

**THE BANK OF NOVA SCOTIA**

Unaudited Financial Information Disclosure Statement as at April 30, 2024

**SECTION A - BRANCH INFORMATION (HONG KONG OFFICE ONLY)**

<b>I. <u>Profit and loss information</u></b>	6 mths ended Apr-30-24 HKD'000	6 mths ended Apr-30-23 HKD'000
Interest income	872,122	694,691
Interest expense	(764,897)	(561,178)
<b>Net interest income</b>	<b>107,225</b>	<b>133,513</b>
Gains less losses arising from trading in foreign currencies	25	1,256
Gains less losses arising from non-trading in foreign currencies	0	(94)
Fees and commission income	6,862	37,139
<b>Operating income</b>	<b>114,112</b>	<b>171,814</b>
Staff expenses	(5,220)	(63,483)
Other expenses	(26,903)	(30,507)
<b>Operating expenses</b>	<b>(32,123)</b>	<b>(93,990)</b>
<b>Profit before taxation</b>	<b>81,989</b>	<b>77,824</b>
Tax charge	(13,382)	(12,676)
<b>Profit after taxation</b>	<b>68,607</b>	<b>65,148</b>

  

<b>II. <u>Balance Sheet</u></b>	Apr-30-24 HKD'000	Oct-31-23 HKD'000
<b>Assets</b>		
Cash and balances with banks	1,787,863	539,359
Placements with banks which have a residual contractual maturity of more than one month but not more than 12 months	1,165,404	1,272,406
Amount due from overseas offices of the institution	3,859,773	9,001,133
Trade bills	-	-
Loans and receivables		
Loans and advances to customers	16,551,335	21,005,076
Accrued interest and other accounts	226,148	325,171
Investment securities	6,773,790	7,857,915
<b>Total assets</b>	<b>30,364,313</b>	<b>40,001,060</b>
<b>Liabilities</b>	Apr-30-24 HKD'000	Oct-31-23 HKD'000
Deposits and balances from banks	5,528,539	6,642,238
Due to Exchange Fund	-	390,000
Deposits from Central Bank	2,391,100	3,938,620
Deposits from customers		
Demand deposits and current accounts	1,397	2,532
Savings deposits	5,049	4,402
Time, call and notice deposits	11,049,410	11,242,265
Amount due to overseas offices of the institution	11,003,225	15,096,247
Certificates of deposit issued	-	2,192,366
Other liabilities	385,593	492,390
<b>Total liabilities</b>	<b>30,364,313</b>	<b>40,001,060</b>

### 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 April 30, 2024 (October 31, 2023: 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 April 30, 2024 (October 31, 2023: Nil).

#### **a. Overdue advances**

No advances to customers, banks, other financial institutions and other assets were overdue as at April 30, 2024 (October 31, 2023: Nil).

#### **b. Rescheduled advances**

No advances to customers, banks and other financial institutions were rescheduled as at April 30, 2024 (October 31, 2023: Nil).

#### **c. Repossessed assets**

No repossessed assets as at April 30, 2024 (October 31, 2023: Nil).

### IV. Off-Balance Sheet Exposures

	Apr-30-24 HKD'000	Oct-31-23 HKD'000
<b>a. Contingent liabilities and commitments</b>		
- Direct credit substitutes	-	-
- Transaction-related contingencies	-	-
- Trade-related contingencies	25,718	123,256
- Other commitments	4,072,535	4,382,985
- Others	17,368	249,245
Total	<u>4,115,621</u>	<u>4,755,486</u>
<b>b. Derivatives</b>		
Notional Amounts:	Apr-30-24 HKD'000	Oct-31-23 HKD'000
- Exchange rate contracts	5,333,741	3,813,613
- Interest rate contracts	1,057,574	1,838,890
Total	<u>6,391,315</u>	<u>5,652,503</u>
Fair value:	Apr-30-24 HKD'000	Oct-31-23 HKD'000
- Exchange rate contracts	769	2,106
- Interest rate contracts	-	-
Total	<u>769</u>	<u>2,106</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*

