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 it's subsidiaries (collectively, "the Group"), which comprise the consolidated statement of financial position as at October 31, 2021, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of 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 judgement, 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.

1. Expected Credit Losses

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

Description of key audit matter

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

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

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

Qualitative adjustments or overlays may also be recorded by the Group using expert credit judgement 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 judgement was required because of the use of complex models and there is a high degree of measurement uncertainty due to the significant judgements inherent in the Group's methodology such as judgements about forward-looking information, including the impact of the COVID-19 pandemic. These judgements 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 judgement to apply and evaluate the results of audit procedures. This required specialised skills, industry knowledge, and relevant experience.

How the matter was addressed in our audit

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

Control testing

With the involvement of our credit risk, economics, and information technology professionals with specialised 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 the models used to derive key modeled 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 judgement.

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 specialised 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 judgement 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 judgement, 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 matter

The Group's Policyholder liabilities is $1.652 billion as at October 31, 2021. This is an area that involves significant judgement 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 utilised by management's actuaries.

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

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

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

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

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

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

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

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

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

Other Information

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

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

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

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 judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

KPMG

Chartered Accountants
Port of Spain
Trinidad and Tobago
December 17, 2021

Statement of Management's Responsibilities Scotiabank Trinidad and Tobago Limited

Management is responsible for the following:

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

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

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

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

Gayle Pazos, Managing Director Date: December 17, 2021	Reshard Mohammed, Chief Financial Officer Date: December 17, 2021

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Consolidated Statement of Financial Position
October 31, 2021 ($ thousands)

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

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

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

Derek Hudson, Chairman

Gayle Pazos, Managing Director

Consolidated Statement of Changes in Equity
For the year ended October 31, 2021 ($ thousands)

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

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

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended October 31, 2021 ($ thousands, except earnings per share data)

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

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

Consolidated Statement of Cash Flows
For the year ended October 31, 2021 ($ thousands)

	Notes	2021	2020
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		603,525	520,802
Adjustments for:			
- Interest income		(1,240,765)	(1,350,009)
- Interest expense		21,593	36,957
- Depreciation and amortisation	11.1	30,123	30,439
- Share of profit of associated company		(3,220)	(3,323)
- Loss (gain) on disposal of property and equipment		4,947	(5,583)
- Tax expense	25.1	316,179	270,060
Changes in:			
- Primary reserve deposits with Central Bank		147,923	239,245
- Net pension cost		14,481	54,513
- Policyholders' funds		93,283	97,878
- Allowance for credit losses	8.5	(100,261)	127,581
- Loans to customers		583,660	(183,199)
- Miscellaneous assets		147,923	(68,752)
- Deposits from customers		(627,795)	1,833,453
- Deposits from banks and related companies		96,970	(41,608)
- Other liabilities		84,960	53,529
Interest received		1,327,598	1,221,649
Interest paid		(20,807)	(43,010)
Medical, life and pension contributions and benefits paid	12.5	-	(32,386)
Taxation paid		(272,084)	(301,511)
Net cash from operating activities		1,207,548	2,456,725
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Treasury Bills		(4,054,815)	(5,793,998)
Proceeds from redemption of Treasury Bills		5,124,177	5,897,953
Purchase of investment securities		(6,561,493)	(1,365,160)
Proceeds from redemption of investment securities		5,488,427	635,846
Purchase of property and equipment	11.1	(37,010)	(28,737)
Proceeds from disposal of property and equipment		-	14,000
Proceeds from disposal of share in associate company		3,134	-
Net cash used in investing activities		(37,580)	(640,096)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of lease liabilities		(18,224)	(21,259)
Dividends paid	20.3	(617,203)	(511,397)
Net cash used in financing activities		(635,427)	(532,656)
Increase in cash and cash equivalents		534,541	1,282,271
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		2,574,683	1,292,412
CASH AND CASH EQUIVALENTS, END OF YEAR		3,109,224	2,574,683
CASH AND CASH EQUIVALENTS REPRESENTED BY			
Cash on hand and in transit		218,702	150,566
Loans and advances to banks and related companies	5	854,150	437,537
Surplus deposits with Central Bank	7	823,000	1,986,580
Treasury bills with original maturity date not exceeding 3 months	6	1,213,372	-
		3,109,224	2,574,683

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Notes to the Consolidated Financial Statements

October 31, 2021 ($ thousands)

1. Incorporation and Business Activities

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

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

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

Name of Companies	Country of Incorporation	Percentage of Equity Held
Subsidiaries		
ScotiaLife Trinidad and Tobago Limited	Republic of Trinidad and Tobago	100%
Scotia Investments Trinidad and Tobago Limited	Republic of Trinidad and Tobago	100%

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

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

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

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

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

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

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

2. Basis of Preparation

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

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

<u>Deposit and payment services</u>
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 recognised when the transaction takes place.

