

2021 ANNUAL REPORT

TRINIDAD AND TOBAGO LIMITED

Scotiabank

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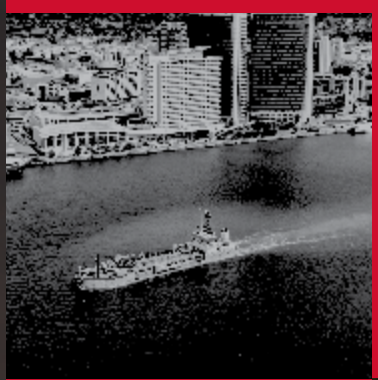
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SCOTIABANK HAS BEEN A PART OF TRINIDAD AND TOBAGO FOR 68 YEARS

We offer a comprehensive line of Retail, Small Business, Corporate, Commercial and Wealth services through our extensive network of branches across the country. Our subsidiaries include ScotiaLife Trinidad and Tobago Limited and Scotia Investments Trinidad and Tobago Limited. The Scotiabank Trinidad and Tobago Foundation, a registered charitable organisation, manages Scotiabank's philanthropic activities in Trinidad and Tobago.

CORPORATE DATA

The ordinary shares of the Bank are listed for trading on the Trinidad and Tobago Stock Exchange.

CORPORATE SECRETARY

Kimi Rochard
56 – 58 Richmond Street,
Port of Spain

AUDITORS

KPMG, Savannah East,
11 Queen's Park East,
Port Of Spain

ATTORNEYS

Fitzwilliam Stone
Furness-Smith & Morgan,
48 – 50 Sackville Street,
Port of Spain

CONSOLIDATED FINANCIAL HIGHLIGHTS

October 31, 2021 ($ thousands, except per share data)

	2021	2020
Total Assets	**27,171,092**	27,503,678
Deposits	**20,241,852**	20,868,861
Net Loans to Customers	**15,729,895**	16,274,409
Income Before Taxation	**919,704**	790,862
Net Income Attributable to Equity Holders	**603,525**	520,802
Number of Shares Outstanding	**176,343,750**	176,343,750
Number of Shareholders	**7,607**	7,607
Market Value Per Share	**$62.50**	$54.30
Net Book Value Per Share	**$24.07**	$23.66

WHY INVEST IN SCOTIABANK?

- Diversified by business lines providing sustainable and growing earnings
- Despite the COVID-19 pandemic, we have generated a high level of earnings and maintained a strong dividend payout ratio
- Focused on digitization to strengthen customer experience and improve efficiency
- Strong risk management culture
- Strong balance sheet with prudent capital and liquidity positions

	2021	5 YEAR AVERAGE (2017-2021)
RETURN ON EQUITY (ROE):	14.3%	15.2%
RETURN ON ASSETS (ROA):	2.2%	2.5%
OPERATING EFFICIENCY:	40.6%	40.9%
DIVIDEND PAYOUT RATIO:	102.3%	84.1%
CAPITAL POSITION: →	Strong	Strong

2021 EARNINGS PER SHARE (EPS):

342.2

Note: All monetary amounts are stated in Trinidad and Tobago dollars, unless explicitly stated otherwise.

CHAIRMAN'S LETTER TO SHAREHOLDERS



Derek Hudson
Chairman,
Scotiabank Trinidad
and Tobago Limited

Dear Shareholders,

Scotiabank Trinidad and Tobago Limited ("the Bank") continues to successfully navigate the continued challenges posed by the COVID-19 pandemic, and the associated socio-economic impacts. I am pleased to report that the Bank has recorded improved profitability during 2021, despite the challenges referred to in the foregoing, driven by lower provision for credit losses as well as implementation of effective cost management strategies.

The improved performance is largely attributable to continued successful implementation of The Bank's strategic agenda. Prior to COVID-19 taking root in early 2020, the Scotiabank Group ("The Group") was already investing heavily in technology and processes designed to meet the current and future needs of our customers. This focus on creating and improving the digital environment has reaped immense rewards that have benefitted both our customers and staff; an outcome that has put us firmly on track to ensure we deliver the best possible customer experience.

The strategy to transform the Bank to becoming more digitally driven while simultaneously seeking to provide more value-added customer advice and interaction is one that will successfully carry us through the long term. The Bank's strong and well capitalized balance sheet will also ensure that we have the resources to meet future needs while still delivering shareholder value. In addition, our senior leadership team is committed to ensuring that we continuously focus on the key elements of our strategic agenda while remaining agile in the face of emerging economic and environmental issues.

We continue to do our part to assist our customers during these challenging times. Our customers' financial well-being is closely interwoven with the sustainability of our business, and we remain conscious of our responsibility to do our part in putting Trinidad and Tobago back on the path to recovery and economic prosperity.

INTEGRITY & SOUND GOVERNANCE

Your Board remains committed to maintaining the highest standards of good governance, ensuring that we balance and protect the long-term interests of our many stakeholders, including shareholders, customers, the wider community, and our staff. We continue to focus heavily on maintaining a sound internal control and risk environment with appropriate emphasis on Compliance, Anti-Money Laundering and Cyber Security. Our corporate values and effective governance systems have created a strong ethical and policy making culture across the Group. The principles governing our ethical standards are entrenched in our internal policies, such as the Code of Conduct by which both staff and the Board agree to abide. Apart from ensuring that our internal policies are properly anchored

and implemented, both the Board and staff participate in ongoing training to ensure we are equipped to deal with the ever-changing landscape and that we are at the cutting edge of best practice.

We continue to place strong emphasis on the selection of Director candidates ensuring that the Board's focus on diversity and strength continue to meet the evolving needs of the Bank and the wider global environment. Currently, 9 of the Bank's 12 directors are independent with a 40% to 60% male to female representation. This is a strong reflection of our continued commitment to ensuring our leaders are diverse in gender, age and professional experience.

In May 2021, we bid farewell to our Managing Director, Mr. Stephen Bagnarol who returned to Bank of Nova Scotia's ("BNS") Canadian Banking operations as the Executive Vice President, Canadian Business Banking. Mr. Bagnarol was a relentless champion for change, overseeing our digital and operational transformation. His energy and passion, especially with our customers, will be missed. On behalf of the Board, I wish to express our gratitude to Mr. Bagnarol for his contributions and his commitment to the Bank over the last four years.

We are truly pleased to welcome back Ms. Gayle Pazos to the position of the Managing Director, Scotiabank Trinidad and Tobago Limited. Ms. Pazos brings with her a wealth of banking experience garnered over 20 years within the Group, notably within the areas of Corporate and Commercial Banking and Risk Management, and then most recently within the retail banking team in BNS's Western Canadian region. We are very proud and happy that she has returned to Trinidad and look forward to her continued stellar contribution to our Bank.

OPERATING ENVIRONMENT

The IMF October 2021 World Economic Report is predicting that the global economy is projected to grow by 5.9% in 2021, with 4.9% growth expected in 2022. While developed economies are expected to continue the strong recovery that most have seen in 2021, the outlook for lesser developed economies and island nations is less optimistic, given the continued challenges faced from the COVID-19 pandemic as well as the supply chain and concomitant distribution challenges that are expected to impact all countries.

The Trinidad and Tobago economy continued to be challenged during 2021 mainly due to the headwinds caused by the pandemic. The IMF has projected a contraction in the Trinidad and Tobago GDP by 1% in 2021, but is expecting 5.4% growth in 2022 on the strength of the continued gradual reopening of the local economy as well as stronger commodity prices that will positively impact revenues and tax conversions. This latter positive impact will be offset by inflationary pressures on the cost of goods and services, already reflected in the cost of food items.

Consistent with Scotiabank's increase in profitability, the Trinidad and Tobago banking industry has seen similar trends on the strength of lower provisions for credit losses during 2021 compared to 2020. Your Bank remains resilient and well capitalized and will continue to support the economic recovery expected in Trinidad and Tobago in 2022.

LOOKING AHEAD

Notwithstanding the continued uncertainty that prevails in both the global and local economy, I remain excited about your Bank's future. We operate in a vibrant and evolving industry that is becoming increasingly focused on improving and enhancing the customer experience through digital innovation. The Group continues to invest heavily in digital strategies and technologies that will ensure long term sustainability and profitability and these investments will further differentiate Scotiabank from its competitors within the market.

In closing, I would like to thank our valued shareholders and customers for the continued support and confidence shown during 2021. I would also like to thank my fellow Board Directors for their unwavering commitment to drive the Bank's strategic and operational agenda. Finally, I would like to thank the Senior Management team and staff of Scotiabank Trinidad and Tobago for their strong efforts, unwavering commitment and dedication. The past year has seen us overcome several unique challenges, while driving strong bottom-line performance. I do look forward to continued success in 2022.



Derek Hudson
Chairman

MANAGING DIRECTOR'S REPORT



Gayle M. Pazos
Senior Vice President and Managing Director, Scotiabank Trinidad and Tobago Limited
Head, Caribbean South and East, Scotiabank

Dear Shareholders,

Having rejoined the Scotiabank Trinidad and Tobago family on May 1, 2021, this is my first Managing Director's Report and I am pleased to announce that Scotiabank Trinidad and Tobago Limited ("the Bank") reported improved performance in 2021, notwithstanding the continued challenges posed by the pandemic.

Our Bank continues to successfully navigate the changing environment in which we operate and 2021 was a year that we were able to register notable accomplishments inclusive of our improved financial performance. Since the start of the pandemic through 2021, we have supported over 95,000 customers with loan payment deferrals, fee and interest rate concessions and in some cases restructuring of debt as customers sought to cope with the economic impact of COVID. As a result of our efforts supporting customers and the broader community, we were named the **Best Bank 2021 in Trinidad and Tobago by Global Finance**.

In conjunction with the Bankers' Association of Trinidad and Tobago, we were able to assist in vaccinating over 700 staff and family members. We also strived to provide a safe and secure place for our staff to work including facilitating work from home for an increasing number of employees. This commitment to our employees has helped us to earn the recognition of one of the **Best Workplaces™ in the Caribbean and Central America for 2021 by Great Place to Work®**.

Well before the onset of COVID in 2020, the Bank had established a strategic imperative to transform the digital landscape of banking within Trinidad and Tobago. This led to numerous enhancements over the years, as well as awards along the way. Whilst COVID has certainly hastened several of the changes being seen throughout the customer facing world, the efforts of our Bank to meet the needs of our customers by providing a safe, reliable and efficient way to do their banking saw Scotiabank Trinidad and Tobago Limited once again being recognized as **Best Digital Bank 2021 in Trinidad and Tobago by Global Finance**.

FINANCIAL HIGHLIGHTS OF THE SCOTIABANK GROUP'S PERFORMANCE

The Bank realized income after tax of $604 million, an increase of $83 million or 16% over the prior year. This increase was due to our effective cost management strategies. Non-interest expenses declined by $55 million or 7% as we focused on operating cost management in the face of lower revenues. This reduction in non-interest expenses resulted in an improvement in our operating efficiency ratio to 41% in 2021. The Bank's continued prudent risk management and focus on credit quality also enabled us to realize a reduction in net impairment losses by $121 million or 53% from the prior year. Consistent with trends noted within our industry, our revenue has been negatively impacted by the continued economic challenges. Total revenue declined by $48 million or 3% with net interest income declining by $94 million or 7%. The decline in net interest income was partially offset by non-interest income increasing by $46 million or 10% as we saw some recovery in key core banking activity.

Total Assets of $27.2 billion decreased slightly over the last year by $333 million or 1%. The Bank's main interest earning asset, loans to customers declined by $545 million or 3% resulting from the lower economic activity and reduced borrowing appetite from customers across various segments. Deposits from customers have declined by $627 million or 3% as some customers have opted to deploy their surplus holdings into alternative channels.

The Bank continues to hold a strong capital adequacy position of 18.1%, well above the 10% minimum requirement of our local regulators, demonstrating our ability to withstand economic shocks. I also wish to highlight our healthy dividend payout in 2021 representing the highest level of annual dividends ever paid to our shareholders at 350 cents per share.

KEY BUSINESS SEGMENT HIGHLIGHTS

Our **Retail Banking** segment experienced declines in its loan portfolio directly attributable to the current economic climate and subdued consumer demand. Notwithstanding the overall decline in retail lending, we have already begun to see signs of recovery and are cautiously optimistic about returning to growth in 2022. During 2021, we continued our digital focus both in respect of migration of customers to online and mobile banking platforms but also on continued education of how we can make banking easier and simpler for customers across all segments. As at October 31, 2021, approximately 67% of our customers were enrolled on our digital platforms and we saw digital transactions increasing by over 1 million or 42% over the prior year. Apart from our focus on digital migration and adoption, we continue to actively solicit customer feedback to allow us to improve our customer experience. During 2021, we sent out over 100,000 surveys and spoke directly to over 8,600 customers. This has allowed us to improve our product offering and treat with issues that customers face. In October 2021, we launched Scotia SelectPay®, becoming the first bank within the local industry to give customers the flexibility to convert credit card purchases into monthly instalments. I am also pleased to report that our focus on improving the customer experience has resulted in our Bank achieving significant improvements in our internal customer satisfaction scores that will ultimately lead to a more loyal and fulfilled customer base.

Our **Corporate and Commercial Banking** segment performed credibly during 2021. We provided support to customers that required assistance due to the prolonged impact of closures. We are pleased to report that most of our customer base no longer requires financial support. The support given to our customers coupled with our

own customers' resiliency in moderating the impact of the pandemic has resulted in our ability to maintain a well performing loan portfolio in this segment. Consistent with our retail segment, our Corporate and Commercial clients continued to accelerate the digitization of their businesses and payment preferences with record results in point of sale and e-commerce segments as well as usage rates for our highly acclaimed Cash Management Services platform. We continue to invest in our systems with a number of new digital initiatives planned in the coming year to support our customers' desired migration of payments away from traditional methods such as cheques to electronic ones, providing more convenient, secure and reduction in physical touch points. Finally, in conjunction with our BNS affiliates, we continue to support capital market activity within Trinidad and Tobago. During 2021 we were successful in completing landmark transactions in both the power and energy space, demonstrating the value of our local market knowledge coupled with our global reach and expertise.

Our **Insurance** segment performed well, with Income After Tax increasing marginally as a result of lower operating costs and lower expected credit losses. Non-Creditor Gross Premiums increased by 5% over prior year in the face of the industry challenges with Policyholders' liabilities increasing by 6%, demonstrating our customers' continued confidence in our long-term value.

Our **Wealth** segment delivered solid growth as we continue to strengthen our non-core banking business lines with increased non-interest income. Mutual Fund Fee income grew as a result of a 45% increase in Assets Under Management (AUM) following a concerted effort to fully engage clients across our range of investment solutions. During 2021, we completed the redomiciling of our two (2) TTD mutual funds from St. Lucia to Trinidad and Tobago, and we also launched our new Short-Term TTD Income Fund, offering a new solution to meet the diverse investment needs of our customers.

SCOTIABANK IN THE COMMUNITY

We believe that the long-term success of our Bank and the communities we serve are fundamentally intertwined. By paying careful attention to the areas where we feel we can have the biggest impact, we continue to work to create economic, social and environmental value for our customers, employees, communities and our environment, while also delivering returns for our shareholders.

The COVID-19 pandemic continues to impact communities, with increased financial strains on families and individuals. This past year, we supported those negatively impacted by the pandemic with donations to NGOs and charities, to help them provide food and other vital supplies to those who needed it most. We also provided access to online learning for 1,148 students from the onset of the pandemic helping to ensure our young ones continued to receive education and skills to reach their full potential.

When schools are able to fully reopen at all levels, it is important that they are equipped to do so safely and efficiently. With this in mind, we have contributed to The United Way Trinidad and Tobago (UWTT) Support for the New Norm Project, which aims to prepare selected primary schools in high need communities, serving low income families, for re-opening. We are proud that our employees joined us in this cause, not only through fund donations, but also giving of their time to package face masks for distribution to the schools.

Despite not being able to host the Scotiabank Women against Breast Cancer 5k in 2021, we continued to highlight the importance of early detection, healthy lifestyles and support systems through sharing the experiences of breast cancer patients, their loved ones, local influencers and health professionals.

The past year also saw us continuing our scholarship programme for students of the University of the West Indies as well as other youth focused initiatives. In the environmental sphere, we helped 12,000 households in Southern Trinidad and numerous children's homes establish kitchen gardens, grow boxes, and a hydroponics system.

Overall, in 2021, we invested in projects that supported community and youth development, impacting the lives of approximately 33,106 individuals, 24,032 youth through working with 99 schools, organizations, and communities.

FOCUS ON 2022

As Trinidad and Tobago works towards recovery in 2022, Scotiabank Trinidad and Tobago will be there to support our country and our stakeholders. Whilst anticipating that there will be continued challenges posed by the pandemic, we are excited about the new opportunities that will be created as we seek to assist in re-energizing economic activity. We have a clearly defined strategy to adapt to the changing needs of our customers, backed by years of consistent development and enhancement of our digital infrastructure that will allow our business lines to grow, building a stronger, sustainable Bank now and for the future.

I would like to thank our customers and shareholders for their support and feedback during 2021. This year undoubtedly has been one of significant change, but you have supported us every step of the way, and we are pleased to have been able to serve you safely and conveniently through our product and service enhancements and digital solutions.

Finally, I would like to thank my fellow Board members and our dedicated Scotiabank employees for your dedication shown during the year. The passion and commitment you have brought with you every day for the past year was truly inspiring and I am confident that we will continue to rise to new levels in 2022 and beyond.



Gayle M. Pazos
Senior Vice President and Managing Director

Our major awards this year

We're proud to have been named Trinidad and Tobago's Best Bank and Best Digital Bank 2021 by Global Finance.





We thank our customers for their continued trust in us as we help them manage the effects of the pandemic, as well as our winning team of employees who continue to demonstrate their resiliency, ensuring our customers' needs are met.

We were also recognized as one of the Best Workplaces™ in the Caribbean and Central America for 2021 by Great Place to Work®, for our ability to maintain an environment and culture of trust and sound practices to overcome the challenges brought on by COVID -19 pandemic.



BOARD OF DIRECTORS



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1. Derek Hudson

Chairman, Scotiabank Trinidad and Tobago Limited

- Derek Hudson was appointed Chairman of the Board of Directors of Scotiabank Trinidad and Tobago Limited effective December 8, 2020. He joined the Board in June 2016, and has continued to participate in all of the Board's sub-committees, and held the role of Deputy Chairman for circa 12 months in 2020.
- Derek is a geologist by profession and has worked in the oil and gas industry for over 30 years. He started his energy career with Trintopec, and then Petrotrin, following the merger of the state oil companies in the early 1990's. Derek joined BG Group in 1995 and held several senior roles as Vice President of one of BG's UK upstream businesses from 2000 – 2004; Chief of Staff in Trinidad and Tobago from 2005 – 2007; President and Asset General Manager of BG Trinidad and Tobago from 2007 – 2012 and thereafter assumed a similar role for BG in East Africa, covering Tanzania, Kenya and Madagascar from 2013 – 2016.
- Following the merger of Royal Dutch Shell and BG Group in February 2016, Derek served as Shell's Vice President, Tanzania for six months, before his appointment in July 2016 to the position of Vice President and Country Chairman, Shell Trinidad and Tobago. Derek retired from the latter position in June, 2019 and continued to serve in an advisory capacity to Shell Trinidad and Tobago until June 2021. In September 2021, Derek was appointed to the board of Trinity Exploration and Production, a UK registered company with energy operations in Trinidad and Tobago.
- Derek was the non-executive Chairman of the Port Authority of Trinidad and Tobago from 2005 – 2010, and also served on the Boards of United Way, the Development and Endowment Fund of the University of the West Indies and Atlantic LNG for extended periods.

Committee Member:

Audit and Conduct Review Committee
Corporate Governance and Human Resources Advisory Committee

2. Wendy-Fae Thompson

Deputy Chairperson, Scotiabank Trinidad and Tobago Limited
Managing Counsel, BP Trinidad and Tobago LLC

- Wendy-Fae Thompson was appointed Deputy Chairperson of the Board of Directors of Scotiabank Trinidad and Tobago Limited effective December 8, 2020. She joined the Board in February 2012 and has served as Chairperson of the Corporate Governance and Human Resource Advisory Committee.
- Wendy-Fae is an Attorney-at-Law with over 31 years' post-qualification experience. She is presently the Assistant General Counsel Oil and Gas Americas and Vice President at BP Trinidad and Tobago LLC with oversight of the Gas Regions in the Americas and she is also the US General Counsel. She manages the company's legal portfolio for the Oil and Gas Regions with specific focus on risk management, corporate governance, regulatory compliance, energy and commercial matters.
- Wendy-Fae holds a Bachelor of Science in Economics and Management and Bachelor of Laws degree from the University of the West Indies and is a graduate of the Hugh Wooding Law School. She began her career at Messrs. Pollonais, Blanc, de la Bastide & Jacelon, Attorneys-at-Law, Notaries Public and Trademark Agents. As a Partner at the firm, her areas of responsibility included corporate, civil, intellectual property, commercial, insurance and energy matters. Wendy-Fae has also served at the Board level of the Industrial Development Corporation, the Port Authority of Trinidad and Tobago and the Public Transport Service Corporation.
- Wendy-Fae also serves as a Director of ScotiaLife Trinidad and Tobago Limited.

Committee Member:

Corporate Governance and Human Resources Advisory Committee
Enterprise and Credit Risk Management Committee



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3. Gayle Pazos

Senior Vice President and Managing Director,
Scotiabank Trinidad and Tobago Limited
Head, Caribbean South and East, Scotiabank

- Gayle Pazos was appointed as the Senior Vice President and Managing Director of Scotiabank Trinidad and Tobago Limited and Head, Caribbean South & East, on May 1, 2021 and is responsible for developing and implementing local business strategy for the region in the retail, commercial, insurance and wealth divisions.
- Over her 25+ year career with Scotiabank, Gayle has held a number of progressively senior leadership roles within the Bank. She was appointed Head of Corporate and Commercial Banking in 2011 and successfully led her team to deepen commercial relationships and grow market share. In 2015, Gayle moved on to lead Risk Management and was promoted to the role of Vice President and Chief Risk Officer, Caribbean South & East where she fostered a high-performance risk culture, strengthening financial and non-financial risk oversight across the region. In 2019, as part of her leadership development, Gayle was seconded to a position within Western Canada, leading a large Retail Distribution team.
- Gayle is currently a Director on various Scotiabank subsidiary boards, and recently accepted roles to serve as a Director on the Board of United Way Trinidad and Tobago and on the SickKids Caribbean Initiative Advisory Committee.
- She holds a B.A. Honours degree in Business Administration from the Richard Ivey School of Business, University of Western Ontario, Canada.

Committee Member:

Corporate Governance and Human Resources Advisory Committee

4. Anya M. Schnoor

Executive Vice President, Caribbean,
Central America & Uruguay, International Banking
The Bank of Nova Scotia

- Anya was appointed to the Board of Directors effective October 30, 2020.
- Having held progressively senior roles across Trinidad and Tobago, Jamaica and Canada over her 29-year career, including the position of Managing Director of Scotiabank Trinidad & Tobago Limited during 2012-2017. In October 2020, Anya was appointed Executive Vice-President, Caribbean, Central America & Uruguay (CCAU), International Banking. In this role, Anya leads the development of the overall strategic direction for the Bank's personal, commercial, corporate, wealth, and insurance operations for the countries in the region. Prior to leading the CCAU Region, Anya was the Executive Vice President for Retail Products in Canadian Banking, where she led major initiatives and launched new innovative solutions and fundamentally transformed the way Scotiabank serves its retail customers in Canada.
- Anya is currently a Director on various Scotiabank subsidiary boards and is also a member of the International Women's Forum, an organization dedicated to supporting the next generation of women leaders.
- Anya holds a Master of Business Administration from Barry University and a Bachelor of Business Administration in Finance and International Business from Florida International University.

Committee Member:

Enterprise and Credit Risk Management Committee



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5. Roxane De Freitas

Senior Vice President & Chief Executive Officer, Massy Stores

- Roxane De Freitas is the Senior Vice President & Chief Executive officer of Massy Stores Trinidad, the leading supermarket chain in the Caribbean and has direct responsibility for its Trinidad and Tobago operations with 23 stores and over 2000 plus employees. She also holds Directorship on the Integrated Retail and Distribution Portfolio, a subsidiary of Massy Holdings that oversees the retail and distribution businesses across the Caribbean and US.
- Prior to Massy Stores Roxane has had an extensive and successful career as a Leadership Executive with Unilever. At Unilever Caribbean, she held the position of Marketing Director Caribbean, Regional North Exports Director and was a member of the Unilever Greater Caribbean Board. Roxane was the first female Managing Director of Unilever Caribbean Limited where she served for five years up to August 2012 when she was expatriated to the Head Office in Puerto Rico for 4 years.
- Roxane graduated from the University of Western Ontario, Canada, with a Bachelor's degree in Business Administration.
- Roxane was appointed to the Bank's Board of Directors in February 2009 and in December 2017, assumed the role of Chairperson of the Scotiabank Trinidad and Tobago Foundation, a registered charitable organization that manages Scotiabank's philanthropic activities in Trinidad and Tobago.

Committee Member:

Audit and Conduct Review Committee
Corporate Governance and Human Resources Advisory Committee

6. Lisa Mackenzie

Finance and Administration Director and Co-Owner, Access & Security Solutions Ltd.

- Lisa Mackenzie is a chartered accountant of several years' standing. She is the Finance and Administration Director and Co-Owner of Access and Security Solutions Ltd. She is also a Director of Agostini's Limited and SuperPharm Limited.
- Lisa is a Fellow of the Association of Chartered Certified Accountants (FCCA) and a Member of the Institute of Chartered Accountants of Trinidad and Tobago.
- She joined the Bank's Board of Directors in March 2013 and also serves as a Director of ScotiaLife Trinidad and Tobago Limited.

Committee Member:

Audit and Conduct Review Committee
Corporate Governance and Human Resources Advisory Committee (Chairperson)

7. Steve Ragobar

Chartered Accountant

- Steve Ragobar is a Chartered Accountant who retired in 2013 as a Senior Partner at PricewaterhouseCoopers in Trinidad and Tobago. He has over 43 years of experience in providing Assurance and Business Advisory Services to a wide variety of clients, inclusive of those in the Oil and Gas, Petrochemical, Banking, Manufacturing, State, Construction and Distributive sectors. His expertise extends to key activities such as mergers and acquisitions, corporate finance, financial restructuring and corporate recovery.
- Steve is a Fellow of the Association of Chartered Certified Accountants (FCCA) and a Member of the Institute of Chartered Accountants of Trinidad and Tobago.
- He joined the Bank's Board of Directors in April 2015. He also serves as a Director of ScotiaLife Trinidad and Tobago Limited and Scotia Investments Trinidad and Tobago Limited.