	Apr-30-24		Oct-31-23	
	HKD'000	% of loans and advances covered by collateral	HKD'000	% of loans and advances covered by collateral
<b>Industrial, commercial &amp; financial</b>				
- Property development	800,000	-	1,200,000	-
- Property investment	-	-	70,000	-
- Wholesale and retail trade	-	-	20,000	-
- Manufacturing	-	-	1,877,664	-
- Information technology	4,000,000	-	4,000,000	-
- Transport and Transport equipment	1,310,000	-	1,310,000	-
- Others	3,346,450	-	3,347,080	-
Loans and advances for use in Hong Kong	9,456,450	-	11,824,744	-
Trade finance	-	-	-	-
Loans and advances for use outside Hong Kong	7,094,885	7.8%	9,180,332	7.1%
<b>Total loans and advances to customers</b>	<b>16,551,335</b>	<b>3.3%</b>	<b>21,005,076</b>	<b>3.1%</b>

### b. *Non-bank Mainland exposures*

	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
<b>Total</b>	<b>3,308,798</b>	<b>1,032,150</b>	<b>4,340,948</b>
Total assets after provision	<b>30,364,313</b>		
On-balance sheet exposures as % of total assets	<b>10.90%</b>		
	Oct-31-23 HKD'000		
	On-Balance sheet exposure	Off-Balance sheet exposure	Total
- Central government, central government-owned entities and their subsidiaries and JV	3,321,679	116,120	3,437,799
- PRC nationals residing outside Mainland China or other entities incorporated outside Mainland China where the credit is granted or use in Mainland China	1,204,395	230,000	1,434,395
<b>Total</b>	<b>4,526,074</b>	<b>346,120</b>	<b>4,872,194</b>
Total assets after provision	<b>40,001,060</b>		
On-balance sheet exposures as % of total assets	<b>11.31%</b>		

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

	Apr-30-24 (HKD millions)	Oct-31-23 (HKD millions)
Hong Kong	13,573	17,612
Rest of Asia Pacific	2,978	3,393
North America	-	-
	<b>16,551</b>	<b>21,005</b>

**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.

	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

	Oct-31-23 (HKD millions)				Total
	Banks	Official Sector	Non-bank private sector		
			Financial Institutions	Non-financial Private Sector	
Developed Countries	9,329	4,371	-	-	13,700
<i>of which Canada</i>	9,213	-	-	-	9,213
<i>of which Japan</i>	1	4,371	-	-	4,372
Offshore Centres	10	-	2,013	9,065	11,088
<i>of which Hong Kong</i>	10	-	2,013	8,370	10,393
Developing Asia and Pacific	1,701	-	-	237	1,937
<i>of which China</i>	1,426	-	-	-	1,426

**VI. Currency risk**

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

	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)
	Oct-31-23 (HKD millions)	
	USD	TOTAL
Spot assets	18,560	18,560
Spot liabilities	(18,519)	(18,519)
Forward purchases	1,871	1,871
Forward sales	(1,951)	(1,951)
Net long (short) position	(39)	(39)

There were no structural assets and liabilities as at April 30, 2024 (October 31, 2023: Nil).

## VII. Liquidity

The following analysis shows the liquidity position for the three months ended April 30, 2024 and its comparative period:

	3 mths ended Apr-30-24	3 mths ended Apr-30-23
Average liquidity maintenance ratio ("LMR") for the period	<u>44.2%</u>	<u>51.7%</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.

## SECTION B - BANK INFORMATION (CONSOLIDATED BASIS)

1. <u>Capital and capital adequacy</u>	Apr-30-24 CAD millions	Oct-31-23 CAD millions
Shareholders' equity:		
Capital stock		
- Preferred shares and other equity instruments	8,779	8,075
- Common shares and other reserves	20,998	20,025
Retained earnings	57,081	55,746
Accumulated other comprehensive income (loss)	(7,502)	(6,918)
Non-controlling interest	1,719	1,739
	<u>81,075</u>	<u>78,667</u>
CET1 capital ratio	13.2%	13.0%
Tier 1 capital ratio	15.2%	14.8%
Total capital ratio	17.1%	17.2%

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>	Apr-30-24 CAD millions	Oct-31-23 CAD millions
Total assets	1,399,430	1,410,789
Total liabilities	1,318,355	1,332,122
Total advances	753,526	750,911
Total customer deposits	897,574	900,884
Total deposits from banks	44,454	51,449
	6 mths ended Apr-30-24 CAD millions	6 mths ended Apr-30-23 CAD millions
Pre-tax profit	5,361	5,522
After-tax profit	4,291	3,931

### **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](http://www.scotiabank.com/global/en/country/hong-kong.html)

The Bank of Nova Scotia, Hong Kong Branch



Hui Wai Choong  
Chief Executive

July 25, 2024