<u>Card revenues</u>
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 recognised when the card transaction takes place.

<u>Credit fees</u>
The Group provides working capital financing and trade services including letters of credit. Transaction-based fees are recognised when the transaction takes place. Loan origination fees are recognised over the the term of the loan unless immaterial.

<u>Net premium income</u>
Premiums are recognised on the accruals basis in accordance with the terms of the underlying contracts as outlined in Note 3(p).

<u>Wealth management services</u>
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.

<u>Other fees and commissions</u>
Other fees and commissions are recognised in income as the related services are performed.

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

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

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

(i) ***Recognition***

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

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

(ii) ***Classification and measurement***

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

Classification of debt instruments is determined based on the business model under which the asset is held and the contractual cash flow characteristics of the instrument.

<u>Business model assessment</u>

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.

<u>Contractual cash flow characteristics assessment</u>

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 amortisation 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 derecognised/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 recognised in other comprehensive income (OCI) is recognised in profit or loss.

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

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

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

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

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

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

(e) Impairment of financial assets

The Group applies a three-stage approach to measure allowance for credit losses, using an expected credit loss approach as required under IFRS 9, for the following categories of financial instruments that are not measured at fair value through profit or loss:

- Amortised 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 derecognised 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 judgement.

(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 judgement.

(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 amortised 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 recognised 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 derecognised. 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 recognised 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, authorised amount, term, or type of underlying collateral. The original loan is derecognised and the new loan is recognised at its fair value. The difference between the carrying value of the derecognised asset and the fair value of the new asset is recognised 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

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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 reorganisation;
- 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 realisation of security. In circumstances where the net realizable value of any collateral has been determined and there is no reasonable expectation of further recovery, write-off may be earlier. Credit card receivables 180 days past due are written-off. In subsequent periods, any recoveries of amounts previously written off are credited to the provision for credit losses in profit or loss.

(f) Property and equipment

(i) Recognition and measurement
Property and equipment are carried at cost less accumulated depreciation and impairment losses.

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

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

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

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

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

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

(g) Leases
At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

(i) As a lessee
The Group recognises 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 Amortisation in profit or loss. In addition, the ROU asset is adjusted for certain re-measurements 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 amortised 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 recognise 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 recognises the lease payment associated with these leases as an expense on a straight-line basis over the lease term.

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

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

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

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

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

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

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

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

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

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

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

(j) Employee benefits

(i) Short-term
Employee benefits are all forms of consideration given by the Group in exchange for service rendered by employees. These include current or short-term benefits such as salaries, bonuses, NIS contributions, annual leave, and non-monetary benefits such as medical care and loans; post-employment benefits such as pensions; and other long-term employee benefits such as termination benefits.

Employee benefits that are earned as a result of past or current service are recognised in the following manner: short-term employee benefits are recognised as a liability, net of payments made, and charged as an expense. Post-employment benefits are accounted for as described below.

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

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

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

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

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

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

The existing defined-benefit pension plan was closed to future pension service accrual as of October 31, 2020. Pension benefits accrued up to October 31, 2020 for the Group's employees will continue to be administered under the defined-benefit pension plan and paid on retirement as per existing policies. The financial statements will continue to reflect the current defined benefit pension fund asset/liability position until the obligations are fulfilled.

On November 1, 2020, Scotiabank began operating a defined contribution pension plan in which all future pension service will be earned for the Group's employees. This new plan is non-contributory but additional voluntary contributions are permitted. The total contributions paid for the period ending October 31, 2021 were $19.8 million (2020: NIL).

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

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

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

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

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

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

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

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

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

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

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

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

The recoverable amount of other assets is the greater of their value in use and their fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(p) Insurance contracts – recognition and measurement

Insurance contracts
These contracts insure human life events (for example, death or permanent disability) over a long duration. The accounting treatment differs according to whether the contract bears investment options or not. Under contracts that do not bear investment options, premiums are recognised as income when they become payable by the contract holder and benefits are recorded as an expense when they are incurred.