Committee Member:

Audit and Conduct Review Committee (Chairperson)
Enterprise and Credit Risk Management Committee



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8. Alan Fitzwilliam

Managing Director / Chief Executive Officer, F.T. Farfan Limited

- Alan Fitzwilliam was appointed to the Board of Directors in December 2015. He is the Managing Director/Chief Executive Officer of F.T. Farfan Limited, which represents some of the world's leading construction and industrial brands, providing products and services to customers in various sectors.
- Alan also has a wealth of experience in banking, project financing, capital market operations and corporate account management. He has sat on several private and public sector Boards in a non-executive capacity. He is presently the Chairman of the Boards of Bryden Pi Limited and Scotia Investments Trinidad & Tobago Limited.
- Alan holds a B.A. in Finance from the University of Western Ontario, London, Ontario, Canada and is a Non- Executive Director of the Board of AS Bryden & Sons Holdings Limited.

Committee Member:

Corporate Governance and Human Resources Advisory Committee

9. David Thomas

Financial Consultant

- David Thomas was appointed to Board of Directors, effective March 10, 2020. He is a banker by profession and worked at Scotiabank for over 30 years. Prior to his retirement from the Bank in 2018, David was the Vice President, Corporate Finance, Caribbean Region. Since then, David continues to share his expertise as an independent financial consultant in the Hospitality Sector.
- David possess extensive knowledge in corporate banking, investment banking, risk management, international banking, resolution of problem loans and implementation of digital technology. He is also a professional engineer who has also consulted to the health care sector prior to seeking an MBA from Dalhousie and pursuing a career in banking.
- David's extensive International and Caribbean banking experience involved responsibility for leading lending teams across 18 countries focused on origination of corporate and commercial loans across all industries utilizing his in-depth knowledge of local and regional financial markets.

Committee Member:

Enterprise and Credit Risk Management Committee (Chairperson)

10. John Hadad

Co-Founder and Co-Chief Executive Officer, HADCO Group

- John Hadad was appointed to Board of Directors, effective October 30, 2020. He is the Co-Founder and Co - Chief Executive Officer of the HADCO Group, a diversified conglomerate with 16 sub-companies spanning 4 countries. John is qualified in executive management and engineering physics, with extensive experience in various sectors including energy, manufacturing, retail, distribution and construction.
- He also holds memberships on the Board of Engineering of Trinidad and Tobago and the Association of Professional Engineers of Trinidad and Tobago. John completed the Owner/President Management Program from the Harvard Business School in 2016 and possesses a B.Sc. in Engineering Physics from Queen's University, Canada.

Committee Member:

Audit and Conduct Review Committee
Corporate Governance and Human Resources Advisory Committee
Enterprise and Credit Risk Management Committee



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11. Camille Chatoor

General Manager, Caribbean Bottlers Trinidad and Tobago Limited

- Camille Chatoor was appointed to Board of Directors, effective June 8, 2021. She is the General Manager of Caribbean Bottlers Trinidad and Tobago Limited and has 30 years' experience in the disciplines of marketing, manufacturing, sales, distribution and trading in Trinidad and Tobago and the wider Caribbean Region.
- Among her directorships, Camille serves on the Boards of Unilever Caribbean Limited and the Trinidad & Tobago Chamber of Industry & Commerce.
- Camille is a graduate of Howard University, Washington D.C. where she earned a Bachelor of Arts in Business Administration.

Committee Member:

Audit and Conduct Review Committee

12. Anique Asher

Executive Vice President, Finance & Strategy at Scotiabank Canada

- Anique Asher was appointed to the Board of Directors effective December 14, 2021.
- She is the Executive Vice President, Finance & Strategy at Scotiabank Canada. In this role she is responsible for enterprise strategy, global financial planning and forecasting, strategic project prioritization, finance support for Corporate Functions as well as oversight for the global finance optimization initiative.
- Anique joined the bank in 2018 as Senior Vice President, Planning, Analysis & Optimization. Before joining Scotiabank, she held roles of progressive seniority at multinational financial firms.
- Anique is a Chartered Professional Accountant and holds an Honours MBA and undergraduate degree from the Richard Ivey School of Business. She is also a Director of Canada's Ballet Jorgen.

EXECUTIVE/SENIOR MANAGEMENT TEAM



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1. Gayle Pazos

Senior Vice President and Managing Director, Scotiabank Trinidad and Tobago Limited
Head, Caribbean South and East, Scotiabank

- Gayle's full bio on page 11

3. Reshard Mohammed

Vice President, Chief Financial Officer and Chief Administrative Officer

- Reshard Mohammed joined Scotiabank Trinidad and Tobago Limited in August 2014. In November 2016, he was appointed as Vice President, Chief Financial Officer and Chief Administrative Officer, overseeing the finance, administrative and operational functions of Scotiabank's South and East English Caribbean region districts.
- Reshard has spent over 21 years working in the financial services sector and possesses the expertise of local and regional financial markets within the Caribbean.
- He holds a Bachelor of Science degree in Business Administration with a major in Accounting from Boston University and possesses the Certified Public Accountant designation from the United States. He also holds a Master of Science degree in Management from the London School of Economics.

2. Richard Edoo

Vice President, Retail and Business Banking, Caribbean South and East

- Richard Edoo was appointed to the position of Vice President, Retail & Small Business, Caribbean South & East effective July 19, 2021.
- Since he joined the Bank in 1991, Richard has held increasingly senior positions primarily in the area of Retail & Small Business Banking and is well known as a strong leader and partner. During his six (6) years as District General Manager, Richard's inspirational leadership style has resulted in a winning sales team that consistently delivers excellent sales results and performance efficiency.
- As Vice President, Retail & Small Business, he is responsible for driving the evolution of Retail and Small Business Banking, Non-Branch Sales and Channels, Customer Experience and Retail Asset Management, to lead in the country and region.

4. Karen Abraham

Vice President & Chief Risk Officer

- Karen Abraham was appointed Vice President & Chief Risk Officer, Caribbean South & East, effective October 28, 2019.
- She joined Scotiabank in 2005 and has held progressively senior roles within Corporate & Commercial Banking and Risk Management. In her previous role as Director, Credit Risk, Karen led and managed all commercial credit adjudication and credit risk for the Caribbean South and East region. As Vice President & Chief Risk Officer, Karen provides strategic direction and leadership for the Caribbean South and East, ensuring effective communication of the Bank's risk appetite and risk culture, and with oversight for financial and non financial risk management including credit, market, operational and reputational risks.
- Karen holds a Bachelor of Science in Mathematics and Chemistry from Campbellsville University and a Masters of Applied Statistics from Ohio State University.



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5. Randal Cezair

General Manager, Corporate and Commercial Banking

- Randal will be appointed General Manager, Corporate and Commercial Banking, effective February 1, 2022.
- In this role, Randal will be responsible for developing and implementing local strategy for commercial business line. Randal joined Scotiabank in 2014 and has a wealth of experience in credit evaluation, client relationship management, project and debt financing, derivatives and capital markets, across public and private sectors. He is a strong collaborator who is proficient in deal structuring and execution, having successfully led several global banking transactions for Scotiabank Trinidad and Tobago Limited.
- Randal holds a Bachelor's Degree in Economics and Management from the University of the West Indies, Cave Hill Campus and has completed Level 1 of the Certified Financial Analyst (CFA) programme.

6. Stephan Lalonde

Director, Human Resources

- Stephan Lalonde was appointed as Director, Human Resources for the Caribbean South & East, in January 2018.
- Stephan joined Scotiabank in 2010 in Toronto, Canada as Director, Learning & Performance, International Banking. In 2016, he was appointed to Director, Global Learning Programs where he was instrumental in managing the Bank's global learning programs, and deepening our leaders' development through our flagship global iLEAD Leadership Development programs.
- Stephan has a Bachelor of Psychology and Legal Studies from Carleton University, a Master's in Educational Technology from Concordia University and a MBA from Athabasca University. He brings resilience, a results focus and role models the behaviors of a respected team leader.

7. Kimi Rochard

General Manager, Legal and Corporate Secretary

- Kimi is an attorney-at-law with 20 years' post-qualification experience who has practised in Trinidad and Tobago, as well as England and Wales.
- She has practised in both the public and private sectors and joined Scotiabank Trinidad and Tobago in 2014.
- Kimi attended the University of the West Indies where she attained a Bachelor of Laws in 1999, and also attended the University of Northumbria, Newcastle, where she attained a Master's Degree in Commercial Law in 2006.

8. Aaron Niemeyer

Chief Auditor

- Aaron Niemeyer was appointed to the position of Chief Auditor (Ag.) effective September 13, 2021.
- Aaron has been a part of Scotiabank's Internal Audit team for 7 years with the past 2 years focused on the Caribbean Region. He also possesses a wealth of experience in Commercial Banking and Credit Risk Management, focused on International Banking Portfolios.
- Aaron is a graduate of the Schulich School of Business with an International MBA from York University as well as holds a Bachelor of Science (Ecology) from the University of Calgary.

9. Jarod Perryman

Managing Director, ScotiaLife Trinidad & Tobago Limited
Director, Wealth, Scotiabank Trinidad & Tobago Limited

- Jarod has been in the banking and insurance industry for the past 25 years holding positions of increasing responsibility over that period. Jarod joined Scotiabank Trinidad & Tobago Ltd in 2013 and has led teams both locally and regionally in producing consistently strong results, bringing to bear his experience in business development, portfolio management,



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strategic planning and risk management. Jarod was appointed as the General Manager of the Life Insurance Company in February 2019 and then assumed the Managing Director position in December 2020.

- In addition to his portfolio at ScotiaLife, Jarod has also taken on an expanded role - Director, Wealth. In his new role he is able to bring Insurance and Investment distribution closer together. Jarod will continue to partner closely with the local and regional Retail, Insurance and Investment teams. He will continue the good work that's already been done around building market awareness for our market leading wealth management products and services as well as to build the foundation for further market and product growth.
- Jarod holds a Master's Degree in Strategic Planning from the Edinburgh Business School and a Post Graduate diploma in Marketing from the Chartered Institute of Marketing in the U.K.

10. Sasha Noel

Director, Compliance

- Sasha Noel was appointed to the role of Compliance Director, Caribbean South & East, effective August 13, 2020.
- Sasha joined Scotiabank in 2003, commencing her career in the Branch network. A former Employee of the Year and highly driven professional, she has over the past decade taken on more responsibility within the organization moving progressively in various roles within Information Technology to Compliance.
- In her previous role as Senior Manager Privacy Digital and IT Compliance, Sasha led and managed Compliance risks in these areas for multiple territories. As the Compliance Director, Sasha will provide strategic direction and leadership for the Caribbean South and East District ensuring that business strategies, plans and initiatives are executed and delivered in compliance with governing regulations, ethical conduct and internal policies and procedures.
- Sasha holds a Bachelor of Science in Computing and Information Systems (Hons) from the London Metropolitan University and a Masters of Business Administration from Australian Institute of Business. She is also a Certified Anti-Money Laundering Specialist (CAMS).

11. Dale Khan

Group Treasurer

- Dale was appointed to the position of Group Treasurer in March 2017. In this role he is responsible for the management of the Bank's Treasury and Foreign Exchange (FX) function.
- Dale possesses over 15 years' experience at various local and international financial institutions, where he held progressively senior roles in the areas of Treasury Management, FX Trading, Asset / Liability Management, Market Risk Management and Corporate / Investment Banking.
- He holds a BSc in Management Studies from the University of the West Indies and is a CFA Charterholder.

12. Sameer N. Mohammed

Chief Accountant and Comptroller (Banking)

- Sameer N. Mohammed was appointed as Chief Accountant and Comptroller (Banking), effective June 16, 2021.
- Sameer joined Scotiabank in 2011 and since then has held progressively senior roles within the financial and regulatory reporting function of the Bank. A former Auditor at PricewaterhouseCoopers, Trinidad and Tobago, he has 15 years of experience in the financial services industry.
- Sameer is designated as a Chartered Accountant by the Association of Chartered Certified Accountants (ACCA). He is also a member of the Institute of Chartered Accountants of Trinidad and Tobago (ICATT).

CORPORATE GOVERNANCE





CORPORATE GOVERNANCE OVERVIEW

The Bank is pleased to present this Corporate Governance overview for fiscal year 2021. In this overview, we aim to explain how governance works at Scotiabank Trinidad and Tobago Limited ("Scotiabank" or "Bank") including what we do to ensure that Scotiabank and its Directors remain at the pinnacle of corporate governance best practice. We will also take a look at what we expect of our directors and how our strategic priorities are formulated.

Corporate Governance refers to the system by which companies are directed and controlled. It is a collective term, encompassing the Bank's processes, policies, decision making mechanisms, as well as the Bank's management of the various interests of, and relationships with, our many stakeholders. These stakeholders include our shareholders, customers, employees and the broader communities in which we operate. Good Corporate Governance is a major priority for the Bank as we consider it to be the key to maintaining the trust and confidence of our stakeholders and safeguarding the sustainability of the organization.

As we continue to wrestle with the challenges brought about by the Covid-19 pandemic, our strong focus on good corporate governance allows us to adapt and respond quickly to the changing landscape whilst adhering to our core principles of integrity and accountability. We expect that this model of governance will continue to serve us and our stakeholders well as we enter into fiscal 2022 and beyond that.

OUR GOVERNANCE STRUCTURE

The Board of Directors is responsible for managing the business and affairs of the Bank. Our shareholders elect, or re-elect Members of the Board as the case may be, at the Company's Annual Meeting. At each Annual meeting, Directors appointed in the previous year automatically retire from the Board.

According to the By-Law of the Bank the number of directors of the Bank shall comprise no less than three and no more than twenty individuals. At the end of fiscal 2021, the Board comprised eleven members. Because transparency, and objectivity are cornerstones of good governance, at Scotiabank, the majority of the Board of Directors are independent, non-executive members.

To optimize its time and to ensure that the right concentration, effort and skills are channeled into the fulfilment of its mandate, the Board appoints three sub-committees, namely the Audit and Conduct Review Committee, the Corporate Governance and Human Resources Advisory Committee and the Enterprise and Credit Risk Committee. Because objectivity is paramount, the Board's three Committees consist of majority independent directors and also are chaired by independent directors.

WHAT WE EXPECT OF OUR DIRECTORS

Directors have fiduciary obligations in relation to the Bank, and we expect the principles of trust, confidence, confidentiality, and acting in the best interest of the Company to underscore every act and obligation that our Directors undertake.

As a publicly listed financial institution, we are bound by the rules, regulations and guidelines of the Central Bank of Trinidad and Tobago ("CBTT"), the Trinidad and Tobago Securities and Exchange Commission ("TTSEC") and the Trinidad and Tobago Stock Exchange ("TTSE"). As such, our Directors are also expected to adhere to all applicable laws, regulations and guidelines of the CBTT, TTSEC and TTSE. Our Directors are held to the highest standard and are expected to carry out their duties in the best interest of the Bank. To this end, the Bank has established a robust corporate governance policy and framework to ensure the Company remains aligned with corporate governance best practice and complies with all applicable laws, rules, regulations and guidelines.

The Board reviews its corporate governance practices annually with a view to staying current with evolving concepts. This review encompasses the following:

- The Board, annually, completes a corporate governance self-assessment exercise to reflect on its own effectiveness and to determine where its strengths, or areas for development lie.
- The Board formally reviews its cross-section of skills and competencies on an ongoing basis to ensure that all of the right abilities, acumen, experiences and exposure are present at the Board table. At the final part of this review, we present a condensed skills matrix showing the range of skills which our Members possess.
- The Board reviews the marketplace, international trends, emerging risks and best practice and agrees a director education framework and training schedule annually.
- Our Directors, annually, agree to abide by the Scotiabank Code of Conduct and therefore commit to:
  - Following the law wherever the Bank does business;
  - Avoiding putting themselves or the Bank in a conflict of interest position;
  - Conducting themselves with honestly and with integrity;
  - Respecting confidentiality, and protecting the integrity and security of assets, communications, information and transactions;
  - Treating everyone fairly, equitably and professionally, whether they are customers, suppliers or service providers, employees, or others who deal with us; and
  - Honouring our commitments to the communities in which we operate.

THE BOARD'S CORE STRATEGIC PRIORITIES

The Board determines how the Bank's key strategic priorities are to be achieved, and ensures that Management is equipped to drive the Bank towards profitability and growth, keeping the Bank at the forefront of the banking and financial services sector, all with a view to delivering stakeholder value.

To this end, the Board will:

- Approve a profit plan annually, and analyze and evaluate the Bank's financial results against projections;
- Ensure the Bank's risk management framework is robust, in line with the Bank's risk appetite;
- Ensure that risk policies are in place, properly anchored and implemented, and that risk exposures are monitored and rigorously tested;
- Ensure that key policies are in place to deal with funding management, liquidity management and capital management;
- Determine whether the Bank is adequately equipped to operate successfully within the parameters of the control environment and the stringent regulatory framework.

SUBSIDIARY GOVERNANCE

Our Directors also sit on the boards of our subsidiary companies, to ensure that through the breadth of the Scotiabank Group, good governance drives all that we do.

APPOINTMENT, TERM, ELECTION & RETIREMENT OF DIRECTORS

With effect from December 2021, the Bank's Corporate Governance Policy was amended to increase the director term limit from 10, to 12 years. This is consistent with the policies of our parent company and our regional counterparts.

In some cases, the Corporate Governance and Human Resources Advisory Committee may consider it in the Bank's best interest to recommend the extension of a Director's term beyond the stipulated limit. In such a case, the Committee will deliberate, and recommend the period it considers appropriate for a Director's term to be extended.

OUR BOARD COMMITTEES

The three standing Board committees are as follows:

THE AUDIT AND CONDUCT REVIEW COMMITTEE

This Committee assists the Board in fulfilling its audit responsibilities as regards the integrity of the Bank's financial statements, compliance with applicable legal and regulatory requirements, and the robustness of the Bank's system of internal controls. The Committee also annually reviews the external auditor's qualifications and independence and oversees the performance of the Bank's internal audit and internal controls functions. This Committee is also responsible for oversight of the Bank's conduct related policies and procedures, as well as transactions with connected parties. All Committee recommendations remain subject to approval by the Board.

THE ENTERPRISE AND CREDIT RISK MANAGEMENT COMMITTEE

The Board's responsibilities for overseeing the administration of the Bank's credit portfolio have been delegated to this Committee. This Committee's responsibilities include the review and approval of credit exposures in excess of the limits established by the Bank's credit risk policy, as well as oversight of large non-performing loans. The Committee also reviews the Bank's risk profile against its risk appetite and must be satisfied that adequate procedures are in place to manage the risks to which the Bank is exposed.

THE CORPORATE GOVERNANCE AND HUMAN RESOURCES ADVISORY COMMITTEE

This Committee has general oversight over the Board's corporate governance framework, and is responsible for recommending the corporate governance practices, policies and charters to the Board for approval.

The Committee also monitors and reviews the Bank's senior management succession framework by reviewing the senior level organization structure, monitoring the development of individuals for key positions and assessing management's performance (quantitative and qualitative). The Committee also reviews the compensation framework as it relates to senior executives and senior officers and the general criteria and design of the Bank's incentive programs.

As part of its mandate, the Committee is also charged with overseeing director succession. The Committee therefore reviews and recommends prospective directors to the Board, and once appointed, ensures that directors complete a robust and comprehensive orientation.

DIRECTOR COMPENSATION AND SHARE OWNERSHIP

From time to time, the Corporate Governance and Human Resources Advisory Committee will consider a market survey of director compensation, and the Board will, in turn, agree the compensation structure and the remuneration applicable to the Bank's non-executive directors.

Director compensation is always capped at the aggregate amount approved by the shareholders from time to time at the Bank's Annual Meeting.

Consistent with customary practice, directors are entitled to be paid travelling, hotel and other expenses properly incurred by them while carrying out their Board responsibilities.

At Scotiabank, executive Directors are not separately compensated for their services in their capacity as directors.

Our Directors are encouraged to purchase shares in the Company during their tenure, subject to applicable trading laws and regulations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

At Scotiabank, we take our responsibilities to our stakeholders seriously. Through our environmental, social and governance initiatives, we aim to ensure that we build trust, operate sustainably and ensure that the communities we serve are better off.

Over the course of fiscal 2021, the Bank's approach to ESG focused on four pillars – Environmental Action, Social Impact Initiatives, Building an Inclusive Society, and Leadership and Governance.

Through our wholly owned charitable subsidiary, the Scotiabank Trinidad and Tobago Foundation, the Bank continues to support environmental causes, health and wellness promotion, and support for our local culture and education and sport. Our Board and our employees support our Foundation fully, and we are proud of the work we do in our communities.

MEETING ATTENDANCE AND SKILLS MATRIX

As a final matter, we present to our shareholders a summary of the cross section of the skills of our directors, as well as the meeting attendance records for fiscal 2021.

MEETING ATTENDANCE FOR THE PERIOD 1ST NOVEMBER 2020 TO 31ST OCTOBER 2021

	Board Meeting	Audit and Conduct Review Committee	Enterprise and Credit Risk Management Committee	Corporate Governance and Human Resources Advisory Committee
No. of Meetings	**9**	**4**	**4**	**4**
Derek Hudson [1 2 3]	100%	100%	100%	100%
Wendy Fae Thompson [1 3]	100%	-	100%	100%
Steve Ragobar [1 2]	100%	100%	100%	-
Roxane De Freitas [1 2 3]	89%	33%	100%	100%
Stephen Bagnarol [3]	100%	-	-	
Anya Schnoor [1]	100%	-	75%	-
Lisa Mackenzie [2 3]	100%	100%	-	100%
Camille Chatoor [2]	100%	100%	-	-
Alan Fitzwilliam [2 3]	89%	-		66%
John Hadad [1 2 3]	100%	100%	100%	100%
David Thomas [1]	100%	-	100%	-
Gayle Pazos [3]	100%	-	-	100%

1 Enterprise and Credit Risk Management Committee

2 Audit and Conduct Review Committee

3 Corporate Governance and Human Resources Advisory Committee

NOTE: In March 2021 the following Committee Membership changes were made – Mr. Derek Hudson was removed from the Enterprise and Credit Risk Committee; Mr. John Hadad was appointed a member of all three Committees; Mr. Alan Fitzwilliam was removed from the Audit and Conduct Review Committee and became a member of the Corporate Governance and Human Resource Advisory Committee; Mrs. De Freitas was removed from the Enterprise and Credit Risk Committee and appointed to the Audit and Conduct Review Committee;

Additionally Mrs. Camille Chatoor was appointed to the Board on 15th June 2021 and became a member of the Audit and Conduct Review Committee while Ms. Gayle Pazos was appointed to the Board on 1st May 2021, and became a member of the Corporate Governance and Human Resource Advisory Committee.

SKILLS MATRIX – BOARD OF DIRECTORS

	David Thomas	Roxane De Freitas	Wendy Thompson	Lisa Mackenzie	Gayle Pazos	Steve Ragobar	Alan Fitzwilliam	Derek Hudson	Camille Chatoor	Anya Schnoor	John Hadad	Anique Asher
Core Competencies												
Leadership	☒	☒	☒	☒	☒	☒	☒	☒	☒	☒	☒	☒
Strategy Formation	☒	☒	☒	☒	☒	☒	☒	☒	☒	☒	☒	☒
Local Market		☒	☒	☒	☒	☒	☒	☒	☒	☒	☒	
Financial Services	☒			☒	☒		☒			☒		☒
Accounting				☒		☒						☒
Audit (Internal/External)				☒		☒			☒			☒
Risk Management	☒	☒	☒	☒	☒	☒	☒	☒	☒	☒	☒	☒
Legal/Compliance/Regulatory			☒	☒						☒		
Finance/Treasury	☒			☒		☒	☒			☒	☒	☒
Human Resources/Executive Compensation			☒	☒			☒		☒	☒	☒	
Governance			☒	☒	☒			☒		☒		☒
Digital, Technology and Information Security										☒		
Public Policy			☒					☒				

SCOTIABANK TRINIDAD AND TOBAGO LIMITED

THE DIRECTORS' REPORT TO THE SHAREHOLDERS

for the year ended 31st October 2021

Your Directors have pleasure in submitting their Report for the fiscal year ended 31st October 2021:

FINANCIAL RESULTS AND DIVIDENDS

The Directors are pleased to announce that Scotiabank Trinidad and Tobago Limited realized net income after tax of $604 million for the year ended 31st October 2021 representing an increase of 16% over prior year. Total Assets ended the period at $27.2 billion, decreasing slightly by 1% compared with prior year. Total loans, the Bank's largest interest earning asset, recorded at $15.7 billion, which represented a reduction by 3% year over year.

On the basis of this performance, the Directors approved total dividend payouts totaling 350c per share for the fiscal year. This included a special dividend of 85c per share.

DIRECTORS

In accordance with the Company's By-Laws, the terms of Mrs. Roxane De Freitas, Mrs. Wendy-Fae Thompson, Mrs. Lisa Mackenzie, Mr. Steve Ragobar, Mr. Alan Fitzwilliam, Mr. Derek Hudson, Mr. David Thomas, Mr. John Hadad and Ms. Anya Schnoor expire at the close of the next Annual General Meeting. All of these directors offer themselves for re-election for the term from the date of their election until the close of the first Annual General Meeting following their election, subject always to earlier termination in accordance with the Company's By-Laws.

The Directors are also pleased to recommend to the shareholders the appointment of Ms. Gayle Pazos, Mrs. Camille Chatoor and Ms. Anique Asher to the Board of Directors.

Ms. Pazos, who joined the Bank in 1996, assumed office as the Managing Director of the Bank on 1st May 2021. Since her onboarding, Ms. Pazos has held progressively senior leadership roles within the Bank. She was appointed Head of Corporate and Commercial Banking in 2011 and successfully led her team to deepen commercial relationships and grow market share. In 2015 Ms. Pazos moved on to lead Risk Management and was promoted to the role of Vice President and Chief Risk Officer, Caribbean South & East where she fostered a high-performance risk culture, strengthening financial and non-financial risk oversight across the region. Ms. Pazos also led a large Retail Distribution team in Western Canada over which time she broadened her retail banking experience.

Mrs. Chatoor has a track record of almost 30 years in the disciplines of marketing, manufacturing, sales, distribution and trading. She is currently the General Manager of Caribbean Bottlers Trinidad and Tobago Limited, where she leads the executive management team, coordinating the Finance, Human Resource, Operations and Distribution arms of the business. Ms. Chatoor is a Board member of Unilever Caribbean Limited as well as the T&T Chamber of Industry and Commerce.

Ms. Asher was appointed to the Board in December 2021 and is an executive Vice President, Finance and Strategy of the Bank of Nova Scotia Canada. In this role Ms. Asher has responsibility for enterprise strategy, financial planning and forecasting, strategic project prioritization and delivery, and finance support for corporate functions. Ms. Asher also has oversight of global finance optimization initiatives. Ms. Asher is a Chartered Professional Accountant and holds an undergraduate degree and MBA from the Richard Ivey School of Business.

The Directors wish to express their gratitude to Mr. Stephen Bagnarol, who after two and a half years of valuable service as Managing Director of the Bank was promoted to Executive Vice President, Canadian Business Banking on May 1, 2021. The Board of Directors thanks Mr. Bagnarol for his contribution to the Bank, and extends best wishes for his continued success within the Scotiabank Global family.

