

2022 ANNUAL REPORT

TRINIDAD AND TOBAGO LIMITED

Scotiabank

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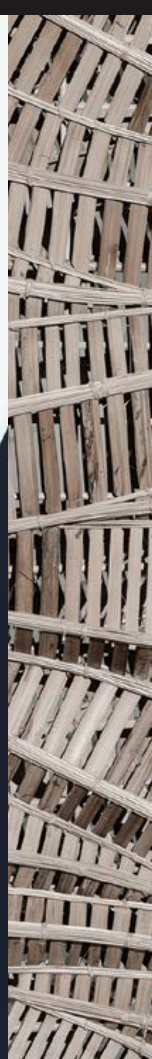
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SCOTIABANK HAS BEEN A PART OF TRINIDAD AND TOBAGO FOR 69 YEARS

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.

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

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

CONSOLIDATED FINANCIAL HIGHLIGHTS

October 31, 2022 ($ thousands, except per share data)

	2022	2021
Total Assets	**28,057,979**	27,171,092
Deposits	**20,891,772**	20,241,852
Net Loans to Customers	**17,308,959**	15,729,895
Income Before Taxation	**1,050,559**	919,704
Net Income Attributable to Equity Holders	**683,749**	603,525
Number of Shares Outstanding	**176,343,750**	176,343,750
Number of Shareholders	**7,607**	7,607
Market Value Per Share	**$77.80**	$62.50
Net Book Value Per Share	**$24.54**	$24.07

WHY INVEST IN SCOTIABANK?

- Diversified by business lines providing sustainable and growing earnings
- Generated a high level of earnings and maintained a strong dividend payout ratio
- Strong risk management culture
- Focused on digitization to strengthen customer experience and improve efficiency
- Strong balance sheet with prudent capital and liquidity positions

	2022	5 YEAR AVERAGE (2018-2022)
RETURN ON EQUITY (ROE):	16.0%	15.1%
RETURN ON ASSETS (ROA):	2.5%	2.4%
OPERATING EFFICIENCY:	38.9%	40.7%
DIVIDEND PAYOUT RATIO:	85.1%	85.1%
CAPITAL POSITION: →	Strong	Strong

2022 EARNINGS PER SHARE (EPS):

387.7

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



Derek Hudson
Chairman,
Scotiabank Trinidad
and Tobago Limited

Dear Shareholders,

Over the last 3 years, we have been steering our way through the COVID 19 health crisis and most recently the additional uncertainty surrounding geopolitical events and global inflationary challenges.

It gives me great pleasure to report that, despite these challenges, Scotiabank Trinidad and Tobago Limited ("the Bank") has recorded its highest ever historical Net Profit after tax of $684 million in 2022. Our strong performance was driven by significant growth in all core business lines coupled with sound expense management, such as our digital infrastructure transformation and other operational efficiencies.

This performance is a reflection of Management's continued focus on the long-term strategic priorities of the Bank. We have continued to invest in our people, products, processes, and technology, with the primary objective of creating a better banking experience for our customers and a safe, convenient, and efficient way to bank. This has led us to winning the Best Digital Bank of year award by Global Finance for the second consecutive year.

Digital investments also allowed us to deliver on several cost efficiencies, further improving our productivity ratio to historic lows of 39%. We have consistently led the local industry on productivity metrics and will continue to improve as we advance our digital enhancements.

INTEGRITY & SOUND GOVERNANCE

Your Board and Management are committed to maintaining sound governance and integrity standards to balance and protect the long-term interests of our stakeholders, including shareholders, customers, employees and the communities in which we operate. The Bank's Corporate Governance Policies are designed to ensure the independence of the Board as well as the ability to effectively supervise management's day to day running of the Bank.

Currently, 9 of the Bank's 12 directors are independent with all Board at 58% female representation. We continue to strive to ensure that we have diversity through gender, age, professional experience and geographical background.

The commitment to maintaining a compliant environment is at the heart of our Governance framework. The Bank's long-term stability and prosperity can only be achieved if we operate in a manner designed to protect against the various non-financial risks we face, such as money laundering and cyber security. We continue to invest heavily in technology and processes designed to protect the Bank and our customers. Our Board plays an active role in ensuring that we are meeting objectives related to these risks.

The Bank is committed to the highest standards of ethical business behaviour. The Board has adopted the Scotiabank Code of Conduct which applies to all employees of the Bank and its subsidiaries, as well as its directors. The Corporate Governance Policy is available on our website and provides details on how the Board has adopted appropriate charters, codes and practices and established a number of Committees to effectively govern the Company.

OPERATING ENVIRONMENT

The IMF October 2022 World Economic Report shows several challenges impacting the global economy including the highest level of inflation seen in several decades; as well as several geopolitical events that have contributed to supply side disruptions. Global economic growth is forecast to slow to 3.2% in 2022 and 2.7% in 2023 with inflation remaining stubbornly high at 8.8% in 2022 and 6.5% for 2023.

In response to the rising inflation rates, several nations around the world are rolling out sweeping monetary and fiscal policy changes to curb the impact, notably increasing base interest rates to levels not seen in over a decade. It remains to be seen if the increases in interest rates will be enough to stem the flow of rising inflation without having significant impact on economic growth in 2023 and beyond.

Although benefitting from the increase in global energy commodity prices in 2022, Trinidad and Tobago has also been negatively impacted from rising inflation and supply chain issues, that have resulted in increased cost of living and higher inflation from 3.5% in 2021 to 6.5% in 2022 with a projection of 3.8% in 2023. Gross Domestic Product is forecasted to grow by 4% during 2022 and 3.5% in 2023, driven mainly by the expectation of continued elevated commodity prices as well as some growth in the non-energy sector. Over the last few years, it is absolutely clear that the future is difficult to predict. To continue progressing in these uncertain economic times, organisations must remain adaptable and be able to pivot to innovative strategies to continue to generate the levels of profitability the Bank has generated over the last three years.

LOOKING AHEAD

We remain optimistic on the prospects for the Bank, notwithstanding the continued uncertainty that exists. We have a strong capital base that will allow us to successfully navigate any unforeseen shocks that may arise.

The Bank's strategy of continuously seeking to improve the customer experience through digital innovation, advice and process improvements will serve us in good stead as we work to consistently generate long term profitability and sustainable operations.

I would like to thank my colleagues on the Board for their relentless commitment in supporting the Bank's strategic direction. On behalf of the Board, I would like to thank our valued shareholders and customers for their continued trust and support. While we may encounter unplanned challenges, we are confident that together we shall create sustainable long-term value for all.

Finally, I would like to thank the Managing Director, her Senior leadership team and all Scotiabank employees for their dedication and drive to bring us to this point in our strategic journey. Despite the challenges that have been encountered, the Scotiabank Team has always risen and remained focused on driving performance and delivering stellar customer service. I look forward to continued success in 2023 and beyond.



Derek Hudson
Chairman



Dear Shareholders,

I am pleased to report another strong performance for the Group, demonstrating the success of our business model and long-term strategies. We have had outstanding performances across all major business segments despite continuing headwinds on the global and domestic front, most notably high inflation and supply chain challenges.

Our focus on digital transformation and infrastructure continues to hold us in good stead, delivering a better customer experience by providing safe, reliable and efficient options to transact and interact with us. We are extremely proud of the recognitions received this year. **Best Bank and Best Digital Bank in Trinidad and Tobago by Global Finance, for the second consecutive year, Bank of the Year in Trinidad and Tobago, by Latin Finance and Bank of the Year in Trinidad and Tobago, by the Banker.**

Our team is committed not only to our financial performance, but also to our Environmental and Social Governance responsibility. We have been recognised by the **SEAL (Sustainability, Environmental Achievement and Leadership)** for our innovation and commitment to sustainable business practices for our paperless initiatives.

All of our accomplishments this year were made possible by our strong and energized team. We continue to strive to create a unique and diverse employee culture because we understand that our employees are integral to our future. This year, we ranked **12th in the list of World's Best Workplaces** by the Great Place to Work Institute®. Together with our regional peers, we have been awarded the prestigious **Brandon Hall Gold Award for Best Advance in Employee Engagement**. This award highlights the strength of our core values, our focus on building strong internal connections, promoting diversity, equity and inclusion, allyship and coaching and development.

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

FINANCIAL HIGHLIGHTS OF THE SCOTIABANK GROUP'S PERFORMANCE

The Group realised Income after Tax of $684 million, an increase of $80 million or 13% over the prior year. This has been an outstanding year, with all our core business lines contributing to this achievement.

Net Interest Income increased by $27 million or 2%, showing growth for the first time in 3 years driven by an increase in loan volumes. Together with improved Core Banking, other income driven by an increase in banking activity and consumer demand, Total Revenue increased to $1,898 million.

Non-Interest Expenses increased by $35 million or 5% due to higher volume related activity costs associated with our higher customer activity for the year.

These cost increases were partially offset by management's continued focus on operational cost efficiencies throughout the organisation. Amidst rising inflation, our productivity improved from 41% in 2021 to 39% in 2022. We will continue to optimize our processes and digital platforms to ensure that we continue to lead the market in this metric.

Credit quality remained sound with all key metrics showing improvement over the prior year. While Net impairment losses on financial assets increased marginally to $110 million, our ratio of non-performing loans as a percentage of gross loans improved from 2.29% in 2021 to 1.98% in 2022, our strongest position since 2015.

Our Balance Sheet continues to remain strong and resilient, with Total Assets of $28.1 billion, an increase of $900 million or 3%. Loans to Customers, the Bank's largest interest earning asset, increased by $1.6 billion or 10% compared to prior year. This is the second time in the last 15 years we have achieved over $1.5 billion in growth, supported by growth in both our retail and commercial segments, improving our total Loans Market share, from 21% in 2021 to 22% in 2022.

The Group continues to hold a strong capital adequacy position of 17.6%, well above the 10% minimum regulatory requirement, demonstrating our ability to withstand economic shocks.

I am also pleased to highlight the dividends paid to our shareholders of 330 cents per share, the second highest dividend payout in the Bank's history and demonstrating our commitment to provide above average returns to our shareholders.

KEY BUSINESS SEGMENTS HIGHLIGHTS

After two years of negative COVID impact, we have seen a very strong rebound in our **Retail Banking** segment, with net loan growth of $973MM (9%) in fiscal 2022, the second largest level of retail growth in the last fifteen years, growing Loans Market share from 32.7% to 33.9% in 2022.

We continue to focus on our digital infrastructure, with numerous enhancements made during the year to our Mobile App and Online Banking. During 2022, we added new features to the Scotia Caribbean App and Scotia Online Banking platform, including ability to update personal data without having to visit a branch; ability to view and download annual loan statements and adding the dark mode option to the App.

As at year end, approximately 71% of customers have enrolled in our digital platforms with digital transactions increasing by over 1 million transactions or 34% over the prior year. Over 96% of all transactions are conducted through our banking and online platforms without direct intervention from our front line staff.

As we strive to deliver superior customer service, actively listening and receiving customer feedback is an integral tool that we utilize in our day to day activities. Across all channels, we have sent out over 110,000 surveys and have directly interacted with approximately 9,000 customers. Our focus on improving the customer experience has resulted in our Bank achieving significant improvements in internal customer satisfaction scores that ultimately translates into increased customer loyalty and patronage.

Our **Corporate and Commercial Banking** segment had a great year, with loan growth of $808 million or 16%, only the second time in the last 14 years to have exceeded $800 million net growth. Total Commercial Market share increased from 10.8% to 11.2% when compared to the same period last year. We continue to focus on our Cash Management Service platform which has greatly assisted in accelerating our digital migration efforts, significantly reducing cheque processing and manual wire transfers and attendant risks. In October 2022, we re-launched our e-commerce platform -Scotia eCom+ which enables merchants to easily accept credit and debit card online payments by linking customers' website pages to our secured payment platform. This will facilitate real time payment authorization and is fully customizable and compatible with all mobile devices.

Our **Insurance** segment had another good year, with Income After Tax of $102 million. Despite the challenges facing the industry SLTT's policyholders' liabilities continue to grow, with an increase of 6% demonstrating our customer's confidence in our long term value. Core insurance revenue increased by 33%, underpinned by higher gross premium revenue of $453 million, our best performance since 2017. In line with the Group's digital strategy, SLTT launched 3 new products: Scotia Legacy, Scotia Platinum and Scotia Elevate. These products add more features to our overall portfolio and are aimed towards adding greater flexibility to our customers on their specific insurance needs.

Our **Wealth** segment had a successful year with growth of Net Income After Tax of 53% after the redomiciling of two TTD mutual funds in prior year. Assets Under Management increased to $4 billion for the first time during the year, with the Short-Term Income Fund performing above expectations with growth of $261 million in just over a year since launched in late 2021. This product has complemented our varied product suite by providing customers with another alternative to place funds in this challenging investment climate.

ENVIRONMENTAL, SOCIAL, GOVERNANCE

With our purpose as our guide – *for every future* – Scotiabank forms an important part of the social and economic fabric of the places in which we operate. Our Environmental, Social and Governance (ESG) strategy is supported by four pillars: Environmental Action, Social Impact, Inclusive Society and Leadership & Governance. This past year, ESG has been one of our key areas of focus specifically in developing, implementing, and investing in initiatives across the four pillars to maximize our positive impact.

Not only have we made progress in reducing the environmental impact of our operations through reducing paper consumption and energy consumption, in 2022 we also introduced Electric Vehicle (EV) Financing for established brands, further demonstrating our support towards renewable and clean energy. Climate-related risks are also factored into financial metrics for transactions through ongoing Risk/Lending policy reviews.

Through our Scotiabank Foundation we continue to make meaningful community investments. In 2022 these investments benefitted 27,458 individuals, and 17,075 youth working through 84 charities, schools and community groups. We remain committed to helping young people discover their full potential, and this past year we forged new, sustainable partnerships that help bolster education and employment opportunities for young people, including those with disabilities.

We also continue to invest in our employees - our most valuable asset, through the introduction of enhanced and inclusive benefits and training. Our winning team operates on a common set of inclusive values and supports a high-performance culture where employees can contribute and feel respected, safe and welcome. Our inclusive practices also extend to or customer focus. After a successful pilot in 2021, employees continue to participate in Sign Language Training to enable them to provide an inclusive customer experience.

Integrity, transparency and accountability are vital to Scotiabank's success. We seek out best practices, embed a robust risk culture and encourage the ethical standards and conduct. Our principled approach to corporate governance is the foundation that instills trust, protects the interests of shareholders, and maintains the confidence of our employees, customers and communities.

Please read more about our ESG initiatives on page 116 in this Report.

LOOKING AHEAD WITH CONFIDENCE

Coming out of the pandemic, The Group has once again proven its resilience and adaptiveness towards challenges. We continue to evolve along with the needs of our customers and are pleased that the continued investment in our digital infrastructure provides an enhanced customer experience as well as sustainable operations.

Our performance in 2022 demonstrated that we have been able to grow in a safe and prudent manner, while providing our shareholders with strong, sustainable returns and we continue to believe in the future of Trinidad and Tobago and remain committed to working with our clients to make them better off.

In closing, I would like to thank each and every customer for their business and just as importantly – for their trust, we remain committed to working with our customers to make them financially better off. I would also like to thank our Scotiabankers for not only for their commitment and hard work but also the passion they bring to the job, building an even better bank every day. I am proud of our team and confident in the Bank's future.



Gayle M. Pazos
Senior Vice President and Managing Director

A Year of Awards

Throughout 2022, Scotiabank Trinidad and Tobago has gained substantial international recognition. Here is a summary of all the accolades we have received.