Under contracts that bear an investment option, insurance premiums received are initially recognised directly as liabilities. These liabilities are increased by credited interest and are decreased by policy administration fees, mortality and surrender charges and any withdrawals; the resulting liability is included in the Provision for Future Policy Benefits and Other Policyholders' Liabilities, which are disclosed in Note 16. Income consists of fees deducted for mortality, policy administration, and surrenders.

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

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

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.

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Reinsurance contracts held

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

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

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

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

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

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

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

Amendments to IFRS 3, Business combinations

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

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

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

Amendments to IFRS 7 Financial Instruments: Disclosures, IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement

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

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

Amendments to IFRS 16 Leases

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

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

Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

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

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

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

Effective November 1, 2021

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

Effective November 1, 2022

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

Effective November 1, 2023

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

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

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

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

4. Use of Judgements and Estimates
In preparing these consolidated financial statements, management has made judgements, 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 recognised prospectively.

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

(i) Classification of financial assets

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

(ii) Determination of control over investees

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

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

(i) Allowances for credit losses
The Group's allowance calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs. Some of the key drivers include the following:

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

(ii) Determining fair values with significant unobservable inputs
The determination of fair value for financial assets and financial liabilities for which there is no observable market price requires the use of valuation techniques as described in accounting policy 3(c)(ii). For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement 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.

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

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

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

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

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

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

For long-term contracts with fixed and guaranteed terms, estimates are made in two stages. Estimates of future deaths, voluntary terminations and partial withdrawal of policy funds, investment returns and administration expenses are made at the inception of the contract and form the assumptions used for calculating the liabilities at the inception of the contract.

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

5. Loans and Advances to Banks and Related Companies

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

6. Treasury Bills

	2021	2020
	$	$
Government of Trinidad and Tobago	2,003,655	1,856,254
Government of United States of America	1,511,160	1,520,335
Government of Canada	84,424	78,640
	3,599,239	3,455,229
Maturity of assets		
Assets with original maturity date over 3 months	2,385,867	3,455,229
Assets with original maturity date less than 3 months	1,213,372	-

7. Deposits with Central Bank

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

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

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	2021	2020
	$	$
8. Loans to Customers		
Loans to customers	15,913,656	16,497,316
Allowance for credit losses	(308,081)	(408,342)
Total loans net of allowance for credit losses	15,605,575	16,088,974
Interest receivable	124,320	185,435
Total loans to customers	15,729,895	16,274,409

8.1 Loans to customers

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

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

8.2 Concentration of credit

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

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

8.3 Impaired loans

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

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

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

8.4 Allowance for credit losses

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

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

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

	2021	2020
	$	$
8.6 Net impairment loss on financial assets		
Impairment charge for the year:		
- Loans to customers (Note 8.5)	152,509	259,469
- Undrawn credit commitments (Note 15)	163	22
- Loans and advances to banks and related companies (Note 5)	(292)	51
- Debt Investments at amortised cost (Note 9.1)	-	(7)
- Debt Investments at FVOCI	69	(438)
- Modification losses	-	11,363
Recoveries	(43,928)	(40,543)
Total	108,521	229,917

	2021	2020
	$	$
9.1. Investment Securities		
Debt instruments measured at FVOCI:		
- Government and state-owned enterprises debt securities	2,820,918	2,025,239
- Corporate debt securities	153,428	-
	2,974,346	2,025,239
Debt instruments measured at amortised cost:		
- Government and state-owned enterprises debt securities	22,000	22,000
- Allowance for impairment	(2)	(2)
	21,998	21,998
Equity instruments designated as FVOCI:		
- Unlisted equity securities (Note 9.3)	10,048	10,274
Equity instruments measured at FVTPL:		
- Listed equity securities and mutual funds	61,470	57,014
Interest receivable	31,840	25,656
Total investment securities	3,099,702	2,140,181

Analysis of movement in loss allowance of debt instruments measured at amortised cost

	2021	2020
Allowance, beginning of year	2	9
Impairment charge for the year (Note 8.6)	-	(7)
Allowance, end of year	2	2

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

9.2 Investment in Associated Companies

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

	2021	2020
	$	$
Infolink		
Total assets	166,555	154,971
Total liabilities	(7,884)	(8,779)
Net assets	158,671	146,192
Group's share of net assets (25%)	39,668	36,548
Carrying amount of investment in associate	39,668	36,548
Revenue	23,895	20,689
Net income	8,207	7,648
Group's share of net income (25%)	2,052	1,912

The Group held 14% equity in TTIPS, which amounts to a carrying amount of $1,695 in 2020. The Group's interest in TTIPS was sold to InfoLink on April 30, 2021.

