STATEMENT OF MANAGEMENT'S RESPONSIBILITIES

Sco7ia Investments Trinidad and Tobago Limited

Management is responsible for the following:

- Preparing and fairly presenting the accompanying financial statements of Scotia Investments Trinidad and Tobago Limited, which comprise the statement of financial position as at October 31, 2020, the statements of profit or loss, other comprehensive income, cash flows and the financial position for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

- Ensuring that the Company 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 Company’s assets, detection/prevention of fraud, and the achievement of the Company’s operational efficiency;

- 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 accounting policies and other explanatory information;

- Using reasonable and prudent judgement in the determination of estimates.

In preparing these financial statements, management utilized 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 do not constitute a standard or a requirement, management chose those accounting policies most appropriate in the circumstances.

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

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

Jared Perren
Director-Deputy
Date December 10, 2020

Rezard Mohammed
Director/Wa1sh
Date December 10, 2020

INDEPENDENT AUDITORS’ REPORT TO THE SHAREHOLDERS OF SCOTIA INVESTMENTS TRINIDAD AND TOBA GO LIMITED

We have audited the accompanying financial statements of Scotia Investments Trinidad and Tobago Limited (the Company) which comprise the statement of financial position as at October 31, 2020, the statements of profit or loss, other comprehensive income, cash flows and the financial position for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company, as at October 31, 2020, and its financial performance and its 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 responsibility under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Scotia Investments Trinidad and Tobago Limited, and have fulfilled our other ethical responsibilities in accordance with those requirements and with the ISBA Code.

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

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

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

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis unless management either intends to liquidate the Company, or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company’s activities.

Auditors’ Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s 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(UK) 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 financial statements.

As part of an audit in accordance with ISAs(UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of financial statements, whether due to fraud or error, design and perform audit procedures in response 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 related to fraud is higher than that for a misstatement related to fraud, as fraud may involve collusion, forgery, intimidation, or other complex schemes that require an understanding of the entity and its environment.

- 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 Company’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 Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw an auditor’s report on our audit opinion which includes references to the statement of other information.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fairness.

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 evaluate the conclusions reached by 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.

The accompanying notes are an integral part of these financial statements.
NOTES TO FINANCIAL STATEMENTS OCTOBER 31, 2020

1. Incorporation and Business Activities

Scotia Investments Trinidad and Tobago Limited (SITTL) was incorporated in the Republic of Trinidad and Tobago, on August 23, 2007. On May 7, 2015 it became a wholly-owned subsidiary of Scotiabank of Trinidad and Tobago Limited (ScotiaBank TT) of Canada. ScotiaBank TT is the ultimate parent company.

2. Basis of Accounting

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board. The adoption of IFRS 16, Leases, has been applied. There was however no impact on the financial statements.

3. Basis of Measurement

These financial statements are prepared on the historical cost basis modified for the inclusion of investments measured at fair value through other comprehensive income (FVOCI).

4. Significant Accounting Policies

Items included in these financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). These financial statements are presented in Trinidad and Tobago dollars which is SITTL’s functional and presentation currency.

5. Use of Accounting Estimates and Judgements

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, contingent assets and contingent liabilities at the date of the financial statements and income and expenses during the reporting period. Actual results could differ from these estimates.

Judgements made by management in the application of IFRS that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year are discussed on the page below.

(a) Determining fair value with significant unobservable input

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in accounting policy 6(c)(iii). For financial instruments that trade infrequently and have little price transparency, there is no objective basis to project how market prices for transactions in these instruments will evolve.

(b) Identification and measurement of impairment

At each reporting date, SITTL estimates whether there is objective evidence that financial assets not carried at fair value are impaired.

6. Significant Accounting Policies

The significant accounting policies adopted in the preparation of these financial statements are set out below:

(i) Revenue recognition

(iii) Financial assets

(a) Recognition

(i) Interest securities

(ii) Equity securities

(iv) Loans and receivables

(b) Measurement

(i) Recognition

(ii) Financial assets

(iii) Financial liabilities

(v) Classifications

(a) Financial assets

(b) Financial liabilities

(vi) Offsetting

7. Functional and Presentation Currency

FINANCIAL STATEMENTS AS AT OCTOBER 31, 2020

The contractual terms involve assessing the contractual features of an instrument to determine if they give rise to cash flows that are consistent with a basic lending arrangement. Contractual cash flows are consistent with a basic lending arrangement if they represent cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

Principal is defined as the fair value of the instrument at initial recognition. Principal may change over the life of the instrument due to repayments or amortization of premium/discount.