March 2022

- Best Bank 2022 (Global Finance)

April 2022

- Best Workplaces™ in the Caribbean (Great Place to Work™)
- Best Workplaces™ – Multinationals in the Caribbean and Latin America (Great Place to Work™)

August 2022

- Best Digital Consumer Bank (Global Finance)
- Brandon Hall Gold Award for Best Advance in Employee Engagement

November 2022

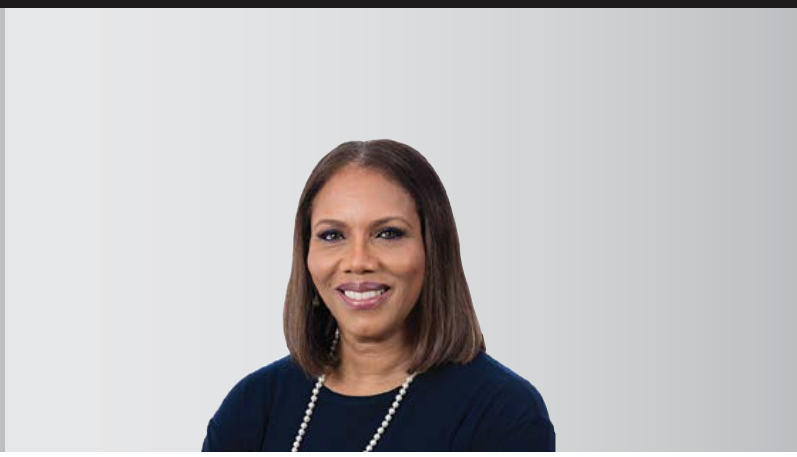
- Bank of the Year (Latin Finance)

December 2022

- Bank of the Year (The Banker)



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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 continues to participate in all of the Board's sub-committees. He held the role of Deputy Chairman 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 90'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 32 year's post-qualification experience. She is currently the Assistant General Counsel Oil and Gas Americas with oversight of the Gas Regions in the Americas including Trinidad and Tobago and she is also the US General Counsel for BP America Inc. 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 serves as a Director on the Board of United Way Trinidad and Tobago.
- 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. 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 (F.C.C.A.) 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 the Chairman of ScotiaLife Trinidad and Tobago Limited.

Committee Member:

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

6. 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 44 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

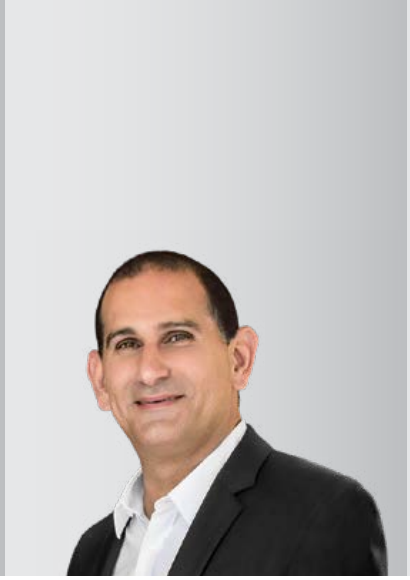
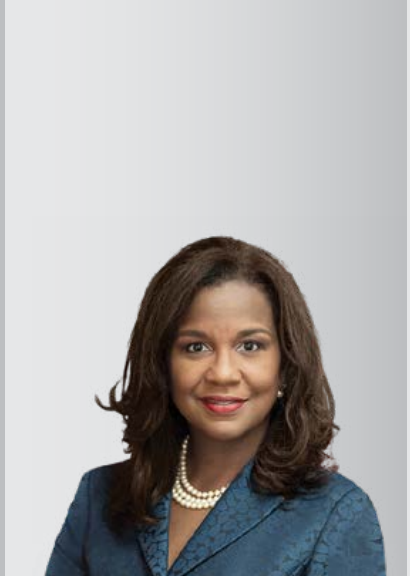
7. David Thomas

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 possesses 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.
- Most recently, he sits on an Advisory Panel of private industry participants advising the Government of Bahamas on their Sovereign Debt. He was also appointed to the Scotiabank (Bahamas) Limited Board and chair the Risk Committee of that Board.
- He completed the ICD.D Directors program in June 2019 through the Rotman School of Business at the University of Toronto.

Committee Member:

Enterprise and Credit Risk Management Committee (Chairperson)


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8. Alan Fitzwilliam

Managing Director, Fitz Investments Ltd

- Alan Fitzwilliam was appointed to the Board of Directors in December 2015 and recently retired as Managing Director/ CEO of FT Farfan Limited and an Executive of the wider AS Bryden Group. He is currently the Managing Director of Fitz Investments Ltd and Chairman of Scotia Investments Trinidad & Tobago Limited.
- 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 and holds a B.A. in Finance from the University of Western Ontario, London, Ontario, Canada.

Committee Member:

Corporate Governance and Human Resources Advisory Committee

9. John Hadad

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

- John Hadad was appointed to the 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

10. Camille Chatoor

General Manager, Caribbean Bottlers Trinidad and Tobago Limited

- Camille Chatoor was appointed to the 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 and was inducted into their Hall of Fame for her athletic contribution to the school.

Committee Member:

Audit and Conduct Review Committee

11. 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, as well as finance support for Corporate Functions.
- 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.

Committee Member:

Audit and Conduct Review Committee

THANK YOU,

Roxane.



After 13 years of dedicated service, Roxane De Freitas retires as a member of the Board of Directors of Scotiabank Trinidad and Tobago Limited.

Roxane has brought commercial expertise from across a multi-national footprint to the Board table, and has been an integral part of the Bank's growth and development over the years. She contributed significantly to the many milestone achievements of the Bank, helping create superior value for our shareholders, customers and employees.

The Board of Directors, Management and Staff of the Bank wish to extend our sincere gratitude to Roxane for her contributions and wish her continued success in all her endeavours.

Though the Bank bids farewell to Roxane, we are pleased that she continues in her role as Chairperson of the Scotiabank Trinidad and Tobago Foundation. Roxane is quite passionate about the Bank's social investments and her contributions continue to add significant value to the many lives we impact across Trinidad and Tobago.

Once again, thank you, Roxane.



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1. Gayle Pazos

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

- See full bio on page 11

2. 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.

3. 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

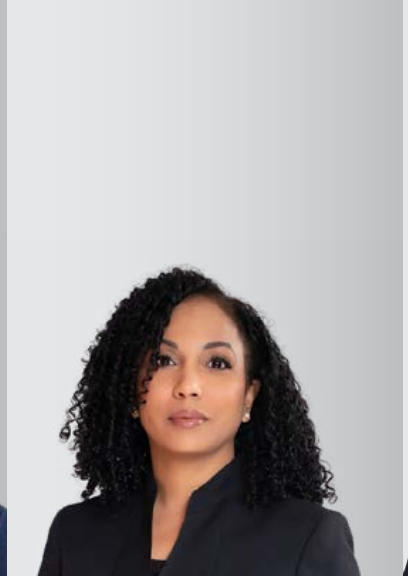
- Karen Abraham was appointed Vice President & Chief Risk Officer, Caribbean South & East, effective October 28, 2019.
- She joined Scotiabank in 2005 and has held progressively senior roles within Corporate & Commercial Banking and Risk Management. In her previous role as Director, Credit Risk, Karen 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 was appointed General Manager, Corporate and Commercial Banking, effective February 1, 2022.
- In this role, Randal is 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

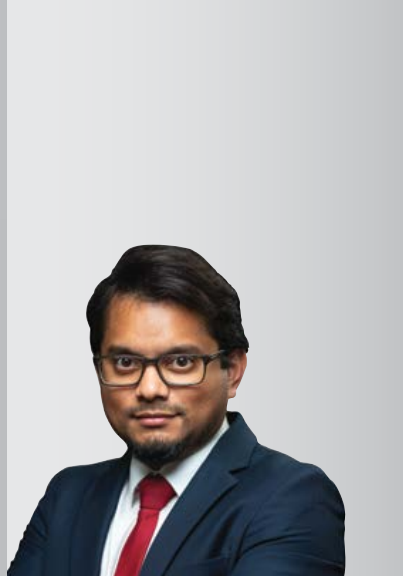
- Kimi is an attorney-at-law with 21 year's post-qualification experience who has practised in Trinidad and Tobago, as well as England and Wales.
- She has practised in both the public and private sectors and joined Scotiabank Trinidad and Tobago in 2014.
- Kimi attended the University of the West Indies 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. Colin Hosein

Chief Auditor

- Colin Hosein was appointed to the position of Chief Auditor effective February 28, 2022.
- Having joined Scotiabank in 1994, Colin possesses over 25 years' experience in branch operations, lending services, loan adjudication and collection recoveries. In his most recent role as Director, Collections, Colin was responsible for managing the Bank's non-performing retail and small business portfolios for the English Caribbean region.
- Colin holds a B.Sc and M.Sc in Social Sciences from the University of the West Indies, St. Augustine and an International M.B.A (with distinction) from the Arthur Lok Jack Graduate School of Business.



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9. Jarod Perryman, MBA, CIM, MFA

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

- Jarod has been in the banking and insurance industry for the past 27 years holding positions of increasing responsibility over that period. He joined Scotiabank Trinidad & Tobago Limited 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, strategic planning and risk management.
- Jarod was appointed as the Managing Director of the Life Insurance Company in December 2020. He also holds the position of Director, Wealth. In this role he is able to bring Insurance and Investment distribution closer together.
- Jarod holds a Master's Degree in Strategic Planning from the Edinburgh Business School, a Post Graduate diploma in Marketing from the Chartered Institute of Marketing in the U.K. and a Master Financial Advisor designation from the Life Insurance Marketing and Research Association.

10. Sasha Noel

Director, Compliance

- Sasha joined Scotiabank in 2003, commencing her career in the Branch network. A former Employee of the Year, she is a highly driven professional and has over the past decade taken on more responsibility within the organization moving progressively in various roles within Information Technology to AML/ATF/Sanctions, Privacy, Digital and IT Compliance and Regulatory Compliance.
- In her current role as Director Compliance, Sasha is responsible for leading and managing Compliance risks for multiple territories, providing 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 Master of Business Administration from Australian Institute of Business. She is also a Certified Anti-Money Laundering Specialist (CAMS).

11. Dale Khan

Group Treasurer

- Dale has held the position of Group Treasurer over the last 6 years, and he is responsible for the management of the Bank's Treasury and Foreign Exchange (FX) function across the Caribbean South and East footprint.
- Dale possesses over 19 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 is a Chartered Accountant with over 15 years of experience in the financial services industry. He is a fellow of the Association of Chartered Certified Accountants (ACCA) and a member of the Institute of Chartered Accountants of Trinidad and Tobago (ICATT).
- A former Auditor at PricewaterhouseCoopers, Trinidad and Tobago, Sameer joined Scotiabank in 2011 and has held progressively senior roles within the financial and regulatory reporting functions of the Group.

CORPORATE GOVERNANCE



CORPORATE GOVERNANCE OVERVIEW



Scotiabank Trinidad and Tobago Limited ("Scotiabank" or "Bank") is pleased to present this Corporate Governance overview for fiscal year 2022. In this overview, we aim to explain how governance works at Scotiabank, including how we ensure that the Bank and its Board remain at the forefront of corporate governance best practice. We also review, for the benefit of all of our stakeholders, our expectations of our Board, and how we formulate our strategic priorities, taking into account our stakeholder obligations.

WHAT IS CORPORATE GOVERNANCE

Corporate Governance is a collective term which refers to the system by which companies are directed and controlled. To speak of corporate governance at the Bank is to have a discourse on processes, policies and mechanisms designed to ensure that the Bank's decisions are made fairly, transparently, and justifiably in the eyes of our stakeholders, whose interests we balance. Our stakeholders include our present, and future shareholders, investors, customers, employees, suppliers, the communities in which we operate, and our natural environment.

Good governance is a major priority for the Bank. Maintaining a sound and robust corporate governance framework is the primary mechanism by which we demonstrate our commitment to maintaining stakeholder trust and confidence. We understand that the sustainability of this organization depends in large part on our ability to maintain that confidence. We do so by delivering on our promise to govern our Bank with integrity and transparency.

OUR GOVERNANCE LANDSCAPE

Scotiabank is a publicly listed financial institution. We are therefore bound, in our day-to-day operations, by the rules, regulations and guidelines of the Central Bank of Trinidad and Tobago ("Central Bank"), the Trinidad and Tobago Securities and Exchange Commission and the Trinidad and Tobago Stock Exchange. Through our robust compliance framework, which includes consistent monitoring and testing against our statutory obligations, we seek to ensure that we are always operating in line with our regulatory obligations. We are transparent with our regulators, and work in collaboration with them to maintain a safe and secure financial system in Trinidad and Tobago.

We adhere to principles of international best practice as regards corporate governance. We observe the prescriptions of the Central Bank's Corporate Governance Guideline, and we are also guided by the Trinidad and Tobago Corporate Governance Code, the principles of which we espouse.

The Bank has a robust overarching Corporate Governance Policy, which is reviewed by the Board annually. Our suite of governance policies also includes a Board Mandate setting out the Board's accountabilities. To ensure the obligations are not overlooked, on an annual basis, Management completes an assessment of the Board's activities against this Mandate, and reports its findings to the Board.

To ensure there is consistency in governance practices within the Scotiabank Global entities, the Board also adopts a Subsidiary Governance Policy, which sets out a framework by which each subsidiary works with our global Corporate Governance Office.

Each Board Member, as well as our Chair, are guided by position descriptions, which are reviewed from time to time to ensure that expectations are current, relevant and reflective of best practice.

OUR BOARD OF DIRECTORS

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

According to the articles of the Bank the number of directors shall comprise no less than three and no more than twenty individuals. By-Law No. 1 of the Bank further provides that until such time as a new number shall have been fixed by resolution of directors, the number of directors shall be twelve. At the end of fiscal 2022, the Board comprised twelve members, nine of whom 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 - the Audit and Conduct Review Committee, the Corporate Governance and Human Resources Advisory Committee and the Enterprise and Credit Risk Committee. More information on the work of each Committee is set out in this report below.

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 be at the core of our Directors' actions.

Adhering to our governance policies and framework ensures that the Board remains aligned with corporate governance best practice and complies with all applicable laws, rules, regulations and guidelines.

The Board consistently reviews its corporate governance practices. That review encompasses the following:

- An annual self-assessment exercise to reflect on its own effectiveness and to determine where its strengths, or areas for development lie. These assessments are supplemented by periodic in camera discussions between the Chair of the Board, the Chair of the Corporate Governance and Human Resources Advisory Committee, and each individual Board Member.
- The Board maintains a skills matrix, which documents Members' core competencies, areas of expertise, education and global exposure. The Board reviews the cross-section of skills and competencies on an ongoing basis against the Bank's strategic direction, the competitive landscape, and the regulatory environment, to ensure that there is collective suitability of the Board, i.e. that all of the right abilities, acumen, experiences and exposure are present at the Board table. This skills matrix is actively employed by the Board in its succession planning. The skills matrix is a key tool employed by the Board as it assesses the Bank's future needs.
- The Board reviews the marketplace, international trends, emerging risks and best practice and agrees a director education framework and training schedule annually. Among other training completed over the course of fiscal 2022, the Board participated in Corporate Governance training at the Regional and Local Group level. These sessions incorporated international trends, diversity and inclusion, director fiduciary obligations, and environmental social and governance principles.

Our Directors are guided by a Code of Conduct Policy, and annually, each complete an attestation agreeing to abide by the Scotiabank Code of Conduct. In so doing, our directors commit to the following six principles:

- Following the law wherever the Bank does business;
- Avoiding putting themselves or the Bank in a conflict of interest position;
- Conducting themselves with honesty and with integrity;
- Respecting confidentiality, and protecting the integrity and security of assets, communications, information and transactions;
- Treating everyone fairly, equitably and professionally, and
- Honouring our commitments to the communities in which we operate.

THE BOARD'S CORE STRATEGIC PRIORITIES

The Board reviews the Bank's key strategic pillars and consistently challenges Management to ensure that they are equipped to help the Bank deliver on its performance targets.

The Board participates in a Strategic Planning meeting every year, and at the commencement of each fiscal year, approves a profit plan. Quarterly, the Board analyses the Bank's financial results against projections.

As part of the Board's accountabilities, Directors are charged with overseeing the implementation of the Bank's overall risk strategy, including the Bank's risk appetite framework. The Board must also oversee the promotion and maintenance of a sound risk-aware culture and risk-driven values, and ensure that processes are in place to identify financial and non-financial risks. To this end the Board will review and approve significant risk management policies and/or frameworks and ensure implementation of appropriate processes by Management to manage applicable risks.

Apart from ensuring that risk policies are in place, the Board will challenge Management to ensure that policies are properly anchored and implemented, and that risk exposures are monitored and rigorously tested. Part of that risk management function also includes ensuring that key policies are in place to deal with funding management, liquidity management and capital management and ensuring the Bank is able to operate seamlessly in times of business disruption.

