

NEWS RELEASE

## AM Best Affirms Credit Ratings of Scotia Insurance (Barbados) Limited

6/21/2024

OLDWICK, N.J.--(BUSINESS WIRE)-- **AM Best** has affirmed the Financial Strength Rating of A (Excellent) and the Long-Term Issuer Credit Rating of "a+" (Excellent) of Scotia Insurance (Barbados) Limited (SIB) (Barbados). The outlook of these Credit Ratings (ratings) is stable.

The ratings reflect SIB's balance sheet strength, which AM Best assesses as very strong, as well as its strong operating performance, neutral business profile and appropriate enterprise risk management.

SIB is owned ultimately by The Bank of Nova Scotia (Scotiabank), which is among the leading banks in Canada, as measured by market capitalization. The parent bank is a strong organization with approximately CAD 79 billion of total equity at fiscal year-end October 2023 and CAD 1.4 trillion in assets. In addition, the bank earned approximately CAD 7.5 billion in net income on CAD 32 billion in revenue in fiscal-year 2023. In fiscal-year 2024, AM Best notes that SIB may for a few quarters moderately reduce the dividends upstreamed to its parent company, to enhance its level of available capital and maintain its risk-adjusted capitalization after transitioning to IFRS-17 during the year. AM Best notes that Scotiabank does not guarantee support but may at its discretion provide additional capital should SIB need support to maintain its robust risk-adjusted capitalization assessed at the level of strongest, as measured by Best's Capital Adequacy Ratio (BCAR).

The stable outlooks reflect SIB's very strong balance sheet strength assessment supported by consistently strong operating performance. The company's favorable operating return on equity on a longstanding basis provides significant support to the balance sheet and reflects SIB's appropriate underwriting practices in its core Canadian creditor life reinsurance product.

These strengths are offset partially by SIB's dependence on lending product originations within Canada, which are heavily dependent on macro-economic conditions. SIB's net premiums earned increased in 2023 and the first quarter of 2024 as higher credit life insurance premiums were attributed mainly to larger credit card balances in Canada and the impact of enhanced digital sales initiatives carried out across Scotiabank, reversing a trend of declining premiums experienced in prior years due to the COVID-19 pandemic.

This press release relates to Credit Ratings that have been published on AM Best's website. For all rating information relating to the release and pertinent disclosures, including details of the office responsible for issuing each of the individual ratings referenced in this release, please see AM Best's **Recent Rating Activity** web page. For additional information regarding the use and limitations of Credit Rating opinions, please view **Guide to Best's Credit Ratings**. For information on the proper use of Best's Credit Ratings, Best's Performance Assessments, Best's Preliminary Credit Assessments and AM Best press releases, please view **Guide to Proper Use of Best's Ratings & Assessments**.

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