
Cumulative contractual maturity mismatch		1,413	(10,692)	(9,515)	(3,773)

SECTION B - BANK INFORMATION (CONSOLIDATED BASIS)

1. <u>Capital and capital adequacy</u>	Oct-31-24 CAD millions	Apr-30-24 CAD millions
Shareholders' equity:		
Capital stock		
- Preferred shares and other equity instruments	8,779	8,779
- Common shares and other reserves	21,986	20,998
Retained earnings	57,751	57,081
Accumulated other comprehensive income	(6,147)	(7,502)
Non-controlling interest	1,707	1,719
	<u>84,076</u>	<u>81,075</u>
CET1 capital ratio	13.1%	13.2%
Tier 1 capital ratio	15.0%	15.2%
Total capital ratio	16.7%	17.1%

Capital adequacy ratio is calculated by dividing the components of capital by risk-weighted assets (includes assets which are subject to market risk). Capital adequacy is governed by the requirements of the Office of the Superintendent of Financial Institutions (OSFI) which are consistent with international standards set by the Bank for International Settlements (BIS).

2. <u>Other financial information</u>	Oct-31-24 CAD millions	Apr-30-24 CAD millions
Total assets	1,412,027	1,399,430
Total liabilities	1,327,951	1,318,355
Total advances	760,829	753,526
Total customer deposits	898,935	897,574
Total deposits from banks	44,914	44,454
	12 mths ended Oct-31-24 CAD millions	12 mths ended Oct-31-23 CAD millions
Pre-tax profit	9,924	9,754
After-tax profit	7,892	7,528

Disclosure Statement Available to The Public

To comply with the Banking (Disclosure) Rules, the disclosure statement is available under the "Regulatory Disclosures" Section on the Head Office's website www.scotiabank.com/global/en/country/hong-kong.html

The Bank of Nova Scotia, Hong Kong Branch



Hui Wai Choong
Chief Executive

February 21, 2025

Note: In the event of any difference in interpretation or meaning between the Chinese and English version of this Statement, the English version shall prevail.