SUBSIDIARY GOVERNANCE

Our Directors also sit on the boards of our subsidiary companies, Scotia Investments Trinidad and Tobago Limited and ScotiaLife Trinidad and Tobago Limited. That notwithstanding, each company is guided by its own Corporate Governance Policy and decisions at the Board table are independently made at all times.

APPOINTMENT, TERM, ELECTION & RETIREMENT OF DIRECTORS

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

As part of their forward planning and skills matrix review, the Board is always cognizant of upcoming term limits and, consequently, areas in which skills gaps may exist in the short to medium term. In some cases, the Corporate Governance and Human Resources and 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 consult with the Global Corporate Governance Office, deliberate on the matter, and recommend the period it considers appropriate for a Director's term to be extended for the Board's approval.

OUR BOARD COMMITTEES

All Committees are chaired by, and consist of a majority of independent directors. The Committees are each guided by a charter, which sets out accountabilities of the Committee, the desired composition of Members and the required formalities for the holding of meetings and the recording of decisions and actions.

The three standing Board committees are as follows:

THE AUDIT AND CONDUCT REVIEW COMMITTEE

This Committee assists the Board in fulfilling its audit responsibilities by monitoring the integrity of the Bank's consolidated and quarterly financial statements, ensuring that the Bank is compliant with legal and regulatory requirements and reviewing the Bank's system of internal controls.

This Committee oversees the integrity of the Bank's internal and external audit function. The Bank's Chief Auditor performs an independent control function, and has a direct reporting line to this Committee. As such, the Committee oversees performance assessment, assesses function effectiveness, and determines total compensation for this function.

This Committee also reviews the external auditor's qualifications and independence, and recommends the appointment (or reappointment) of the Chief Auditor annually.

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 ratification by the Bank's Board of Directors.

THE ENTERPRISE AND CREDIT RISK MANAGEMENT COMMITTEE

This Committee is responsible for the review of the Bank's risk profile against its risk appetite and must ensure that adequate policies and processes are in place to monitor and to manage the risks to which the Bank is exposed. This Committee oversees the administration of the Bank's credit portfolio.

Similar to the Chief Auditor, the Bank's Chief Risk Officer performs an independent control function. That Officer has a direct reporting line to this Committee, and so the Committee oversees performance assessment, assesses function effectiveness, and determines total compensation for this function.

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 monitors the Bank's senior level organization structure reviews senior management succession framework, which includes monitoring the development of individuals for key positions, overseeing their respective developmental plans, and assessing Management's performance.

The Committee sets appropriate performance standards for the Managing Director and Officers and additionally, with the input of the Enterprise and Credit Risk Committee and Audit and Conduct Review Committee, as appropriate, assesses the performance of the Managing Director and Officers against those targets.

This Committee also oversees the institution's approach to compensation, including the general criteria and design of the Bank's incentive programs and monitors and reviews executive compensation.

This Committee is also charged with overseeing director succession and leads the Board in its review and recommendation of prospective directors. This Committee ensures that new directors complete a robust and comprehensive orientation, and existing directors participate in ongoing director education.

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. The last review of the remuneration cap took place in 2020, when shareholders determined a cap of $4MM. Aggregate Director remuneration for fiscal 2022 is set out in the consolidated financial statements contained in this publication.

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. In our Directors' Report to shareholdings a breakdown of director share ownership is included.

OUR ENVIRONMENTAL, SOCIAL AND GOVERNANCE AGENDA

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 2022, the Bank's approach to ESG focused on four pillars – Environmental Action, Social Impact Initiatives, Building an Inclusive Society, and Leadership and Governance. A number of the Bank's Environmental Social and Governance initiatives are carried out under the guidance of a designated Employee Resource Group. Additionally, our commitment to ESG is reflected in our risk policies (including our credit risk policies), our funding initiatives, our governance practices and our social programs.

We remain proud of the work accomplished every year by our charitable arm, the Scotiabank Trinidad and Tobago Foundation through which the Bank continues to support environmental causes, health and wellness promotion, local culture, education and sport. Our Board and our employees support our Foundation fully, and we are proud of the work we do in our communities.

A more fulsome report on our ESG initiatives may be found later in this publication.

SKILLS MATRIX – BOARD OF DIRECTORS

As a final matter, we present a condensed version of the cross section of the skills of our directors, as well as the meeting attendance records for fiscal 2022.

	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
Independent/Non Executive	☒	☒	☒	☒		☒	☒	☒	☒		☒	
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			☒					☒				

MEETING ATTENDANCE FOR THE PERIOD 1ST NOVEMBER 2021 TO 31ST OCTOBER 2022

	Board Meeting	Audit and Conduct Review Committee[1]	Enterprise and Credit Risk Management Committee	Corporate Governance and Human Resources Advisory Committee
No. of Meetings held	**5**	**4[2]**	**4**	**4**
Derek Hudson	100%	100%	-	75%
Wendy Fae Thompson	100%	-	100%	75%
Steve Ragobar	100%	100%	100%	-
Roxane De Freitas	100%	100%	-	100%
Anique Asher	100%	100%	-	-
Anya Schnoor	80%	-	100%	-
Lisa Mackenzie	100%	100%	-	100%
Camille Chatoor	100%	100%	-	-
Alan Fitzwilliam	60%	-	-	100%
John Hadad	100%	100%	100%	100%
David Thomas	100%	-	100%	-
Gayle Pazos	100%	-	-	100%

1 Roxane De Freitas came off of this Committee and Anique Asher became a Committee Member on 16th March 2022.

2 The Audit and Conduct Review Committee also held four additional meetings over the course of the fiscal year for the sole purpose of reviewing the quarterly financial statements of the Scotia Trinidad and Tobago Short Term Investment Fund, Scotia Trinidad and Tobago Fixed Income Fund and Scotia Trinidad and Tobago Growth Fund.

SCOTIABANK TRINIDAD AND TOBAGO LIMITED

THE DIRECTORS' REPORT TO THE SHAREHOLDERS

for the year ended 31st October 2022

Your Directors have pleasure in submitting their Annual Report for the fiscal year ended 31st October 2022:

FINANCIAL RESULTS AND DIVIDENDS

The Directors are pleased to announce that Scotiabank Trinidad and Tobago Limited realized net income after tax of $684 million for the year ended 31st October 2022 representing an increase of 13% over prior year. Total Assets ended the period at $28.1 billion, increasing by 3% compared with prior year. Total loans, the Bank's largest interest earning asset, recorded at $17.3 billion, which represented an increase of 10% year over year.

On the basis of this performance, the Directors approved total dividend payouts totaling 330c per share for the fiscal year.

DIRECTORS

In accordance with the Company's By-Laws, the terms of Mr. Derek Hudson, Mrs. Wendy Fae Thompson, Ms. Gayle Pazos, Ms. Anya Schnoor, Mrs. Roxane De Freitas, Mrs. Lisa Mackenzie, Mr. Steve Ragobar, Mr. Alan Fitzwilliam, Mr. David Thomas, Mr. John Hadad, Mrs. Camille Chatoor and Mrs. Anique Asher expire at the close of the next Annual General Meeting. All of these directors, with the exception of Mrs. De Freitas, 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-Law.

The Directors wish to express their gratitude to Mrs. De Freitas, who, after 13 years of valuable and dedicated service as a Director, retires at the close of the Bank's 2023 Annual General meeting. The Board of Directors thanks Mrs. De Freitas for her contribution to the Bank, and extends best wishes to her for continued success.

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 2022.

Directors	Ordinary Shares
Lisa Mackenzie	5,000
Roxane De-Freitas	2,000
Wendy-Fae Thompson	500
Alan Fitzwilliam	10,000
Steve Ragobar	973
Derek Hudson	8,000
Gayle Pazos	1,000
John Hadad	2,000
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	-
Colin Hosein	-
Randal Cezair	-

*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 list below those persons holding the ten (10) largest blocks of shares in the Company, as at 31st October 2022.

Scotiabank Trinidad and Tobago Limited – Top Ten Shareholders as at October 31st, 2022		
Name	Shareholding	Percentage
SCOTIABANK CARIBBEAN HOLDINGS LIMITED	89,761,887	50.90%
REPUBLIC BANK LIMITED	12,106,871	6.87%
THE NATIONAL INSURANCE BOARD	11,970,742	6.79%
RBC TRUST (TRINIDAD AND TOBAGO) LIMITED	8,784,560	4.98%
TRINIDAD & TOBAGO UNIT TRUST CORP.	5,943,958	3.37%
FIRST CITIZENS ASSET MANAGEMENT LTD.	4,340,382	2.46%
GUARDIAN LIFE OF THE CARIBBEAN LTD	4,309,904	2.44%
TRINTRUST LTD	4,124,394	2.34%
TATIL LIFE ASSURANCE LTD	4,026,143	2.28%
TRUSTEE, CENTRAL BANK-PENSION FUND	1,856,248	1.05%

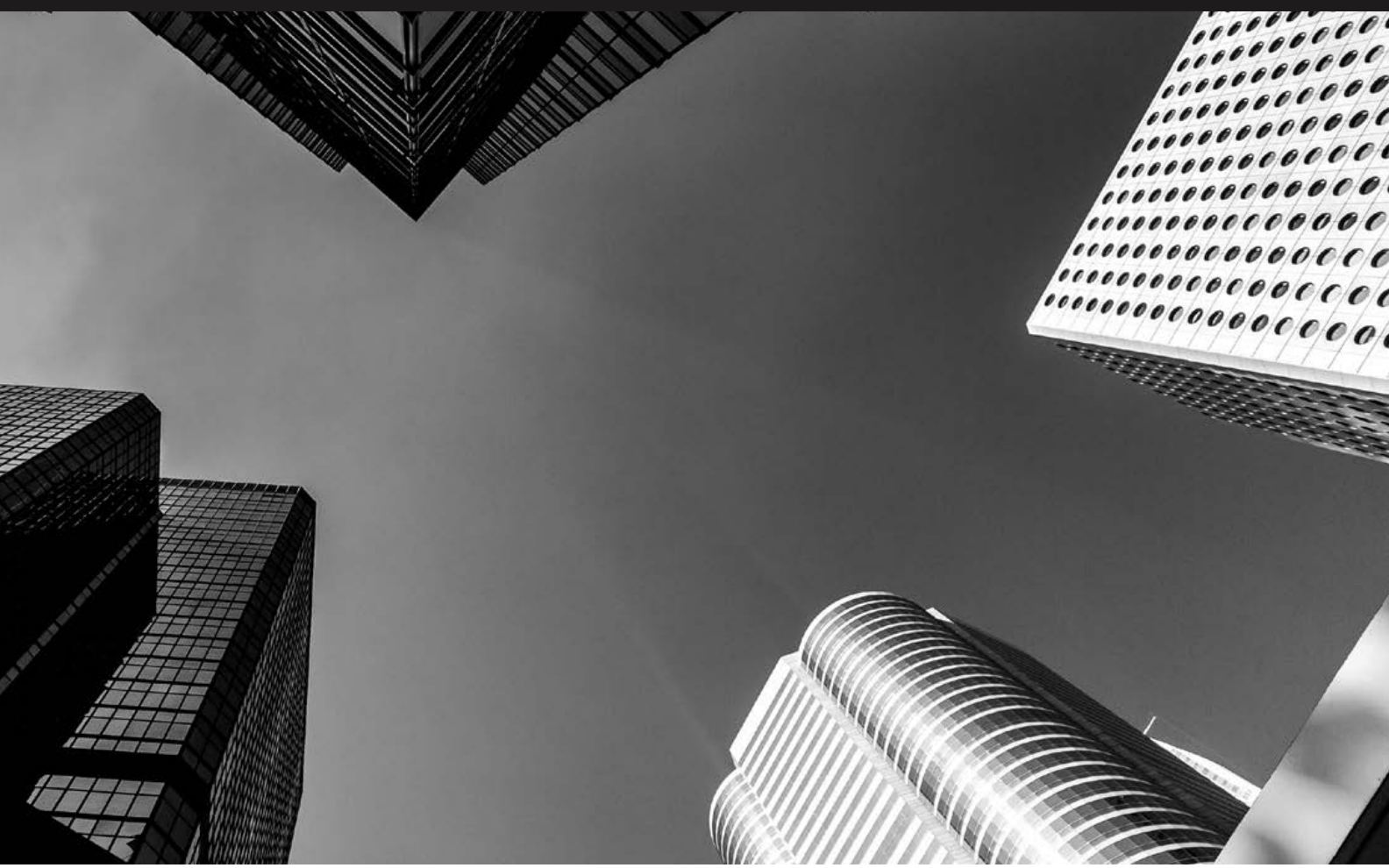
Total issued shares as at 31st October 2022 – 176,343,750
Total Connected Party total shareholdings as at 31st October 2022 – 616,838

ON BEHALF OF THE BOARD

Derek Hudson
Chairman

Gayle M. Pazos
Senior Vice President and Managing Director

MANAGEMENT DISCUSSION & ANALYSIS





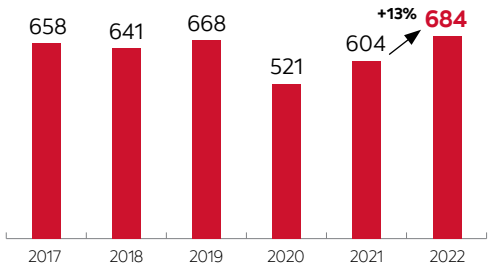
OVERVIEW

The Scotiabank Trinidad & Tobago Group (The Group) reported Net Income After Taxation (NIAT) of $684 million for the year ended 31st October 2022, an increase of $80 million or 13% over the comparative period in 2021 driven mainly by growth in core operating revenues with increases in customer loans and banking activity. We achieved strong loan growth in excess of $1.6 billion while continuing to maintain high levels of credit quality.

We have seen an improvement in economic performance in 2022 and outlook for 2023 is largely optimistic but dampened by inflationary pressures, supply chain issues and geopolitical instability.

NET INCOME

($ Millions)
5 Year CAGR 0.78%



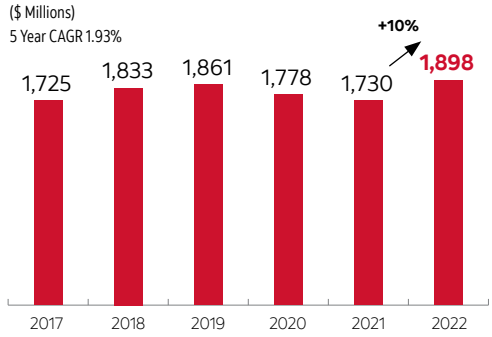
GROUP STATEMENT OF INCOME

TOTAL REVENUE

Total Revenue (comprising Net Interest Income and Other Income) for the period ended 31st October 2022 was $1.9 billion, an increase of $168 million or 10% versus the prior year.

TOTAL REVENUE

($ Millions)
5 Year CAGR 1.93%



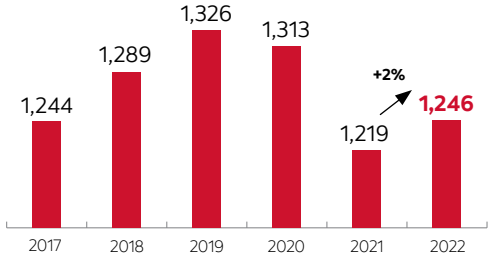
NET INTEREST INCOME

Net Interest Income for the year ended 31st October 2022 was $1,246 million, an increase of $27 million or 2% in comparison to last year. Interest income from Loans which represents 89% of total interest income was $1,127 million, $4 million lower than fiscal 2021. Notwithstanding significant increases in our loan portfolio, interest rate compression due to competitive pressures has impacted net interest income on loans.

Interest Income from Investment Securities of $135 million, increased by $26 million or 23% compared to the prior year as surplus liquidity was deployed into higher yielding investments and treasury bills.

NET INTEREST INCOME

($ Millions)
5 Year CAGR **0.03**%



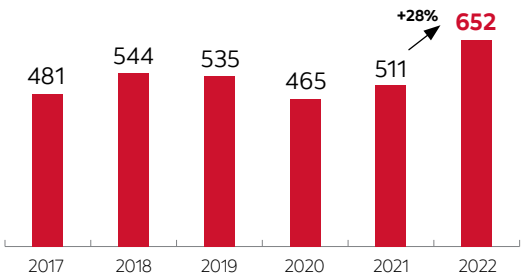
NET OTHER INCOME

Other Income comprises all income other than interest income and continues to be a significant source of earnings for the Group representing 34% of total revenue, increasing by 28% over prior year.

