

LICAT Public Disclosure Requirements

We sell and issue group and individual life and health insurance policies through our licensed insurance company, Scotia Life Insurance Company. This company is required to hold regulatory capital to support its obligations to policyholders and is subject to the Office of the Superintendent of Financial Institution's Life Insurance Capital Adequacy Test "LICAT". The attached report provides an overview of the total and core capital ratios that have been calculated in accordance with the LICAT guideline for the most recent quarterly reporting period.

Qualitative Analysis of Solvency Ratio (Period over Period)

The Total Ratio period change is primarily attributed to an increase in available capital due to earnings during the quarter which was greater than the increase in the base solvency buffer. The base solvency buffer increase is due to an increase in insurance business combined with an increase in financial risks on the investment portfolio.

The Core Ratio period change is primarily attributed to higher Tier 1 available capital due to earnings during the quarter.

LICAT Ratios Public Disclosure Summary Template

(thousands of dollars, except percentages)

Companies are required, at minimum, to maintain a Core Ratio of 55%³ and a Total Ratio of 90%. OSFI has established supervisory target levels of 70% for Core and 100% for Total capital.

Definition of terms can be found in Guideline A at: [LICAT - Life Insurance Capital Adequacy Test](#)

		Current Period	Prior Period	Change - %
Available Capital (AC1+B)	(AC)	228,337	219,276	4.13%
Tier 1 Capital	(AC1)	151,845	142,565	
Tier 2 Capital	(B)	76,492	76,711	
Surplus Allowance and Eligible Deposits	(SA+ED)	60,817	61,212	-0.65%
Base Solvency Buffer	(BSB)	120,336	118,564	1.49%
Total Ratio	$([AC + SA + ED] / BSB) \times 100$	240.29%	236.57%	1.57%
Core Ratio	$([AC1 + 70\% SA + 70\% ED] / BSB) \times 100$	161.56%	156.38%	3.31%

³ Regulated insurance holding companies and non-operating insurance companies are required to maintain a minimum Core Ratio of 50%.