AUDITORS

The retiring auditors, Messrs. KPMG have expressed their willingness to be re-appointed. Messrs. KPMG are practising members of the Institute of Chartered Accountants of Trinidad and Tobago and are eligible for appointment as auditors of the Company under the rules of the said Institute.

DIRECTORS, SENIOR OFFICERS, CONNECTED PERSONS AND SUBSTANTIAL INTERESTS

We record hereunder details of the shareholdings of each Director and Officer of the Company as at the end of the Company's financial year, 31st October 2021.

Directors	Ordinary Shares
Lisa Mackenzie	1,000
Roxane De-Freitas	2,000
Wendy-Fae Thompson	500
Alan Fitzwilliam	10,000
Steve Ragobar	973
Derek Hudson	8000
Gayle Pazos	1000
John Hadad	2000
Camille Chatoor	-
David Thomas	-
Anya Schnoor	-
Anique Asher	-

Senior Officers*	Ordinary Shares
Reshard Mohammed	2,078
Karen Abraham	-
Dale Khan	-
Sameer Mohammed	-
Kimi Rochard	-
Richard Edoo	-
Sasha Noel	-
Damian Jones	-
Aaron Niemeyer	-

*All Senior Officers of the Bank are eligible to participate in employee share ownership plans and to be shareholders of The Bank of Nova Scotia.

We also list below those persons holding the ten (10) largest blocks of shares in the Company, as at 31st October 2021.

Scotiabank Trinidad and Tobago Limited – Top Ten Shareholders as at October 31st, 2021		
Name	Shareholding	Percentage
SCOTIABANK CARIBBEAN HOLDINGS LTD.	89,761,887.00	50.90%
THE NATIONAL INSURANCE BOARD	11,970,742.00	6.79%
REPUBLIC BANK LIMITED	12,265,134.00	6.95%
RBC TRUST (TRINIDAD AND TOBAGO) LIMITED	9,311,814.00	5.29%
TRINIDAD & TOBAGO UNIT TRUST CORP.	5,502,846.00	3.12%
FIRST CITIZENS ASSET MANAGEMENT LTD.	4,426,314.00	2.53%
GUARDIAN LIFE OF THE CARIBBEAN LTD	4,309,904.00	2.46%
TRINTRUST LTD	4,124,394.00	2.34%
TATIL LIFE ASSURANCE LTD	3,696,143.00	2.10%
TRUSTEE CENTRAL BANK-PENSION FUND	1,856,248.00	1.06%

ON BEHALF OF THE BOARD

Derek Hudson
Chairman

Gayle M. Pazos
Senior Vice President and Managing Director

MANAGEMENT DISCUSSION & ANALYSIS



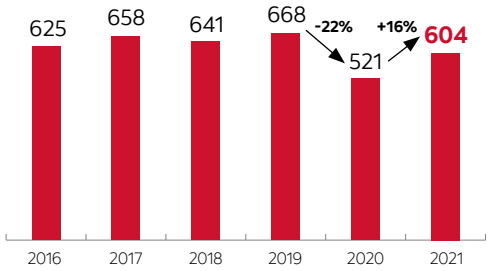


OVERVIEW

The Scotiabank Trinidad & Tobago Group (The Group) reported Net Income After Taxation (NIAT) of $604 million for the year ended 31st October 2021, an increase of $83 million or 16% over the comparative period in 2020 driven mainly by lower net impairment losses on loans and our continued focus on controlling operating costs.

NET INCOME

($ Millions)
5 Year CAGR -1.65%



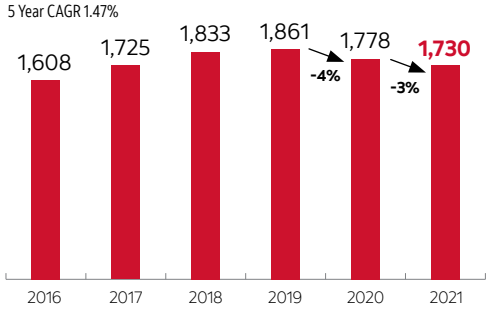
GROUP STATEMENT OF INCOME

TOTAL REVENUE

Total Revenue (comprising Net Interest Income and Other Income) for the period 31st October 2021 was $1.7 billion, a decrease of $48 million or 3% versus the prior year.

TOTAL REVENUE

($ Millions)
5 Year CAGR 1.47%



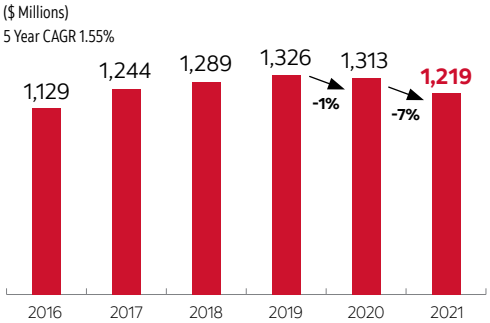
NET INTEREST INCOME

Net Interest Income for the year ended 31st October 2021 was $1.2 billion, a decrease of $94 million or 7% in comparison to last year. Interest income from Loans which represents 90% of total interest income was $1.1 billion, $110 million or 9% lower than fiscal 2020. This decline is as a result of the challenging economic environment since the onset of COVID with reductions in our loan portfolio coupled with interest rate compression in certain products due to competitive pressures.

Interest Income from Investment Securities of $123 million, increasing by $2 million or 1% compared to the prior year as surplus liquidity was deployed into investments and treasury bills to mitigate the impact of lower net interest income from loans.

CONSOLIDATED NET INTEREST INCOME

($ Millions)
5 Year CAGR 1.55%

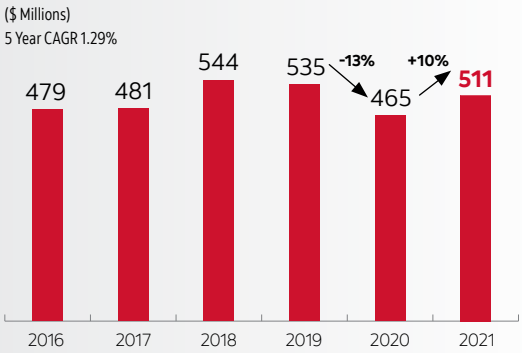


OTHER INCOME

Other Income comprises all income other than interest income and continues to be a significant source of earnings for the Group representing 30% of total revenue, increasing from 26% in prior year.

Other Income was $511 million in 2021, an increase of $46 million or 10% over the previous year as we continue to see recovery in some of our key core banking activity lines including credit card income and origination fees. These increases were partially offset by lower insurance revenues due to subdued customer demand.

OTHER INCOME

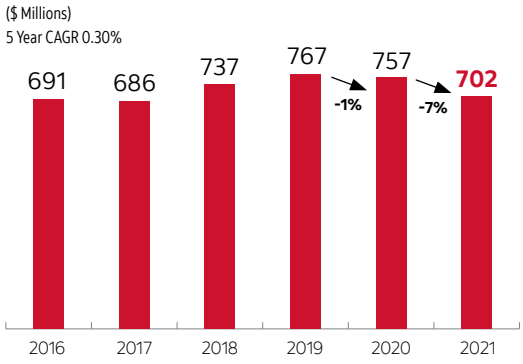


NON-INTEREST EXPENSES & OPERATING EFFICIENCY

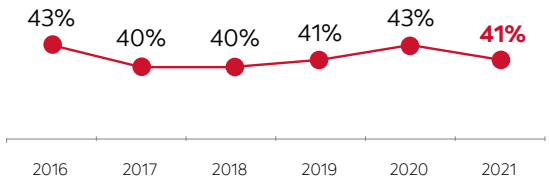
Non-Interest Expenses (NIE) for the year ended 31st October 2021 totaled $702 million, a decrease of $55 million or 7% over the prior year. Prior to COVID-19, one of the Group's core strategic initiatives was the development and enhancement of our digital environment, creating a safe, accessible platform for our customers to interact with. This has led to our customers increasing their usage of our digital platform as evidenced by digital activity increasing by over one million transactions or 42% over the previous year. This strategic investment has allowed us to control the operating expenditure profile of our Group leading to lower non-interest expenses.

The Group's Operational Efficiency Ratio (NIE as a percentage of Total Revenue) for 2021 improved at 41%, maintaining our position as best in class amongst our peers in the local banking industry.

NON INTEREST EXPENSE



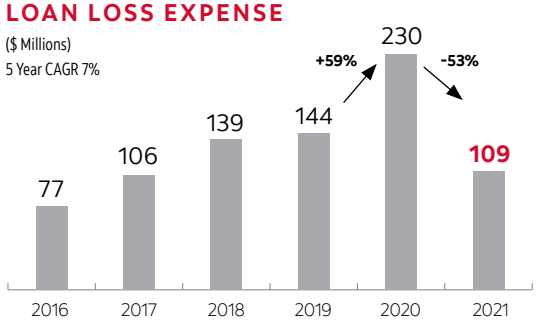
OPERATIONAL EFFICIENCY RATIO



LOAN LOSS EXPENSE & CREDIT QUALITY

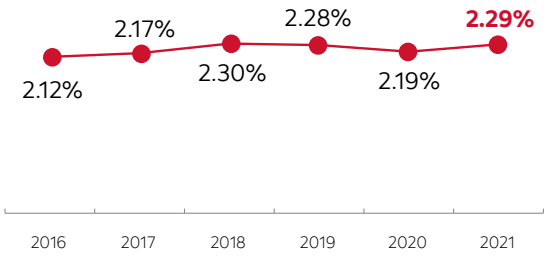
Loan loss expense for the period ending 31st October 2021 was $230 million, a decrease of $121 million or 53% over prior year. Our prudent risk management strategies and pro-active measures taken in 2020 to mitigate credit losses has resulted in a significant reduction in our expected credit losses in 2021. Accumulated Loan Loss Provisions as at 31st October 2021 were $309 million which represents a coverage ratio of 85% on loans whose principal is deemed impaired.

LOAN LOSS EXPENSE



Our credit quality continues to be healthy with Non-Performing Loans (NPLs) as a percentage of gross loans remaining relatively low at 2.29% as at 31st October 2021. We continue to remain committed to our customers during these challenging times. During the year we would have assisted over 95,000 customers across all segments with loan deferrals and refinancing, as we continue to support our customers during these challenging economic times.

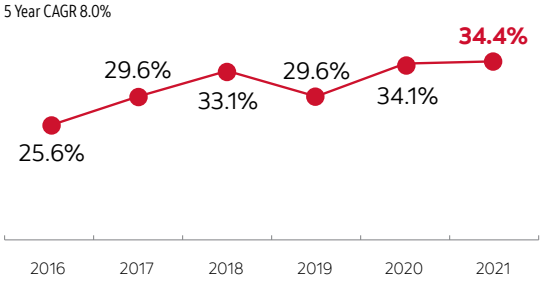
NPL % LOANS



TAXATION EXPENSE

The tax charge for the year ending 31st October 2021 was $316 million, an increase of $46 million or 17% over the previous period. The increase is due to higher net income before tax, but the Group's effective tax rate has remained consistent at 34%.

TAX RATE



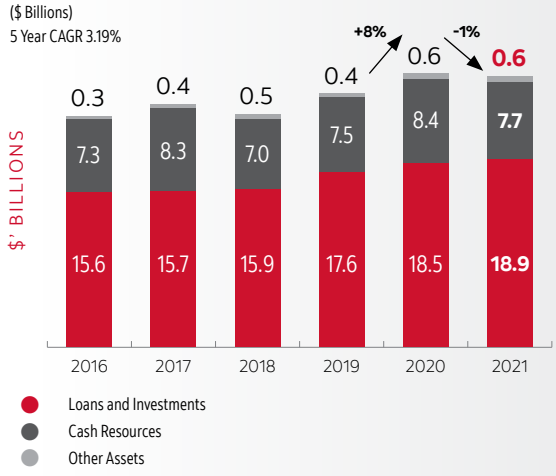
GROUP FINANCIAL CONDITION

ASSETS

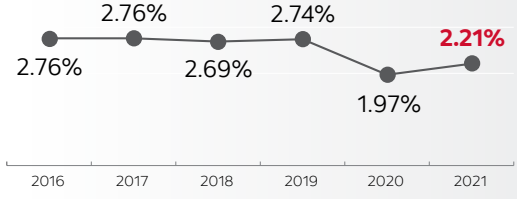
The Group's Total Assets as at 31st October 2021 was $27.2 billion, a decrease of $333 million or 1% below the prior year. This was due to an increase in Investments and deposits with other institutions of $209 million offset by a decrease in Net Loans to Customers of $545 million or 3%. This decline is directly attributable to the effects of COVID on the economic climate impacting consumer spending and investment within the country.

Notwithstanding the lower asset base, the Group continues to generate competitive returns on its assets with Return On Assets at 2.21% (2020 – 1.97%).

TOTAL ASSETS



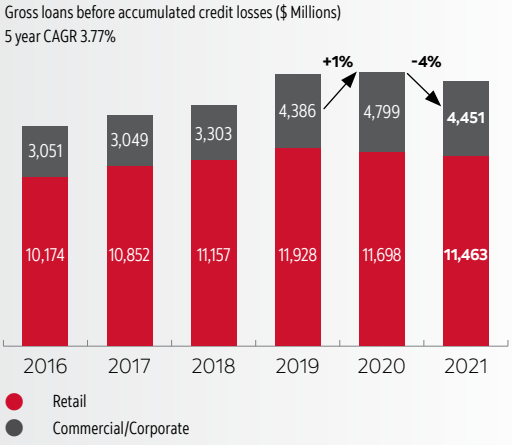
RETURN ON ASSETS



LOANS

Net Loans to customers of $15.7 billion decreased by $545 million or 3% attributable to lower economic activity and reduced borrowing appetite from customers across various segments.

LOAN PORTFOLIO



CASH RESOURCES

The Group continues to comfortably hold sufficient levels of liquidity to meet our depositors' needs and regulatory requirements. Cash and cash equivalents stood at $1.1 billion as at 31st October 2021, while reserve deposits at the CBTT totaled $3.0 billion for the similar period.

SECURITIES

The Group's total investment portfolio ended 2021 at $6.7 billion increased by $1.1 billion or 20% over prior year. This increase attributable to our effective liquidity management strategies, actively seeking investment opportunities to maximise our returns in a low interest rate environment.

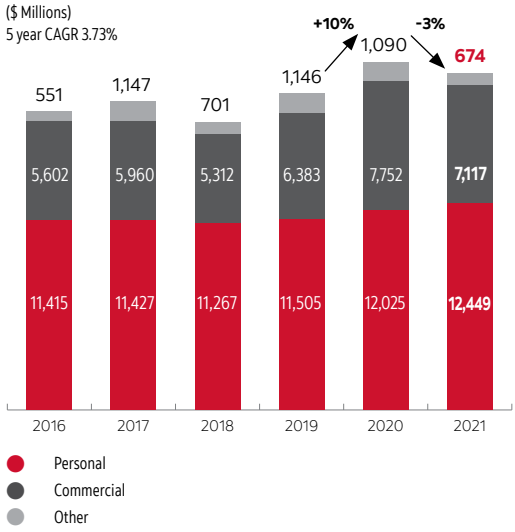
LIABILITIES

Total Liabilities were $22.9 billion as at 31st October 2021, a decrease of $405 million or 2% in comparison to the prior year, driven by a decline in customer deposits.

DEPOSITS

Deposits as at 31st October 2021 were $20.2 billion, a decrease of $628 million or 3% in comparison to 2020. This decline is due to the high level of liquidity in the economy, with customers opting to deploy their suplus funds into alternative channels, including paydown of loans.

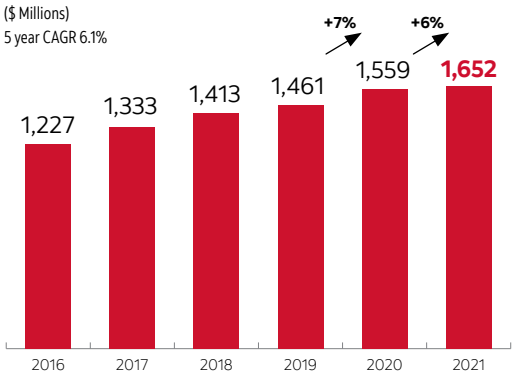
DEPOSIT PORTFOLIO



POLICYHOLDERS' FUND

The Policyholders' Funds reflect the insurance contract liabilities held at the Group's subsidiary, ScotiaLife Trinidad & Tobago Limited (corporate brand "Scotia Insurance"). This segment continues to be an important contributor to the Group as Policyholders' Funds increased by $93 million or 6% over 2020. This continues to demonstrate our customer's confidence in our brand despite these challenging economic conditions.

POLICYHOLDERS' FUND

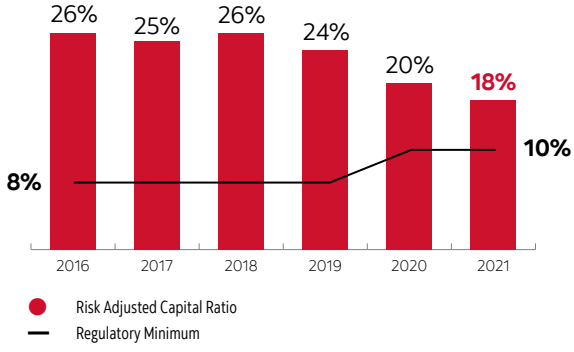


SHAREHOLDERS' EQUITY

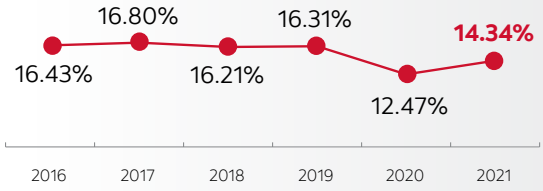
The Group maintains a strong capital base to support continued growth and investment. This capital base fosters investor confidence, while allowing the Group to take advantage of opportunities that may arise. Our risk-based Capital Adequacy Ratio for 2021 of 18.1% continues to exceed the local regulatory requirements which is now 10% under new Basel II guidelines implemented this year. This provides an adequate buffer against any unexpected shocks that could arise in these uncertain economic times.

Total Shareholders' Equity remained stable and closed the period at $4.2 billion, increasing by $72 million or 2% whilst Return on Equity is 14.34% (2020 – 12.47%).

SHAREHOLDERS' EQUITY



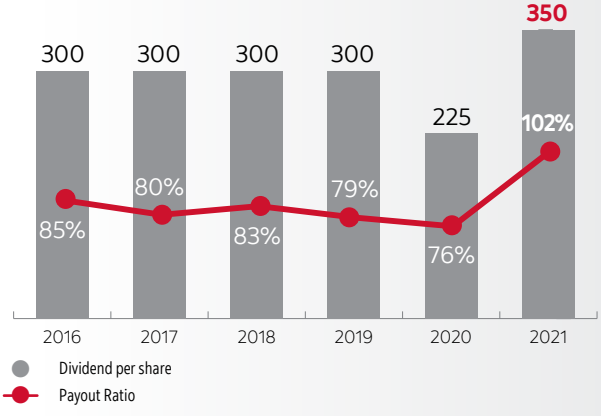
RETURN ON EQUITY



SHAREHOLDERS' RETURN

At Scotiabank, we remain focused on achieving sustainable, long-term earnings growth and stable dividend income streams. For the year we have issued dividends of 350c, including a special dividend of 85c compared to 225c in prior year. Our healthy dividend payout ratio that has averaged over 80% over these 6 years illustrates our commitment to provide healthy returns to our shareholders even in years of lower profitability.

STRONG DIVIDEND PAYOUT

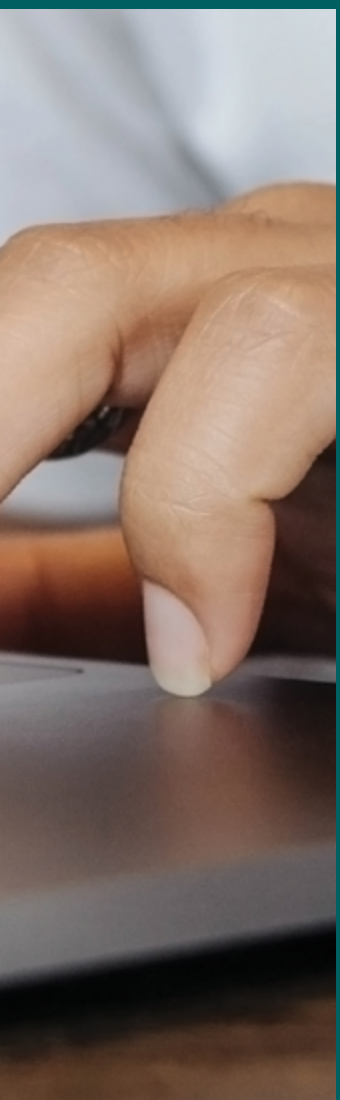


CONSOLIDATED FINANCIAL STATEMENTS

of Scotiabank Trinidad and Tobago Limited

OCTOBER 31, 2021





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Statement of Management's Responsibilities Scotiabank Trinidad and Tobago Limited

Management is responsible for the following:

- Preparing and fairly presenting the accompanying consolidated financial statements of Scotiabank Trinidad and Tobago Limited (the Company) and its subsidiaries (collectively, the Group), which comprise the consolidated statement of financial position as at October 31, 2021, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information;
- Ensuring that the Group keeps proper accounting records;
- Selecting appropriate accounting policies and applying them in a consistent manner;
- Implementing, monitoring and evaluating the system of internal control that assures security of the Group's assets, detection/prevention of fraud, and the achievement of the Group's operational efficiencies;
- Ensuring that the system of internal control operated effectively during the reporting period;
- Producing reliable financial reporting that complies with laws and regulations, including the Companies Act; and
- Using reasonable and prudent judgement in the determination of estimates.

In preparing these consolidated financial statements, management utilised the International Financial Reporting Standards, as issued by the International Accounting Standards Board and adopted by the Institute of Chartered Accountants of Trinidad and Tobago. Where International Financial Reporting Standards presented alternative accounting treatments, management chose those considered most appropriate in the circumstances.

Nothing has come to the attention of management to indicate that the Group will not remain a going concern for the next twelve months from the reporting date, or up to the date the accompanying consolidated financial statements have been authorised for issue, if later.

Management affirms that it has carried out its responsibilities as outlined above.



Reshard Mohammed
Chief Financial Officer

Date: December 17, 2021



Gayle Pazos
Managing Director

Date: December 17, 2021

Independent Auditors' Report to the Shareholders of Scotiabank Trinidad and Tobago Limited Report on the Audit of the Consolidated Financial Statements

OPINION

We have audited the consolidated financial statements of Scotiabank Trinidad and Tobago Limited ("the Company") and its subsidiaries (collectively, "the Group"), which comprise the consolidated statement of financial position as at October 31, 2021, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at October 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Republic of Trinidad and Tobago and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters (*Continued*)

(1) EXPECTED CREDIT LOSSES

See Notes 3(c), 5, 6, 8, 9 and 29 to the consolidated financial statements for disclosures of related accounting policies, judgements, estimates and balances.

Description of key audit matter

The Group's Allowance for Credit Loss (ACL) was $308 million as at October 31, 2021. The Group applies a three-stage approach to measure the ACL, using an expected credit loss (ECL) approach as required under IFRS 9 Financial Instruments.

The Group's ACL calculations are outputs of complex models. The ACL calculation reflects a probability-weighted outcome that considers multiple scenarios based on the Group's view of forecasts of future events and economic conditions (assumptions). The probability of default (PD), loss given default (LGD) and exposure at default (EAD) inputs used to estimate ACL are modelled based on macroeconomic variables that are most closely related with credit losses in the relevant portfolio.

The Group assesses when there has been a significant increase in credit risk subsequent to origination or where the financial asset is in default. If there has been a significant increase in credit risk or the financial asset is in default, lifetime ACL is recorded; otherwise, ACL equal to 12 month expected credit losses is recorded. The estimation of ECL for each stage and the assessment of significant increases in credit risk consider information about past events and current conditions as well as forecasts of future events and economic conditions. The estimation and application of forward-looking information requires significant judgment.

Qualitative adjustments or overlays may also be recorded by the Group using expert credit judgment where the inputs and models do not capture all relevant risk factors.

Measurement of individual provisions including the assessment of probability weighted scenarios and the impact COVID-19 had on exit strategies, collateral valuations, and time to collect.

We identified the assessment of the ACL as a key audit matter. Significant auditor judgment was required because of the use of complex models and there is a high degree of measurement uncertainty due to the significant judgments inherent in the Group's methodology such as judgments about forward-looking information, including the impact of the COVID-19 pandemic. These judgments impact certain inputs, assumptions, qualitative adjustments or overlays, and when there has been a significant increase in credit risk.

Assessment of the ACL also required significant auditor attention and complex auditor judgment to apply and evaluate the results of audit procedures. This required specialized skills, industry knowledge, and relevant experience.

How the matter was addressed in our audit

The following are the primary procedures we performed to address this key audit matter.

Control testing

With the involvement of our credit risk, economics, and information technology professionals with specialized skills, industry knowledge and relevant experience, we evaluated the design and tested the operating effectiveness of certain internal controls related to the Group's ACL process. This included internal controls related to:

1. periodic validation and performance monitoring of models used to derive key modelled inputs into the ACL calculation being PD, LGD and EAD;
2. the review of the macroeconomic variables and probability weighting of scenarios used in the ACL models;
3. the assessment to identify whether there has been a significant increase in credit risk;
4. the assessment of qualitative adjustments or overlays;
5. information technology controls over the inputs (PD, LGD, EAD) into the ACL models driving the ACL calculation; and
6. the Group's monitoring over the ACL calculation whereby senior credit executives review and challenge (1) to (4) above using expert credit judgment.

Additionally, for non-retail loans, we tested certain internal controls related to loan reviews, including the determination of loan risk grades and write-offs.

Substantive testing

We involved credit risk, economics, and information technology professionals with specialized skills, industry knowledge and relevant experience who assisted in:

1. evaluating the methodology and macroeconomic variables used in certain inputs into the models including the determination of significant increases in credit risk by assessing compliance with IFRS 9 and recalculating model monitoring tests in respect of certain inputs and thresholds used for significant increases in credit risk;
2. recalculating a sample of ECL models and related inputs;
3. evaluating scenarios and probability-weighted outcome assumptions used in the ACL calculation by assessing the appropriateness of the underlying macroeconomic variables including consideration of alternative inputs for certain variables; and
4. assessing the qualitative adjustments or overlays by applying our knowledge of the industry and credit judgment to evaluate the appropriateness of the Group's underlying considerations.
5. evaluating whether management has adequately incorporated the impact of COVID-19 in the assumptions.

We re-performed credit assessments of high risk Stage 3 Non-retail loans. For each loan selected, we challenged the Group's credit risk rating and assumptions, taking into account our assessment of the customer's financial position and the valuation of security, and the impact on the credit allowance. To do this, we used the information on the loan file,

and performed our own assessment of recoverability. Exercising our judgment, our procedures included using our understanding of relevant industries and the macroeconomic environment and comparing data and assumptions used by the Group in recoverability assessments to externally sourced evidence, such as property sales and external valuations of collateral held. Where relevant we assessed the forecasted timing of future cash flows in the context of underlying valuations and challenged key assumptions in the valuations.