We continue to see recovery in our core activity lines including credit card income, insurance income and other banking fees.

OTHER INCOME

($ Millions)
5 Year CAGR 6.26%



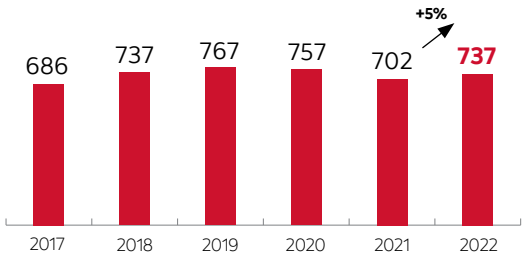
NON-INTEREST EXPENSES & OPERATING EFFICIENCY

Non-Interest Expenses (NIE) for the year ended 31st October 2022 totaled $737 million, an increase of of $35 million or 5% over the prior year. This was driven mainly by business volume related expansion as well as price inflation. We also continue to invest in our digital platforms to simplify the customer experience, making it more convenient to bank with us while delivering higher security standards.

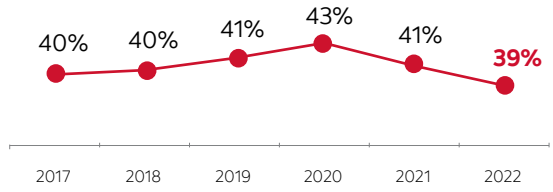
The Group's Operational Efficiency Ratio (NIE as a percentage of Total Revenue) for 2022 improved to 39%, maintaining our position as best in class amongst our peers in the local banking industry. This ratio of 39% is the lowest we have ever achieved in our recent history.

NON INTEREST EXPENSE

($ Millions)
5 Year CAGR 1.47%



OPERATIONAL EFFICIENCY RATIO

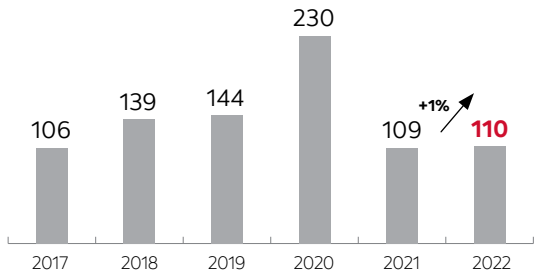


LOAN LOSS EXPENSE & CREDIT QUALITY

Loan loss expense for the period ending 31st October 2022 was $110 million, an increase of $2 million or 1% over prior year. We continue to adopt prudent credit risk methodology which takes into consideration various factors in the global economy and potential impacts to the local environment.

LOAN LOSS EXPENSE

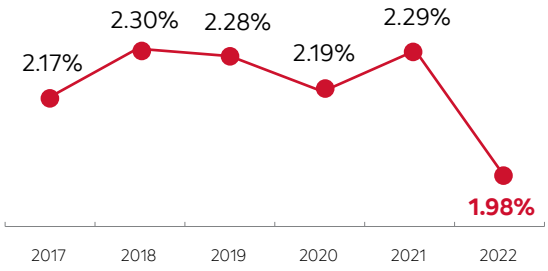
($ Millions)
5 Year CAGR 1%



Accumulated loan Loss Provisions as at 31st October 2022 were $311 million which represent a coverage ratio of 90% on loans whose principal is deemed impaired.

Our credit quality continues to be healthy with Non-Performing Loans (NPLs) as a percentage of gross loans reducing to 1.98% as at 31st October 2022, our best position since 2015.

NPL % LOANS

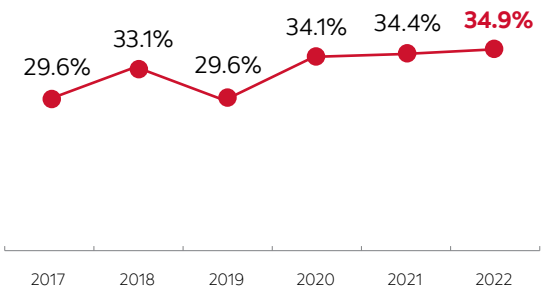


TAXATION EXPENSE

The tax charge for the year ending 31st October 2022 was $367 million, an increase of $51 million or 16% 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 35%.

TAX RATE

5 Year CAGR 5.8%



GROUP FINANCIAL CONDITION

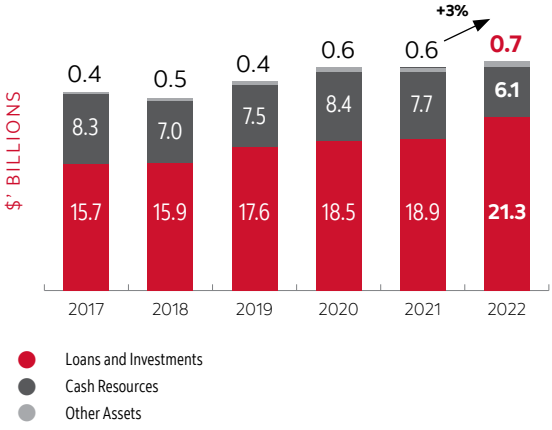
ASSETS

The Group's Total Assets as at 31st October 2022 was $28.1 billion, an increase of $900 million or 3% above the prior year. The Bank's largest interest earning asset, Loans to Customers, increased by $1.6 billion compared to 2021. Investment securities and Treasury Bills also increased by $190 million year over year.

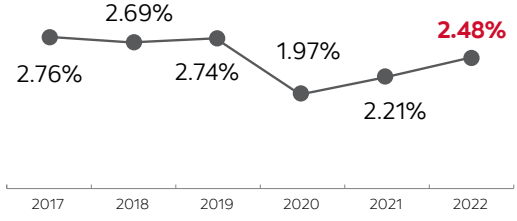
The Group continues to generate competitive Return On Assets at 2.48% (2021 – 2.21%), reflecting the effectiveness of strategies in improving profitability.

TOTAL ASSETS

($ Billions)
5 Year CAGR 2.86%



RETURN ON ASSETS

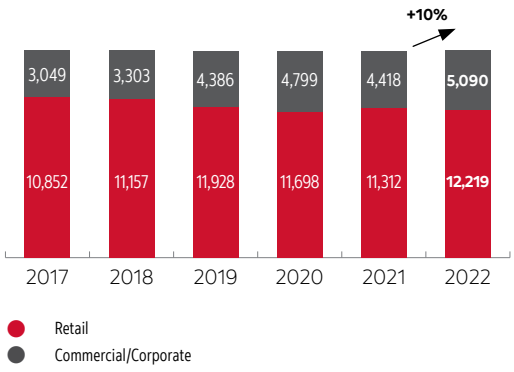


LOANS

Net Loans to customers of $17.3 billion as at 31st October 2022 represents an increase of $1.6 billion or 10% over prior year. This performance is driven by recovery in economic activity and growing borrowing appetite from customers across various segments. Solid growth seen in all business lines, Retail Banking at 9% and Commercial Banking at 16%.

LOAN PORTFOLIO

($ Millions)
5 year CAGR 4.76%



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 $791 million as at 31st October 2022, while reserve deposits at the CBTT totaled $2.4 billion for the similar period.

SECURITIES

The Group's total investment portfolio ended 2022 at $6.9 billion, an increase of $173 million or 3% over prior year. We have benefited from rising USD interest rates which have positively impacted investment income. We will continue to monitor for further opportunities to maximize returns while maintaining sufficient liquidity to meet our funding needs.

LIABILITIES

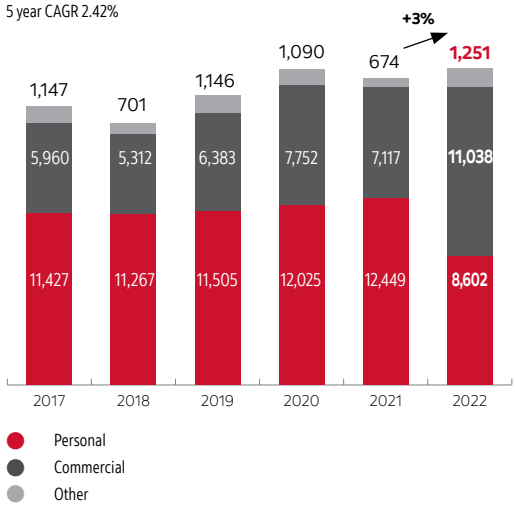
Total Liabilities were $23.7 billion as at 31st October 2022, an increase of $817 million or 4% in comparison to the prior year, driven by growth in customer deposits.

DEPOSITS

Deposits as at 31st October 2022 were $20.9 billion, an increase of $650 million or 3% in comparison to 2021. This growth underscores our goal to strengthen relationships across all customer segments.

DEPOSIT PORTFOLIO

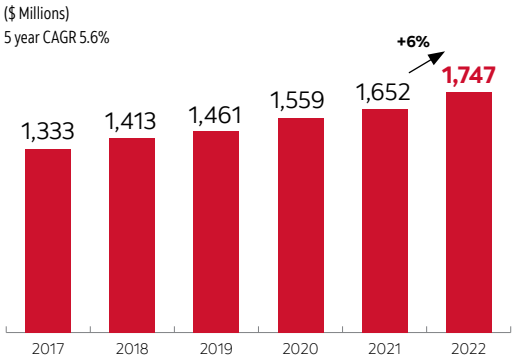
($ Millions)
5 year CAGR 2.42%



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 $95 million or 6% over 2021. This growth in our insurance segment is in alignment with our commitment to offer different products to better suit customers' needs

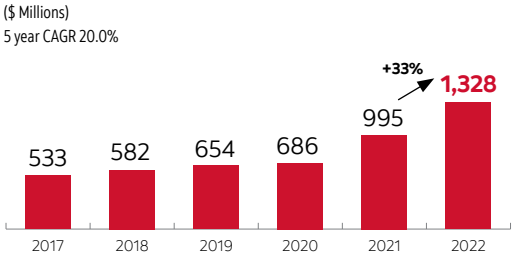
POLICYHOLDERS' FUND



WEALTH

Mutual Funds Under Management have increased by $333 million or 33% over prior year, surpassing $1 billion as at 31 October 2022. The recently launched Short Term Income Fund continues to provide a viable alternative to placing funds, surpassing $200 million after just over one year of introduction.

MUTUAL FUNDS UNDER MANAGEMENT

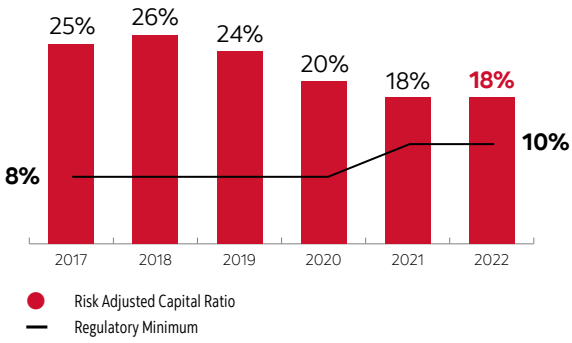


SHAREHOLDERS' EQUITY

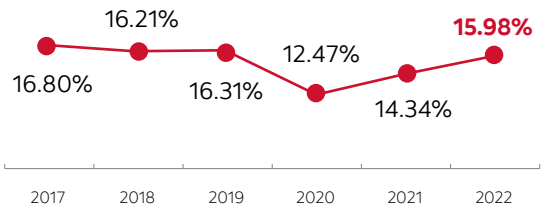
The Group maintains a strong capital base to support continued growth and investment. This capital base fosters investor confidence, while allowing the Group to take advantage of opportunities that may arise. Our risk-based Capital Adequacy Ratio for 2022 of 17.5% continues to exceed the local regulatory requirements of 10% under new Basel II guidelines. 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 $4.3 billion, increasing by $70 million or 2% whilst Return on Equity increased from 14.34% in 2021 to 15.98% in 2022.

SHAREHOLDERS' EQUITY



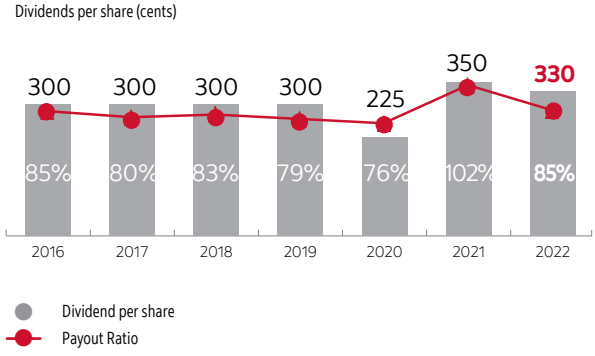
RETURN ON EQUITY



SHAREHOLDERS' RETURN

We remain focused on achieving sustainable, long-term earnings growth as well as stable dividend income streams and capital appreciation for our shareholders. In 2022, we have declared total dividends of 330 cents, an increase of 25% over prior year excluding the special dividend of 85 cents in 2021. Our healthy dividend payout ratio of 85% illustrates our commitment to provide healthy returns to our shareholders.

PAYOUT RATIO



CONSOLIDATED FINANCIAL STATEMENTS

of Scotiabank Trinidad and Tobago Limited

OCTOBER 31, 2022





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Statement of Management's Responsibilities Scotiabank Trinidad and Tobago Limited

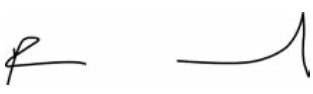
Management is responsible for the following:

- 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, 2022, 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 19, 2022



Gayle Pazos
Managing Director

Date: December 19, 2022

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, 2022, 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, 2022, 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 ON LOANS TO CUSTOMERS

See Notes 3(c), 8 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 $311 million as at October 31, 2022. 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.

Key Audit Matters (*Continued*)

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 $1.747 billion as at October 31, 2022. 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.

Key Audit Matters *(Continued)*

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.

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 19, 2022

Consolidated Statement of Financial Position

October 31, 2022 ($ thousands)	Notes	2022	2021
		$	$
ASSETS			
Cash on hand and in transit		**138,221**	218,702
Loans and advances to banks and related companies	5	**652,582**	854,150
Treasury bills	6	**2,933,707**	3,599,239
Deposits with Central Bank	7	**2,369,244**	3,046,104
Loans to customers	8	**17,308,959**	15,729,895
Investment securities	9.1	**3,938,192**	3,099,702
Miscellaneous assets	10	**64,807**	27,358
Taxation recoverable		**4,916**	4,916
Investment in associated companies	9.2	**43,428**	39,668
Deferred tax asset	17.1	**109,567**	59,372
Property and equipment	11.1	**353,262**	359,519
Defined benefit pension fund asset	12.1	**138,143**	129,516
Goodwill		**2,951**	2,951
Total assets		**28,057,979**	27,171,092
LIABILITIES AND EQUITY			
LIABILITIES			
Deposits from customers	13	**20,891,772**	20,241,852
Deposits from banks and related companies	14	**95,279**	142,737
Other liabilities	15	**662,933**	592,766
Taxation payable		**106,541**	71,795
Policyholders' funds	16	**1,746,579**	1,651,939
Post-employment medical and life benefits obligation	12.1	**184,199**	175,485
Deferred tax liabilities	17.1	**56,656**	50,700
Total liabilities		**23,743,959**	22,927,274
EQUITY			
Stated capital	18	**267,563**	267,563
Statutory reserve fund	19	**880,100**	815,100
Investment revaluation reserve		**(29,982)**	30,593
Retained earnings		**3,196,339**	3,130,562
Total equity		**4,314,020**	4,243,818
Total liabilities and equity		**28,057,979**	27,171,092