Interest is defined as the consideration for the time value of money and the credit risk associated with the principal amount outstanding at the reporting date, including funding costs (funding risk and administrative costs), and a profit margin.

If SITTL 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 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. These gains and losses are included in the determination of net profit or loss for the period when the financial asset is derecognized.

For debt instruments, realized gains and losses are reclassified from OCI and recorded in profit or loss, or recognized in OCI where appropriate.

The determination of fair value for financial instruments at initial recognition is the price that reflects the current exchange of the economic resources on a current transaction, taking into account all information available without knowledge of the future. The fair value is a point estimate, and reflects the assumptions that market participants would make in pricing the instrument.

Earnings on similar assets are included in profit or loss and OCI as appropriate. Financial assets and liabilities are offset and the net amount presented in the statement of financial position only is as determined in the normal course of business.

(i) Recognition

(ii)Classification

On initial recognition, an equity investment is held at a cost or at fair value. The cost is recognized in profit or loss when the investment is disposed of.

On initial recognition, an equity investment is classified as either to be measured at amortized cost, FVOCI or FVTPL.

(iii) Financial instruments

Financial instruments carried on the statement of financial position include cash and cash equivalents, investment securities, other receivables and other non-current assets. The standard treatment for recognition, derecognition, classification and measurement for financial instruments is in IFRS 9, Financial Instruments.

(iv) Financial instruments

Financial assets

The share of the interest rate on financial instruments at initial recognition is the interest rate that exactly discounts the estimated future cash flows through the term of the financial instrument. The effective interest rate is determined using the initial effective interest rate of the financial instrument. For the purposes of this calculation, the initial effective interest rate is the effective interest rate of the financial instrument.

It is determined that the fair value is imperfectly observable - as the fair value is sensitive to significant changes in key market inputs including interest rates and the value of the underlying assets or liabilities. It is determined that the market participants would use similar valuation techniques and inputs in pricing the instrument.

The valuation is supported by a quoted market price for the instrument. Therefore, the fair value is determined using a model that has no unobservable inputs.

(b) Financial liabilities

The fair value of liabilities is determined by reference to the quoted market price when available, otherwise using valuation techniques as described in accounting policy 6(c)(iii).

(ii) Determination of classification

(a) Financial assets

(b) Financial liabilities

(iii) Offsetting

8. Financial assets and financial liabilities

(i) Financial assets

(ii) Financial liabilities

(i) Financial assets

(ii) Financial liabilities

9. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position only when SITTL has a legally enforceable right to offset the amounts and it intends either to settle them on a net basis or to realize 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 similar transaction.
(d) Impairment of financial assets

SITTL 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 measured at fair value through profit or loss:

- Amortized cost financial assets;
- Debt securities classified as at FVOCI;
- Debt securities classified as at amortized cost;
- Foreign exchange gains and losses.

When debt security measured at FVOCI is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss.

(g) Taxation

Income tax expense comprises current tax and the change in deferred tax. It is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or OCI. Current tax comprises tax payable calculated on the basis of the expected taxable income for the year, using the higher of 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 recognized on all temporary differences arising between the carrying amounts for financial reporting purposes and the tax bases of assets and liabilities, except differences relating to the initial recognition of assets or liabilities which affect neither accounting nor taxable income (i.e., net). Net deferred tax assets are reduced to the extent that it is not more probable that the related tax benefit will be realized.

Deferred tax is calculated on the basis of the tax rate that is expected to apply to the period when the asset is realized 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 recognized directly in equity or OCI. The tax rate and its determination are directly exposed to future changes in tax laws.

In determining the amount of current and deferred tax, SITTL considers the impact of tax-exposures, including whether additional tax jurisdictions in which deferred tax is due. This may arise from differences in the estimated time of realization of future tax deductions, or where there are transaction taxes. SITTL considers the impact of changes to tax laws that 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 at the same tax rate and with the same timing in both financial statements and for tax purposes.