Finally, we assessed the disclosure in the consolidated financial statements considering whether it satisfies the requirements of IFRSs.

Based on the audit procedures performed, we concluded that the methodology and assumptions used by management to determine the ECLs were reasonable.

(2) ACTUARIAL METHODOLOGIES AND ASSUMPTIONS USED IN THE VALUATION OF ACTUARIAL LIABILITIES

See Notes 3 (p) and 16 to the consolidated financial statements for disclosures of related accounting policies, judgements, estimates and balances.

Description of key audit matters

The Group's Policyholder liabilities is $1.652 billion as at October 31, 2021. This is an area that involves significant judgment over uncertain future outcomes, mainly the ultimate total settlement value of long term policyholder liabilities. Economic assumptions, including investment return, credit risk and associated discount rates, and operating assumptions including mortality, expenses and persistency (including consideration of policyholder behaviour) are the key inputs used to estimate these long term liabilities.

Additionally, the valuation of policyholder liabilities in relation to credit card business requires the exercise of significant judgement over the setting of mortality and credit risk assumptions.

We focused on this area as it involves significant judgements over uncertain future outcomes, mainly the ultimate total settlement value of long term policyholder liabilities.

Economic assumptions such as investment returns, associated discount rates and borrowing rates, policy expenses, and operating assumptions such as mortality and persistency are the key inputs used to estimate these long term liabilities.

Significant judgement is required to determine the carrying value of the insurance liabilities as the actual claims and benefit payments may exceed the carrying amount of the insurance liabilities.

How the matter was addressed in our audit

We were assisted by our own actuarial experts in considering industry and Company specific facts and circumstances to evaluate the methodologies and assumptions utilized by management's actuaries.

Key procedures included assessing the Group's methodology for calculating the policyholder liabilities and their analysis of the movements in policyholder liabilities during the year, including whether the movements are in line with the assumptions adopted by the Group, our understanding of developments in the business and our expectations derived from market experience.

We updated our understanding of any changes impacting the assumptions, specifically, we focused on mortality, persistency, investment returns and associated discount rates and policy expenses, all of which are based on the Group's experience or published industry studies or market data.

We tested a sample of contracts to assess whether policyholder data and contract features correspond to the data in the actuarial valuation system. We also compared data, on a sample basis, between the policy administration system and the valuation system to test completeness

We made an assessment of the assumptions of policyholder behaviour, including consideration against relevant Group and industry historical data.

We considered the appropriateness of the mortality assumptions used in the valuation of policyholder liabilities by reference to Group and industry data on historical mortality experience and expectations of future mortality movements, including evaluation of the choice of Caribbean Policy Premium Method (PPM). We have considered the allowance for socio-economic differences within the longevity basis and the potential impact that the COVID-19 pandemic will have on the future expectation of life on the annuitant portfolio.

We considered the appropriateness of the credit risk methodology and assumptions by reference to industry practice and our expectation derived from market experience. We also challenged on the allowance made within the calculation of the credit default assumption for both observed and expected defaults in light of the COVID-19 pandemic.

We utilised the results of KPMG's benchmarking of assumptions and actuarial market practice to inform our challenge of management's assumptions in both areas noted above.

Our work on the policyholder liability adequacy test included assessing the reasonableness of the projected cash flows and challenging the assumptions adopted in the context of Group and industry experience data and specific product features. We also performed test work to ensure the appropriateness of changes made to the policyholder liability reserving models during the year. We considered whether the Group's disclosures in relation to the assumptions used in the calculation of policyholder liabilities are compliant with the relevant accounting requirements and appropriately represent the sensitivities of these assumptions to alternative scenarios and inputs.

We found the significant estimates and assumptions used by management to be reasonable, and that the methodologies used were established and accepted actuarial methodologies and were appropriate in the circumstances.

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the information included in the Group's annual report, but does not include the consolidated financial statements and our auditors' report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Key Audit Matters *(Continued)*

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 or to cease operations, or has no realistic alternative but to do so.

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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'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'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 consolidated 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 to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated 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.

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 (consolidated) 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 matter 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.

The engagement partner on the audit resulting in this independent auditors' report is Marissa Quashie.

KPMG

Chartered Accountants

Port of Spain
Trinidad and Tobago
December 17, 2021

Consolidated Statement of Financial Position

October 31, 2021 ($ thousands)	Notes	2021	2020
		$	$
ASSETS			
Cash on hand and in transit		**218,702**	150,566
Loans and advances to banks and related companies	5	**854,150**	437,537
Treasury bills	6	**3,599,239**	3,455,229
Deposits with Central Bank	7	**3,046,104**	4,357,607
Loans to customers	8	**15,729,895**	16,274,409
Investment securities	9.1	**3,099,702**	2,140,181
Miscellaneous assets	10	**27,358**	87,638
Taxation recoverable		**4,916**	4,916
Investment in associated companies	9.2	**39,668**	38,243
Deferred tax assets	17.1	**59,372**	143,108
Property and equipment	11.1	**359,519**	398,499
Defined benefit pension fund asset	12.1	**129,516**	12,794
Goodwill		**2,951**	2,951
Total assets		**27,171,092**	27,503,678
LIABILITIES AND EQUITY			
LIABILITIES			
Deposits from customers	13	**20,241,852**	20,868,861
Deposits from banks and related companies	14	**142,737**	45,767
Other liabilities	15	**592,766**	574,996
Taxation payable		**71,795**	77,207
Policyholders' funds	16	**1,651,939**	1,558,656
Post-employment medical and life benefits obligation	12.1	**175,485**	154,260
Deferred tax liabilities	17.1	**50,700**	52,306
Total liabilities		**22,927,274**	23,332,053
EQUITY			
Stated capital	18	**267,563**	267,563
Statutory reserve fund	19	**815,100**	804,514
Investment revaluation reserve		**30,593**	11,000
Retained earnings		**3,130,562**	3,088,548
Total equity		**4,243,818**	4,171,625
Total liabilities and equity		**27,171,092**	27,503,678

The accompanying notes are an integral part of these consolidated financial statements.

These consolidated financial statements were approved for issue by the Board of Directors on December 14, 2021 and signed on its behalf by:





Derek Hudson, Chairman

Gayle Pazos, Managing Director

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended October 31, 2021 ($ thousands, except earnings per share data)	Notes	2021	2020
		$	$
REVENUE			
Interest income calculated using the effective interest method	21	**1,240,765**	1,350,009
Interest expense	22	**(21,593)**	(36,957)
Net interest income		**1,219,172**	1,313,052
Other income	23	**626,171**	586,838
Fee and commission expense		**(115,131)**	(121,768)
Net other income		**511,040**	465,070
Total revenue		**1,730,212**	1,778,122
NON-INTEREST EXPENSES			
Salaries and other staff benefits		**268,987**	298,049
Premises and technology		**139,590**	154,813
Communication and marketing		**40,093**	56,483
Other expenses	24	**253,317**	247,998
Total non-interest expenses		**701,987**	757,343
Net impairment loss on financial assets	8.6	**108,521**	229,917
Profit before taxation		**919,704**	790,862
Income tax expense	25	**316,179**	270,060
Profit for the year, attributable to equity holders		**603,525**	520,802
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss			
Re-measurement of post-employment benefits asset/obligation	12.7	**101,968**	(4,119)
Related tax	25.3	**(35,690)**	1,442
		66,278	(2,677)
Items that are or may be reclassified subsequently to profit or loss			
Remeasurement of instruments that existed throughout the year		**25,959**	(30,198)
Remeasurement of purchased Investments		**4,184**	10,920
Related tax	25.3	**(10,550)**	2,067
Net movement in fair value reserve		**19,593**	(17,211)
Other comprehensive income (loss), net of tax		**85,871**	(19,888)
Total comprehensive income, attributable to equity holders		**689,396**	500,914
Earnings per share (basic and diluted)	26	**342.2¢**	295.3¢

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended October 31, 2021
($ thousands)

	Notes	Stated Capital	Statutory Reserve Fund	Investment Revaluation Reserve	Retained Earnings	Total Equity
		$	$	$	$	$
Restated Balance as at October 31, 2019		**267,563**	**734,012**	**28,211**	**3,152,322**	**4,182,108**
Profit for the year		-	-	-	520,802	520,802
Other comprehensive income, net of tax						
Remeasurement of post-employment benefits asset/obligation	25.3	-	-	-	(2,677)	(2,677)
Fair value re-measurement of FVOCI debt instruments	25.3	-	-	(17,211)	-	(17,211)
Total comprehensive income		-	-	(17,211)	518,125	500,914
Transactions with equity owners of Scotiabank						
Transfer to statutory reserve	19	-	70,502	-	(70,502)	-
Dividends paid	20	-	-	-	(511,397)	(511,397)
		-	70,502	-	(581,899)	(511,397)
Balance as at October 31, 2020		**267,563**	**804,514**	**11,000**	**3,088,548**	**4,171,625**
Profit for the year		-	-	-	603,525	603,525
Other comprehensive income, net of tax						
Remeasurement of post-employment benefits asset/obligation	25.3	-	-	-	66,278	66,278
Fair value remeasurement of FVOCI debt instruments	25.3	-	-	19,593	-	19,593
Total comprehensive income		-	-	19,593	669,803	689,396
Transactions with equity owners of Scotiabank						
Transfer to statutory reserve	19	-	10,586	-	(10,586)	-
Dividends paid	20	-	-	-	(617,203)	(617,203)
		-	10,586	-	(627,789)	(617,203)
Balance as at October 31, 2021		**267,563**	**815,100**	**30,593**	**3,130,562**	**4,243,818**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended October 31, 2021 ($ thousands)	Notes	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		**$**	$
Profit for the year		**603,525**	520,802
Adjustments for:			
- Interest income		**(1,240,765)**	(1,350,009)
- Interest expense		**21,593**	36,957
- Depreciation and amortisation	11.1	**30,123**	30,439
- Share of profit of associated company		**(3,220)**	(3,323)
- Loss (gain) on disposal of property and equipment		**4,947**	(5,583)
- Tax expense	25.1	**316,179**	270,060
Changes in:			
- Primary reserve deposits with Central Bank		**147,923**	239,245
- Net pension cost		**14,481**	54,513
- Policyholders' funds		**93,283**	97,878
- Allowance for credit losses	8.5	**(100,261)**	127,581
- Loans to customers		**583,660**	(183,199)
- Miscellaneous assets		**147,923**	(68,752)
- Deposits from customers		**(627,795)**	1,833,453
- Deposits from banks and related companies		**96,970**	(41,608)
- Other liabilities		**84,960**	53,529
Interest received		**1,327,598**	1,221,649
Interest paid		**(20,807)**	(43,010)
Medical, life and pension contributions and benefits paid	12.5	**-**	(32,386)
Taxation paid		**(272,084)**	(301,511)
Net cash from operating activities		**1,207,548**	2,456,725
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Treasury Bills		**(4,054,815)**	(5,793,998)
Proceeds from redemption of Treasury Bills		**5,124,177**	5,897,953
Purchase of investment securities		**(6,561,493)**	(1,365,160)
Proceeds from redemption of investment securities		**5,488,427**	635,846
Purchase of property and equipment	11.1	**(37,010)**	(28,737)
Proceeds from disposal of property and equipment		**-**	14,000
Proceeds from disposal of share in associate company		**3,134**	-
Net cash used in investing activities		**(37,580)**	(640,096)

	Notes	2021	2020
CASH FLOWS FROM FINANCING ACTIVITIES		**$**	$
Payment of lease liabilities		**(18,224)**	(21,259)
Dividends paid	20.3	**(617,203)**	(511,397)
Net cash used in financing activities		**(635,427)**	(532,656)
Increase in cash and cash equivalents		**534,541**	1,282,271
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		**2,574,683**	1,292,412
CASH AND CASH EQUIVALENTS, END OF YEAR		**3,109,224**	2,574,683
CASH AND CASH EQUIVALENTS REPRESENTED BY			
Cash on hand and in transit		**218,702**	150,566
Loans and advances to banks and related companies	5	**854,150**	437,537
Surplus deposits with Central Bank	7	**823,000**	1,986,580
Treasury bills with original maturity date not exceeding 3 months	6	**1,213,372**	-
		3,109,224	2,574,683

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

October 31, 2021 ($ thousands)

1. INCORPORATION AND BUSINESS ACTIVITIES

Scotiabank Trinidad and Tobago Limited (Scotiabank) is incorporated in the Republic of Trinidad and Tobago and offers a complete range of banking and financial services as permitted under the Financial Institutions Act, 2008. Scotiabank is domiciled in Trinidad and Tobago and its registered office is 56-58 Richmond Street, Port of Spain.

These consolidated financial statements comprise Scotiabank and its wholly-owned subsidiaries (together referred to as the Group). The Group's ultimate parent company is The Bank of Nova Scotia, which is incorporated and domiciled in Canada. The Group has interests in one associated company.

Scotiabank's wholly-owned subsidiaries and associated companies and their principal activities are detailed below:

Name of Companies	Country of Incorporation	Percentage of Equity Held
Subsidiaries		
ScotiaLife Trinidad and Tobago Limited	Republic of Trinidad and Tobago	100%
Scotia Investments Trinidad and Tobago Limited	Republic of Trinidad and Tobago	100%
Associated companies		
InfoLink Services Limited	Republic of Trinidad and Tobago	25%

ScotiaLife Trinidad and Tobago Limited (ScotiaLife) is registered to conduct ordinary long-term insurance business under the Insurance Act, 1980.

Scotia Investments Trinidad and Tobago Limited's (Scotia Investments) principal activity is the provision of asset management services.

InfoLink Services Limited offers clearing and switching facilities for the electronic transfer of funds.

Scotiabank previously held 14% equity in Trinidad and Tobago Interbank Payment Systems Limited (TTIPS), whose principal activity is the operation of an automated clearing house that provides for collection, distribution and settlement of electronic credits and debits. The Bank's interest in TTIPS was sold to InfoLink Services Limited on April 30, 2021.

The Group does not have significant restrictions on its ability to access or use its assets and settle its liabilities other than those resulting from the supervisory frameworks within which the subsidiaries operate. The supervisory frameworks require subsidiaries to keep certain levels of regulatory capital and liquid assets, limit their exposure to other parts of the Group and comply with other ratios. In respect of the subsidiaries that are regulated by the Central Bank of Trinidad and Tobago, the carrying amounts of assets are $27.1 billion (2020: $27.5 billion) and liabilities $22.9 billion (2020: $23.3 billion).

These consolidated financial statements were authorised for issue by Scotiabank's Board of Directors on December 14, 2021.

2. BASIS OF PREPARATION

(a) Basis of accounting

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

2. Basis of Preparation (*Continued*)

(b) Basis of measurement

These consolidated financial statements are prepared on the historical cost basis modified for the inclusion of:

- financial instruments at fair value through profit or loss (FVTPL);
- financial assets measured at fair value through other comprehensive income (FVOCI);
- investments in equity-accounted investees are measured using the equity method;
- net defined benefit asset (obligation) is recognised at fair value of plan assets, adjusted by re-measurements through other comprehensive income (OCI), less the present value of the defined benefit obligation adjusted by experience gains (losses) on revaluation, limited as explained in Note 3(j) and Note 12; and
- policyholders' funds calculated using the Caribbean Policy Premium Method of valuation.

(c) Functional and presentation currency

Items included in these consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). These consolidated financial statements are presented in Trinidad and Tobago dollars, rounded to the nearest thousand, which is Scotiabank's functional and presentation currency.

(d) Basis of consolidation

(i) Subsidiaries

A subsidiary company is an entity controlled by the Group. The Group 'controls' an entity if 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. The Group reassesses whether it has control if there are changes to one or more of the elements of control. This includes circumstances in which protective rights held become substantive and lead to the Group having power over an investee.

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. Business combinations, except for transactions between entities under common control, are accounted for using the acquisition method of accounting when control is transferred to the Group. Common control transactions are recorded at book value.

(ii) Transactions eliminated on consolidation

All intra-group transactions and balances are eliminated in preparing these consolidated financial statements.

(iii) Interest in equity-accounted investees

The investments in the associated companies are accounted for by the equity method whereby the Group's share of their results is included in that of the Group and added to the carrying value of the respective investments.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these consolidated financial statements have been applied consistently to all periods presented in the consolidated financial statements, except for those changes described in Note 3(t), and are set out below:

(a) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured as the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to credit risk.

The specific recognition criteria described below must also be met before revenue is recognised.

Interest Income and Expense

Interest income and interest expense are accounted for on the accrual basis for financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis, other than non-accrual loans. The 'effective interest rate' is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial assets or liability (or, where appropriate, a shorter period) to the gross carrying amount of the financial asset or the amortised cost of the financial liability. When calculating the effective interest rate for financial instruments, other than purchased or orginated credit-impaired assets, the Group estimates the future cash flows considering all contractual terms of the financial instrument, but not future credit losses. For purchased or orginated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL.

When a loan is classified as non-accrual, accrued but uncollected interest is reversed against income of the current period. Thereafter, interest income is recognised only after the loan reverts to performing status.

The Group's calculation of the effective interest rate includes all material fees received, transaction costs, discounts or premiums that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset.

Amortised cost and gross carrying amount

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability 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 and, for financial assets, adjusted for any expected credit loss allowance.

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

Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or the amortised cost of the liability.

However, for financial assets that have become credit-impaired subsequent to initial recognition, accrued but uncollected interest is reversed against income of the current period. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves. For information on when financial assets are credit-impaired, see Note 3(e).

Presentation

Interest income calculated using the effective interest method presented in profit or loss and OCI includes:

- interest on financial assets and financial liabilities measured at amortised cost
- interest on debt instruments measured at FVOCI

Interest income and expense on all trading assets and liabilities are considered to be incidental to the Group's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income.

Interest income and expense on other financial assets and financial liabilities at FVTPL are presented in the net income from other financial instruments at FVTPL.

Net income from financial instruments at fair value through profit or loss

Net income from financial instruments at FVTPL include financial assets and financial liabilities designated as at FVTPL and also non-trading assets mandatorily measured at FVTPL. The line item includes dividends and foreign exchange differences.

Net trading income

Net trading income comprises gains less losses related to trading assets and liabilities and includes all fair value charges, interest, dividends and foreign exchange differences.

Other income

Other income comprises various fees and commissions, trading income and premium income. Fees and commissions that are material to the effective interest rate on a financial asset or financial liability are included in the measurement of the effective interest rate. The components of other income are described below.

Deposit and payment services

The Group provides deposit and payment services to retail and commercial customers. Revenue from account servicing fees is recognised over time as the services are provided. Transaction based fees are charged to the customer's account and recognized when the transaction takes place.

Card revenues

The Group offers a full suite of credit cards for retail and commercial customers for their cash management and financing needs. Revenues include cardholder fees, interchange fees and merchant fees. Revenues are mainly transaction based and recognized when the card transaction takes place.

Credit fees

The Group provides working capital financing and trade services including letters of credit. Transaction based fees are recognized when the transaction takes place. Loan origination fees are recognized over the term of the loan unless immaterial.

Net premium income

Premiums are recognised on the accruals basis in accordance with the terms of the underlying contracts as outlined in Note 3(p).

Wealth management services

Revenue from wealth management services include fees earned by the Group on trust and fiduciary activities in which the Group holds or invests assets on behalf of its customers. Revenue is recognised over time as the services are provided.

Other fees and commissions

Other fees and commissions are recognised in income as the related services are performed.

(b) Foreign currency transactions

Transactions in foreign currencies are translated at the rate of exchange ruling at the transaction date. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the rate of exchange ruling at the reporting date. Resulting translation differences and profits and losses from trading activities are included in profit or loss.

Foreign currency differences arising from the translation of equity investments in respect of which on initial recognition an election has been made to present subsequent changes in fair value in OCI are recognised in OCI.

(c) Financial assets and financial liabilities

Financial instruments carried on the consolidated statement of financial position include cash resources, loans and advances to banks and related companies, investment securities including treasury bills, loans and leases to customers, deposits from customers, deposits from banks and related companies and policyholders' funds. The standard treatment for recognition, de-recognition, classification and measurement of the Group's financial instruments is set out below in notes (i) – (iv), whilst additional information on specific categories of the Group's financial instruments is disclosed in notes 3(d) – 3(e), 3(g), 3(k), 3(m) and 3(p).

(i) Recognition

The Group initially recognises loans and advances and deposits on the date that they are originated. All other financial assets and financial liabilities (including assets and liabilities designated at fair value through profit or loss) are initially recognised on the trade date which is the date on which the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value (for an item not at FVTPL) plus transaction costs that are directly attributable to its acquisition or issue. For financial assets or financial liabilities measured at fair value through profit or loss, transaction costs are recognized immediately in Profit or Loss.

(ii) Classification and measurement

The Group classifies its financial assets into the following categories: fair value through profit or loss; fair value through other comprehensive income (FVOCI) and amortized cost. Management determines the classification of its financial assets at initial recognition. Financial assets include both debt and equity instruments.

Classification of debt instruments is determined based on the business model under which the asset is held and 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 business models at a portfolio level reflective of how groups of assets are managed together to achieve a particular business objective. For the assessment of a 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.

Debt instruments measured at amortised cost

Debt instruments are measured at amortized cost if they are held within a business model whose objective is to hold for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. After initial measurement, debt instruments in this category are carried at amortized cost. Interest income on these instruments is recognized in interest income using the effective interest rate 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. Amortized cost is calculated by taking into account any discount or premium on acquisition, transaction costs and fees that are an integral part of the effective interest rate.

Impairment on debt instruments measured at amortized cost is calculated using the expected credit loss approach. Loans and debt securities measured at amortized cost are presented net of the 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 of 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, unrealized gains and losses on debt instruments measured at FVOCI are recorded in other comprehensive income (OCI), unless the instrument is designated in a fair value hedge relationship.

Impairment on debt instruments measured at FVOCI is calculated using the expected credit loss approach. The ACL on debt instruments measured at FVOCI does not reduce the carrying amount of the asset in the consolidated 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 to net impairment loss on financial assets in Profit or Loss. The accumulated allowance recognised in OCI is recycled to Profit or Loss 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 recognized immediately in Profit or Loss as part of Other income. Realized and unrealized gains and losses are recognized as part of Other income in Profit or Loss.

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 recognized immediately in profit or loss as part of other income. Subsequent to initial recognition the changes in fair value are recognized as part of other income in profit or loss.

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 made on an instrument-by-instrument basis and is not available to equity instruments that are held for trading purposes.

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

Financial liabilities

The Group classifies its financial liabilities, other than financial guarantees and undrawn loan commitments, as measured at amortised cost or fair value through profit or loss (FVTPL).

Subsequent to initial recognition all non-trading financial liabilities are measured at amortised cost.

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 maximizes 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 recognized where the valuation is dependent only on observable market data, otherwise, they are deferred and amortized over the life of the related contract or until the valuation inputs become observable.

(iii) Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows from the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised), 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 recognized in other comprehensive income (OCI)

is recognised in Profit or Loss.

The Group enters into transactions whereby it transfers assets recognised on its consolidated statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred financial assets are not derecognised. Transfers of assets with retention of all or substantially all of the risks and rewards include, for example, securities lending and repurchase transactions.

In transactions in which the Group neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control of the financial asset, the Group continues to recognise the financial asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a current legally enforceable right to set off the amounts and it intends to either settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis when permitted under IFRS, or for gains and losses arising from a group of similar transactions.

(d) Cash and cash equivalents

Cash comprises cash in hand and in-transit and deposits with banks and related companies that may be accessed on demand. Cash equivalents comprise short-term highly liquid investments with maturities of three months or less when purchased, including treasury bills and other bills eligible for rediscounting with the Central Bank of Trinidad and Tobago. Cash and cash equivalents are measured at amortised cost. The carrying value approximates the fair value due to its highly liquid nature and the fact that it is readily converted to known amounts of cash and is subject to insignificant risk of change in value.

(e) Impairment of financial assets

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:

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

(i) Expected credit loss impairment model

The Group'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 (ECL) 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 (SICR) 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 SICR 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.

(ii) 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 derecognized 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 realization of any collateral. It is usually expressed as a percentage of the EAD.

(iii) 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.

(iv) 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 and central-bank interest rates. 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.

(v) Multiple forward-looking scenarios

The Group determines its allowance for credit losses using three 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 two 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.

(vi) Assessment of significant increase in credit risk (SICR)

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 SICR on retail and non-retail portfolios include macroeconomic outlook, management judgement, 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 instruments and 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.

(vii) Expected life

When measuring expected credit loss, 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, and 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.

(viii) Presentation of allowance for credit losses in the Consolidated Statement of Financial Position

- Financial assets measured at amortized 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 recognized in the consolidated statement of financial position because the carrying value of these assets is their fair value. However, the allowance determined is presented in the accumulated other comprehensive income; and
- Off-balance sheet credit risks include undrawn lending commitments, letters of credit and letters of guarantee: as a provision in other liabilities.

(ix) 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 derecognized. Where a modification does not result in derecognition, the date of origination continues to be used to determine SICR. Where a modification results in derecognition, the new financial asset is recognized 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, authorized amount, term, or type of underlying collateral. The original loan is derecognized and the new loan is recognized at its fair value. The difference between the carrying value of the derecognized asset and the fair value of the new asset is recognized in profit or loss.

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 provision for credit losses line in profit or loss.

(x) 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 reorganization;
- 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, with the exception of credit card receivables that are treated as defaulted when 180 days past due, unless reasonable and supportable information demonstrates that a more lagging default criterion is appropriate.

(xi) 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 the realization of 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 180 days past due are written-off. In subsequent periods, any recoveries of amounts previously written off are credited to the provision for credit losses in profit or loss.

(f) Property and equipment

(i) Recognition and measurement

Property and equipment are carried at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour and any other cost directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. The Group has not incurred any significant expenditure on software that is not an integral part of related hardware as classified under property and equipment.

Any gain or loss on disposal of an item of property and equipment is recognised within other income in profit or loss.

(ii) Subsequent cost

The cost of replacing part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group over a period exceeding one year and its cost can be measured reliably. The cost of the day-to-day servicing of property and equipment is recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation and amortisation are provided, on the straight-line basis, over the estimated useful lives of the respective assets at the following rates:

Buildings	40 years
Equipment and furniture	3 to 10 years
Leasehold improvements	over the term of the respective leases or if shorter, the life of the asset.

Depreciation methods, useful lives and residual values are reviewed, and adjusted if appropriate, at each reporting date. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable.

(g) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is 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.

(i) As a lessee

The Group recognizes a right-of-use ("ROU") asset and a lease liability at the lease commencement date. An ROU asset represents a lessee's right to use an underlying asset for the lease term. The ROU asset is initially measured at cost, which is based on the initial amount of the lease liability, and any direct costs incurred, any lease payments made at or before the commencement date net of lease incentives received, and estimated decommissioning costs.