The notes on pages 19 to 118 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, 2022 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, 2022 ($ thousands, except earnings per share data)	Notes	2022	2021
		$	$
REVENUE			
Interest income calculated using the effective interest method	21	**1,262,430**	1,240,765
Interest expense	22	**(16,170)**	(21,593)
Net interest income		**1,246,260**	1,219,172
Other income	23	**802,050**	626,171
Fee and commission expense		**(150,262)**	(115,131)
Net other income		**651,788**	511,040
Total revenue		**1,898,048**	1,730,212
NON-INTEREST EXPENSES			
Salaries and other staff benefits		**256,339**	268,987
Premises and technology		**136,616**	139,590
Communication and marketing		**95,092**	40,093
Other expenses	24	**249,373**	253,317
Total non-interest expenses		**737,420**	701,987
Net impairment loss on financial assets	8.6	**110,069**	108,521
Profit before taxation		**1,050,559**	919,704
Taxation	25.1	**366,810**	316,179
Profit for the year, attributable to equity holders		**683,749**	603,525
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss			
Re-measurement of post-employment benefits asset/obligation	12.7	**3,813**	101,968
Related tax	25.3	**(1,302)**	(35,690)
		2,511	66,278
Items that are or may be reclassified subsequently to profit or loss			
Remeasurement of instruments that existed throughout the year		**(126,898)**	25,959
Remeasurement of purchased Investments		**33,706**	4,184
Related tax	25.3	**32,617**	(10,550)
Net movement in fair value reserve		**(60,575)**	19,593
Other comprehensive income (loss), net of tax		**(58,064)**	85,871
Total comprehensive income, attributable to equity holders		**625,685**	689,396
Earnings per share (basic and diluted)	26	**387.7¢**	342.2¢

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

Consolidated Statement of Changes in Equity

For the year ended October 31, 2022
($ thousands)

	Notes	Stated Capital	Statutory Reserve Fund	Investment Revaluation Reserve	Retained Earnings	Total Equity
		$	$	$	$	$
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 re-measurement 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**	**3,130,562**
Balance as at October 31, 2021		**267,563**	**815,100**	**30,593**	**3,130,562**	**4,243,818**
Profit for the year		-	-	-	683,749	683,749
Other comprehensive income, net of tax						
Remeasurement of post-employment benefits asset/obligation	25.3	-	-	-	2,511	2,511
Fair value remeasurement of FVOCI debt instruments	25.3	-	-	(60,575)	-	(60,575)
Total comprehensive income		-	-	(60,575)	686,260	625,685
Transactions with equity owners of Scotiabank						
Transfer to statutory reserve	19	-	65,000	-	(65,000)	-
Dividends paid	20	-	-	-	(555,483)	(555,483)
		-	65,000	-	(620,483)	(555,483)
Balance as at October 31, 2022		**267,563**	**880,100**	**(29,982)**	**3,196,339**	**4,314,020**

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

Consolidated Statement of Cash Flows

For the year ended October 31, 2022	Notes	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		**$**	$
Profit for the year		**683,749**	603,525
Adjustments for:			
- Interest income		**(1,262,430)**	(1,240,765)
- Interest expense		**16,170**	21,593
- Depreciation and amortisation	11.1	**32,665**	30,123
- Share of profit of associated company		**(2,395)**	(2,052)
- Loss on disposal of property and equipment		**7,376**	4,947
- Tax expense	25.1	**366,810**	316,179
- Allowance for credit losses	8.5	**3,278**	316,179
Changes in:			
- Primary reserve deposits with Central Bank		**(110,530)**	147,923
- Net pension cost	12.6	**10,671**	14,482
- Policyholders' funds		**94,640**	93,283
- Loans to customers		**(1,626,746)**	583,660
- Miscellaneous assets		**(47,560)**	146,069
- Deposits from customers		**570,004**	(627,795)
- Deposits from banks and related companies		**(47,457)**	96,970
- Other liabilities		**158,194**	84,960
Interest received		**1,306,834**	1,327,598
Interest paid		**(17,034)**	(20,807)
Medical, life and pension contributions and benefits paid	12.5	**-**	-
Taxation paid		**(338,798)**	(272,084)
Net cash from operating activities		**(202,559)**	1,207,548
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Treasury Bills		**(2,674,002)**	(4,054,815)
Proceeds from redemption of Treasury Bills		**3,707,686**	5,124,177
Purchase of investment securities		**(7,031,377)**	(6,561,493)
Proceeds from redemption of investment securities		**5,358,855**	5,488,427
Purchase of property and equipment	11.1	**(20,703)**	(37,010)
Proceeds from disposal of share in associate company		**-**	3,134
Net cash used in investing activities		**(659,541)**	(37,580)

For the year ended October 31, 2022	Notes	2022	2021
CASH FLOWS FROM FINANCING ACTIVITIES		**$**	$
Payment of lease liabilities		**(20,008)**	(18,224)
Dividends paid	20.2	**(555,483)**	(617,203)
Net cash used in financing activities		**(575,491)**	(635,427)
(Decrease) / increase in cash and cash equivalents		**(1,437,591)**	534,541
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		**3,109,224**	2,574,683
CASH AND CASH EQUIVALENTS, END OF YEAR		**1,671,633**	3,109,224
CASH AND CASH EQUIVALENTS REPRESENTED BY			
Cash on hand and in transit		**138,221**	218,702
Loans and advances to banks and related companies	5	**652,582**	854,150
Surplus deposits with Central Bank	7	**35,610**	823,000
Treasury bills with original maturity date not exceeding 3 months	6	**845,220**	1,213,372
		1,671,633	3,109,224

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

Notes to the Consolidated Financial Statements

October 31, 2022 ($ 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%

ScotiaLife Trinidad and Tobago Limited (ScotiaLife) is registered to conduct ordinary long-term insurance business under the Insurance Act, 2018.

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

Associated companies		
InfoLink Services Limited	Republic of Trinidad and Tobago	25%

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

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 $28.1 billion (2021: $27.2 billion) and liabilities $23.7 billion (2021: $22.9 billion).

These consolidated financial statements were authorised for issue by Scotiabank's Board of Directors on December 14, 2022.

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 originated credit-impired assets, the Group estimates the future cash flows considering all contractual terms of the financial instrument, but not future credit losses. For purchased or originated 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 changes, 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.

3. Significant Accounting Policies (*Continued*)

(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 a 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 over a specified period 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, 2022. The next valuation is due as at October 31, 2024.

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 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, 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. 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 contributions paid for the period ending October 31, 2022 were $18.7 million (2021: $19.8 million).

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, 2022 total $790 million (2021: $798 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 and management

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, 2022 totaled $3.891 billion (2021: $3.638 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 on equity investments

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

Dividends attributable to equity holders of the Company 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.

(p) Insurance contracts- recognition and mesaurement continued/Insurance contracts *(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.

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

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.

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

Interest Rate Benchmark Reform Overview

Major interest rate benchmark reviews have been undertaken globally to either reform or phase out certain interbank offered rates (IBORs). As alternatives to IBORs, regulators have recommended markets begin adopting alternative risk-free rates (RFRs). Further to previous announcements by various regulators, the publication of GBP, JPY, CHF, and EUR LIBORs ceased after December 31, 2021, while most of the USD LIBOR tenors continue to be published until June 30, 2023. The Federal Reserve Board and other U.S. agencies have encouraged banks to transition away from USD LIBOR and cease entering new contracts after December 31, 2021, to facilitate an orderly transition. Similarly, OSFI stated that Federally Regulated Financial Institutions (FRFIs) should not enter new transactions using USD LIBOR as a reference rate after December 31, 2021.

This reform 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.

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

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)

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 consolidated 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.

4. Use of judgements and estimates (*Continued*)

(a) Judgements *(continued)*

(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, 2022 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; an
- 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.

(b) Assumptions and estimation uncertainties *(continued)*

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

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

	2022	2021
	$	$
Interest rates decrease by 1%	**1,466**	415
Interest rates increase by 1%	**478**	1,282
Mortality increases by 10%	**15,895**	14,435
Mortality decreases by 10%	**(16,684)**	(15,092)
Expenses increase by 10%	**7,739**	7,792
Expenses decrease by 10%	**(7,678)**	(7,752)
Lapses and withdrawals increase by 10%	**16,923**	15,406
Lapses and withdrawals decrease by 10%	**(19,174)**	(17,398)

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 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

	2022	2021
	$	$
Due from related companies	**47,400**	61,950
Due from other banks	**511,255**	687,529
Cheques and other instruments in the course of clearing	**94,027**	104,689
	652,682	854,168
Allowance for credit losses	**(100)**	(18)
	652,582	854,150
Maturity of assets		
Assets with original maturity date less than 3 months	**652,582**	854,150
Analysis of movement in loss allowance		
Allowance, beginning of year	**18**	310
Impairment charge (reversal) for the year (Note 8.6)	**82**	(292)
Allowance, end of year	**100**	18

6. TREASURY BILLS

Government of Trinidad and Tobago	**1,825,377**	2,003,655
Government of United States of America	**1,032,659**	1,511,160
Government of Canada	**75,671**	84,424
	2,933,707	3,599,239
Maturity of Assets		
Assets with original maturity date over 3 months	**2,088,487**	2,385,867
Assets with original maturity date less than 3 months	**845,220**	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% (2021: 14%) of total prescribed liabilities in the Primary reserve.

	2022	2021
	$	$
Primary reserve	**2,333,634**	2,223,104
Surplus deposits	**35,610**	823,000
	2,369,244	3,046,104

8. LOANS TO CUSTOMERS

Loans to customers	**17,540,402**	15,913,656
Allowance for credit losses	**(311,359)**	(308,081)
Total loans net of allowance for credit losses	**17,229,043**	15,605,575
Interest receivable	**79,916**	124,320
Total loans to customers	**17,308,959**	15,729,895

8. Loans to Customers (*Continued*)

8.1 LOANS TO CUSTOMERS

	2022			
	Gross loans	ECL allowance	Interest receivable	Carrying amount
	$	$	$	$
Loans to customers				
Commercial loans	4,700,103	(16,707)	21,414	5,089,966
Retail loans	12,840,299	(294,652)	58,502	12,218,993
	17,540,402	**(311,359)**	**79,916**	**17,308,959**

	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**

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.

	2022	2021
	$	$
Mortgages – residential	**7,927,424**	7,266,218
Mortgages – commercial	**175,737**	201,505
Consumer	**4,511,694**	4,196,603
Energy and petrochemical	**1,105,882**	898,185
Construction and engineering	**1,205,406**	596,667
Distributive trades	**903,495**	916,892
Communication and transport	**38,279**	42,373
Manufacturing and assembly	**730,481**	866,178
Financial services	**63,446**	37,886
Business and personal services	**859,466**	866,633
Hospitality industry	**15,177**	20,902
Agriculture	**3,915**	3,614
	17,540,402	15,913,656

8. Loans to Customers (*Continued*)

8.3 IMPAIRED LOANS

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

	2022		
	Gross impaired loans	Allowance for credit losses	Net
	$	$	$
Loans to customers			
Commercial loans	59,764	(12,031)	47,733
Retail loans	263,868	(84,515)	179,533
	323,632	(96,546)	227,086

	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

8.4 ALLOWANCE FOR CREDIT LOSSES

	2022			
	Stage 1	Stage 2	Stage 3	Total
	$	$	$	$
Loans to customers				
Commercial loans	(159)	(4,517)	(12,031)	(16,707)
Retail loans	(64,934)	(145,203)	(84,515)	(294,652)
	(65,093)	(149,720)	(96,546)	(311,359)

	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)

8. Loans to Customers (*Continued*)

8.5 ANALYSIS OF MOVEMENT IN ALLOWANCE FOR CREDIT LOSSES

	2022	2021
	$	$
Allowance, beginning of year	**308,081**	408,342
Impairment charge for the year	**171,813**	152,509
Write-offs	**(168,535)**	(252,770)
Net (decrease) increase in allowance for credit losses	**3,278**	(100,261)
Allowance, end of year	**311,359**	308,081

8.6 NET IMPAIRMENT LOSS ON FINANCIAL ASSETS

Impairment charge for the year:		
- Loans to customers (Note 8.5)	**171,813**	152,509
- Undrawn credit commitments (Note 15)	**2,071**	163
- Loans and advances to banks and related companies (Note 5)	**82**	(292)
- Debt investments at FVOCI	**2,417**	69
Recoveries	**(66,314)**	(43,928)
Total	**110,069**	108,521

9.1 INVESTMENT SECURITIES

Debt instruments measured at FVOCI:		
- Government and state owned enterprises debt securities	**3,484,723**	2,820,918
- Corporate debt securities	**307,626**	153,428
	3,792,349	2,974,346
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)	**10,734**	10,048
Equity instruments measured at FVTPL:		
- Listed equity securities and mutual funds	**73,526**	61,470
Interest receivable	**39,585**	31,840
Total investment securities	**3,938,192**	3,099,702
Analysis of movement in loss allowance of debt instruments measured at amortised cost		
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 for the year ended September 30, 2022. The table also reconciles the summarized financial information to the carrying amount of the Group's investment in associated companies.

	2022	2021
Infolink	**$**	$
Total assets	**180,061**	166,555
Total liabilities	**(6,349)**	(7,884)
Net assets	**173,712**	158,671
Group's share of net assets (25%)	**43,428**	39,668
Carrying amount of investment in associate	**43,428**	39,668
Revenue	**28,205**	23,895
Net income	**9,581**	8,207
Group's share of net income (25%)	**2,395**	2,052

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, 2022	Dividend income Recognised October 2022
	$	**$**
Investment in Trinidad and Tobago Stock exchange	**10,734**	**-**

None of these strategic investments were disposed of during the year ended October 31, 2022 (2021: NIL), and there were no transfers of any cumulative gain or loss within equity relating to these investments (2021: NIL). The change in fair value on these investments was $686 for the year ended October 31, 2022 (2021: $227).

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

10. MISCELLANEOUS ASSETS

	2022	2021
	$	$
Accounts receivable and prepayments	**10,109**	6,228
Clearing items in transit	**42,903**	9,492
*Other assets	**11,795**	11,638
	64,807	27,358

*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, 2022						
Cost						
At beginning of year	16,396	300,845	64,959	267,513	6,960	656,673
Additions	-	38	1,582	15,571	3,512	20,703
Remeasurement of right of use assets	-	12,843	-	-	-	12,843
Disposals/transfers	-	-	(4,009)	(11,250)	(1,611)	(16,870)
At end of year	**16,396**	**313,726**	**62,532**	**271,834**	**8,861**	**673,349**
Accumulated depreciation						
At beginning of year	-	87,673	15,295	194,186	-	297,154
Charge for year	-	14,967	1,287	16,411	-	32,665
Disposals	-	-	(72)	(9,660)	-	(9,732)
At end of year	-	102,640	16,510	200,937	-	320,087
Net book value	**16,396**	**211,086**	**46,022**	**70,897**	**8,861**	**353,262**

As at October 31, 2022, property and equipment includes right-of-use assets of $110 million (2021: $109 million) related to leased branches and office premises.

	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 (2021: $138 million) related to leased branches and office premises.