	2021	2020
TTIPS		
Total assets	-	10,979
Total liabilities	-	(250)
Net assets	-	10,729
Group's share of net assets (14%)	-	1,502
Carrying amount of investment in associate	-	1,502
Revenue	-	3,314
Net income	-	1,029
Group's share of net income (14%)	-	144
Total		
Infolink	39,668	36,548
TTIPS	-	1,502
	39,668	38,050

9.3 Equity instruments designated as FVOCI

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

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

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

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

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

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

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11.1 Property and Equipment

October 31, 2021	Land	Buildings	Leasehold Improvements	Equipment & Furniture	Capital Work in Progress	Total
	$	$	$	$	$	$
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
Adjustment to right of use assets	-	(15,623)	-	-	-	(15,623)
Disposals/Transfers	-	-	(9,269)	(13,778)	(23,897)	(46,944)
At end of year	16,396	300,845	64,959	267,513	6,960	656,673
Accumulated depreciation						
At beginning of year	-	71,502	19,199	193,030	-	283,731
Charge for year	-	16,171	1,175	12,777	-	30,123
Disposals	-	-	(5,079)	(11,621)	-	(16,700)
At end of year	-	87,673	15,295	194,186	-	297,154
Net book value	**16,396**	**213,172**	**49,664**	**73,327**	**6,960**	**359,519**

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

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

11.2 Capital Commitment

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

12. Defined Benefit Pension Fund and Other Post-Employment Benefits Obligations

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

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

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

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

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

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

12.1 Amounts recognised in the consolidated statement of financial position are as follows:

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

12.2 Reconciliation of change in defined benefit obligation:

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

12.3 Reconciliation of the fair value of plan assets:

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

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

12.4 The actual return on plan assets is as follows:

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

12.5 The movement in the asset and liability recognised in the consolidated statement of financial position as at October 31 comprised:

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

12.6 The amount recognised in the consolidated statement of profit or loss comprised:

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

12.7 The amount recognised in other comprehensive income comprised:

	Re-measurements recognised in Other Comprehensive Income	
	2021	2020
	$	$
Defined benefit pension Fund	116,020	(3,631)
Post-employment medical and life benefits	(14,052)	(488)
	101,968	(4,119)

12.8 Experience history:

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

12.9 Experience history:

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

12.10 Asset allocation:

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

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

12.11 Composition of plan assets:

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

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

12.12 The principal actuarial assumptions of the pension plan and other post-employment benefits were:

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

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

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

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

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

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

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

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

An increase of 1 year in the assumed life expectancies shown above would increase the defined benefit obligation at year-end by $5.2 million. These sensitivities were calculated by re-calculating the defined benefit obligation using the revised assumptions.

13. Deposits from customers

	2021	2020
	$	$
13.1 Deposit balances	20,239,852	20,867,647
Interest payable	2,000	1,214
	20,241,852	20,868,861
13.2 Concentration of liabilities		
Personal	12,448,906	12,025,320
Commercial	7,117,166	7,752,381
Financial institutions	673,780	1,089,946
	20,239,852	20,867,647

14. Deposits from Banks and Related Companies

	2021	2020
	$	$
Related companies	133,216	39,033
Banks	9,521	6,734
	142,737	45,767

15. Other Liabilities

	2021	2020
	$	$
Deferred Income	160,972	137,578
Accrued charges and other payables	296,802	276,121
Lease Liabilities (Note 27)	115,037	141,627
Other	19,239	19,117
Impairment allowance - Undrawn credit commitments	716	553
	592,766	574,996

Analysis of movement in impairment allowance - Undrawn credit commitments

	2021	2020
Allowance, beginning of year	553	531
Impairment charge for the year (Note 8.6)	163	22
Allowance, end of year	716	553