The ROU asset is subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any. The ROU asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The depreciation is recorded in Depreciation and Amortization in profit or loss. In addition, the ROU asset is adjusted for certain remeasurements of the lease liability.

At commencement date, the Group initially measures the lease liability at the present value of the future lease payments, discounted using the Group 's incremental borrowing rate. The Group 's discount rate is based on the borrowing rate on its debt of different maturities that match the term of the lease. The discount rate is also dependent on the Group's credit risk and economic environment in which the lease is entered.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is re-measured if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the ROU 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 ROU assets in "Property and equipment" and lease liabilities in "Other liabilities" in the Consolidated Statement of Financial Position.

(ii) Short-term leases and leases of low-value assets

The Group has elected not to recognize ROU assets and lease liabilities for short-term leases of assets that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payment associated with these leases as an expense on a straight-line basis over the lease term.

(iii) Determining lease term

The Group's expectation of exercising the option to renew a lease is determined by assessing if the Group is "reasonably certain" to exercise that option. The Group will be reasonably certain to exercise an option when factors create a significant economic incentive to do so. This assessment requires a significant level of judgement as it is based on current expectations of future decisions. The Group considers the following criteria when determining whether it has an economic incentive that makes it reasonably certain to exercise an option: key locations for its branch network, locations on which the Group has spent significant capital on renovation work, contribution to profit, value of locations based on current economic environment and the remaining term of existing leases.

(iv) As a lessor

When the Group acts as a lessor, it determines at lease inception whether the lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(h) Taxation

Income tax expense comprises current tax and the change in deferred tax. It is recognised in Profit or Loss except to the extent that it relates to items recognised directly in equity or in OCI. Current tax comprises the higher of tax payable calculated on the basis of the expected taxable income for the year, using the tax rate enacted by the reporting date and business levy, green fund levy and any adjustment of tax payable for previous years.

Deferred tax is recognised on all temporary differences arising between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes, except differences relating to the initial recognition of assets or liabilities which affect neither accounting nor taxable income (loss). Net deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is calculated on the basis of the tax rate that is expected to apply to the period when the asset is realised or the liability is settled. The effect on deferred tax of any changes in the tax rate is charged to Profit or Loss, except to the extent that it relates to items previously charged or credited directly to equity.

In determining the amount of current and deferred tax, the Group considers the impact of tax exposures, including whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities would impact income tax expense in the period in which such a determination is made.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that future taxable profits will be available against which they can be used.

(i) Policyholders' funds

Provision for future policy benefits are calculated using the Caribbean Policy Premium Method of valuation. Under this method, explicit allowance is made for all future benefits and expenses under the policies. The premiums, benefits and expenses for each policy are projected and the resultant future cash flows are discounted back to the valuation date to determine the reserves.

The process of calculating policy reserves necessarily involves the use of estimates concerning such factors as mortality and morbidity rates, future investment yields and future expense levels. Consequently, these liabilities include reasonable provisions for adverse deviations from the estimates. An actuarial valuation is prepared monthly. Any adjustment to the reserve is reflected in the year to which it relates.

(j) Employee benefits

(i) Short-term

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, annual leave, and non-monetary benefits such as medical care and loans; post-employment 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 service 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 are accounted for as described below.

(ii) Post-employment

Independent qualified actuaries carried out a valuation of the Group's significant post-employment benefits as at October 31, 2018. The results of that valuation were projected to October 31, 2020 and have been included in the calculation of the post-employment benefit liability as necessary. The next valuation is due as at October 31, 2021 and is currently in progress.

Pension obligations

Scotiabank operates a non-contributory defined-benefit pension plan covering the majority of the Group's employees. The funds of the plan are administered by fund managers appointed by the Trustees of the plan. The pension plan is generally funded by payments from the Group, taking account of the recommendations of independent qualified actuaries.

The Group's net pension obligation is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of the defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit liability (asset) during the period as a result of contributions and benefit payments.

Net interest expense and other expenses related to defined benefit plans are recognised in personnel expenses in profit or loss.

The existing defined-benefit pension plan was closed to future pension service accrual as of October 31, 2020. Pension benefits accrued up to October 31, 2020 for the Group's employees will continue to be administered under the defined-benefit pension plan and paid on retirement as per existing policies. The financial statements will continue to reflect the current defined benefit pension fund asset / liability position until the obligations are fulfilled. On November 1, 2020, Scotiabank began operating a defined contribution pension plan in which all future pension service will be earned for the Group's employees. This new plan is non-contributory but additional voluntary contributions are be permitted. The total contribution paid for the period ending October 31, 2021 were $19.8 million (2020: Nil).

Other post-employment benefits

Scotiabank provides post-employment medical and life assurance benefits for retirees of the Group. The entitlement to this benefit is usually based on the employees remaining in service up to retirement age and the completion of a minimum service period. The method of accounting used to recognise the liability is similar to that for the defined benefit plan.

(k) Acceptances, guarantees and letters of credit

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder for a loss that occurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument.

'Loan commitments' are firm commitments to provide credit under pre-specified terms and conditions.

The Group's commitments under acceptances, guarantees and letters of credit have been excluded from these consolidated financial statements because they do not meet the criteria for recognition. These commitments as at October 31, 2021 total $798 million (2020: $1.071 million). In the event of a call on these commitments, the Group has equal and offsetting claims against its customers.

The Group measures allowance for credit losses on loan commitments. Refer to Note 3(e).

(l) Assets under administration

Assets that are not beneficially owned by the Group, but are under its administration, have been excluded from these consolidated financial statements. Assets under administration as at October 31, 2021 totaled $3.638 billion (2020: $3.220 billion).

(m) Deposit liabilities

Deposits from customers are the Group's source of funds. Deposits are initially measured at fair value and subsequently measured at their amortised cost using the effective interest method.

The estimated fair values of deposit liabilities are assumed to be equal to their carrying values, since the rates of interest that they bear are not materially different from current market rates and discounting the contractual cash flows would approximate the carrying values.

(n) Dividends

Dividend income is recognised when the right to receive income is established. Dividends are presented in net income from financial instruments at FVTPL.

Dividends that are proposed and declared after the reporting date are not shown as a liability on the consolidated statement of financial position but are disclosed as a note to these consolidated financial statements.

(o) Impairment of non-financial assets

The carrying amounts of the Group's assets, other than deferred tax assets (see Note 3 (h)) are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists for that asset, that asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in Profit or Loss.

The recoverable amount of other assets is the greater of their value in use and their 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.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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.

(p) Insurance contracts – recognition and measurement

Insurance contracts

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 contracts that do not bear investment options, premiums are recognised as income 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, insurance premiums received are initially recognised directly as liabilities. These liabilities are increased by credited interest and are decreased by policy administration fees, mortality and surrender charges and any withdrawals; the resulting liability is included in the Provision for Future Policy Benefits and Other Policyholders' Liabilities which are disclosed in Note 16. Income consists of fees deducted for mortality, policy administration, and surrenders.

Insurance contract liabilities are determined by an independent actuary using the Caribbean Policy Premium Method of valuation as discussed in accounting policy 3(i). These liabilities are, on valuation, adjusted through profit or loss to reflect the valuation determined under the Caribbean Policy Premium Method.

Contracts entered into by the Group with reinsurers under which the Group is compensated for losses on one or more contracts issued by the Group and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held. Contracts that do not meet these classification requirements are classified as financial assets.

3. Significant Accounting Policies (*Continued*)

The benefits to which the Group is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of balances due from reinsurers. Amounts recoverable from or due to reinsurers are measured consistently with the amounts associated with the reinsured insurance contracts and in accordance with the terms of each reinsurance contract. Reinsurance liabilities are primarily premiums payable for reinsurance contracts and are recognised as an expense when due.

Reinsurance contracts held

The Group assesses its reinsurance assets for impairment on an annual basis. If there is objective evidence that the reinsurance asset is impaired, the Group reduces the carrying amount of the reinsurance asset to its recoverable amount and recognises that impairment loss in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. The Group gathers the objective evidence that a reinsurance asset is impaired using the same process adopted for financial assets held at amortised cost. The impairment loss is calculated following the same method used for financial assets. These processes are described in accounting policy 3(e).

(q) Insurance and investment contracts – classification

The Group issues policy contracts that transfer insurance and/or financial risk from the policyholder. Insurance risk is defined as an insured event that could cause an insurer to pay significant additional benefits in a scenario that has a discernable effect on the economics of the transaction.

Insurance contracts transfer insurance risk and may also transfer financial risk. Investment contracts transfer financial risk and no insurance risk. Financial risk includes credit risk, liquidity risk and market risk.

(r) Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(s) Provisions

A provision is recognised, if as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

A provision for bank levies is recognised when the condition that triggers the payment of the levy is met. If a levy obligation is subject to a minimum activity threshold so that the obligatory event is reaching a minimum activity, then a provision is recognised when that minimum activity threshold is reached.

(t) New, revised and amended standards and interpretations that became effective during the year

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

AMENDMENTS TO IFRS 3, BUSINESS COMBINATIONS

Amendments to IFRS 3, Business Combinations, became effective on January 1, 2020 and confirmed that a business must include inputs and a process, and clarified that the process must be substantive and that the inputs and process must together significantly contribute to creating outputs. The amendments narrowed the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs.

The new standard added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets.

This is not applicable to the Group and thus had no impact.

AMENDMENTS TO IFRS 7 FINANCIAL INSTRUMENTS: DISCLOSURES, IFRS 9 FINANCIAL INSTRUMENTS AND IAS 39 FINANCIAL INSTRUMENTS: RECOGNITION AND MEASUREMENT

Amendments to IFRS 7 Financial Instruments: Disclosures, IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement became effective on January 1, 2020 and modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBOR reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. It amends the requirements for hedge accounting to support the provision of useful financial information during the period of uncertainty caused by the phasing out of interest-rate benchmarks such as interbank offered rates (IBORs) on hedge accounting.

The adoption of amendments to IFRS 7, IFRS 9 and IAS 39 did not result in any changes to the consolidated financial statements.

AMENDMENTS TO IFRS 16 LEASES

Amendments to IFRS 16 Leases became effective on June 1, 2020 and provide lessees with an exemption from assessing whether a COVID-19-related rent concession (a rent concession that reduces lease payments due on or before June 30, 2021) is a lease modification.

The adoption of amendments to IFRS 16 did not result in any changes to the consolidated financial statements.

AMENDMENTS TO IAS 1 PRESENTATION OF FINANCIAL STATEMENTS AND IAS 8 ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES AND ERRORS

Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors became effective on January 1, 2020 and clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.

The adoption of amendments to IAS 1 and IAS 8 did not result in any changes to the consolidated financial statements.

(u) New, revised and amended standards not yet effective

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after January 1, 2022. Scotiabank has not early-adopted any of them and therefore they have not been applied in preparing these consolidated financial statements. The new standards and amendments listed below are those that are most likely to have an impact on the Group's performance, financial position or disclosures. The Group is in the process of assessing the impact of these new standards and amendments on the subsequent financial statements.

Effective November 1, 2021

- Interest Rate Benchmark Reform Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

Effective November 1, 2022

- Onerous Contracts Cost of Fulfilling a Contract (Amendments to IAS 37)
- Annual Improvements to IFRS Standards 2018-2020
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Reference to the Conceptual Framework (Amendments to IFRS 3)

3. Significant Accounting Policies (*Continued*)

Effective November 1, 2023

- Classification of liabilities as current or non-current (Amendments to IAS 1)
- IFRS 17 Insurance Contracts
- Amendments to IFRS 17 Insurance Contracts
- Disclosure of Accounting Policies (Amendments to IAS 1
- Definition of Accounting Estimate (Amendments to IAS 8)
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction, Amendments to IAS 12 Income Taxes

At the date of authorisation of these consolidated financial statements the Group did not early adopt the above new, revised and amended standards.

The adoption of these standards are not expected to have a material impact on the financial statements except for IFRS 17, which is expected to change the Group's accounting and presentation of insurance contracts.

(v) Segment reporting

An operating segment is a distinguishable component of the Group that is engaged in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by management to make decisions about resource allocation to each segment and assesses its performance, and for which discrete financial information is available.

4. USE OF JUDGEMENTS AND ESTIMATES

In preparing these consolidated financial statements, management has made judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amount of assets, liabilities, income and expenses and contingent assets and contingent liabilities. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

(a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in these consolidated financial statements are described below:

(i) Classification of financial assets

The Group's accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories based on the assessment of the business model within which the assets are held and assessment of whether the contractual terms of the financial asset are SPPI on the principal amount outstanding.

(ii) Determination of control over investees

Factors considered in the determination of control are set out in accounting policy 2(d).

(b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the next financial year to amounts reported as at and for the year ended October 31, 2021 is included below:

(i) Allowances for credit losses

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 environment reflected in the variables used in the models such as GDP growth, unemployment rates, commodity prices, and house price indices, which are most closely related with credit losses in the relevant portfolio;
- Changes in macroeconomic scenarios and the probability weights assigned to each scenario; and
- Borrower migration between the three stages which can result from changes to any of the above inputs and assumptions.

(ii) Determining fair values with significant unobservable inputs

The determination of fair value for financial assets and financial liabilities for which there is no observable market price requires the use of valuation techniques as described in accounting policy 3(c)(ii). For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

(iii) Measurement of defined benefit obligations

The key actuarial assumptions which underpin the value of the Group's defined benefit obligations are described in Note 12.12.

(iv) Estimate of future payments and premiums arising from long-term insurance contracts

The determination of the liabilities under long-term insurance contracts is dependent on estimates made by the appointed actuary. Estimates are made as to the expected number of deaths for each of the years in which the Group is exposed to risk. The appointed actuary 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.

For contracts that insure the risk of longevity, appropriate but not excessively prudent allowance is made for expected mortality improvements. The estimated number of deaths determines the value of the benefit payments and the value of the valuation premiums.

The main source of uncertainty is that epidemics such as AIDS, and wide-ranging lifestyle changes, such as eating, smoking and exercise habits, could result in future mortality being significantly worse than in the past for the age groups in which the Group has significant exposure to mortality risk. However, continuing improvements in medical care and social conditions could result in improvements in longevity in excess of those allowed for in estimates used to determine the liability for contracts where the Group is exposed to longevity risk.

4. Use of Judgements and Estimates (*Continued*)

The following shows the sensitivity of the liabilities to a change in assumptions:

	2021	2020
	$	$
Interest rates decrease by 1%	**415**	(641)
Interest rates increase by 1%	**1,282**	2,130
Mortality increases by 10%	**14,435**	13,686
Mortality decreases by 10%	**(15,092)**	(14,255)
Expenses increase by 10%	**7,792**	7,457
Expenses decrease by 10%	**(7,752)**	(7,434)
Lapses and withdrawals increase by 10%	**15,406**	15,414
Lapses and withdrawals decrease by 10%	**(17,398)**	(17,374)

For contracts without fixed terms, it is assumed that the Group will be able to increase mortality risk charges in future years in line with emerging mortality experience.

Estimates are also made as to future investment income arising from the assets backing long-term insurance contracts. These estimates are based on current market returns as well as expectations about future economic and financial developments.

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 and administration expenses are made at the inception of the contract and form the assumptions used for calculating the liabilities at the inception of the contract.

A margin of risk and uncertainty is added to these assumptions. New estimates are made each subsequent year based on updated company and intercompany experience studies and updated economic forecasts. The valuation assumptions are altered to reflect these revised best estimate assumptions. The margins for risk and uncertainty may also be altered if the underlying level of uncertainty in the updated assumption has changed. The financial impact of revisions to best estimate assumptions or the related margins is recognised in the accounting period in which the change is made.

5. LOANS AND ADVANCES TO BANKS AND RELATED COMPANIES

	2021	2020
	$	$
Due from related companies	**61,950**	35,130
Due from other banks	**687,529**	305,401
Cheques and other instruments in the course of clearing	**104,689**	97,316
	854,168	437,847
Allowance for credit losses	**(18)**	(310)
	854,150	437,537
Maturity of assets		
Assets with original maturity date less than 3 months	**854,150**	437,537
Analysis of movement in loss allowance		
Allowance, beginning of year	**310**	259
Impairment/(credit) charge for the year (Note 8.6)	**(292)**	51
Allowance, end of year	**18**	310

6. TREASURY BILLS

Government of Trinidad and Tobago	**2,003,655**	1,856,254
Government of United States of America	**1,511,160**	1,520,335
Government of Canada	**84,424**	78,640
	3,599,239	3,455,229
Maturity of Assets		
Assets with original maturity date over 3 months	**2,385,867**	3,455,229
Assets with original maturity date less than 3 months	**1,213,372**	-

7. DEPOSITS WITH CENTRAL BANK

In accordance with the Financial Institutions Act, 2008, Scotiabank is required to hold and maintain, as a non-interest bearing deposit with the Central Bank of Trinidad and Tobago (CBTT), a cash reserve balance equivalent to 14% (2020: 14%) of total prescribed liabilities in the Primary reserve.

	2021	2020
	$	$
Primary reserve	**2,223,104**	2,371,027
Surplus deposits	**823,000**	1,986,580
	3,046,104	4,357,607

8. LOANS TO CUSTOMERS

Loans to customers	**15,913,656**	16,497,316
Allowance for credit losses	**(308,081)**	(408,342)
Total loans net of allowance for credit losses	**15,605,575**	16,088,974
Interest receivable	**124,320**	185,435
Total loans to customers	**15,729,895**	16,274,409

8. Loans to Customers (*Continued*)

8.1 LOANS AND ADVANCES TO CUSTOMERS

	2021			
	Gross loans	ECL allowance	Interest receivable	Carrying amount
	$	$	$	$
Loans to customers				
Commercial loans	4,422,228	(37,120)	32,943	4,418,051
Retail loans	11,491,428	(270,961)	91,377	11,311,844
	15,913,656	**(308,081)**	**124,320**	**15,729,895**

	2020			
	Gross loans	ECL allowance	Interest receivable	Carrying amount
	$	$	$	$
Loans to customers				
Commercial loans	4,638,107	(45,714)	50,394	4,642,787
Retail loans	11,859,209	(362,628)	135,041	11,631,622
	16,497,316	**(408,342)**	**185,435**	**16,274,409**

8.2 CONCENTRATION OF CREDIT

The Group monitors concentrations of credit risk by sector based on the volume of loans granted to retail and commercial customers and based on their industry sector. An analysis of concentrations of credit risk from loans to customers is shown below.

	2021	2020
	$	$
Mortgages – residential	**7,266,218**	6,951,716
Mortgages – commercial	**201,505**	225,499
Consumer	**4,196,603**	4,746,233
Energy and petrochemical	**898,185**	944,824
Construction and engineering	**596,667**	611,235
Distributive trades	**916,892**	632,653
Communication and transport	**42,373**	59,898
Manufacturing and assembly	**866,178**	1,014,401
Financial services	**37,886**	408,576
Business and personal services	**866,633**	880,149
Hospitality industry	**20,902**	17,369
Agriculture	**3,614**	4,763
	15,913,656	16,497,316

8.3 IMPAIRED LOANS

Gross impaired loans represent those loans which are classified as Stage 3.

	2021		
	Gross impaired loans	Allowance for credit losses	Net
	$	$	$
Loans to customers			
Commercial loans	85,514	(27,611)	57,903
Retail loans	279,010	(74,485)	204,525
	364,524	(102,096)	262,428

	2020		
	Gross impaired loans	Allowance for credit losses	Net
	$	$	$
Loans to customers			
Commercial loans	94,522	(32,620)	61,902
Retail loans	267,173	(118,164)	149,009
	361,695	(150,784)	210,911

8.4 ALLOWANCE FOR CREDIT LOSSES

	2021			
	Stage 1	Stage 2	Stage 3	Total
	$	$	$	$
Loans to customers				
Commercial loans	(5,867)	(3,642)	(27,611)	(37,120)
Retail loans	(53,433)	(143,043)	(74,485)	(270,961)
	(59,300)	(146,685)	(102,096)	(308,081)

	2020			
	Stage 1	Stage 2	Stage 3	Total
	$	$	$	$
Loans to customers				
Commercial loans	(8,768)	(4,326)	(32,620)	(45,714)
Retail loans	(90,546)	(153,918)	(118,164)	(362,628)
	(99,314)	(158,244)	(150,784)	(408,342)

8. Loans to Customers (*Continued*)

8.5 ANALYSIS OF MOVEMENT IN ECL ALLOWANCE

	2021	2020
	$	$
Allowance, beginning of year	**408,342**	280,761
Impairment charge for the year	**152,509**	259,469
Write-offs	**(252,770)**	(131,888)
Net (decrease) increase in allowance for credit losses	**(100,261)**	127,581
Allowance, end of year	**308,081**	408,342

8.6 NET IMPAIRMENT LOSS ON FINANCIAL ASSETS

Impairment charge for the year:		
- Loans to customers (Note 8.5)	**152,509**	259,469
- Undrawn credit commitments (Note 15)	**163**	22
- Loans and advances to banks and related companies (Note 5)	**(292)**	51
- Debt Investments at amortised cost (Note 9.1)	**-**	(7)
- Debt Investments at FVOCI	**69**	(438)
- Modification losses	**-**	11,363
Recoveries	**(43,928)**	(40,543)
Total	**108,521**	229,917

9.1 INVESTMENT SECURITIES

Debt instruments measured at FVOCI:		
- Government and state owned enterprises debt securities	**2,820,918**	2,025,239
- Corporate debt securities	**153,428**	-
	2,974,346	2,025,239
Debt instruments measured at amortised cost:		
- Government and state owned enterprises debt securities	**22,000**	22,000
- Allowance for impairment	**(2)**	(2)
	21,998	21,998
Equity instruments designated as FVOCI:		
- Unlisted equity securities (Note 9.3)	**10,048**	10,274
Equity instruments measured at FVTPL:		
- Listed equity securities and mutual funds	**61,470**	57,014
Interest receivable	**31,840**	25,656
Total investment securities	**3,099,702**	2,140,181
Analysis of movement in loss allowance of debt instruments measured at amortised cost		
Allowance, beginning of year	**2**	9
Impairment charge for the year (Note 8.6)	**-**	(7)
Allowance, end of year	**2**	2

The analysis of credit quality of investment securities is disclosed in Note 29.1(iv).

9.2 INVESTMENT IN ASSOCIATED COMPANIES

The following table summarises the financial information in respect of the Group's associated companies as per the unaudited financial statements of Infolink and TTIPS for the year ended September 30, 2021. The table also reconciles the summarized financial information to the carrying amount of the Group's investment in associated companies.

	2021	2020
Infolink	**$**	$
Total assets	**166,555**	154,971
Total liabilities	**(7,884)**	(8,779)
Net assets	**158,671**	146,192
Group's share of net assets (25%)	**39,668**	36,548
Carrying amount of investment in associate	**39,668**	36,548
Revenue	**23,895**	20,689
Net income	**8,207**	7,648
Group's share of net income (25%)	**2,052**	1,912
The Group held 14% equity in TTIPS, which amounts to a carrying amount of $1,695 in 2020. The Group's interest in TTIPS was sold to InfoLink on April 30, 2021.		
TTIPS		
Total assets	**-**	10,979
Total liabilities	**-**	(250)
Net assets	**-**	10,729
Group's share of net assets (14%)	**-**	1,502
Carrying amount of investment in associate	**-**	1,502
Revenue	**-**	3,314
Net income	**-**	1,029
Group's share of net income (14%)	**-**	144
Total		
Infolink	**39,668**	36,548
TTIPS	**-**	1,502
	39,668	38,050

9.3 EQUITY INSTRUMENTS DESIGNATED AS FVOCI

The following table shows investments in equity securities that are designated at FVOCI. The FVOCI designation was made because the investments are expected to be held for the long term for strategic purposes.

	Fair value at October 31, 2021	Dividend income Recognised October 2021
	$	**$**
Investment in Trinidad and Tobago Stock exchange	**10,048**	**-**

None of these strategic investments were disposed of during the year ended October 31, 2021 (2020: NIL), and there were no transfers of any cumulative gain or loss within equity relating to these investments (2020: NIL). The change in fair value on these investments was $226,632 for the year ended October 31, 2021 (2020: $608,563).

	Fair value at October 31, 2020	Dividend income Recognised October 2020
	$	**$**
Investment in Trinidad and Tobago Stock exchange	**10,274**	**-**

10. MISCELLANEOUS ASSETS

	2021	2020
	$	$
Accounts receivable and prepayments	**6,228**	37,448
Clearing items in transit	**9,492**	37,715
*Other assets	**11,638**	12,475
	27,358	87,638

*Other assets includes value added tax, safety deposits and other intercompany settlements.

11.1 PROPERTY AND EQUIPMENT

	Land	Buildings	Leasehold Improvements	Equipment & Furniture	Capital Work in Progress	Total
	$	$	$	$	$	$
October 31, 2021						
Cost						
At beginning of year	16,396	314,641	71,684	253,642	25,867	682,230
Additions	-	1,827	2,544	27,649	4,990	37,010
Adjustments to right of use assets	-	(15,623)	-	-	-	(15,623)
Disposals/transfers	-	-	(9,269)	(13,778)	(23,897)	(46,944)
At end of year	**16,396**	**300,845**	**64,959**	**267,513**	**6,960**	**656,673**
Accumulated depreciation						
At beginning of year	-	71,502	19,199	193,030	-	283,731
Charge for year	-	16,171	1,175	12,777	-	30,123
Disposals	-	-	(5,079)	(11,621)	-	(16,700)
At end of year	-	87,673	15,295	194,186	-	297,154
Net book value	**16,396**	**213,172**	**49,664**	**73,327**	**6,960**	**359,519**

As at October 31, 2021, property and equipment includes right-of-use assets of $109 million (2020: $139 million) related to leased branches and office premises.

	Land	Buildings	Leasehold Improvements	Equipment & Furniture	Capital Work in Progress	Total
	$	$	$	$	$	$
October 31, 2020						
Cost						
At beginning of year	18,656	165,736	71,371	254,159	14,798	524,720
Recognition of right-of-use asset on initial application of IFRS 16 (Note 27)	-	151,242	-	-	-	151,242
Adjusted balance at beginning of year	18,656	316,978	71,371	254,159	14,798	675,962
Additions	-	1,701	622	15,345	19,086	36,754
Disposals/transfers	(2,260)	(4,038)	(309)	(15,862)	(8,017)	(30,486)
At end of year	**16,396**	**314,641**	**71,684**	**253,642**	**25,867**	**682,230**
Accumulated depreciation						
At beginning of year	-	56,511	18,041	195,783	-	270,335
Charge for year	-	17,356	1,158	11,925	-	30,439
Disposals	-	(2,365)	-	(14,678)	-	(17,043)
At end of year	-	71,502	19,199	193,030	-	283,731
Net book value	**16,396**	**243,139**	**52,485**	**60,612**	**25,867**	**398,499**

11.2 CAPITAL COMMITMENT

	2021	2020
	$	$
Contracts for outstanding capital expenditure not provided for in the consolidated financial statements	-	-
Other capital expenditure authorised by the Directors not yet contracted for	-	-

12. DEFINED BENEFIT PENSION FUND AND OTHER POST-EMPLOYMENT BENEFITS OBLIGATIONS

The Group contributes to a non-contributory defined-benefit pension plan (the Plan) which entitles a retired employee to receive an annual pension payment. Employees may retire at age 63 and are entitled to receive annual payments based on a percentage of their final salary. Employees may retire earlier than age 63 under certain conditions.