11.2 CAPITAL COMMITMENT

	2022	2021
	$	$
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 maintains 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	
	2022	2021	**2022**	2021
	$	$	**$**	$
Defined benefit obligation	**(764,339)**	(804,157)	**(184,199)**	(175,485)
Fair value of plan assets	**902,482**	933,673	**-**	-
Net asset (liability)	**138,143**	129,516	**(184,199)**	(175,485)

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

12.2 RECONCILIATION OF CHANGE IN DEFINED BENEFIT OBLIGATION:

	Defined Benefit Pension Fund		Post-Employment Medical and Life Benefits	
	2022	2021	**2022**	2021
	$	$	**$**	$
Defined benefit obligation at beginning of year	**(804,157)**	(844,253)	**(175,485)**	(154,260)
Current service cost	**-**	-	**(8,215)**	(6,856)
Interest cost	**(45,214)**	(45,491)	**(9,904)**	(8,328)
Transferred-in DC balances	**(326)**	(244)	**-**	-
Experience adjustments	**19,246**	16,491	**(935)**	5,379
Actuarial gains / (losses)	**30,114**	33,764	**3,569**	(19,431)
Benefits paid	**35,998**	35,576	**6,771**	8,011
Defined benefit obligation at end of year	**(764,339)**	(804,157)	**(184,199)**	(175,485)

12.3 RECONCILIATION OF THE FAIR VALUE OF PLAN ASSETS:

	Defined Benefit Pension Fund	
	2022	2021
	$	$
Plan assets at beginning of year	**933,674**	857,047
Interest income	**52,661**	46,193
(Loss) gain on plan assets (excluding interest income)	**(48,241)**	65,715
Benefits paid	**(35,998)**	(35,576)
Transferred-in DC balances	**386**	294
Plan assets at end of year	**902,482**	933,673

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	
	2022	2021
	$	$
Interest income	**52,661**	46,193
(Loss) gain on plan assets (excluding interest income)	**(48,241)**	65,715
Actual return on plan assets	**4,420**	111,908

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	
	2022	2021	**2022**	2021
	$	$	**$**	$
Opening defined benefit liability	**129,516**	12,794	**(175,485)**	(154,260)
Net pension costs	**7,448**	702	**(18,119)**	(15,184)
Remeasurement recognised in other comprehensive income	**1,179**	116,020	**2,634**	(14,052)
Benefits paid	**-**	-	**6,771**	8,011
Closing defined benefit asset (liability)	**138,143**	129,516	**(184,199)**	(175,485)

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

	Defined Benefit Pension Fund		Post-Employment Medical and Life Benefits	
	2022	2021	**2022**	2021
	$	$	**$**	$
Current service cost	**-**	-	**(8,215)**	(6,856)
Net interest on net defined benefit asset (liability)	**7,448**	702	**(9,904)**	(8,328)
Net pension cost	**7,448**	702	**(18,119)**	(15,184)

12.7 THE AMOUNT RECOGNISED IN OTHER COMPREHENSIVE INCOME COMPRISED:

	Remeasurements Recognised in Other Comprehensive Income	
	2022	2021
	$	$
Defined benefit pension fund	**1,179**	116,020
Post-employment medical and life benefits	**2,634**	(14,052)
	3,813	101,968

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

12.8 EXPERIENCE HISTORY:

	Defined Benefit Pension Fund	
	2022	2021
	$	$
Defined benefit obligation	**(764,339)**	(804,157)
Fair value of Plan assets	**902,482**	933,673
Surplus	**138,143**	129,516
Experience adjustment on plan assets	**1,179**	116,020

12.9 EXPERIENCE HISTORY:

	Post-Employment Medical and Life Benefits	
	2022	2021
	$	$
Defined benefit obligation	**(184,199)**	(175,485)
Deficit	**(184,199)**	(175,485)
Experience adjustment on plan liabilities	**2,634**	(14,052)

12.10 ASSET ALLOCATION:

	Defined Benefit Pension Fund	
	2022	2021
Equity securities	**42%**	42%
Debt securities	**52%**	53%
Property	**2%**	2%
Other	**4%**	3%
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	
	2022	2021
	$	$
Locally listed equities	**210,812**	203,160
Overseas equities	**170,562**	187,419
TT$ denominated bonds	**377,002**	391,126
US$ denominated bonds	**89,195**	99,442
Property	**19,888**	20,271
Mortgages	**3,642**	4,042
Cash and cash equivalents	**31,280**	28,109
Other (annuity policies)	**101**	104
Total	**902,482**	933,673

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, 2022, the Plan held $36.3 million worth of the Group's shares and property assets carried at $20.9 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:

	2022	2021
Discount rate:	**% pa**	% pa
- Active members and deferred pensioners	**6.00**	5.75
- Current pensioners	**6.00**	5.75
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:

	2022	2021
	% pa	% pa
Longevity at age 60 for current pensioners (in years)		
Males	**21.9**	21.8
Females	**26.1**	26.1
Longevity at age 60 for current members age 40 (in years)		
Males	**22.7**	22.7
Females	**27.1**	27.0

At October 31, 2022, the weighted-average duration of the defined benefit obligation is 17.1 years (2021: 16.2 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)	103,414	(133,121)
Future salary increases (1% movement)	(47,474)	39,939

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)	26,110	(33,622)
Medical cost increases (1% movement)	(32,978)	26,010

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.

	2022	2021
	$	$
13. DEPOSITS FROM CUSTOMERS		
13.1 DEPOSIT BALANCES	**20,890,636**	20,239,852
Interest payable	**1,136**	2,000
	20,891,772	20,241,852
13.2 CONCENTRATION OF LIABILITIES		
Personal	**8,601,765**	12,448,906
Commercial	**11,037,957**	7,117,166
Financial institutions	**1,250,914**	673,780
	20,890,636	20,239,852
14. DEPOSITS FROM BANKS AND RELATED COMPANIES		
Related companies	**90,293**	133,216
Banks	**4,986**	9,521
	95,279	142,737
15. OTHER LIABILITIES		
Deferred Income	**178,021**	160,972
Accrued charges and other payables	**338,956**	296,802
Lease Liabilities (Note 27)	**117,668**	115,037
Other	**25,501**	19,239
Impairment allowance – Undrawn credit commitments	**2,787**	716
	662,933	592,766
Analysis of movement in impairment allowance – Undrawn credit commitments		
Allowance, beginning of year	**716**	553
Impairment charge for the year (Note 8.6)	**2,071**	163
Allowance, end of year	**2,787**	716
16. POLICYHOLDERS' FUNDS		
Ordinary life – Non-participating policies	**940,260**	865,965
Individual annuities	**772,716**	750,771
Group life – Creditor life	**12,542**	14,405
Provision for future policy benefits	**1,725,518**	1,631,141
Other policyholders' liabilities	**21,061**	20,798
	1,746,579	1,651,939
The movement in provision for future policy benefits is as follows:		
Balance at beginning of year	**1,651,939**	1,558,656
Change in reserves	**94,437**	93,283
Change in other policy liabilities	**203**	-
Balance at end of year	**1,746,579**	1,651,939

17. DEFERRED TAXATION

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

	2022	2021
	$	$
Deferred tax asset		
Investment securities at FVOCI	**29,481**	-
Allowance for credit losses	**57,440**	32,060
Post-employment benefits asset/obligation	**16,129**	18,893
Miscellaneous liabilities	**6,517**	8,419
	109,567	59,372
Deferred tax liability		
Investment securities at FVOCI	**21,997**	35,110
Property and equipment	**34,659**	13,076
Miscellaneous assets	**-**	2,514
	56,656	50,700
Net deferred tax asset	**52,911**	8,672

17.2 THE MOVEMENT IN THE DEFERRED TAX AMOUNT COMPRISED:

Balance at beginning of year	**(8,672)**	(90,802)
Amounts recognised in OCI (Note 25.3)		
- Debt securities at FVOCI	**(32,617)**	10,550
- Post-employment benefits assets/obligation	**1,302**	35,690
Amounts recognised in profit or loss		
- Current year's deferred tax charge (Note 25.1)	**(14,672)**	35,892
Change in estimates related to prior years	**1,748**	(2)
Balance at end of year	**(52,911)**	(8,672)

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 (2021: 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:

	2022		
	Scotiabank	Scotia Investments	Total
	$	$	$
Balance, beginning of year	812,563	2,537	815,100
Amount transferred	65,000	-	65,000
Balance, end of year	**877,563**	**2,537**	**880,100**

	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**

20. DIVIDENDS

20.1 Dividends paid and proposed are analysed as follows:

	2022		2021	
Dividends paid	**¢ per share**	**$**	¢ per share	$
First interim dividend	**65**	**114,624**	60	105,807
Second interim dividend	**65**	**114,623**	60	105,806
Third interim dividend	**100**	**176,344**	145	255,698
	230	**405,591**	265	467,311
Dividends proposed				
Final dividend	**100**	**176,344**	85	149,892
Total dividends paid and proposed	**330**	**581,935**	350	617,203

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

	2022		2021	
	¢ per share	**$**	¢ per share	$
Total dividends paid and proposed	**330**	**581,935**	350	617,023
Dividends proposed	**(100)**	**(176,344)**	(85)	(149,892)
Dividends paid during the year in respect of prior year	**85**	**149,892**	85	149,892
Dividends paid during the year	**315**	**555,483**	350	617,023

	2022	2021
	$	$
21. INTEREST INCOME CALCULATED USING THE EFFECTIVE INTEREST METHOD		
Loans to customers	**1,126,960**	1,130,865
Investment securities		
- FVOCI	**133,690**	109,628
- Amortised cost	**1,780**	272
	1,262,430	1,240,765
22. INTEREST EXPENSE		
Deposits from customers	**9,831**	14,608
Interest on lease liabilities (Note 27)	**5,921**	6,568
Other interest expense	**418**	417
	16,170	21,593
23. OTHER INCOME		
Deposit and payment services	**78,181**	66,352
Card revenues	**183,105**	151,862
Credit fees	**23,365**	26,534
Net premium income	**60,347**	45,108
Wealth management services	**10,462**	9,277
Trading income and net income from financial instruments at FVTPL	**379,656**	273,671
Other fees and commissions	**66,934**	53,367
	802,050	626,171

Net premium income comprises premium income of $422 million (2021: $393.1 million) and related expenses of $358.5 million (2021: $344.8 million).

Fee and commission expense are expenses directly tied to the generation of card revenues and deposit and payment services

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

	2022	2021
Contract receivables, which are included in 'other assets'	**-**	-
Contract liabilities, which are included in 'other liabilities'	**-**	-

24. OTHER EXPENSES

	2022	2021
	$	$
Deposit insurance premium	**32,787**	32,857
Directors' fees	**3,634**	3,105
Other operating expenses	**212,952**	217,355
	249,373	253,317

25. TAXATION

	2022	2021
	$	$
25.1 TAXATION CHARGE		
Current tax	**373,661**	273,550
Deferred tax: Origination and reversal of temporary differences	**(14,762)**	35,892
Green Fund levy	**7,911**	6,737
	366,810	316,179

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:

	2022		2021	
	$	**%**	$	%
Profit before taxation	**1,050,559**	**100**	919,704	100
Computed tax calculated at the statutory rate of 35% (2021 – 35%)	**367,696**	**35**	321,896	35
Tax effect of items that are adjusted in determining taxable profit:				
- Effect of different tax rate of life insurance company	**(21,162)**	**(2)**	(21,214)	(2)
- Effect of different tax rate of asset management company	**(562)**	**-**	(380)	-
- Tax effect of non-deductible costs and non-taxable income	**9,357**	**-**	9,360	1
- Green Fund levy	**7,911**	**1**	6,737	1
- Business levy	**-**	**1**	27	-
- Tax Credit	**-**	**-**	(247)	-
- Change in estimates related to prior years	**3,570**	**-**	-	-
Taxation charge and effective tax rate	**366,810**	**35**	316,179	35

25. Taxation (*Continued*)

25.3 AMOUNTS RECOGNISED IN OCI

	Before Tax	Tax Expense	Net of Tax
	$	$	$
2022			
Fair value re-measurement of debt instruments at FVOCI	(93,192)	32,617	(60,575)
Remeasurement of post-employment benefits obligations/assets	3,813	(1,302)	2,511
	(89,379)	**31,315**	**(58,064)**
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**

26. EARNINGS PER SHARE

The calculation of basic earnings per share is based on:

- Net income for the year attributable to ordinary shareholders of $683.7 million (2021: $603.5 million).
- Weighted average number of ordinary shares issued and outstanding during the year which was 176,343,750 shares (2021: 176,343,750 shares).

27. LEASES

The Group leases a number of branches, ATMs 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	**2022**	2021
Right-of-use assets relate to branch and office premises that are presented within property and equipment.	**$**	$
Balance at November 1	**109,470**	138,580
Depreciation charge for the year	**(13,941)**	(13,487)
Additions	**14,495**	3,680
Lease remeasurement	**-**	(15,860)
Leases terminated	**-**	(3,443)
Balance at October 31	**110,024**	109,470
Maturity analysis – contractual undiscounted cash flows		
At October 31, 2022, the future maturity lease payments under non-cancellable operating leases were payable as follows:		
Gross finance lease liabilities		
Less than one year	**14,485**	17,783
Between one and five years	**65,230**	81,937
Over five years	**63,651**	43,534
Total undiscounted lease liabilities	**143,366**	143,254
Interest	**(25,698)**	(28,217)
Present value of minimum lease payments	**117,668**	115,037
Amounts recognized in profit or loss		
Opening leases under IFRS 16		
Interest on lease liabilities	**5,921**	6,568
Expenses relating to leases of low-value assets	**478**	218

28. COMMITMENTS AND CONTINGENT LIABILITIES

In the normal course of business, various commitments and contingent liabilities are outstanding (Notes 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, 2022, there were certain legal proceedings against the Group. Based upon legal advice, the Bank does 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 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.

(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:

	2022	2021
	$	$
Credit risk recognised on the consolidated statement of financial position		
Cash and cash equivalents	**138,221**	218,702
Loans and advances to banks and related companies	**652,582**	854,150
Treasury bills	**2,933,707**	3,599,239
Deposits with Central Bank	**2,369,244**	3,046,104
Loans to customers	**17,308,959**	15,729,895
Investment securities (excluding equities)		
- Debt instruments measured at FVOCI	**3,792,349**	2,974,346
- Debt instruments measured at amortised cost	**21,998**	21,998
	27,217,060	26,444,434
Credit risk not recognised on the consolidated statement of financial position		
Acceptances, guarantees and letters of credit	**790,084**	797,659
Undrawn credit commitments	**3,090,733**	2,898,520
	3,880,817	3,696,179
Total credit risk exposure	**31,097,877**	30,140,613

(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).

	2022			
	Stage 1	Stage 2	Stage 3	Total
Retail loans	$	$	$	$
Balance at beginning of the year	53,433	143,043	74,485	270,961
Remeasurement	(73,760)	81,946	89,572	97,758
Newly originated or purchased	29,612	-	-	29,612
Derecognition and maturities	(5,607)	(15,183)	-	(20,790)
Changes in models and methodologies	-	-	-	-

Transfers to (from):				
- Stage 1	75,312	(71,651)	(3,660)	1
- Stage 2	(13,823)	31,849	(18,026)	-
- Stage 3	(233)	(24,801)	25,034	-
Gross write offs	-	-	(148,776)	(148,776)
Recoveries	-	-	65,886	65,886
Other movements	-	-	-	-
Balance at end of year	**64,934**	**145,203**	**84,515**	**294,652**
Commercial loans				
Balance at beginning of the year	5,867	3,642	27,611	37,120
Remeasurement	(4,408)	1,220	586	(2,602)
Newly originated or purchased	9,784	-	-	9,784
Derecognition and maturities	(11,420)	(9)	-	(11,429)
Changes in models and methodologies	-	-	-	-
Transfers to (from):				
- Stage 1	(441)	441	-	-
- Stage 2	777	(777)	-	-
- Stage 3	-	-	-	-
Gross write offs	-	-	(16,773)	(16,773)
Recoveries	-	-	607	607
Other movements	-	-	-	-
Balance at end of year	**159**	**4,517**	**12,031**	**16,707**

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

	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	(57,393)	60,549	143,433	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**

(IV) ANALYSIS OF CREDIT QUALITY

Loans to customers

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

	2022			
	Stage 1	Stage 2	Stage 3	Total
Retail loans	$	$	$	$
Very low	58,436	-	-	58,436
Low	8,136,051	16,439	-	8,152,490
Medium	2,694,324	24,872	-	2,719,196
High	813,002	492,349	-	1,305,351
Very high	54	420,824	-	440,960
Loans not graded	(89,273)	9,353	-	(79,920)
Default	-	-	263,868	263,868
Total	11,612,594	963,837	263,868	12,840,299
Allowance for credit losses	(64,934)	(145,203)	(84,515)	(294,652)
Carrying value	**11,547,660**	**818,634**	**179,353**	**12,545,647**
Commercial loans				
Very low	10,251	93,116	-	103,367
Low	2,184,338	214,058	-	2,398,396
Medium	1,865,193	230,290	-	2,095,483
High	-	43,093	-	43,093
Very high	-	-	-	-
Default	-	-	59,764	59,764
Total	4,059,782	580,557	59,764	4,700,103
Allowance for credit losses	(159)	(4,517)	(12,031)	(16,707)
Carrying value	**4,059,623**	**576,040**	**47,733**	**4,683,396**

(IV) ANALYSIS OF CREDIT QUALITY (CONTINUED)

Loans to customers

	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**	**204,525**	**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**

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 $688 (2021: $1,677). 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	
	2022	2021	**2022**	2021
	$	$	**$**	$
Increase of 1%	**958**	653	**623**	424
Decrease of 1%	**(958)**	(653)	**(623)**	(424)