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that future taxable profits will be available to realize them.
10. Impairment Loss Allowance

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment securities</td>
<td>836</td>
<td>1,715</td>
</tr>
<tr>
<td>Interest bearing account</td>
<td>23</td>
<td>71</td>
</tr>
<tr>
<td></td>
<td>859</td>
<td>1,788</td>
</tr>
</tbody>
</table>

11. Statutory Capital

<table>
<thead>
<tr>
<th>Authorized Capital</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Authorized capital consists of an unlimited number of ordinary shares</td>
<td>30,000,000</td>
<td>30,000,000</td>
</tr>
</tbody>
</table>

12. Statutory Reserve Fund

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, beginning of year</td>
<td>1,449,000</td>
<td>999,000</td>
</tr>
<tr>
<td>Amount transferred</td>
<td>502,000</td>
<td>450,000</td>
</tr>
<tr>
<td>Balance, end of year</td>
<td>1,951,000</td>
<td>1,449,000</td>
</tr>
</tbody>
</table>

13. Related Party Balances and Transactions

A party is related to SITTL if:

(a) The party is a subsidiary or an associate of SITTL;
(b) The party, directly or indirectly, either under common control or subject to significant influence with SITTL, or has significant influence over or control of SITTL;
(c) The party is a close family member of a person who is part of key management personnel or who controls SITTL;
(d) The party is controlled or significantly influenced by a member of key management personnel or by a person who controls SITTL;
(e) The party is a joint venture in which SITTL is a venture partner;
(f) The party is a member of SITTL's key management personnel;
(g) The party is a post-employment benefit plan for SITTL's employees;
(h) The party, or any member of a group of it, provides key management personnel services to SITTL;

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
- Assets under administration
- Assets under management

14. Other Expenses

<table>
<thead>
<tr>
<th>Service</th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Support services</td>
<td>909,397</td>
<td>967,508</td>
</tr>
<tr>
<td>Professional fees</td>
<td>238,505</td>
<td>217,035</td>
</tr>
<tr>
<td>Supervisor fees</td>
<td>100,000</td>
<td>100,000</td>
</tr>
<tr>
<td>Miscellaneous expenses</td>
<td>28,781</td>
<td>90,524</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,276,883</td>
<td>1,375,067</td>
</tr>
</tbody>
</table>

15. Taxation

15.1 Provision for taxation

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred tax</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Disregarded and reversal of temporary differences</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Current tax</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Tax on book</td>
<td>849,350</td>
<td>542,624</td>
</tr>
<tr>
<td>Green Fund levy</td>
<td>23,962</td>
<td>22,991</td>
</tr>
<tr>
<td>Business levy</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total provision for taxation</td>
<td>872,322</td>
<td>588,712</td>
</tr>
</tbody>
</table>

15.2 Reconciliation of provision for taxation

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

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Provision at year end</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxation on book</td>
<td>872,322</td>
<td>588,712</td>
</tr>
</tbody>
</table>

15.3 Deferred Taxation

17. Financial Risk Management

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

- **Credit risk**
- **Market risk**
- ** Liquidity risk**
- **Operational risk**

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

18. Risk Management Framework

SITTL utilizes the risk management framework used by Scotiabank Trinidad and Tobago Limited which is as follows:

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

SITTL’s risk management policies are established to identify and analyze the risks faced by SITTL, 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. Scotiabank, through its training and management standards and procedures, aim to develop a disciplined and constructive control environment, in which all employees understand their roles and responsibilities.

The Scotiabank Group Audit Committee is responsible for monitoring compliance with SITTL’s risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by SITTL. The Scotiabank 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.

17.1 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 SITTL. Credit risk is created in SITTL's investment activities where counterparties have recourse, or other obligations to SITTL.

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

SITTL'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.

SITTL’s credit processes include:

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

Furthermore, SITTL's management conducts a full financial review for each investment at least annually, so that they remain fully aware of investments' risk profiles.