The Plan exposes the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market risk.

The Plan is fully funded by the Group, the assets of the Plan being managed separately by the Trustee. The funding requirements are based on the pension fund's actuarial measurement performed by an independent qualified actuary.

The Group does not expect to pay contributions to its defined benefit pension fund from 2021 onwards as the Plan is broadly in balance and the defined benefit component of the Plan was closed to future service accrual from November 1, 2020. Members will earn benefits on a defined contribution basis from this date.

The Group provides a post-employment medical plan to employees who either retire due to ill-health or retire from the Group and whose age at retirement plus service completed is at least 75 years.

Pensioners who retire after June 1, 2008 are currently eligible for post-retirement life insurance. The sum assured for those who retired prior to June 1, 2008 is equal to 100% of their salary at retirement up to age 65 when it reduces to 50% of salary.

12.1 AMOUNTS RECOGNISED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION ARE AS FOLLOWS:

	Defined Benefit Pension Fund		Post-Employment Medical and Life Benefits	
	2021	2020	2021	2020
	$	$	$	$
Defined benefit obligation	**(804,157)**	(844,253)	**(175,485)**	(154,260)
Fair value of plan assets	**933,673**	857,047	**-**	-
Net asset (liability)	**129,516**	12,794	**(175,485)**	(154,260)

12.2 RECONCILIATION OF CHANGE IN DEFINED BENEFIT OBLIGATION:

	Defined Benefit Pension Fund		Post-Employment Medical and Life Benefits	
	2021	2020	**2021**	2020
	$	$	**$**	$
Defined benefit obligation at beginning of year	**(844,253)**	(822,144)	**(154,260)**	(145,618)
Current service cost	**-**	(41,233)	**(6,856)**	(6,761)
Interest cost	**(45,491)**	(42,315)	**(8,328)**	(7,514)
Transferred-in DC balances	**(244)**	-	**-**	-
Experience adjustments	**16,491**	(9,128)	**5,379**	235
Actuarial gains / (losses)	**33,764**	37,280	**(19,431)**	(723)
Benefits paid	**35,576**	33,287	**8,011**	6,121
Defined benefit obligation at end of year	**(804,157)**	(844,253)	**(175,485)**	(154,260)

12.3 RECONCILIATION OF THE FAIR VALUE OF PLAN ASSETS:

	Defined Benefit Pension Fund	
	2021	2020
	$	$
Plan assets at beginning of year	**857,047**	846,421
Interest income	**46,193**	44,409
Gain (loss) on plan assets (excluding interest income)	**65,715**	(32,292)
Bank contributions	**-**	32,386
Benefits paid	**(35,576)**	(33,287)
Expenses paid	**-**	(590)
Transferred-in DC balances	**294**	-
Plan assets at end of year	**933,673**	857,047

The post-employment medical and life benefits are funded by Scotiabank. There are no assets explicitly set aside for this Plan.

12.4 THE ACTUAL RETURN ON PLAN ASSETS IS AS FOLLOWS:

	Defined Benefit Pension Fund	
	2021	2020
	$	$
Interest income	**46,193**	44,409
Gain (loss) on plan assets (excluding interest income)	**65,715**	(32,292)
Actual return on plan assets	**111,908**	12,117

12. Defined Benefit Pension Fund and Other Post-Employment Benefits Obligations (*Continued*)

12.5 THE MOVEMENT IN THE ASSET AND LIABILITY RECOGNISED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT OCTOBER 31 COMPRISED:

	Defined Benefit Pension Fund		Post-Employment Medical and Life Benefits	
	2021	2020	**2021**	2020
	$	$	**$**	$
Opening defined benefit liability	**12,794**	24,277	**(154,260)**	(145,618)
Net pension costs	**702**	(40,238)	**(15,184)**	(14,275)
Remeasurement recognised in other comprehensive income	**116,020**	(3,631)	**(14,052)**	(488)
Bank contributions paid	**-**	32,386	**-**	-
Benefits paid	**-**	-	**8,011**	6,121
Closing defined benefit asset (liability)	**129,516**	12,794	**(175,485)**	(154,260)

12.6 THE AMOUNT RECOGNISED IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS COMPRISED:

	Defined Benefit Pension Fund		Post-Employment Medical and Life Benefits	
	2021	2020	**2021**	2020
	$	$	**$**	$
Current service cost	**-**	(41,233)	**(6,856)**	(6,761)
Net interest on net defined benefit asset (liability)	**702**	2,094	**(8,328)**	(7,514)
Administration expenses	**-**	(1,099)	**-**	-
Net pension cost	**702**	(40,238)	**(15,184)**	(14,275)

12.7 THE AMOUNT RECOGNISED IN OTHER COMPREHENSIVE INCOME COMPRISED:

	Remeasurements Recognised in Other Comprehensive Income	
	2021	2020
	$	$
Defined benefit pension fund	**116,020**	(3,631)
Post-employment medical and life benefits	**(14,052)**	(488)
	101,968	(4,119)

12.8 EXPERIENCE HISTORY:

	Defined Benefit Pension Fund	
	2021	2020
	$	$
Defined benefit obligation	**(804,157)**	(844,253)
Fair value of Plan assets	**933,673**	857,047
Surplus	**129,516**	12,794
Experience adjustment on plan assets	**116,020**	(3,631)

12.9 EXPERIENCE HISTORY:

	Post-Employment Medical and Life Benefits	
	2021	2020
	$	$
Defined benefit obligation	**(175,485)**	(154,260)
Deficit	**(175,485)**	(154,260)
Experience adjustment on plan liabilities	**(14,052)**	(488)

12.10 ASSET ALLOCATION:

	Defined Benefit Pension Fund	
	2021	2020
Equity securities	**42%**	36%
Debt securities	**53%**	57%
Property	**2%**	2%
Other	**3%**	5%
Total	**100%**	100%

The post-employment medical and life benefits are funded by Scotiabank. There are no assets explicitly set aside for this plan.

12. Defined Benefit Pension Fund and Other Post-Employment Benefits Obligations (*Continued*)

12.11 COMPOSITION OF PLAN ASSETS:

	Defined Benefit Pension Plan	
	2021	2020
	$	$
Locally listed equities	**203,160**	180,000
Overseas equities	**187,419**	130,749
TT$ denominated bonds	**391,126**	379,868
US$ denominated bonds	**99,442**	108,164
Property	**20,271**	20,900
Mortgages	**4,042**	1,335
Cash and cash equivalents	**28,109**	36,031
Other (annuity policies)	**104**	-
Total	**933,673**	857,047

All equities have quoted prices in active markets. The fair value of all TT$ and US$ denomination government bonds and corporate bonds are calculated by discounting expected future proceeds using a constructed yield curve. The majority of the Plan's government bonds were issued by the Government of Trinidad and Tobago, which also guarantees many of the corporate bonds held by the Plan. As at October 31, 2021, the Plan held $30.6 million worth of the Group's shares and property assets carried at $20.3 million were occupied by Scotiabank. There are no asset-liability matching strategies used by the Plan.

12.12 THE PRINCIPAL ACTUARIAL ASSUMPTIONS OF THE PENSION PLAN AND OTHER POST-EMPLOYMENT BENEFITS WERE:

	2021	2020
Discount rate:	**% pa**	% pa
- Active members and deferred pensioners	**5.75**	5.50
- Current pensioners	**5.75**	5.50
Rate of inflation	**4.25**	4.25
Future salary increases	**4.00**	4.00
Future pension increases	**0.00**	0.00

Assumptions regarding future mortality are based on published statistics and mortality tables. The current longevities underlying the values of the defined benefit obligation at the reporting date are as follows:

	2021	2020
	% pa	% pa
Longevity at age 60 for current pensioners (in years)		
Males	**21.8**	21.8
Females	**26.1**	26.0
Longevity at age 60 for current members age 40 (in years)		
Males	**22.7**	22.7
Females	**27.0**	27.0

At October 31, 2021, the weighted-average duration of the defined benefit obligation is 18.0 years (2020: 18.0 years).

12.13 SENSITIVITY ANALYSIS:

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	Effect on Net Defined Benefit Pension Fund Obligation	
	Increase	Decrease
	$	$
Discount rate (1% movement)	(115,099)	150,022
Future salary increases (1% movement)	57,047	(47,575)

An increase of 1 year in the assumed life expectancies shown above would increase the defined benefit obligation at year-end by $12.5 million.

	Effect on Post-employment Medical and Life Benefits Obligation	
	Increase	Decrease
	$	$
Discount rate (1% movement)	(25,742)	33,325
Medical cost increases (1% movement)	32,577	(25,556)

An increase of 1 year in the assumed life expectancies shown above would increase the defined benefit obligation at year-end by $5.2 million.

These sensitivities were calculated by re-calculating the defined benefit obligation using the revised assumptions.

	2021	2020
	$	$
13. DEPOSITS FROM CUSTOMERS		
13.1 DEPOSIT BALANCES	**20,239,852**	20,867,647
Interest payable	**2,000**	1,214
	20,241,852	20,868,861
13.2 CONCENTRATION OF LIABILITIES		
Personal	**12,448,906**	12,025,320
Commercial	**7,117,166**	7,752,381
Financial institutions	**673,780**	1,089,946
	20,239,852	20,867,647
14. DEPOSITS FROM BANKS AND RELATED COMPANIES		
Related companies	**133,216**	39,033
Banks	**9,521**	6,734
	142,737	45,767
15. OTHER LIABILITIES		
Deferred Income	**160,972**	137,578
Accrued charges and other payables	**296,802**	276,121
Lease Liabilities (Note 27)	**115,037**	141,627
Other	**19,239**	19,117
Impairment allowance – Undrawn credit commitments	**716**	553
	592,766	574,996
Analysis of movement in impairment allowance – Undrawn credit commitments		
Allowance, beginning of year	**553**	531
Impairment charge for the year (Note 8.6)	**163**	22
Allowance, end of year	**716**	553
16. POLICYHOLDERS' FUNDS		
Ordinary life – Non-participating policies	**865,965**	770,956
Individual annuities	**750,771**	747,420
Group life – Creditor life	**14,405**	21,806
Provision for future policy benefits	**1,631,141**	1,540,182
Other policyholders' liabilities	**20,798**	18,474
	1,651,939	1,558,656
The movement in provision for future policy benefits is as follows:		
Balance at beginning of year	**1,558,656**	1,460,778
Change in reserves	**93,283**	98,175
Change in other policy liabilities	**-**	(297)
Balance at end of year	**1,651,939**	1,558,656

17. DEFERRED TAXATION

17.1 THE NET DEFERRED TAX ASSET IS ATTRIBUTABLE TO THE FOLLOWING ITEMS:

	2021	2020
	$	$
Deferred tax asset		
Allowance for credit losses	**32,060**	87,593
Post-employment benefits asset/obligation	**18,893**	49,513
Miscellaneous liabilities	**8,419**	6,002
	59,372	143,108
Deferred tax liability		
Investment securities at FVOCI	**35,110**	7,742
Property and equipment	**2,514**	22,566
Miscellaneous assets	**13,076**	21,998
	50,700	52,306
Net deferred tax asset	**(8,672)**	(90,802)

17.2 THE MOVEMENT IN THE DEFERRED TAX AMOUNT COMPRISED:

Balance at beginning of year	**90,802**	44,668
Amounts recognised in OCI (Note 25.3)		
- Debt securities at FVOCI	**(10,550)**	2,067
- Post-employment benefits assets/obligation	**(35,688)**	1,442
Amounts recognised in profit or loss		
- Current year's deferred tax charge (Note 25.1)	**35,892**	42,625
Balance at end of year	**8,672**	90,802

18. STATED CAPITAL

Authorised		
Authorised capital consists of an unlimited number of ordinary shares of no par value		
Issued and fully paid		
176,343,750 (2020: 176,343,750) ordinary shares	**267,563**	267,563

19. STATUTORY RESERVE FUND

In accordance with the Financial Institutions Act, 2008, Scotiabank and Scotia Investments are required to transfer at the end of each financial year no less than 10 percent of their net income after taxation to a statutory reserve fund until the amount standing to the credit of the statutory reserve fund is not less than their paid-up capital.

The balance shown for the statutory reserve fund includes the funds of both Scotiabank and Scotia Investments as follows:

	2021		
	Scotiabank	Scotia Investments	Total
	$	$	$
Balance, beginning of year	802,563	1,951	804,514
Amount transferred	10,000	586	10,586
Balance, end of year	**812,563**	**2,537**	**815,100**

	2020		
	Scotiabank	Scotia Investments	Total
	$	$	$
Balance, beginning of year	732,563	1,449	734,012
Amount transferred	70,000	502	70,502
Balance, end of year	**802,563**	**1,951**	**804,514**

20. DIVIDENDS

20.1 Subsequent to October 31, 2021, the Board of Directors, in a meeting on December 14, 2021, resolved that Scotiabank pay a final dividend of $0.85 per share, bringing the total dividends in respect of the current financial year to $3.50 per share (2020: $2.25 per share). These consolidated financial statements do not reflect the final dividend which will be accounted for as an appropriation of retained earnings in the year ending October 31, 2022.

20.2 DIVIDENDS PAID AND PROPOSED ARE ANALYSED AS FOLLOWS:

	2021		2020	
Dividends paid	**¢ per share**	**$**	¢ per share	$
First interim dividend	**60**	**105,807**	60	105,805
Second interim dividend	**60**	**105,806**	40	70,538
Third interim dividend	**145**	**255,698**	40	70,538
	265	**467,311**	140	246,881
Dividends proposed				
Final dividend	**85**	**149,892**	85	149,892
Total dividends paid and proposed	**350**	**617,203**	225	396,773

20.3 RECONCILIATION OF DIVIDENDS PAID AND PROPOSED TO DIVIDENDS PAID DURING THE YEAR:

	2021		2020	
	¢ per share	**$**	¢ per share	$
Total dividends paid and proposed	**350**	**617,023**	225	396,773
Dividends proposed	**(85)**	**(149,892)**	(85)	(149,892)
Dividends paid during the year in respect of prior year	**85**	**149,892**	150	264,516
Dividends paid during the year	**350**	**617,023**	290	511,397

20. Dividends (*Continued*)

	2021	2020
	$	$
21. INTEREST INCOME CALCULATED USING THE EFFECTIVE INTEREST METHOD		
Loans to customers	**1,130,865**	1,227,489
Investment securities		
- FVOCI	**109,628**	119,174
- Amortised cost	**272**	3,346
	1,240,765	1,350,009
22. INTEREST EXPENSE		
Deposits from customers	**14,608**	28,975
Interest on lease liabilities (Note 27)	**6,568**	7,448
Other interest expense	**417**	532
	21,593	36,955
23. OTHER INCOME		
Deposit and payment services	**66,352**	53,340
Card revenues	**151,862**	161,619
Credit fees	**26,534**	25,058
Net premium income	**45,108**	70,685
Wealth management services	**9,277**	8,156
Trading income or net income from financial instruments at FVTPL	**273,671**	222,030
Other fees and commissions	**53,367**	45,950
	626,171	586,838

Net premium income comprises premium income of $393.1 million (2020: $387.9 million) and related expenses of $344.8 million (2020: $313.3 million).

The following table provides information about contract receivables and contract liabilities from contracts with customers:

	2021	2020
Contract receivables, which are included in 'other assets'	**-**	-
Contract liabilities, which are included in 'other liabilities'	**-**	-

24. OTHER EXPENSES

	2021	2020
	$	$
Deposit insurance premium	**32,857**	30,006
Directors' fees	**3,105**	2,550
Other operating expenses	**217,355**	215,442
	253,317	247,998

25. TAXATION

	2021	2020
	$	$
25.1 TAXATION CHARGE		
Current tax	**273,547**	305,683
Deferred tax: Origination and reversal of temporary differences	**35,895**	(42,625)
Change in estimates related to prior years	**-**	(718)
Green Fund levy	**6,740**	7,720
	316,179	270,060

25.2 TAXATION RECONCILIATION

The tax on the operating profit differs from the theoretical amount that would arise using the basic tax rate of the home country of the parent company.

The following is a reconciliation of the application of the effective tax rate with the provision for taxation:

	2021		2020	
	$	**%**	$	%
Profit before taxation	**919,704**	**100**	790,862	100
Computed tax calculated at the statutory rate of 35% (2020 – 35%)	**321,896**	**35**	276,802	35
Tax effect of items that are adjusted in determining taxable profit:				
- Effect of different tax rate of life insurance company	**(21,214)**	**(2)**	(27,884)	(4)
- Effect of different tax rate of asset management company	**(380)**	**-**	(252)	-
- Tax effect of non-deductible costs and non-taxable income	**9,357**	**1**	14,935	2
- Green Fund levy	**6,740**	**1**	7,720	1
- Business levy	**27**	**-**	-	-
- Tax Credit	**(247)**	**-**	(1,261)	-
Tax charge and effective tax rate	**316,179**	**34**	270,060	34

25.3 AMOUNTS RECOGNISED IN OCI

	Before Tax	Tax Expense	Net of Tax
	$	$	$
2021			
Fair value re-measurement of debt instruments at FVOCI	30,143	(10,550)	19,593
Remeasurement of post-employment benefits obligations/assets	101,968	(35,690)	66,278
	132,111	**(46,240)**	**85,871**
2020			
Fair value re-measurement of debt instruments at FVOCI	(19,278)	2,067	(17,211)
Remeasurement of post-employment benefits obligations/assets	(4,119)	1,442	(2,677)
	(23,397)	**3,509**	**(19,888)**

26. EARNINGS PER SHARE

The calculation of basic earnings per share is based on:

- Net income for the year attributable to ordinary shareholders of $603.5 million (2020: $520.8 million).
- Weighted average number of ordinary shares issued and outstanding during the year which was 176,343,750 shares (2020: 176,343,750 shares).

27. LEASES

The Group leases a number of branch and office premises. The length of the leases varies but are typically run for a period of three to five years.

Information about leases for which the Group is a lessee is presented below:

Right-of-use assets	**2021**	2020
Right-of-use assets relate to branch and office premises that are presented within property and equipment.	**$**	$
Balance at November 1	**138,580**	151,242
Depreciation charge for the year	**(13,487)**	(14,619)
Additions	**3,680**	1,957
Lease modifications	**(15,860)**	-
Leases terminated	**(3,443)**	-
Balance at October 31	**109,470**	138,580
Maturity analysis – contractual undiscounted cash flows		
At October 31, 2021, the future maturity lease payments under non-cancellable operating leases were payable as follows:		
Gross finance lease liabilities		
Less than one year	**17,783**	18,596
Between one and five years	**81,937**	71,851
Over five years	**43,534**	102,325
Total undiscounted lease liabilities	**143,254**	192,772
Interest	**(28,217)**	(51,145)
Present value of minimum lease payments	**115,037**	141,627
Amounts recognized in profit or loss		
Opening leases under IFRS 16		
Interest on lease liabilities	**6,568**	7,448
Expenses relating to leases of low-value assets	**218**	219

28. COMMITMENTS AND CONTINGENT LIABILITIES

In the normal course of business, various commitments and contingent liabilities are outstanding (see Notes 3(l), 3(l) and 3(s)) which are not reflected in these consolidated financial statements. These include commitments to extend credit, which, in the opinion of management, do not represent unusual risk, and no material losses are anticipated as a result of these transactions.

As at October 31, 2021, there were certain legal proceedings against the Group. Based upon legal advice, the Directors do not expect the outcome of those actions to have a material effect on the Group's consolidated financial position at that date or profit or loss for the year then ended.

29. FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks from its use of financial instruments:

(a) Credit risk

- (i) Collateral held and other credit enhancements and their financial effects
- (ii) Exposure to credit risk
- (iii) Changes to the allowance for credit losses
- (iv) Analysis of credit quality

(b) Market risk

- (i) Exposure to currency risk
- (ii) Exposure to interest rate risk
- (iii) Changes in the allowance for credit losses
- (iv) Exposure to equity price risk

(c) Liquidity risk

- (i) Exposure to liquidity risk
- (ii) Maturity analysis for financial liabilities and financial assets

(d) Capital management
(e) Operational risk
(f) Insurance risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

RISK MANAGEMENT FRAMEWORK

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group has established the Asset and Liability Committee (ALCO), Audit Committee, Credit Committee and Operational Risk Committee, which are responsible for developing and monitoring the Group's risk management policies in their specified areas.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Group Audit Committee is responsible for monitoring compliance with the Group's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in these functions by the Internal Audit function. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

29.1 CREDIT RISK

Credit risk is the risk of loss resulting from the failure of a borrower or counterparty to honour its financial or contractual obligations to the Group. Credit risk is created 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.

Credit risk is managed through strategies, policies and limits that are approved by the Board of Directors which routinely reviews the quality of the major portfolios and all the larger credits.

The Group's credit policies and limits are structured to ensure broad diversification across various types of credits. Limits are set for individual borrowers, particular industries and certain types of lending. These various limits are determined by taking into account the relative risk of the borrower or industry.

The Group's credit processes include:

- A centralised credit review system that is independent of the customer relationship function;
- Senior management, which considers all major risk exposures; and
- An independent review by the Internal Audit Department.

Relationship managers develop and structure individual proposals at branches and commercial centres. Furthermore, they conduct a full financial review for each customer at least annually, so that the Group remains fully aware of customers' risk profiles. The Credit Risk Management department analyses and adjudicates on commercial and corporate credits over a certain size and exceptions to established credit policies. In assessing credit proposals, the Group is particularly sensitive to the risks posed to credit quality by environmental exposures.

Retail credits are normally authorised in branches within established criteria using a credit scoring system. The Credit Risk Management department adjudicates on those retail credits that do not conform to the established criteria. The retail portfolios are reviewed regularly for early signs of possible difficulties.

These credit scoring models are subject to ongoing review to assess their key parameters and to ensure that they are creating the desired business and risk results. Proposed changes to these models or their parameters require analysis and recommendation by the credit risk unit independent of the business line, and approval by the appropriate management credit committee.

A centralized collection unit utilizes an automated system for the follow-up and collection of delinquent accounts. All delinquent accounts are aggressively managed with slightly greater emphasis being placed on the larger dollar accounts given that they represent a potential larger loss exposure to the Group. The centralized collections unit is also responsible for the monitoring and trending of delinquency by branch, business lines and any other parameters deemed appropriate. Adverse trends, when identified, are analysed and the appropriate corrective action implemented. Maximum delinquency targets are set for each major product line and the collections unit works towards ensuring delinquency levels are below these targets.

Inputs, assumptions and techniques used for estimating impairment is described in Note 3(e).

COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. Governments and regulatory bodies in affected countries, including Trinidad and Tobago, have imposed a number of measures designed to contain the outbreak, including government-mandated social distancing measures, travel restrictions, quarantines, and stay at home directives. The Group is closely monitoring the potential effects and impact of the pandemic, which is an evolving situation.

The COVID-19 pandemic has had disruptive effects in the global economy, as well as causing increased volatility and disruption in financial markets, interruption to supply chains, increased unemployment levels and changes to the macroeconomic environment. The disruptive effects of the pandemic have contributed to economic slowdowns both domestically and globally, leading to lower GDP growth.

Governments and central banks around the world, including Trinidad and Tobago, have taken, significant measures to provide economic assistance to individual households and businesses, stabilize the markets, and support economic growth. The success of these measures is unknown, and they may not be sufficient to fully mitigate the negative impact of the pandemic or avert continued recessionary conditions.

In addition to the impact that the COVID-19 pandemic has on the Group's business, it may also continue to increase financial stress on the Group's customers. This could lead to increased pressure on our individual customers, as well as on the financial performance of the Group's small business, commercial and corporate clients in conjunction with operational constraints due to the impacts of social distancing, including but not limited to branch closures or reduced operating hours, lost sales opportunities and/or increased operating costs. A substantial amount of the Group's business involves making loans or otherwise committing resources to borrowers, including individuals and companies in various industries and governments. The COVID-19 pandemic's impact on such borrowers could have significant adverse effects on the Group's financial results, businesses, financial condition or liquidity, by influencing the recognition of credit losses in our loan portfolios and increasing our allowance for credit losses, particularly if businesses remain closed or operate at reduced capacities and as more customers are expected to draw on their lines of credit or seek additional loans to help finance their businesses.

The COVID-19 pandemic's significant impact to economies around the world, with regions in different stages of lockdown and re-opening, resulted in continued uncertainty on timing of recovery.

The allowance for credit losses, using an expected credit loss approach as required under IFRS 9 (the standard), is estimated using complex models and incorporates inputs, assumptions and techniques that require a high degree of judgement. These include assessment of significant increase in credit risk, the forecast of macroeconomic variables for multiple scenarios and probability weightings of the scenarios. In the current economic environment resulting from COVID-19, the models in isolation may not capture all the uncertainty as well as the impact of public support programs by the government. Therefore, management has applied significant expert credit judgment in the determination of the allowance for credit losses.

IFRS 9 requires the consideration of past events, current conditions and reasonable and supportable forward-looking information over the life of the exposure to measure expected credit losses. Furthermore, to assess significant increase in credit risk, the Standard requires that entities assess changes in the risk of a default occurring over the expected life of a financial instrument when determining staging. The IASB and global regulators issued guidance for entities, consistent with IFRS 9, to consider the exceptional circumstances of the COVID-19 pandemic. This includes significant government support, the high degree of uncertainty around historical long-term economic trends used in determining reasonable and supportable forward-looking information.

The Group's models are calibrated to consider past performance and macroeconomic forward-looking variables as inputs. Expert credit judgement is applied to consider the exceptional circumstances in this period, including consideration of the significant government assistance programs in the assessment of underlying credit deterioration and migration of balances to progressive stages.

Consistent with the requirements of IFRS 9, the Group considered both quantitative and qualitative information in the assessment of significant increase in credit risk. Utilization of a payment deferral program was not considered an immediate trigger, in keeping with IASB and regulatory guidance, for an account to migrate to a progressive stage, given the purpose of these programs is to provide temporary cash flow relief to the Group's customers.

The Group has generated a forward-looking base case scenario and three alternate forward-looking scenarios (1 optimistic, 2 pessimistic) as key inputs into the expected credit loss provisioning models. In these scenarios the Group considered recovery time periods ranging from more immediate (V shape), mid-term (U shape) to longer-term (L shape) periods. Probability weights were assigned to scenarios with a higher weighting assigned collectively to the two pessimistic scenarios.

(I) COLLATERAL HELD AND OTHER CREDIT ENHANCEMENTS, AND THEIR FINANCIAL EFFECTS

Collateral

The Group as part of its credit risk management strategy employs the practice of taking security in respect of funds advanced to its clients. The Group through its ALCO and its Credit Risk department develops and reviews policies related to the categories of security and their valuation that are acceptable to the Group as collateral. The principal collateral types are as follows:

- Mortgages over residential and commercial property
- Charges over business assets such as premises, inventory and accounts receivable
- Charges over debt instruments and equity instruments

The Group does not routinely update the valuation of collateral held. Valuation of collateral is updated when the credit risk of a loan deteriorates significantly.