CONCENTRATION OF ASSETS AND LIABILITIES BY CURRENCY

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

	2022			
	TT	US	Other	Total
Financial Assets	$	$	$	$
Cash on hand and in transit	114,371	22,201	1,649	138,221
Loans and advances to banks and related companies	87,295	246,361	318,926	652,582
Treasury bills	1,825,280	1,032,659	75,768	2,933,707
Deposits with Central Bank	2,369,244	-	-	2,369,244
Loans to customers	15,543,438	1,765,521	-	17,308,959
Investment securities	2,692,577	1,262,610	5	3,955,192
Total financial assets	**22,632,205**	**4,329,352**	**396,348**	**27,357,905**
Financial Liabilities				
Deposits from customers	16,316,849	4,182,709	392,214	20,891,772
Deposits from banks and related companies	17,510	77,769	-	95,279
Lease liabilities	117,668	-	-	117,668
Policyholders' funds	1,729,847	16,732	-	1,746,579
Total financial liabilities	**18,181,874**	**4,277,210**	**392,214**	**22,851,298**
Net financial position	**4,450,331**	**52,142**	**4,134**	**4,506,607**
Undrawn credit commitments	**3,086,351**	**4,422**	**-**	**3,090,773**

	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**	**22,151,555**
Net financial position	**3,942,169**	**449,170**	**4,898**	**4,396,237**
Undrawn credit commitments	**2,891,135**	**7,385**	**-**	**2,898,520**

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
2022	$	$	$	$
At October 31	37,023	9,253	(9,253)	(37,012)
Average for the period	42,839	10,710	(10,710)	(42,839)
Maximum for the period	48,933	12,233	(12,233)	(48,933)
Minimum for the period	36,584	9,146	(9,146)	(36,584)
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)

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:

	2022					
	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	-	-	-	-	138,221	138,221
Loans and advances to banks and related companies	44,396	-	-	-	608,186	652,582
Treasury bills	-	2,933,707	-	-	-	2,933,707
Deposits with Central Bank	-	-	-	-	2,369,244	2,369,244
Net loans to customers	401,482	6,454,864	3,944,088	6,408,993	99,532	17,308,959
Investment securities	-	484,042	1,640,388	1,652,122	161,640	3,938,192
Total financial assets	**445,878**	**9,872,613**	**5,584,476**	**8,061,115**	**3,376,823**	**27,340,905**
Financial liabilities						
Deposits from customers	14,458,804	1,115,109	136,715	-	5,181,144	20,891,772
Deposits from banks and related companies	4,986	-	-	-	90,293	95,279
Lease liabilities	-	12,548	54,724	50,396	-	117,668
Policyholders' funds	88,593	117,947	388,690	1,151,349	-	1,746,579
Total financial liabilities	**14,552,383**	**1,245,604**	**580,129**	**1,201,745**	**5,271,437**	**22,851,298**
Net gap	**(14,106,505)**	**8,627,009**	**5,004,347**	**6,859,370**	**(1,894,614)**	**4,489,607**
Cumulative gap	**(14,106,505)**	**(5,479,496)**	**(475,149)**	**6,384,221**	**4,489,607**	

Interest sensitivity of financial assets and financial liabilities (continued)

	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	-	73,164	1,530,764	1,424,146	71,628	3,099,702
Total financial assets	**466,909**	**9,785,438**	**4,950,470**	**7,075,340**	**4,269,635**	**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	**(13,524,384)**	**8,338,869**	**4,466,173**	**5,884,126**		
Cumulative gap	**(13,524,384)**	**(5,185,515)**	**(719,342)**	**5,164,784**		

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.

	2022				
	Due on demand	Up to one year	Two to five years	Over five years	Total
	$	$	$	$	$
Financial assets					
Cash on hand and in transit	138,221	-	-	-	138,221
Loans and advances to banks and related companies	652,582	-	-	-	652,582
Treasury bills	-	2,933,707	-	-	2,933,707
Deposits with Central Bank	2,369,244	-	-	-	2,369,244
Net loans to customers	501,015	6,454,864	3,944,088	6,408,992	17,308,959
Investment securities (excluding equities)	-	484,043	1,640,388	1,689,916	3,814,347
Total financial assets	**3,661,062**	**9,872,614**	**5,584,476**	**8,098,908**	**27,217,060**
Financial liabilities					
Deposits from customers	19,639,948	1,115,109	136,715	-	20,891,772
Deposits from banks and related companies	95,279	-	-	-	95,279
Lease liabilities	-	12,548	54,724	50,396	117,668
Policyholders' funds	88,573	117,947	388,690	1,151,369	1,746,579
Total financial liabilities	**19,823,800**	**1,245,604**	**580,129**	**1,201,765**	**22,851,298**
Net Gap	**(16,162,738)**	**8,621,010**	**5,004,347**	**6,897,143**	**4,365,762**
Cumulative Gap	**(16,162,738)**	**(7,535,728)**	**(2,531,381)**	**4,365,762**	

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

	2022				
	Due on demand	Up to one year	Two to five years	Over five years	Total
	$	$	$	$	$
Financial guarantee contracts	**-**	**788,858**	**1,226**	**-**	**790,084**

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.

	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 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.

	2022					
	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	19,639,948	1,115,564	136,913	-	20,892,425	20,891,772
Deposits from banks and related companies	95,279	-	-	-	95,279	95,279
Lease Liabilities	-	14,485	65,230	63,651	143,366	117,668
Policyholders' funds	66,958	118,252	423,906	1,869,175	2,478,291	1,746,579
Total liabilities	**19,802,185**	**1,248,301**	**626,049**	**1,932,826**	**23,609,361**	**22,851,298**

	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**

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.

The Group's regulatory capital up to 2022 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	**2022**	2021
Scotiabank Trinidad and Tobago Limited	10.0%	**17.55%**	18.06%
Scotia Investments Trinidad and Tobago Limited	10.0%	**144.60%**	232.50%

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

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.

30. Fair Value of Financial Assets, Financial Liabilities and Other Contracts (*Continued*)

(a) Valuation models *(continued)*

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:

	2022			
	Level 1	Level 2	Level 3	Total
Financial Assets	$	$	$	$
Treasury bills	-	2,933,707	-	2,933,707
Investment securities	1,144,455	2,682,980	-	3,827,435
	1,144,455	**5,616,687**	**-**	**6,761,142**

	2021			
	Level 1	Level 2	Level 3	Total
Financial Assets	$	$	$	$
Treasury bills	-	3,599,239	-	3,599,239
Investment securities	363,135	2,682,729	-	3,045,864
	363,135	**6,281,968**	**-**	**6,645,103**

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.

30. Fair Value of Financial Assets, Financial Liabilities and Other Contracts

(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
2022	$	$	$	$	$
Financial Assets					
Loans to customers	-	14,635,814	-	14,635,814	17,229,043
Debt instruments measured at amortised cost	-	21,998	-	21,998	21,998
	-	**14,657,812**	**-**	**14,657,812**	**17,251,041**
Financial Liabilities					
Deposits from customers	-	20,890,636	-	20,890,636	20,890,636
Lease liabilities	-	117,668	-	117,668	117,668
Policyholders' funds	-	1,725,518	-	1,725,518	1,725,518
	-	**22,733,822**	**-**	**22,733,822**	**22,733,822**
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**

30. Fair Value of Financial Assets, Financial Liabilities and Other Contracts (*Continued*)

(c) Financial instruments not measured at fair value *(continued)*

(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:

	2022				
	FVTPL	FVOCI Debt	FVOCI Equity	Amortised Cost	Total
Financial Assets	$	$	$	$	$
Cash and cash equivalents	-	-	-	138,221	138,221
Loans and advances to banks and related companies	-	-	-	652,582	652,582
Treasury bills	-	2,933,707	-	-	2,933,707
Deposits with Central Bank	-	-	-	2,369,244	2,369,244
Loans to customers	-	-	-	17,308,959	17,308,959
Investment securities	73,526	3,792,349	10,734	61,583	3,938,192
Total financial assets	**73,526**	**6,726,056**	**10,734**	**20,530,589**	**27,340,905**
Financial Liabilities					
Deposits from customers	-	-	-	20,891,772	20,891,772
Deposits from banks and related companies	-	-	-	95,279	95,279
Lease liabilities	-	-	-	117,668	117,668
Policyholders' funds	-	-	-	1,746,579	1,746,579
Total financial liabilities	**-**	**-**	**-**	**22,851,298**	**22,851,298**

	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**

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*)

	2022	2021
	$	$
(i) Outstanding balances		
Loans, investments and other assets		
Directors, key management personnel and close family members	**14,474**	12,774
Other related entities	**407,558**	213,428
	422,032	226,202
Provisions for amounts due from related parties	**–**	–
Deposits and other liabilities		
Directors, key management personnel and close family members	**31,647**	8,554
Other related entities	**369,291**	174,315
	400,938	182,869
(ii) Transactions		
Interest and other income		
Directors, key management personnel and close family members	**413**	389
Other related entities	**30,802**	17,282
	31,215	17,671
Interest and expenses		
Directors, key management personnel and close family members	**3,634**	3,111
Other related entities	**187,371**	209,406
	191,005	212,517

(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:

	2022	2021
	$	$
Short-term benefits and pension cost	**34,849**	32,033

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.

	2022				
	Retail, Corporate & Commercial Banking	Asset Management	Insurance Services	Other	Total
	$	$	$	$	$
Interest income	1,160,029	225	102,176	-	1,262,430
Interest expense	(16,170)	-	-		(16,170)
Net other income	559,594	24,710	65,089	-	649,393
Income from associated companies	2,395	-	-	-	2,395
Total revenue	1,705,848	24,935	167,265	-	1,898,048
Material non-cash items:					
Depreciation	32,665	-	-	-	32,665
Segment profit before taxes	909,801	12,910	126,168	-	1,050,559
Segment assets	25,458,658	43,255	2,555,139	927	28,057,979
Segment liabilities	21,937,283	4,075	1,801,679	922	23,743,959

	2021				
	Retail, Corporate & Commercial Banking	Asset Management	Insurance Services	Other	Total
	$	$	$	$	$
Interest income	1,138,855	206	101,704	-	1,240,765
Interest expense	(21,593)	-	-	-	(21,593)
Net other income	443,016	9,991	55,981	-	508,988
Income from associated companies	2,052	-	-	-	2,052
Total revenue	1,562,330	10,197	157,685	-	1,730,212

33. OPERATING SEGMENTS *(continued)*

Material non-cash items:					
Depreciation	30,439	-	-	-	30,439
Segment profit before taxes	786,003	7,612	124,447	1,642	919,704
Segment assets	15,729,895	42,794	2,424,489	8,973,914	27,171,092
Segment liabilities	20,241,852	1,563	1,704,182	979,677	22,927,274

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.

35. RUSSIA-UKRAINE TENSION

On February 24, 2022, the geopolitical situation in Eastern Europe intensified, with the invasion of Ukraine by Russia. This war continued to evolve as global sanctions were imposed, immediately impacting entities that have counterparty relationships in Russia and certain neighboring countries. In addition, the war impacted global financial markets, exacerbating economic challenges that already existed as a result of the global pandemic, including issues such as supply-chain disruptions and rising inflation.

The Group has concluded that given the composition of our statement of financial position, its exposure to the negative impacts of these risks is not significant to its profitability and going concern. However, through its risk management function, the Group continuously assesses the impact of such risks and has an established series of early warning indicators through various risk metrics to ensure that liquidity and capital positions to sufficiently support banking operations. There were no material changes in valuations or impairment provisions as at October 31, 2022.

36. CLIMATE RELATED RISKS

Climate change presents immediate and long-term risks to the Group and its clients with the risks expected to increase over time. Climate change risk refers to the risk of loss arising from climate change and is comprised of both physical risk and transition risk.

Physical risk considers how chronic and acute climate change, for example, increased storms and floods can directly damage physical assets or otherwise impact their value or productivity.

Transition risk considers how changes in policy, technology, business practices and market preferences to address climate change can lead to changes in the value of assets. Climate change risk is an overarching risk that can act as a driver of other categories of risk, such as credit risk from obligors exposed to high climate risk, reputational risk from increased stakeholder concerns about financing high carbon industries and operational risk from physical climate risks to the Group's facilities.

The Group currently identifies climate change risk as an emerging risk within its enterprise risk management framework. Emerging risks are risks or thematic issues that are either new to the landscape, or in the case of climate risk, existing risks that are rapidly changing or evolving in an escalating fashion, which are difficult to assess due to limited data or other uncertainties.

In addition, the Group has made further progress in developing a comprehensive environmental and social policy geared at enhancing and complementing our existing lending policies, guidelines and business practices to better manage sustainability challenges and promote responsible growth across our core business line.

While there is no formal climate related policy in place the ensures that there are mitigants in place for climate related events such as insurance for its physical assets as well as assets held as collateral for loan facilities. There is also a Business Continuity Plan (BCP) in place to ensure that the Group can operate in situations where climate related disruptions to business may occur.

FIVE YEAR REVIEW

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

October 31, 2022 ($ thousands, except per share data)

CONSOLIDATED BALANCE SHEET	2022	2021	2020	2019	2018
Assets					
Cash resources	**6,093,754**	7,718,195	8,400,939	7,461,868	7,045,272
Loans and Investments (includes Reverse Repos)	**21,290,579**	18,869,265	18,452,833	17,563,534	15,850,608
Property, plant and equipment	**353,262**	359,519	398,499	254,385	256,817
Other assets	**320,384**	224,113	251,407	133,667	220,652
Total assets	**28,057,979**	27,171,092	27,503,678	25,413,454	23,373,349
Liabilities and shareholders' equity					
Deposits	**20,891,772**	20,241,852	20,868,861	19,041,461	17,284,198
Other liabilities	**2,852,187**	2,685,422	2,463,192	2,189,885	2,076,052
Shareholders' equity	**4,314,020**	4,243,818	4,171,625	4,182,108	4,013,099
Total liabilities and shareholders' equity	**28,057,979**	27,171,092	27,503,678	25,413,454	23,373,349
CONSOLIDATED STATEMENT OF INCOME					
Interest income	**1,262,430**	1,240,766	1,350,009	1,351,349	1,309,249
Interest expense	**(16,170)**	(21,594)	(36,957)	(25,330)	(20,711)
Net interest income	**1,246,260**	1,219,172	1,313,052	1,326,018	1,288,538
Other income	**651,788**	511,040	465,070	534,704	544,456
Total Revenue	**1,898,048**	1,730,212	1,778,122	1,860,722	1,832,994
Non-interest expenses	**(737,420)**	(701,987)	(757,343)	(767,125)	(736,963)
Income before taxation and loan loss	**1,160,628**	1,028,225	1,020,779	1,093,597	1,096,031
Loan Loss Expense	**(110,069)**	(108,521)	(229,917)	(144,346)	(138,588)
Income before taxation	**1,050,559**	919,704	790,862	949,251	957,443
Provision for taxation	**(366,810)**	(316,179)	(270,060)	(280,923)	(316,677)
Income After Taxation	**683,749**	603,525	520,802	668,328	640,766
OTHER STATISTICS					
Return on average assets	**2.48%**	2.21%	1.97%	2.74%	2.69%
Return on average equity	**15.98%**	14.34%	12.47%	16.31%	16.21%
Number of shares	**176,343,750**	176,343,750	176,343,750	176,343,750	176,343,750
Dividends per share	**330**	350	225	300	300
Earnings per share	**387.7**	342.2	295.3	379.0	363.4
Number of personnel	**21**	23	24	25	26
Number of offices (including subsidiary companies)					

ESG IN ACTION

Scotiabank's approach to Environmental, Social, and Governance (ESG) focuses on four pillars – Environmental Action, Social Impact, Inclusive Society and Leadership & Governance. We develop, implement and invest in initiatives across these pillars in order to maximize our positive impact on the world.





Environmental and Food Sustainability

Climate Strategy and Net Zero Pathways

Scotiabank's five Climate Commitments support the objectives of the Paris Agreement on climate change. The Commitments form the Bank's enterprise-wide (including the Caribbean and Trinidad and Tobago) climate strategy and comprehensive approach to addressing climate risks and opportunities..

Through our Global Bank, we support the goals of the Paris Agreement, including the goal to achieve net-zero emissions globally by 2050 or sooner. We recognize the challenges and complexity associated with a net-zero emissions pathway for the Bank, our clients, our communities and the economy at large. You can read more in our Net Zero Pathways Report.

In 2022, we expanded the Net Zero Research Fund to $10 Million (CAD) to advance partnerships with leading think-tanks and academic institutions that are supporting key sectors in their efforts to decarbonize. This Fund was introduced in 2021 and is open to applications across the Bank's global footprint.





Environmental Risk

Scotiabank accounts for environmental and climate-related risks in its credit due diligence and adjudication processes. There are ongoing Risk/Lending policy reviews on factoring climate-related risks into financial metrics for transactions.