16. Policyholders' Funds

	2021	2020
	$	$
Ordinary life – Non-participating policies	865,965	770,956
Individual annuities	750,771	747,420
Group life – Creditor life	14,405	21,806
Provision for future policy benefits	1,631,141	1,540,182
Other policyholders' liabilities	20,798	18,474
	1,651,939	1,558,656

The movement in provision for future policy benefits is as follows:

	2021	2020
	$	$
Balance at beginning of year	1,558,656	1,460,778
Change in reserves	93,283	98,175
Change in other policy liabilities	-	(297)
Balance at end of year	1,651,939	1,558,656

17. Deferred Taxation

17.1 The net deferred tax asset is attributable to the following items:

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

17.2 The movement in the deferred tax amount comprised:

	2021	2020
Balance at beginning of year	90,802	44,668
Amounts recognised in OCI (Note 25.3)		
- Debt securities at FVOCI	(10,550)	2,067
- Post-employment benefits assets/obligation	(35,688)	1,442
Amounts recognised in profit or loss		
- Current year's deferred tax charge (Note 25.1)	35,892	42,625
Balance at end of year	8,672	90,802

18. Stated Capital

	2021	2020
	$	$
Authorised		
Authorised capital consists of an unlimited number of ordinary shares of no par value		
Issued and fully paid		
176,343,750 (2020: 176,343,750) ordinary shares	267,563	267,563

19. Statutory Reserve Fund

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

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

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

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

20. Dividends

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

20.2 Dividends paid and proposed are analysed as follows:

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

20.3 Reconciliation of dividends paid and proposed to dividends paid during the year:

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

21. Interest Income Calculated Using the Effective Interest Method

	2021	2020
	$	$
Loans to customers	1,130,865	1,227,489
Investment securities:		
- FVOCI	109,628	119,174
- Amortised cost	272	3,346
	1,240,765	1,350,009

22. Interest Expense

	2021	2020
	$	$
Deposits from customers	14,608	28,975
Interest on lease liabilities (Note 27)	6,568	7,448
Other interest expense	417	532
	21,593	36,955

23. Other Income

	2021	2020
	$	$
Deposit and payment services	66,352	53,340
Card revenues	151,862	161,619
Credit fees	26,534	25,058
Net premium income	45,108	70,685
Wealth management services	9,277	8,156
Trading income or net income from financial instruments at FVTPL	273,671	222,030
Other fees and commissions	53,367	45,950
	626,171	586,838

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

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

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

24. Other Expenses

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

25. Taxation

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

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

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

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

25.3 Amounts recognised in OCI

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

26. Earnings Per Share
The calculation of basic earnings per share is based on:
- Net income for the year attributable to ordinary shareholders of $603.5 million (2020: $520.8 million).
- Weighted average number of ordinary shares issued and outstanding during the year, which was 176,343,750 shares (2020: 176,343,750 shares).

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

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

(i) Right-of-use assets

Right-of-use assets relate to branch and office premises that are presented within property and equipment.

	2021	2020
	$	$
Balance at November 1	138,580	151,242
Depreciation charge for the year	(13,487)	(14,619)
Additions	3,680	1,957
Lease modifications	(15,860)	-
Leases terminated	(3,443)	-
Balance at October 31	109,470	138,580

(ii) Maturity analysis – contractual undiscounted cash flows

At October 31, 2021, the future maturity lease payments under non-cancellable operating leases were payable as follows:

	2021	2020
	$	$
Gross finance lease liabilities		
Less than one year	17,783	18,596
Between one and five years	81,937	71,851
Over 5 years	43,534	102,325
Total undiscounted lease liabilities	143,254	192,772
Interest	(28,217)	(51,145)
Present value of minimum lease payments	115,037	141,627

	2021	2020
	$	$
(iii) Amounts recognised in profit or loss		
Opening leases under IFRS 16		
Interest on lease liabilities	6,568	7,448
Expenses relating to leases of low-value assets	218	219

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

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

29. Financial Risk Management
The Group has exposure to the following risks from its use of financial instruments:

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

(b) Market risk
(i) Exposure to currency risk
(ii) Exposure to interest rate risk
(iii) Changes to 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 centralised collection unit utilises 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 centralised 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 are 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, stabilise the markets and support economic growth. The success of these measures is unknown, and they may not be sufficient to fully mitigate the negative impact of the pandemic or avert continued recessionary conditions.