For each loan, the value of collateral is capped at the nominal amount of the loan that it is held against.

Repossessed collateral

The Group enforces its power of sale agreements over various types of collateral (as noted above) as a consequence of failure by borrowers or counterparties to honour their financial obligations to the Group. Appraisals are obtained for the current value of the collateral as an input to the impairment measurement, and once repossessed, the collateral is sold as soon as practicable. The proceeds net of disposal cost are applied to the outstanding debt.

(II) EXPOSURE TO CREDIT RISK

The Group's maximum exposure to credit risk before collateral held or credit enhancements is detailed below:

	2021	2020
	$	$
Credit risk recognised on the consolidated statement of financial position		
Cash and cash equivalents	**218,702**	150,566
Loans and advances to banks and related companies	**854,150**	437,537
Treasury bills	**3,599,239**	3,455,229
Deposits with Central Bank	**3,046,104**	4,357,607
Loans to customers	**15,729,895**	16,274,409
Investment securities (excluding equities)		
- Debt instruments measured at FVOCI	**2,974,346**	2,025,239
- Debt instruments measured at amortised cost	**21,998**	21,998
	26,444,434	26,722,585
Credit risk not recognised on the consolidated statement of financial position		
Acceptances, guarantees and letters of credit	**797,659**	1,070,613
Undrawn credit commitments	**2,898,520**	3,413,189
	3,696,179	4,483,802
Total credit risk exposure	**30,140,613**	31,206,387

(III) CHANGES TO THE ALLOWANCE FOR CREDIT LOSSES

The following table presents the changes to the allowance for credit losses on loans. Explanation of terms 'Stage 1', 'Stage 2', and 'Stage 3' is included in Note 3(e).

	2021			
	Stage 1	Stage 2	Stage 3	Total
Retail loans	$	$	$	$
Balance at beginning of the year	90,546	153,918	118,164	362,628
Remeasurement	(57,390)	60,549	143,430	146,589
Newly originated or purchased	24,615	-	-	24,615
Derecognition and maturities	(12,395)	(46,031)	-	(58,426)
Changes in models and methodologies	-	-	-	-
Transfers to (from):				
- Stage 1	29,059	(27,640)	(1,419)	-
- Stage 2	(20,690)	29,559	(8,869)	-
- Stage 3	(306)	(27,463)	27,769	-
Gross write offs	-	-	(247,360)	(247,360)
Recoveries	-	-	42,700	42,700
Other movements	(3)	151	67	215
Balance at end of year	**53,433**	**143,043**	**74,485**	**270,961**
Commercial loans				
Balance at beginning of the year	8,768	4,326	32,620	45,714
Remeasurement	(2,488)	(423)	(248)	(3,159)
Newly originated or purchased	18,565	-	-	18,565
Derecognition and maturities	(19,178)	(10)	-	(19,188)
Changes in models and methodologies	(58)	13	-	(45)
Transfers to (from):				
- Stage 1	(11)	11	-	-
- Stage 2	284	(284)	-	-
- Stage 3	-	-	-	-
Gross write offs	(15)	9	(5,697)	(5,703)
Recoveries	-	-	936	936
Other movements	-	-	-	-
Balance at end of year	**5,867**	**3,642**	**27,611**	**37,120**

(III) CHANGES TO THE ALLOWANCE FOR CREDIT LOSSES (CONTINUED)

	2020			
	Stage 1	Stage 2	Stage 3	Total
Retail loans	$	$	$	$
Balance at beginning of the year	59,743	121,454	60,634	241,831
Remeasurement	(33,396)	93,248	137,356	197,208
Newly originated or purchased	24,759	-	-	24,759
Derecognition and maturities	(8,937)	(9,805)	-	(18,742)
Changes in models and methodologies	3,699	7,512	10,188	21,399
Transfers to (from):				
- Stage 1	77,103	(73,573)	(3,530)	-
- Stage 2	(19,176)	50,068	(30,892)	-
- Stage 3	(324)	(33,382)	33,706	-
Gross write offs	-	-	(128,328)	(128,328)
Recoveries	-	-	39,177	39,177
Other movements	(12,925)	(1,604)	(147)	(14,676)
Balance at end of year	**90,546**	**153,918**	**118,164**	**362,628**
Commercial loans				
Balance at beginning of the year	4,334	6,131	28,465	38,930
Remeasurement	3,650	(1,147)	7,864	10,367
Newly originated or purchased	9,929	-	-	9,929
Derecognition and maturities	(9,289)	6	-	(9,283)
Changes in models and methodologies	57	(341)	-	(284)
Transfers to (from):				
- Stage 1	314	(314)	-	-
- Stage 2	(25)	25	-	-
- Stage 3	-	-	-	-
Gross write offs	-	-	(3,560)	(3,560)
Recoveries	-	-	1,366	1,366
Other movements	(202)	(34)	(1,515)	(1,751)
Balance at end of year	**8,768**	**4,326**	**32,620**	**45,714**

(IV) ANALYSIS OF CREDIT QUALITY

Loans to customers

The following table presents the carrying value of exposures by risk rating:

	2021			
	Stage 1	Stage 2	Stage 3	Total
Retail loans	$	$	$	$
Very low	48,453	-	-	48,453
Low	6,856,887	10,497	-	6,867,384
Medium	2,471,253	52,836	-	2,524,089
High	684,712	573,832	-	1,258,544
Very high	144	440,816	-	440,960
Loans not graded	40,146	32,842	-	72,988
Default	-	-	279,010	279,010
Total	10,101,595	1,110,823	279,010	11,491,428
Allowance for credit losses	(53,433)	(143,043)	(74,485)	(270,961)
Carrying value	**10,048,162**	**967,780**	**2,014,525**	**11,220,467**
Commercial loans				
Very low	489,306	66,372	-	555,678
Low	912,929	130,997	-	1,043,926
Medium	2,519,160	188,632	-	2,707,792
High	-	29,318	-	29,318
Very high	-	-	-	-
Default	-	-	85,514	85,514
Total	3,921,395	415,319	85,514	4,422,228
Allowance for credit losses	(5,867)	(3,642)	(27,611)	(37,120)
Carrying value	**3,915,528**	**411,677**	**57,903**	**4,385,108**

(IV) ANALYSIS OF CREDIT QUALITY (CONTINUED)

Loans to customers

	2020			
	Stage 1	Stage 2	Stage 3	Total
Retail loans	$	$	$	$
Very low	41,876	-	-	41,876
Low	6,517,634	7,542	-	6,525,176
Medium	2,747,608	30,557	-	2,778,165
High	1,046,834	631,428	-	1,678,262
Very high	100	452,321	-	452,421
Loans not graded	89,535	26,601	-	116,136
Default	-	-	267,173	267,173
Total	10,443,587	1,148,449	267,173	11,859,209
Allowance for credit losses	(90,546)	(153,918)	(118,164)	(362,628)
Carrying value	**10,353,041**	**994,531**	**149,009**	**11,496,581**
Commercial loans				
Very low	489,306	66,372	-	555,678
Low	912,929	130,997	-	1,043,926
Medium	2,726,030	188,632	-	2,914,662
High	-	29,319	-	29,319
Very high	-	-	-	-
Default	-	-	94,522	94,522
Total	4,128,265	415,320	94,522	4,638,107
Allowance for credit losses	(8,768)	(4,326)	(32,620)	(45,714)
Carrying value	**4,119,497**	**410,994**	**61,902**	**4,592,393**

Probability of default (PD) measures the likelihood that a borrower will default within a one-year time horizon. Each category of PD grades is assigned a PD range as follows:

Category of (PD) grades	PD Range
Exceptionally low	0.0000% - 0.0499%
Very low	0.0500% - 0.1999%
Low	0.2000% - 0.9999%
Medium low	1.0000% - 2.9999%
Medium	3.0000% - 9.9999%
High	10.0000% - 19.9999%
Extremely high	20.0000% - 99.9999%
Default	100%

Investment securities

The credit quality of FVOCI debt instruments as well as loan commitments and financial guarantee contracts are all classified as "very low". See Note 8.6 for expected credit loss allowance.

Cash and cash equivalents and loans and advances to banks

The Group held cash equivalents and loans and advances to banks and related parties of $1,677,150 (2020: $588,103). Cash equivalents and loans and advances to banks and related parties are held with reputable financial institutions with no history of default.

29.2 MARKET RISK

Market risk refers to the risk of loss resulting from changes in market prices such as interest rates, foreign exchange, market prices and other price risks.

The Scotiabank Group Asset Liability Committee (ALCO) provides senior management oversight of the various activities that expose the Group to market risk. This includes asset liability management, while also approving limits for funding and investment activities, and reviewing the Group's interest rate strategies and performance against established limits.

The Group measures and controls market risk primarily through the use of risk sensitivity analysis. This method of stress testing provides an indication of the potential size of losses that could arise in extreme conditions. These tests are conducted by the market risk function, the results of which are reviewed by senior management.

All market risk limits are reviewed at least annually. The key sources of the Group's market risk are as follows:

29.2.1 CURRENCY RISK

The Group has no significant foreign exchange exposure since assets are funded by liabilities in the same currency. Foreign currency transactions have not required the use of interest rate swaps and foreign currency options and other derivative instruments which all carry inherent risks. Currency exposure resides mainly in trading activity where the Group buys and sells currencies in the spot and forward markets to assist customers in meeting their business needs. Trading portfolios are managed with the intent to buy and sell over short periods of time, rather than to hold positions for investment. Explicit limits are established by currency, position and term. Daily reports are independently reviewed for compliance. There were no changes to the policies and procedures for managing foreign exchange when we compared with last year.

The results of the sensitivity analysis conducted as at October 31 on the possible impact on net profits before tax and on equity of fluctuations of the US dollar foreign exchange rate relative to the TT dollar are presented below.

Change in currency rate	Effect on PBT		Effect on equity	
	2021	2020	**2021**	2020
	$	$	**$**	$
Increase of 1%	**653**	814	**424**	529
Decrease of 1%	**(653)**	(814)	**(424)**	(529)

CONCENTRATION OF ASSETS AND LIABILITIES BY CURRENCY

Scotiabank has the following significant currency positions, shown in TT$ equivalents:

	2021			
	TT	US	Other	Total
Financial Assets	$	$	$	$
Cash on hand and in transit	206,272	10,245	2,185	218,702
Loans and advances to banks and related companies	102,092	462,923	289,135	854,150
Treasury bills	2,003,659	1,511,158	84,422	3,599,239
Deposits with Central Bank	3,046,104	-	-	3,046,104
Loans to customers	14,027,111	1,702,784	-	15,729,895
Investment securities	2,367,650	732,037	15	3,099,702
Total financial assets	**21,752,888**	**4,419,147**	**375,757**	**26,547,792**
Financial Liabilities				
Deposits from customers	16,050,322	3,820,661	370,859	20,241,852
Deposits from banks and related companies	9,293	133,444	-	142,737
Lease liabilities	115,037	-	-	115,037
Policyholders' funds	1,636,067	15,872	-	1,651,939
Total financial liabilities	**17,810,719**	**3,969,977**	**370,859**	**22,151,565**
Net financial position	**3,942,169**	**449,170**	**4,898**	**4,396,227**
Undrawn credit commitments	**2,891,135**	**7,385**	**-**	**2,898,520**

	2020			
	TT	US	Other	Total
Financial Assets	$	$	$	$
Cash on hand and in transit	125,770	21,068	3,728	150,566
Loans and advances to banks and related companies	98,428	156,413	182,696	437,537
Treasury bills	1,856,252	1,520,336	78,641	3,455,229
Deposits with Central Bank	4,357,607	-	-	4,357,607
Loans to customers	14,623,125	1,651,284	-	16,274,409
Investment securities	1,655,223	484,880	78	2,140,181
Total financial assets	**22,716,405**	**3,833,981**	**265,143**	**26,815,529**
Liabilities				
Deposits from customers	16,919,330	3,689,107	260,424	20,868,861
Deposits from banks and related companies	9,406	36,361	-	45,767
Lease liabilities	141,627	-	-	141,627
Policyholders' funds	1,542,945	15,711	-	1,558,656
Total financial liabilities	**18,613,308**	**3,741,179**	**260,424**	**22,614,911**
Net financial position	**4,103,097**	**92,802**	**4,719**	**4,200,618**
Undrawn credit commitments	**3,398,206**	**14,983**	**-**	**3,413,189**

29.2.2 INTEREST RATE RISK

Interest rate risk arises when there is a mismatch between positions which are subject to interest rate adjustment within a specific period. In the Group's funding, lending and investment activities, fluctuations in interest rates are reflected in interest rate margins and consequently its earnings. A negative gap, which is not unusual, occurs when more liabilities than assets are subject to rate changes during a prescribed period of time. Interest rate risk is managed through the matching of funding products with financing services, regular review of structural gaps, which may exist and monitoring market conditions through a centralised treasury operation. The interest rates on a material amount of the Group's assets can be repriced as and when required.

There were no changes to the policies and procedures for managing interest rate risk when compared to last year.

The results of the sensitivity analysis conducted as at October 31, on the impact on net profits before tax and on equity as a consequence of a reasonably possible change in interest rates at that date, are presented below:

Sensitivity of projected net interest income

	100bp parallel decrease	25bp parallel decrease	25bp parallel increase	100bp parallel increase
2021	$	$	$	$
At October 31	41,722	10,431	(10,432)	(41,728)
Average for the period	38,592	9,648	(9,648)	(38,593)
Maximum for the period	49,207	12,302	(12,302)	(49,207)
Minimum for the period	31,898	7,974	(7,974)	(31,898)
2020	$	$	$	$
At October 31	34,854	8,714	(8,714)	(34,854)
Average for the period	31,190	7,797	(7,797)	(31,190)
Maximum for the period	34,854	8,714	(8,714)	(34,854)
Minimum for the period	26,761	6,690	(6,690)	(26,761)

Interest sensitivity of financial assets and financial liabilities

The following table summarises carrying amounts of financial assets and financial liabilities on the consolidated statement of financial position, in order to arrive at the Group's interest rate gap on the earlier of contractual repricing or maturity dates:

	2021					
	Due on demand	Due in one year	Due in two to five years	Over five years	Non-interest bearing	Total
	$	$	$	$	$	$
Financial assets						
Cash on hand and in transit	-	-	-	-	218,702	218,702
Loans and advances to banks and related companies	60,872	-	-	-	793,278	854,150
Treasury bills	-	3,599,239	-	-	-	3,599,239
Deposits with Central Bank	-	-	-	-	3,046,104	3,046,104
Net loans to customers	406,037	6,113,035	3,419,706	5,651,194	139,923	15,729,895
Investment securities	71,628	73,164	1,530,764	1,424,146	-	3,099,702
Total financial assets	**538,537**	**9,785,438**	**4,950,470**	**7,075,340**	**4,198,007**	**26,547,792**
Financial liabilities						
Deposits from customers	13,893,894	1,327,043	115,939	-	4,904,976	20,241,852
Deposits from banks and related companies	9,521	-	-	-	133,216	142,737
Lease liabilities	-	25,102	38,930	51,005	-	115,037
Policyholders' funds	87,878	94,424	329,428	1,140,209	-	1,651,939
Total financial liabilities	**13,991,293**	**1,446,569**	**484,297**	**1,191,214**	**5,038,192**	**22,151,565**
Net gap	**(13,452,756)**	**8,338,869**	**4,466,173**	**5,884,126**		
Cumulative gap	**(13,452,756)**	**(5,113,887)**	**(647,714)**	**5,236,412**		

Interest sensitivity of financial assets and financial liabilities (continued)

	2020					
	Due on demand	Due in one year	Due in two to five years	Over five years	Non-interest bearing	Total
	$	$	$	$	$	$
Financial assets						
Cash on hand and in transit	-	-	-	-	150,566	150,566
Loans and advances to banks and related companies	34,066	-	-	-	403,471	437,537
Treasury bills	-	3,455,229	-	-	-	3,455,229
Deposits with Central Bank	-	-	-	-	4,357,607	4,357,607
Loans to customers	454,040	7,270,021	3,349,429	5,062,131	138,788	16,274,409
Investment securities	67,446	67,585	881,561	1,123,589	-	2,140,181
Total financial assets	**555,552**	**10,792,835**	**4,230,990**	**6,185,720**	**5,050,432**	**26,815,529**
Financial liabilities						
Deposits from customers	13,887,029	1,505,196	154,760	-	5,321,876	20,868,861
Deposits from banks and related companies	6,037	-	-	-	39,730	45,767
Lease liabilities	-	13,662	52,788	75,177	-	141,627
Policyholders' funds	84,198	86,445	288,704	1,099,309	-	1,558,656
Total financial liabilities	**13,977,264**	**1,605,303**	**496,252**	**1,174,486**	**5,361,606**	**22,614,911**
Net gap	**(13,421,712)**	**9,187,532**	**3,734,738**	**5,011,234**		
Cumulative gap	**(13,421,712)**	**(4,234,180)**	**(499,442)**	**4,511,792**		

29.2.3 EQUITY PRICE RISK

Equity price risk is the risk that the fair value of equities decreases as a result of equity indices and/or the value of individual equities.

The effect on equity will arise from changes in stock prices for equity instruments designated as FVOCI, whereas the impact on income will arise from equity instruments measured at FVTPL.

The Group is exposed to an insignificant amount of equity price risk.

29.3 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, payments due under contractual arrangements, settlement of securities, borrowing and repurchase transactions and lending and investing commitments.

Liquidity risk arises from fluctuations in cash flows. The objective of the liquidity management process is to ensure that the Group honours all of its financial commitments as they fall due. The Group through its Treasury function measures and forecasts its cash flow commitments and ensures that sufficient liquidity is available to meet its needs. The ALCO monitors the Group's liquidity management process, policies and strategies.

To fulfil this objective, the Group maintains diversified sources of funding, sets prudent limits and ensures immediate access to liquid assets. The Group relies on a broad range of funding sources and applies prudent limits to avoid undue concentration. The principal sources of funding are capital, core deposits from retail and commercial customers and wholesale deposits raised in the interbank and commercial markets. The Group's extensive branch network provides a strong foundation for diversifying its funding and raising the level of core deposits. Fallback techniques include access to local interbank and institutional markets and stand-by lines of credit with external parties.

There were no changes to the policies and procedures for managing liquidity risk when compared to last year.

The table below shows a maturity analysis of financial instruments using discounted cash flows of financial assets and financial liabilities based on their contractual maturity dates as at October 31.

	2021				
	Due on demand	Up to one year	Two to five years	Over five years	Total
	$	$	$	$	$
Financial assets					
Cash on hand and in transit	218,702	-	-	-	218,702
Loans and advances to banks and related companies	854,150	-	-	-	854,150
Treasury bills	-	3,599,239	-	-	3,599,239
Deposits with Central Bank	3,046,104	-	-	-	3,046,104
Net loans to customers	545,960	6,113,035	3,419,706	5,651,194	15,729,895
Investment securities (excluding equities)	-	73,164	1,530,764	1,392,416	2,996,344
Total financial assets	**4,664,916**	**9,785,438**	**4,950,470**	**7,043,610**	**26,444,434**
Financial liabilities					
Deposits from customers	18,798,869	1,327,043	115,940	-	20,241,852
Deposits from banks and related companies	142,737	-	-	-	142,737
Lease liabilities	-	25,102	38,930	51,005	115,037
Policyholders' funds	87,878	94,424	329,428	1,140,209	1,651,939
Total financial liabilities	**19,029,484**	**1,446,569**	**484,298**	**1,191,214**	**22,151,565**
Net Gap	**(14,364,568)**	**8,338,869**	**4,466,172**	**5,852,396**	**4,292,869**
Cumulative Gap	**(14,364,568)**	**(6,025,699)**	**(1,559,527)**	**4,292,869**	**4,292,869**

The table below shows the contractual maturities of financial guarantee contracts:

	2021				
	Due on demand	Up to one year	Two to five years	Over five years	Total
	$	$	$	$	$
Financial guarantee contracts	**-**	**795,990**	**1,226**	**443**	**797,659**

The table below shows a maturity analysis of financial instruments using discounted cash flows of the Group's financial assets and financial liabilities based on their contractual maturity dates as at October 31.

	2020				
	Due on demand	Up to one year	Two to five years	Over five years	Total
	$	$	$	$	$
Financial assets					
Cash on hand and in transit	150,566	-	-	-	150,566
Loans and advances to banks and related companies	437,537	-	-	-	437,537
Treasury bills	-	3,455,229	-	-	3,455,229
Deposits with Central Bank	4,357,607	-	-	-	4,357,607
Loans to customers	592,828	7,270,021	3,349,429	5,062,131	16,274,409
Investment securities (excluding equities)	-	67,585	862,665	1,116,987	2,047,237
Total financial assets	**5,538,538**	**10,792,835**	**4,212,094**	**6,179,118**	**26,722,585**
Financial liabilities					
Deposits from customers	19,208,905	1,505,196	154,760	-	20,868,861
Deposits from banks and related companies	45,767	-	-	-	45,767
Lease liabilities	-	13,662	52,788	75,177	141,627
Policyholders' funds	84,198	86,446	288,704	1,099,308	1,558,656
Total financial liabilities	**19,338,870**	**1,605,304**	**496,252**	**1,174,485**	**22,614,911**
Net Gap	**(13,800,332)**	**9,187,531**	**3,715,842**	**5,004,633**	**4,107,674**
Cumulative Gap	**(13,800,332)**	**(4,612,801)**	**(896,959)**	**4,107,674**	**-**

The table below shows the contractual maturities of financial guarantee contracts:

	2020				
	Due on demand	Up to one year	Two to five years	Over five years	Total
	$	$	$	$	$
Financial guarantee contracts	**-**	**1,062,334**	**7,837**	**442**	**1,070,613**

The table below summarises the maturity profile of the Group's financial liabilities based on their undiscounted cash flows at October 31. The balances include both principal and interest cash flows over the remaining term to maturity and therefore would differ from the carrying amounts in the Group's consolidated statement of financial position.

	2021					
	Due on demand	Due in one year	Due in two to five years	Over five years	Total contractual cash flows	Total carrying value
	$	$	$	$	$	$
Financial Liabilities						
Deposits from customers	18,798,869	1,327,692	116,149	-	20,242,710	20,241,852
Deposits from banks and related companies	142,737	-	-	-	142,737	142,737
Lease Liabilities	-	17,783	81,937	43,534	143,254	115,037
Policyholders' funds	87,878	96,864	361,450	1,891,597	2,437,789	1,651,938
Total liabilities	**19,029,484**	**1,442,339**	**559,536**	**1,935,131**	**22,966,490**	**22,151,564**

	2020					
	Due on demand	Due in one year	Due in two to five years	Over five years	Total contractual cash flows	Total carrying value
	$	$	$	$	$	$
Financial Liabilities						
Deposits from customers	19,208,905	1,508,267	155,905	-	20,873,077	20,868,861
Deposits from banks and related companies	45,767	-	-	-	45,767	45,767
Lease Liabilities	-	18,596	71,851	102,325	192,772	141,627
Policyholders' funds	65,153	83,583	314,225	1,838,664	2,301,625	1,558,656
Total liabilities	**19,319,825**	**1,610,446**	**541,981**	**1,940,989**	**23,413,241**	**22,614,911**

29.4 CAPITAL MANAGEMENT

The Group's capital management policies seek to achieve several objectives:

- Compliance with capital requirements as set by the Central Bank of Trinidad and Tobago;
- Assurance of the Group's ability to continue as a going concern;
- Maintenance of a strong capital base to support the development of its business.

Capital adequacy and the use of regulatory capital are monitored daily by the Group's management. The Group employs techniques derived from the guidelines developed by the Basel Committee on Banking Supervision as implemented by the Central Bank of Trinidad and Tobago (CBTT). The required information is filed with the regulatory authority on a monthly basis. In 2020, CBTT promulgated the use of Basel II rules for the calculation of capital adequacy, which was previously calculated based on Basel I rules up to 2019. These consolidated financial statements present capital ratios calculated using the new Basel II rules in 2020.

The Group's regulatory capital up to 2021 consisted of the sum of the following elements:

- **Tier 1 capital.** Tier 1 capital comprises shareholder equity and retained earnings and is a measure of the Group's financial position. Deductions such as losses incurred in the current year of operations, whether audited or unaudited and whether or not publicly disclosed are made from Tier 1.
- **Tier 2 capital.** Tier 2 capital comprises revaluation reserves created by the revaluation of investments.

The Basel II framework expands the rules for minimum capital requirements established under Basel I by incorporating the credit risk of assets to determine regulatory capital ratios. It consists of three pillars:

- *Capital adequacy requirements.* Takes into consideration operational risks in addition to credit risks associated with risk-weighted assets.
- *Supervisory review.* Mandates periodic assessments of internal capital adequacy in accordance with the institution's risk profile.
- *Market discipline.* Ensures market discipline by obligation to disclose relevant market information.

The following table summarises the regulatory qualifying capital ratios of the applicable individual entities within the Group. The Group complied with all the externally imposed capital requirements to which it is subject.

	Qualifying Capital Ratios	**2021**	2020
Scotiabank Trinidad and Tobago Limited	10.0%	**18.06%**	20.04%
Scotia Investments Trinidad and Tobago Limited	10.0%	**232.5%**	255.0%

29.5 OPERATIONAL RISK

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risk arises from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to the Operational Risk Committee. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- Appropriate segregation of duties, including the independent authorisation of transactions
- Reconciliation and monitoring of transactions
- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures
- Periodic assessment of operational risks, the adequacy of controls and procedures to address the risks identified
- Reporting of operational losses and proposed remedial action
- Development of contingency plans
- Training and professional development
- Ethical and business standards
- Risk mitigation, including insurance where this is effective

29. Financial Risk Management (*Continued*)

Compliance with Group standards is supported by a programme of periodic review undertaken by Internal Audit. The results of Internal Audit reviews are discussed with management of the business unit to which they relate, with summaries submitted to the Audit Committee and senior management of the Group.

29.6 MANAGEMENT OF 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 provisioning, the principal risk the Group faces under its insurance contracts is that the actual claims and benefit payments exceed the carrying amount of the policyholder benefits and other liabilities. This may occur in the event the frequency or severity of claims and benefits is greater than that estimated. Insurance events are random and therefore the actual number and amount of claims and benefits will vary from year to year from the levels established.

The Group pledges assets to the Statutory Fund at the Central Bank of Trinidad & Tobago. This strategy is used to mitigate the risk associated with the possibility of insufficient funds to cover policyholder benefits. The Group pledges assets in excess of its policyholders' liabilities to ensure coverage at any given point in time.

30. FAIR VALUE OF FINANCIAL ASSETS, FINANCIAL LIABILITIES AND OTHER CONTRACTS

The fair value of financial instruments that is recognised on the consolidated statement of financial position and the fair value of financial instruments that is not recognised on the consolidated statement of financial position are based on the valuation methods and assumptions set out in the significant accounting policies Note 3(c)(ii).