Sustainable Financing

We leverage our Global expertise to offer clients best-in-class structuring and execution of sustainable finance transactions, as well as tailored ESG and sustainable finance advice aligned with business strategy.

In June 2022, Electric Vehicle (EV) Financing for established brands was implemented for Retail and Small Business customers, further demonstrating our support towards renewable and clean energy.



Community Environmental and Food Sustainability

Our continued partnership with the SURE Foundation has seen a total of 220,000 seedlings and 500 fruit trees distributed to farmers, households, orphanages and communities across the country, promoting food and environmental sustainability.

Seedlings, including patchoi, celery, chive, green peppers, cucumber, cauliflower, tomatoes, bodi, corn and ochro were provided to families and emerging farming entrepreneurs.

Trees planted at orphanages include mango, breadfruit, chataigne and sapodilla trees. These interventions aim to help persons become familiar with agriculture, learning about the positive environmental impacts while also growing their own food.

Social Impact

Community Investments and ScotiaRISE

Through our charitable arm, the Scotiabank Trinidad and Tobago Foundation the Bank continues to support environmental causes, health and wellness promotion, and local culture, education and sport. In 2022, our community initiatives have benefitted 27,673 individuals, and 17,265 youth through working with 85 charities, schools and community groups.

With the goal of fostering economic inclusion and resiliency among disadvantaged groups, in 2021, we launched ScotiaRISE as a Global project. This program seeks to make a meaningful impact in communities throughout the Bank's footprint by making investments that help people improve their education and employment prospects, adapt to changing circumstances, and increase the likelihood of financial success.



Here are a few of our key 2022 initiatives:

University Scholarships

Our support for students of the University of the West Indies is carried out in 2 tranches – regionally and locally. Regionally, for the past 12 years, Scotiabank has contributed to the UWI Scholarships across the 3 campuses in the Caribbean to help provide equal access to education for students in financial need. 19 scholarships are distributed annually. The Bank is also the lead sponsor of the UWI Toronto Benefit Gala, which since its inception, has raised over $2.3 million CAD and awarded over 600 scholarships.

Locally, for over 2 decades, we have assisted students at the University of the West Indies through our contribution of annual scholarships. The programme assists 10 students annually with scholarships of TT$10,000 each in the fields of Banking and Finance, Accounting, Computer Science and Information Technology, and Economics, to receive the financial aid they deserve.



Adulting 101

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. Over the past 2 years, our continued partnership with Families in Action supported 40 young adults each year, 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.



Write Away! Young Adult Literature Project

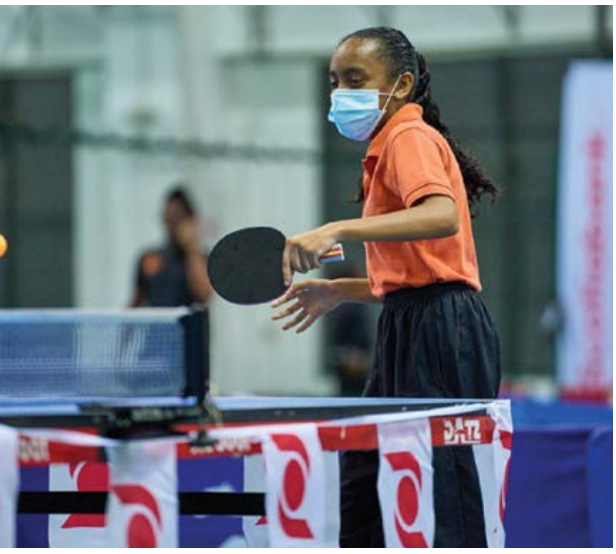
Year 2 of the Write Away! Project with Bocas Lit Fest underway - offers engaging digital content to support the teaching of English Literature with reference to books on the CSEC syllabus. Over 12,000 students are benefitting from access to the materials in the 2022 edition.



Scotiabank NextGen Cricket Development Programme

We are committed to developing our youth athletes on and off the field. In the realm of cricket, the Scotiabank NextGen Cricket Development Programme consists of a Zonal Tournament as well as Developmental Workshops in both Under 13 and Under 15 categories. The physical, intellectual, social, emotional and spiritual development of 350 young cricketers have been enhanced through workshops on Financial Management, Leadership, Teamwork, Fair play and Time Management to name a few.





Scotiabank Schools Table Tennis Tournament

After a 2-year hiatus, we saw the return of the Scotiabank Schools Table Tennis Tournament in 2022, with over 200 youth participating in individual and team categories. In collaboration with the Table Tennis Association of Trinidad and Tobago, this tournament is a much-anticipated event on the local table tennis calendar with all national players having started off with in this tournament. We are indeed pleased to contribute to the continuation of the sport and the development of our young people.

Scotiabank /NAAATT Deon Lendore Bursary Programme

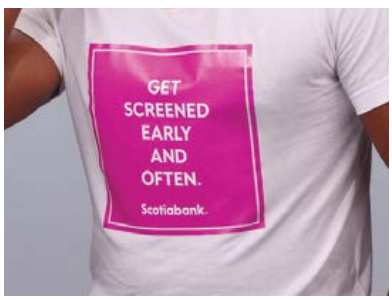
To support junior athletes to achieve their full potential on and off the field, the Scotiabank / National Association of Athletics Administrators (NAAATT) Deon Lendore Bursary Programme has been launched. Deon Lendore was one of T&T's shining athletes who, tragically, passed away in 2022.

Through this initiative, 10 junior athletes, who show great potential to represent our country with distinction, were selected to receive a bursary of TT$10,000 each. This contribution supports with their athletic development as well as their educational needs. This investment is intended to assist them to overcome economic barriers and will go a long way to helping them achieve their goals. We are committed to helping our youth to unlock their potential.



Steelpan Education

To help continue the legacy of our national instrument and at the same time, provide our young people with opportunities to occupy their time in a constructive way, we have helped fund the purchase of steelpans and tutoring in steelpan education for youth in the Beetham Gardens community. This new creative endeavour for the young people of the Beetham community is intended to instil a sense of discipline, self-esteem and belonging in the youth of the community.



Cancer Awareness and Screening

In the last 5 years alone, we have donated $1.25m towards breast cancer screening initiatives and since our initial launch of the Scotiabank Women Against Breast Cancer programme, we have helped over 21,000 women access free screening. With the funds donated annually, our long-standing beneficiary, the Trinidad and Tobago Cancer Society (TTCS) continues its breast cancer screening initiatives, helping persons gain access to free screening services. In 2021, 500 women received free breast cancer screening.

The youth focused project incorporated into the TTCS' programme in 2019 – No Smoking, No Vaping virtual campaign continues to educate youth on the harmful effects of smoking and vaping. The 2022 edition focuses heavily on educational webinars and a social media campaign to capture the attention of young people.

Employee Giving Back

We're proud that as restrictions continue to be lifted, our employees continue to embrace the opportunity to give back to the communities in which we live and work.

For Earth Day and World Environment Day, they supported our programme with the SURE Foundation, distributing seedlings in various communities, as well as helping plant fruit trees at children's homes across the country.

Employees also readily supported United Way Trinidad and Tobago's (UWTT), BUY ONE, GIVE ONE programme, enabling UWTT to provide free masks to students when they returned to school – for each mask bought, one was given free.

Expertise and insights were also shared by employees for our various youth programmes. The Financial Planning and Resume Writing & Office Protocols workshops have been facilitated by members of our Finance and Human Resources teams.





Inclusive Society

Investing in our Employees

Our most important investment is the one we make in our people. By advancing diversity, equity and inclusion and implementing equitable and bias-free practices, we unlock our employees' potential to succeed. Our winning team comes from having a common set of inclusive values and a high-performance culture where employees can contribute and feel respected, safe and welcome.

Our training portfolio was expanded to include diversity, inclusion and equity courses in the mandatory schedule for all employees. Other topics such as unconscious bias and allyship were also added to our online training catalogue on iLEAD. At the Manager level and above, performance metrics included a specific goal of promoting the Bank's culture by contributing to build diverse, inclusive and high performing teams.

Over the past year, Scotiabank continued, to provide employees with key resources to support their total wellbeing, physical and mental health and career development. Most notably, in February 2022, the Bank expanded its Parental Leave Benefit and includes the following major changes, making Scotiabank the first in the industry locally to introduce these changes:

- Maternity Leave moved from 14 weeks to 16 weeks
- Paternity Leave moved from 3 days to 4 weeks
- Adoption & Gestational Surrogacy Eligibility

Empowering Customers and Communities

To help our Senior customers bank with confidence, we hosted in person Digital Seniors Training workshops. Over 200 customers participated at 9 branches They all signed up to use the Scotia Caribbean App and Scotia OnLine Banking and learned how to add bill payees, transfer recipients, share receipts, view e-statements and more.

Providing the best banking services means creating an environment that takes into account and respects the requirements and needs of all our customers. In keeping with this, we adopted a more inclusive approach to the customer experience journey, through having sign language trained front-line employees at each branch.

For the 8th year, we were the Platinum Sponsor of the American Chamber of Commerce (AMCHAM) Women's Leadership Conference, held in commemoration of International Women's Day under the theme Break the Bias. The Conference saw 200 women from all spheres of life participate in numerous workshops. It also provided us with the opportunity to share our best practices related to inclusion and diversity.

In 2021, we collaborated with PrideTT's for the Generation GAP Programme, aimed at offering structured mentorship to 30 participants between the ages of 17 and 25. It took on a modular format, focusing on character and professional development, over the period of 1 year.

Successful participants were afforded the opportunity to gain an internship at the Bank, learning key skills to add to their resumes resume as they work toward gaining valuable experience to kick start their careers.







Building Resilience among Youth with Disabilities

Over the past 68 years, the Princess Elizabeth Home for Handicapped Children (PEHHC) has helped to provide support to thousands of physically challenged children. The range of services offered includes surgical treatment, rehabilitation/

therapy and education for children from lower income households with the goal of ensuring they can lead productive lives. In 2022, we donated TT$1 million dollars toward the new Orthopaedic Wing at the PEHHC, ensuring that even more children gain access to the care they need. The new Orthopaedic Wing will help to improve efficiency and patient quality care with surgical wards, an operating theatre and a clinic, all under one roof. Through a collaboration with the Joy of Living Resource Centre (JOL) in Tobago, differently abled learners were provided with devices with assistive technology to help them develop language skills and assist those with speech disabilities to communicate. This specialised equipment helps them to feel independent and autonomous, building self-esteem and confidence.





The transition from education to employment has unique considerations for Students with Disabilities (SWDs). To support this and help SWDs bolster their employment prospects and discover their full potential, we spearheaded *Steps for Career Success* for Secondary and Tertiary level students with varying types of disabilities from across the country. The students participated in informative sessions on Resume Writing and Interview Tips, Digital Banking, Insurance, Investments and Compliance and Anti Money Laundering to name a few, aimed at clarifying their academic and career interests, gain exposure to specialized fields and develop their job search skills.



Find out more about our initiatives on tt.scotiabank.com and follow us on Instagram @scotiatt

Leadership & Governance

Board Diversity and Training

Scotiabank's Board of Directors and management team actively develop, promote and recruit leaders to reflect the diversity of our customers, shareholders, employees and the communities in which we operate.

Our Board of Directors contributes world-class expertise across a variety of disciplines. Our Board comprises of 58% female representation. This fiscal, our Board also completed Diversity and Inclusion/Regional Governance training with a focus on ESG and how principles distill into Director Fiduciary duties.

Responsible and Ethical Conduct

Scotiabank encourages transparency and accountability for expected behaviours and actions. We base our Code of Conduct on six guiding principles, which set the expectations required of employees, contingent workers, directors and officers of Scotiabank across our global operations and subsidiaries. Attesting to our Code annually is a condition of employment.

Our global mandatory learning includes standalone modules on Anti-Bribery and Anti-Corruption training to prevent improper transactions, prohibit fraudulent or illegal activities and consider the ethical impacts of our choices. As at September 30, 2022, all employees completed their necessary mandatory training modules and attested to the Code.

Keeping the Bank Safe and Protecting our customers

Trust and reputation create the foundation on which banking is built. Our customers want to bank with confidence, knowing their transactions are efficient, secure and private. We rigorously protect personal information while implementing advancements in technology, including ethical artificial intelligence, to help defend against fraud and fight financial crimes.

Customer data privacy is fundamental for maintaining trust in financial services. We have no appetite for breaches of data, whether they may be privacy-related obligations or compliance failures. The Code of Conduct underpins enterprise-wide data protection. Employees are responsible for preventing the disclosure of customer data. Formal privacy policies detail the collection, use and management of personally identifiable information. Privacy impact assessments are conducted to identify potential privacy risks in the collection, use, storage, disclosure and disposition of personally identifiable information.

NOTICE OF ANNUAL MEETING

SCOTIABANK TRINIDAD AND TOBAGO LIMITED

To: Shareholders of Scotiabank Trinidad and Tobago Limited

You are invited to our 53rd Annual Meeting of Shareholders.

When: Tuesday 7th March 2023 at 10:00 a.m.

Where: The Hyatt Regency Hotel, Port of Spain, Trinidad

Our meeting will cover:

As Ordinary Business:

Financial statements – You will receive and consider the financial statements for the fiscal year ended 31st October 2022 and the Auditors' Report on those financial statements.

Directors – You will elect directors to our Board. In the Annual Report you will find information about each nominated director, including his or her background and experience, and in the Proxy form you will find a proposed resolution for the election or re-election of each nominated director as appropriate. All directors are elected for a term of one year.

Auditors – You will vote on re-appointing KPMG as auditors. On the recommendation of the Board's Audit and Conduct Review Committee, the Board has proposed that KPMG be re-appointed as the Company's auditors.

Special Business – You will be asked to consider and approve aggregate Director remuneration limits in accordance with paragraph 7 of the By-Law of the Company.

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
31st January 2023

Notes:

1. A Management Proxy Circular is appended to this Notice.
2. The Directors of the Company have fixed a record date of 23rd January 2023 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 23rd January 2023 are entitled to receive notice of the Annual Meeting. A list of such shareholders will be available for examination at the Company's Registered Office during usual business hours and at the Annual Meeting.
3. 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 Tower, 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.
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.

MANAGEMENT PROXY CIRCULAR

REPUBLIC OF TRINIDAD AND TOBAGO

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-third Annual Meeting of the Shareholders of the Company to be held on Tuesday 7th March 2023 at 10:00 a.m. at The Hyatt Regency Hotel, 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
31st January 2023	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-third Annual Meeting of Shareholders to be held at the Hyatt Regency, Port of Spain, Trinidad on Tuesday 7th March 2023 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 ....., 2023.

.....

(Signature(s) of Shareholder(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 in accordance with the By-Law of the Company:		
	PLEASE VOTE BY CHECKING EITHER THE BOX "FOR" OR THE BOX "AGAINST" FOR EACH INDIVIDUAL DIRECTOR.		
	1. Mr. Derek Hudson	1.	
	2. Mrs. Wendy-Fae Thompson	2.	
	3. Ms. Gayle Pazos	3.	
	4. Ms. Anya Schnoor	4.	
	5. Mr. Steve Ragobar	5.	
	6. Mrs. Lisa Mackenzie	6.	
	7. Mr. Alan Fitzwilliam	7.	
	8. Ms. Anique Asher	8.	
	9. Mr. David Thomas	9.	
	10. Mr. John Hadad	10.	
	11. Mrs. Camille Chatoor	11.	
RESOLUTION 2	BE IT RESOLVED: THAT KPMG be re-appointed as auditors of the Company.		
SPECIAL BUSINESS		**FOR**	**AGAINST**
RESOLUTION 3	BE IT RESOLVED: THAT in accordance with paragraph 7 of By-law No. 1 of the Company, remuneration payable to individual Directors, and the manner and structure of such payments shall be determined by the Directors, but shall not, in aggregate, exceed $5 Million per annum.		

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 a duly authorized officer or attorney.
3. The Directors of the Company have fixed a record date of 23rd January 2023 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 23rd January 2023 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 sent by email or deposited at the office of The Registrar, The Trinidad and Tobago Central Depository Limited, at the address below at least 48 hours before the time appointed for the Meeting or any adjourned Meeting.

Return to:

registrar@stockex.co.tt

or

The Registrar
The Trinidad and Tobago Central Depository Limited
10th Floor, Nicholas Tower,
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



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