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

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

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

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

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

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

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

(i) Collateral held and other credit enhancements, and their financial effects

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

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

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

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

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

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(ii) Exposure to credit risk

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

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

(iii) Changes to the allowance for credit losses

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

2021	Stage 1	Stage 2	Stage 3	Total
	$	$	$	$
Retail loans				
Balance at beginning of the year	90,546	153,918	118,164	362,628
Re-measurement	(57,390)	60,549	143,430	146,589
Newly originated or purchased	24,615	-	-	24,615
Derecognition and maturities	(12,395)	(46,031)	-	(58,426)
Changes in models and methodologies	-	-	-	-
Transfers to (from):				
- Stage 1	29,059	(27,640)	(1,419)	-
- Stage 2	(20,690)	29,559	(8,869)	-
- Stage 3	(306)	(27,463)	27,769	-
Gross write-offs	-	-	(247,360)	(247,360)
Recoveries	-	-	42,700	42,700
Other movements	(3)	151	67	215
Balance at end of year	53,433	143,043	74,485	270,961
Commercial loans				
Balance at beginning of the year	8,768	4,326	32,620	45,714
Re-measurement	(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

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

(iv) Analysis of Credit Quality

Loans to customers

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

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

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

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

Category of (PD) grades	PD Range
Exceptionally low	0.0000% - 0.0499%
Very low	0.0500% - 0.1999%
Low	0.20000% - 0.9999%
Medium low	1.0000% - 2.9999%
Medium	3.0000% - 9.9999%
High	10.0000% - 19.9999%
Extremely high	20.0000% - 99.9999%
Default	100%

Investment securities

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

Cash and cash equivalents and loans and advances to banks

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

29.2 Market risk

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

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

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

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

29.2.1 Currency risk

The Group has no significant foreign exchange exposure since assets are funded by liabilities in the same currency. Foreign currency transactions have not required the use of interest rate swaps and foreign currency options and other derivative instruments which all carry inherent risks. Currency exposure resides mainly in trading activity where the Group buys and sells currencies in the spot and forward markets to assist customers in meeting their business needs. Trading portfolios are managed with the intent to buy and sell over short periods of time, rather than to hold positions for investment. Explicit limits are established by currency, position and term. Daily reports are independently reviewed for compliance. There were no changes to the policies and procedures for managing foreign exchange when 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 2021	Effect on PBT 2020	Effect on equity 2021	Effect on equity 2020
	$	$	$	$
Increase of 1%	653	814	424	529
Decrease of 1%	(653)	(814)	(424)	(529)

Concentration of assets and liabilities by currency

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

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

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

29.2.2 Interest rate risk

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

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

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

Sensitivity of projected net interest income

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

Interest sensitivity of financial assets and financial liabilities

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

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

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

29.2.3 Equity price risk

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

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

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

29.3 Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its financial obligations in a timely manner at reasonable prices. Financial obligations include liabilities to depositors, payments due under contractual arrangements, settlement of securities, borrowing and repurchase transactions and lending and investing commitments.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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29.4 Capital management

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

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

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

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

- *Tier 2 capital.* Tier 2 capital comprises revaluation reserves created by the revaluation of investments.

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

- *Capital adequacy requirements.* Takes into consideration operational risks in addition to credit risks associated with risk-weighted assets.

- *Supervisory review.* Mandates periodic assessments of internal capital adequacy in accordance with the institution's risk profile.

- *Market discipline.* Ensures market discipline by obligation to disclose relevant market information.

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

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

29.5 Operational risk

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

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

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

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

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

29.6 Management of insurance risk

The risk under any one insurance contract is the possibility that the insured event occurs and the uncertainty of the amount of the resulting claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

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

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

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

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

(a) Valuation models

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

- Level 1 - Quoted market price (unadjusted) in an active market for an identical instrument.

- Level 2 - Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

- Level 3 - Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique included inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

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

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

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

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

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

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

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

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

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

(c) Financial instruments not measured at fair value

The table below is an analysis of financial instruments *not* measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorised. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

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

(a) Cash on hand and in transit
These amounts are short-term in nature and are taken to be equivalent to fair value.

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

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

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

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

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

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

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

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

31. Classification of Financial Assets and Financial Liabilities

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

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

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

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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

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

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

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

33. Operating Segments

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

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

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

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

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

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

34. Events after the Reporting Date

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

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