(a) Valuation models

The Group classifies fair value using the following three-level fair value hierarchy based on the extent to which one or more significant inputs are observable or not observable:

- **Level 1** – Quoted market price (unadjusted) in an active market for an identical instrument.
- **Level 2** – Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- **Level 3** – Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique included inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other inputs used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determining fair values. Availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

Due to the judgement used in applying a wide range of acceptable valuation techniques and estimations in the calculation of fair value amounts, fair values are not necessarily comparable among financial institutions. The calculation of estimated fair values is based upon market conditions at a specific point in time and may not be reflective of future fair values.

The Group recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred. There were no transfers between levels during the year.

(b) Financial instruments measured at fair value – Fair value Hierarchy

The table below is an analysis of financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorised:

	2021			
	Level 1	Level 2	Level 3	Total
Financial Assets	$	$	$	$
Treasury bills	-	3,599,239	-	3,599,239
Investment securities	363,135	2,704,727	-	3,067,862
	363,135	**6,303,966**	**-**	**6,667,101**

	2020			
	Level 1	Level 2	Level 3	Total
Financial Assets	$	$	$	$
Treasury bills	-	3,455,229	-	3,455,229
Investment securities	46,725	2,067,800	-	2,114,525
	46,725	**5,523,029**	**-**	**5,569,754**

The fair value of level 2 instruments was determined using discounted cash flow analysis. The estimated future cash flows are discounted using a discount rate based on quoted market prices for securities with similar credit, maturity and yield characteristics.

(c) Financial instruments not measured at fair value

The table below is an analysis of financial instruments not measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized. 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.

	Level 1	Level 2	Level 3	Total Fair Value	Carrying Amount
2021	$	$	$	$	$
Financial Assets					
Loans to customers	-	13,012,346	-	13,012,346	15,605,575
Debt instruments measured at amortised cost	-	21,998	-	21,998	21,998
	-	**13,034,344**	**-**	**13,034,344**	**15,627,573**
Financial Liabilities					
Deposits from customers	-	20,239,852	-	20,239,852	20,239,852
Lease liabilities	-	115,037	-	115,037	115,037
Policyholders' funds	-	1,631,141	-	1,631,141	1,631,141
	-	**21,986,030**	**-**	**21,986,030**	**21,986,030**
2020					
Financial Assets					
Loans to customers	-	15,763,172	-	15,763,172	16,088,974
Debt instruments measured at amortised cost	-	25,307	-	25,307	21,998
	-	**15,788,479**	**-**	**15,788,479**	**16,110,972**
Financial Liabilities					
Deposits from customers	-	20,867,647	-	20,867,647	20,867,647
Lease liabilities	-	141,627	-	141,627	141,627
Policyholders' funds	-	1,540,182	-	1,540,182	1,540,182
	-	**22,549,456**	**-**	**22,549,456**	**22,549,456**

(a) Cash on hand and in transit

These amounts are short-term in nature and are taken to be equivalent to fair value.

(b) Loans and advances to banks and related companies

Amounts due from banks and related companies are negotiated at market rates for relatively short tenors and are assumed to have discounted cash flow values that approximate the carrying values.

(c) Deposits with Central Bank

The fair value of deposits with Central Bank is determined to approximate to their carrying value using discounted cash flow analysis. A significant portion of the deposits is receivable on demand.

(d) Loans to customers

Loans and advances to customers are granted at market rates and their values are not adversely affected by unusual terms. The estimated future cash flows are discounted using a discount rate based on market rates at the reporting date for similar type facilities.

(e) Debt instruments measured at amortised cost

The fair value of investment securities at amortised cost was determined using discounted cash flow analysis. The estimated future cash flows are discounted using a discount rate based on quoted market prices for securities with similar credit, maturity and yield characteristics.

(f) Deposits from customers, banks and related companies

Customer deposits and deposits from banks and related companies are negotiated at market rates for relatively short terms. Deposits that are fixed rate facilities are at rates that approximate market rates and are assumed to have discounted cash flow values that approximate the carrying values.

(g) Policyholders' funds

Policyholders' funds are based on actuarial projections and assumptions based on a number of factors including but not limited to mortality and morbidity tables, lapse studies, company experience, market trends and interest rate assumptions.

(h) Lease liabilities

The fair value is approximate to the carrying value which is determined using the discounted cash flow analysis. The present value of the future lease payments is discounted using the incremental borrowing rate.

The instruments above are classified into level 2 in the fair value hierarchy.

31. CLASSIFICATION OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The following table provides a reconciliation between line items in the Statement of financial position and the categories of financial instruments:

	2021				
	FVTPL	FVOCI Debt	FVOCI Equity	Amortised Cost	Total
Financial Assets	$	$	$	$	$
Cash and cash equivalents	-	-	-	218,702	218,702
Loans and advances to banks and related companies	-	-	-	854,150	854,150
Treasury bills	-	3,599,239	-	-	3,599,239
Deposits with Central Bank	-	-	-	3,046,104	3,046,104
Loans to customers	-	-	-	15,729,895	15,729,895
Investment securities	61,470	2,974,346	10,048	53,838	3,099,702
Total financial assets	**61,470**	**6,573,585**	**10,048**	**19,902,689**	**26,547,792**
Financial Liabilities					
Deposits from customers	-	-	-	20,241,852	20,241,852
Deposits from banks and related companies	-	-	-	142,737	142,737
Lease liabilities	-	-	-	115,037	115,037
Policyholders' funds	-	-	-	1,651,939	1,651,939
Total financial liabilities	**-**	**-**	**-**	**22,151,565**	**22,151,565**

	2020				
	FVTPL	FVOCI Debt	FVOCI Equity	Amortised Cost	Total
Financial Assets	$	$	$	$	$
Cash and cash equivalents	-	-	-	150,566	150,566
Loans and advances to banks and related companies	-	-	-	437,537	437,537
Treasury bills	-	3,455,229	-	-	3,455,229
Deposits with Central Bank	-	-	-	4,357,607	4,357,607
Loans to customers	-	-	-	16,274,409	16,274,409
Investment securities	57,014	2,025,239	10,274	47,654	2,140,181
Total financial assets	**57,014**	**5,480,468**	**10,274**	**21,267,773**	**26,815,529**
Financial Liabilities					
Deposits from customers	-	-	-	20,868,861	20,868,861
Deposits from banks and related companies	-	-	-	45,767	45,767
Lease liabilities	-	-	-	141,627	141,627
Policyholders' funds	-	-	-	1,540,182	1,540,182
Total financial liabilities	**-**	**-**	**-**	**22,596,437**	**22,596,437**

32. RELATED PARTY BALANCES AND TRANSACTIONS

A party is related to the Group if:

(a) The party is a subsidiary or an associate of the Group;

(b) The party is, directly or indirectly, either under common control or subject to significant influence with the Group or has significant or joint control of the Group.

(c) The party is a close family member of a person who is part of key management personnel or who controls the Group;

(d) The party is controlled or significantly influenced by a member of key management personnel or by a person who controls the Group;

(e) The party is a joint venture in which the Group is a venture partner;

(f) The party is a member of the Group's or its parent's key management personnel;

(g) The party is a post-employment benefit plan for the Group's employees.

(h) The party, or any member of a group of which it is a part, provides key management personnel services to Scotiabank or its Parent.

A number of banking transactions have been entered into with related parties in the normal course of business. These transactions were conducted at market rates, on commercial terms and conditions, except for certain loans made to officers. Loans deemed to be below market rates, in accordance with personal income tax legislation, are taxed in accordance with legal requirements.

Related party transactions include but are not limited to the following:

- Data processing and information technology support
- Technical and management services
- Operations support
- Transaction processing support
- Delinquent account collection services

32. Related Party Balances and Transactions (*Continued*)

	2021	2020
	$	$
(i) Outstanding balances		
Loans, investments and other assets		
Directors, key management personnel and close family members	**12,774**	13,267
Other related entities	**213,428**	46,376
	226,202	59,643
Provisions for amounts due from related parties	**-**	-
Deposits and other liabilities		
Directors, key management personnel and close family members	**8,554**	5,670
Other related entities	**174,315**	91,165
	182,869	96,835
(ii) Transactions		
Interest and other income		
Directors, key management personnel and close family members	**389**	217
Other related entities	**17,282**	6,668
	17,641	6,885
Interest and expenses		
Directors, key management personnel and close family members	**3,111**	2,552
Other related entities	**209,406**	198,713
	212,517	201,265

(iii) Key management compensation

Key management comprises individuals responsible for planning, directing and controlling the activities of the Group. The compensation paid to said individuals is as follows:

	2021	2020
	$	$
Short-term benefits and pension cost	**27,080**	28,954
Share based payment	**4,953**	4,538
	32,033	33,492

33. OPERATING SEGMENTS

The operations of the Group are concentrated within the Republic of Trinidad and Tobago. The Group operations are managed by strategic business units which offer different financial products and services to various market segments. The management function of the various business units review internal reports at least monthly, whilst the Group management do so at least quarterly.

The following summary describes the operations of each of the Group's reportable segments:

- Retail, Corporate and Commercial – Includes the provision of loans, deposits, trade financing and other financial services to businesses and individuals.
- Other – Includes the functions of a centralised treasury unit and other centralised services.

The results of the various operating segments are set out below. Performance is measured based on segment profits before tax as included in the internal management reports reviewed by senior management. Segment profitability is used by management to assess product pricing, productivity and hence the allocation of resources to the various operating segments.

	2021				
	Retail, Corporate & Commercial Banking	Asset Management	Insurance Services	Other	Total
	$	$	$	$	$
Interest income	1,132,888	206	107,671	-	1,240,765
Interest expense	(21,593)	-	-		(21,593)
Net other income	454,970	9,991	44,027	-	508,988
Income from associated companies	2,052	-	-	-	2,052
Total revenue	1,568,315	10,197	151,700	-	1,730,212
Material non-cash items:					
Depreciation	30,439	-	-	-	30,439
Segment profit before taxes	786,003	7,612	126,089	-	919,704
Segment assets	15,729,895	42,780	2,423,349	8,975,068	27,171,092
Segment liabilities	20,241,852	574	1,703,040	981,808	22,927,274

33. Operating segments (*Continued*)

	2020				
	Retail, Corporate & Commercial Banking	Asset Management	Insurance Services	Other	Total
	$	$	$	$	$
Interest income	1,260,508	731	88,770	-	1,350,009
Interest expense	(36,957)	-	-	-	(36,957)
Net other income	386,613	7,200	69,166	-	462,979
Income from associated companies	2,091	-	-	-	2,091
Total revenue	1,612,255	7,931	157,936	-	1,778,122
Material non-cash items:					
Depreciation	30,439	-	-	-	30,439
Segment profit before taxes	660,558	5,045	125,259	-	790,862
Segment assets	16,273,837	40,420	2,350,942	8,838,479	27,503,678
Segment liabilities	20,868,292	555	1,606,548	856,658	23,332,053

34. EVENTS AFTER THE REPORTING DATE

There are no events occurring after the consolidated statement of financial position date and before the date of approval of these consolidated financial statements by the Board of Directors that require adjustment to or disclosure in these consolidated financial statements.

FIVE YEAR REVIEW

Scotiabank Trinidad and Tobago Limited and its wholly-owned subsidiary companies

October 31, 2021 ($ thousands, except per share data)

CONSOLIDATED BALANCE SHEET	2021	2020	2019	2018	2017
Assets					
Cash resources	**7,718,195**	8,400,939	7,461,868	7,045,272	8,320,954
Loans and Investments (includes Reverse Repos)	**18,869,265**	18,452,833	17,563,534	15,850,608	15,605,687
Property, plant and equipment	**359,519**	398,499	254,385	256,817	246,780
Other assets	**224,113**	251,407	133,667	220,652	158,580
Total assets	**27,171,092**	27,503,678	25,413,454	23,373,349	24,332,001
Liabilities and shareholders' equity					
Deposits	**20,241,852**	20,868,861	19,041,461	17,284,198	18,538,048
Other liabilities	**2,685,422**	2,463,192	2,189,885	2,076,052	1,900,879
Shareholders' equity	**4,243,818**	4,171,625	4,182,108	4,013,099	3,893,074
Total liabilities and shareholders' equity	**27,171,092**	27,503,678	25,413,454	23,373,349	24,332,001
CONSOLIDATED STATEMENT OF INCOME					
Interest income	**1,240,766**	1,350,009	1,351,349	1,309,249	1,261,768
Interest expense	**(21,594)**	(36,957)	(25,330)	(20,711)	(17,532)
Net interest income	**1,219,172**	1,313,052	1,326,018	1,288,538	1,244,236
Other income	**511,040**	465,070	534,704	544,456	481,210
Total Revenue	**1,730,212**	1,778,122	1,860,722	1,832,994	1,725,446
Non-interest expenses	**(701,987)**	(757,343)	(767,125)	(736,963)	(685,669)
Income before taxation and loan loss	**1,028,225**	1,020,779	1,093,597	1,096,031	1,039,777
Loan Loss Expense	**(108,521)**	(229,917)	(144,346)	(138,588)	(105,597)
Income before taxation	**919,704**	790,862	949,251	957,443	934,180
Provision for taxation	**(316,179)**	(270,060)	(280,923)	(316,677)	(276,516)
Income After Taxation	**603,525**	520,802	668,328	640,766	657,664
OTHER STATISTICS					
Return on average assets	**2.21%**	1.97%	2.74%	2.69%	2.83%
Return on average equity	**14.34%**	12.47%	16.31%	16.21%	17.24%
Number of shares	**176,343,750**	176,343,750	176,343,750	176,343,750	176,343,750
Dividends per share	**350**	225	300	300	300
Earnings per share	**342.2**	295.3	379.0	363.4	372.9
Number of offices (including subsidiary companies)	**23**	24	25	26	27

SCOTIABANK IN THE COMMUNITY

Investing in the future of everyone.

We are guided by our purpose: for every future. A better tomorrow – where our customers, employees and communities all thrive – benefits everyone, including our Bank. In 2021, our community investment initiatives benefitted 33,106 individuals, 24,032 youth through working with 99 charities, schools and community groups.

The following are a few of our key investments in 2021:







Environmental and Food Sustainability

10,000 households in Southern Trinidad and numerous children's and special needs homes across the country have established kitchen gardens and grow boxes as a result of a seedling distribution initiative by SURE Foundation, supported by the Scotiabank Foundation.



A further 2,000 families in San Fernando and environs are also benefitting from a youth focused, community initiative through our collaboration with Key of David International (KODI), where a hydroponic farming system has been installed.

We also partnered with Nature Seekers to provide support for their Climate Change Adaptation Project for Species Recovery (CCAPS Recovery). Our donation facilitated the purchase of All Terrain Vehicle (ATV) in support of preservation of sea turtles nesting sites.



> "What I love most about growing vegetables in the hydroponics system is that it takes just a few weeks to see the plants grow once we plant them. I always thought growing food was a long complicated process but I've learned that it can be done in a short period of time, without using harsh chemicals and when it's ready it tastes really good"
>
> Shernica Hamlet, age 16, volunteer with the KODI community hydroponics programme



Youth Development and Education

When the COVID-19 pandemic prompted the shift to online leaning, students' learning was significantly impacted, in particular, those who have been unable to acquire online devices due to already stretched household incomes. This was the catalyst for Scotiabank's collaboration with, to date 14 NGOs and 60 schools, helping provide 1,148 students with access to online learning.



Scotiabank remains committed to helping provide young people with opportunities to discover their full potential and become well rounded individuals who contribute positively to their communities. In 2021, our continued partnership with Families in Action supported young adults as they entered the next phase of their lives. They engaged in sessions focused on topics such as interview preparation and office protocols for young adults; developing effective communication skills; financial planning; social media management; entrepreneurship and the importance of paying it forward.

For over 2 decades, we have assisted students of the University of the West Indies through our contribution of annual scholarships. The programme assists 10 students annually in the fields of Banking and Finance, Accounting, Computer Science and Information Technology, and Economics, to receive the financial aid they deserve.

> “This has truly been a trying time for all of us and good deeds like these gives us hope to continue pressing on. With the help of your generous donation, kids can now have the means to better access virtual learning.”
>
> Isaiah Francois, age 15, laptop recipient



Cancer Awareness and Screening



For over 2 decades, our commitment to health and wellness and breast cancer awareness was seen in our annual 5k. Despite not being to host an in-person event this year, we remain dedicated to the cause. We highlighted the importance of early detection, healthy lifestyles and support systems through sharing the experiences of breast cancer patients, their loved ones, local influencers and health professionals.

In the last 5 years alone, we have donated $1.25m towards breast cancer screening initiatives and since our initial launch of the SWABC programme, we have helped over 20,000 women access free screening. With the funds donated from the 2020 initiative, our long-standing beneficiary, the Trinidad and Tobago Cancer Society (TTCS) continued its breast cancer screening initiatives, helping persons gain access to free screening services. The youth focused project incorporated into the TTCS' programme in 2019 – No Smoking, No Vaping virtual campaign continued to educate youth on the harmful effects of smoking and vaping.

COVID-19 Community Support





The COVID-19 pandemic continues to impact communities, with increased financial strains on families and individuals. This past year, we sustained our support for communities with donations to NGOs and charities, to help them provide vital supplies and support to those who need it most during this difficult time. 26,000 persons have been assisted with food relief and other supplies since the onset of the pandemic locally.

In support of our frontline healthcare workers who have been helping the country fight the pandemic, we provided daily meals to healthcare workers at the designated COVID-19 hospitals and other health facilities during the "lockdown" period and on two occasions since when there were periods of a substantial increase in community spread. Overall, our contributions have provided 10,000 meals.

Find out more about our initiatives on tt.scotiabank.com

NOTICE OF ANNUAL MEETING

SCOTIABANK TRINIDAD AND TOBAGO LIMITED

To: Shareholders of Scotiabank Trinidad and Tobago Limited

You are invited to our 52nd Annual Meeting of Shareholders.

When: Wednesday 16th March 2022 at 10:00 a.m.

Where: Virtually with Live Stream from Scotiabank's registered address:
Scotia Centre, 56-58 Richmond Street Port of Spain, Trinidad ("Scotia Centre")

The Board of Directors has determined that in light of the Covid-19 Pandemic, for the safety and security of our shareholders, management and staff, the 52nd Annual General Meeting will be held virtually with live stream from Scotia Centre. The web link and other details for the registration and participation in the meeting can be found on our website: www.tt.scotiabank.com

Our meeting will cover:

As Ordinary Business:

Review of Financial statements – Shareholders will receive and consider the financial statements for the fiscal year ended 31st October 2021 and the Auditors' Report on those financial statements.

Election of Directors – Shareholders will elect directors to our board. Information about each nominated director, including his or her background and experience, is included in the 2021 Annual Report. All directors are elected for a term of one year.

Appointment of Auditors – Shareholders will also vote on the appointment of auditors. The Board of Directors recommends the re-appointment of KPMG.

Other business – If other items of business are properly brought before the meeting, or after any adjournment, you (or your proxyholder if you are voting by proxy) can vote as you see fit. We are not aware of any other items of business to be considered at the Annual Meeting.

BY ORDER OF THE BOARD



Kimi Rochard
Corporate Secretary
7th February 2022

Notes:

1. A Management Proxy Circular is appended to this Notice.
2. The Directors of the Company have fixed a record date of 1st February 2022 for the determination of shareholders who are entitled to receive notice of the Annual Meeting. Only shareholders on record at the close of business on 1st February 2022 are therefore entitled to receive Notice of the Annual Meeting. A list of such shareholders will be available for examination by shareholders at the Company's Registered Office during usual business hours and at the Annual Meeting.
3. Shareholders will be required to pre-register to attend the Annual Meeting during the period 7th February 2022 and 10th March 2022. Shareholders may pre-register by visiting the Company's website and clicking on the banner *Register for the 2022 Annual Meeting of Shareholders*. Shareholder information will be validated against the records of the Trinidad and Tobago Central Depository and credentials to enable participation at the meeting subsequently emailed to each registered shareholder.
4. A shareholder entitled to attend and vote at the Annual Meeting is entitled to appoint one or more proxies to attend and vote instead of him/her. A proxy need not be a shareholder. To be valid the Proxy Form must be completed and signed in accordance with the Notes on the Proxy Form and then deposited with The Registrar, The Trinidad and Tobago Central Depository Limited, 10th Floor, Nicholas Towers, 63-65 Independence Square, Port of Spain, Trinidad, or emailed to registrar@stockex.co.tt at least 48 hours before the time appointed for the Meeting.
5. A shareholder that is a body corporate may, in lieu of appointing a proxy, authorize an individual by resolution of its directors or of its governing body to represent it at the Annual Meeting.

MANAGEMENT PROXY CIRCULAR

THE COMPANIES ACT, CH. 81:01
(Section 144)

1. Name of Company:

SCOTIABANK TRINIDAD AND TOBAGO LIMITED **Company No.:** S. 7610 (95) A

2. Particulars of Meeting:

Fifty-second Annual Meeting of the Shareholders of the Company to be held on Wednesday 16th March 2022, at 10:00 a.m. The meeting will be held virtually with live stream from Scotiabank's registered address: Scotia Centre, 56-58 Richmond Street Port of Spain, Trinidad

3. Solicitation:

It is intended to vote the Proxy hereby solicited by the Management of the Company (unless the Shareholder directs otherwise) in favour of all resolutions specified in the Proxy Form sent to the Shareholders with this Circular; and, in the absence of a specific direction, in the discretion of the Proxy-holder in respect of any other resolution.

4. Any Director's statement submitted pursuant to Section 76(2):

No statement has been received from any Director pursuant to Section 76(2) of the Companies Act, Ch. 81:01.

5. Any Auditor's proposal submitted pursuant to Section 171(1):

No statement has been received from the Auditors of the Company pursuant to Section 171(1) of the Companies Act, Ch. 81:01.

6. Any Shareholder's proposal submitted pursuant to Sections 116(a) and 117(2):

No proposal has been received from any Shareholder pursuant to Sections 116(a) and 117(2) of the Companies Act, Ch. 81:01.

Date	Name and Title	Signature
7th February 2022	Kimi Rochard Corporate Secretary	

FORM OF PROXY

REPUBLIC OF TRINIDAD AND TOBAGO

THE COMPANIES ACT, CH. 81:01
(Section 143(1))

FORM OF PROXY

1. **Name of Company:**

   SCOTIABANK TRINIDAD AND TOBAGO LIMITED **Company No.:** S. 7610 (95) A

2. **Particulars of Meeting:**

   Fifty-second Annual Meeting of Shareholders to be held virtually and streamed live from Scotia Centre, 56-58 Richmond Street Port of Spain, Trinidad on Wednesday 16th March 2022, at 10.00 a.m.

I/We .....

(Block Letters Please)

Of .....

(Address)

Shareholder(s) in the above Company, appoint the Chairman of the Meeting, or (see Note 1 overleaf)

failing him, ...of.....

to be my/our proxy to vote for me/us and on my/our behalf at the above Meeting and any adjournment thereof in the same manner, to the same extent and with the same powers as if I/we were present at the said Meeting or such adjournment or adjournments thereof, and in respect of the resolutions below to vote in accordance with my/our instructions below.

Dated this.....day of ....., 2022.

.....

(Signature(s) of Member(s))

(Please indicate with an "X" in the spaces overleaf your instructions on how you wish your votes to be cast. Unless otherwise instructed, the proxy may vote or abstain from voting as he/she thinks fit.)

Please consider the **Notes 1 to 7** overleaf to complete and deposit this Proxy Form.

ORDINARY BUSINESS		FOR	AGAINST
RESOLUTION 1	THAT the following persons shall each be elected a Director of the Company for the term from the date of his or her election until the close of the first Annual Meeting of the Company following election, subject always to earlier termination under the By-Law of the Company:		
	PLEASE VOTE NOW BY CHECKING EITHER THE BOX "FOR" OR THE BOX "AGAINST" FOR EACH INDIVIDUAL DIRECTOR.		
	1. Mr. Derek Hudson	1.	
	2. Ms. Gayle Pazos	2.	
	3. Ms. Anya Schnoor	3.	
	4. Mrs. Wendy-Fae Thompson	4.	
	5. Mr. Steve Ragobar	5.	
	6. Mrs. Lisa Mackenzie	6.	
	7. Mr. Alan Fitzwilliam	7.	
	8. Mrs. Roxane De Freitas	8.	
	9. Mr. David Thomas	9.	
	10. Mr. John Hadad	10.	
	11. Mrs. Camille Chatoor	11.	
	12. Ms. Anique Asher	12.	
RESOLUTION 2	BE IT RESOLVED: THAT KPMG be reappointed as auditors of the Company.		

Notes:

1. A Shareholder may appoint a proxy of his/her own choice. If such an appointment is made, delete the words "the Chairman of the Meeting" from the Proxy Form and insert the name and address of the person appointed proxy in the space provided and initial the alteration.
2. If the appointer is a corporation, this Proxy Form must be under its common seal or under the hand of some officer or attorney duly authorized in that behalf.
3. The Directors of the Company have fixed a record date of 1st February 2022 for the determination of shareholders who are entitled to receive notice of the Annual Meeting. Only shareholders on record at the close of business on 1st February 2022 are therefore entitled to receive Notice of the Annual Meeting. A list of such shareholders will be available for examination by shareholders at the Company's Registered Office during usual business hours and at the Annual Meeting.
4. A Shareholder that is a body corporate may, in lieu of appointing a proxy authorize an individual by resolution of its directors or of its governing body to represent it at the Annual Meeting.
5. In the case of joint Shareholders, the names of all joint Shareholders must be stated on the Proxy Form and all joint Shareholders must sign the Proxy Form.
6. If the Proxy Form is returned without any indication as to how the person appointed proxy shall vote, the proxy will exercise his/her discretion as to how he/she votes or whether he/she abstains from voting.
7. To be valid, this Proxy Form must be completed and deposited at the office of The Registrar, The Trinidad and Tobago Central Depository Limited, at the address below or sent by email to registrar@stockex.co.tt not less than 48 hours before the time for holding the Annual Meeting or adjourned Meeting.

Return to:

registrar@stockex.co.tt

or

The Registrar
The Trinidad and Tobago Central Depository Limited
10th Floor, Nicholas Towers,
63-65 Independence Square,
Port of Spain,
Trinidad, West Indies.

Our Purpose

Our core purpose, *for every future*, considers our many stakeholders including employees, customers, communities and shareholders. We are focused on building trust and opportunity for all stakeholders through our many environmental, social and governance initiatives.

We are serving customers and driving growth through our commitment to three pillars:

CUSTOMER FIRST
By putting our customers first, we're helping them be better off today and tomorrow.

WINNING TEAM
A purpose-driven team, committed to results in an inclusive and high-performance culture.

LEAD IN THE AMERICAS
Focused on six core markets and supported by leading expertise allows us to prioritize our investment for long-term growth.

OUR PURPOSE
Why we exist;
the impact we make

OUR MISSION
What we aspire to be

CORE PILLARS
How we do it

OUR VALUES
What guides
our behaviours



62 – SCOTIA (627 – 2684)
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www.tt.scotiabank.com

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