SITTL's maximum exposure to credit risk is detailed below:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash resources</td>
<td>5,649,949</td>
<td>5,548,704</td>
</tr>
<tr>
<td>Investment securities</td>
<td>33,993,749</td>
<td>39,352,282</td>
</tr>
<tr>
<td>Other receivables</td>
<td>606,483</td>
<td>287,147</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>40,250,181</td>
<td>49,585,133</td>
</tr>
</tbody>
</table>

17.2 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 SITTL to market risk. This includes asset liability management, while also approving limits for funding and investment activities, and reviewing SITTL’s interest rate strategies and performance against established limits.

17.2.1 Currency risk

SITTL has 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, foreign currency options and other derivative instruments which all carry inherent risks.

Concentration of Assets and Liabilities

SITTL has the following currency positions:

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash resources</td>
<td>5,622,763</td>
<td>27,280</td>
</tr>
<tr>
<td>Investment securities</td>
<td>33,993,749</td>
<td>39,352,282</td>
</tr>
<tr>
<td>Deferred tax - ECL allowance</td>
<td>90</td>
<td>104</td>
</tr>
<tr>
<td>Expected credit losses</td>
<td>606,483</td>
<td>606,483</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>40,250,000</td>
<td>49,520,280</td>
</tr>
<tr>
<td>Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>686,947</td>
<td>27,280</td>
</tr>
<tr>
<td>Deferred tax liability</td>
<td>52,563</td>
<td>13,538</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>749,464</td>
<td>787,818</td>
</tr>
<tr>
<td><strong>Net balance sheet</strong></td>
<td>39,473,553</td>
<td>40,732,462</td>
</tr>
</tbody>
</table>

17.2.2 Interest rate risk

There is no significant interest rate risk exposure to SITTL.

17.2.3 Liquidity risk

There is no significant liquidity risk exposure to SITTL.
11.3 Capital management
SITTL’s capital management policies seek to achieve several objectives:
• SITTL’s compliance capital requirements as set by the Central Bank of Trinidad and Tobago;
• Ensure SITTL’s ability to continue as a going concern;
• To maintain a strong capital base to support the development of its business.
Capital adequacy and the use of regulatory capital are monitored daily by SITTL’s management. SITTL 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) in the regulatory framework. The required information is filed with the regulatory authority on a monthly basis. In 2020, CBTII promptly disclosed the necessary information to meet the disclosure requirements of the CBTT. The regulatory framework for calculating capital adequacy is based on the risk-weighted assets approach. The risk-weighted assets approach to capital adequacy is founded on the notion that credit risks should be measured at the level of the loans as a whole and the 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 performs periodic assessments of internal capital adequacy in accordance with the institution’s risk profile.
• Market discipline: ensures market discipline by obligating to disclose relevant market information.
The following tables summarize the net worth as at October 31. SITTL complied with all the externally imposed capital requirements to which it is subject.

17.4 Operational risk
Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with SITTL’s processes, personnel, technology, infrastructure, and from external factors other than credit market and liquidity risk such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risk arises from all of SITTL’s operations.
SITTL’s objective is to manage the operational risk in such a way as to balance the avoidance of financial losses and damage to SITTL’s reputation on 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 Scotiabank Operational Risk Committee. This responsibility is supported by the development of overall Scotiabank standards for the management of operational risk in the following areas:
• Requirements for appropriate segregation of duties, including the independent authorizations of transactions
• Reconciliation and monitoring of transactions
• Compliance with regulatory and other legal requirements
• Implementation 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.
SITTL monitors and assesses the actual and potential impact of the COVID-19 pandemic on the various financial risks to which it is exposed. SITTL’s operations, income and operating costs have not been affected by the onset of COVID-19 and there have been no material changes to the level of market risk or credit risk faced by SITTL as a result of the pandemic. To the extent that the issuers of debt instruments held in SITTL’s portfolio are negatively affected by COVID-19, this would impact the level of credit risk to which the Company is exposed. SITTL’s model for calculating expected credit losses (ECL) includes the impact of the COVID-19 pandemic by incorporating credit rating downgrades and forward-looking macroeconomic scenarios. SITTL continues to monitor, assess and take appropriate risk-mitigating measures as the pandemic evolves.

18. Fair Value of Financial Assets and Liabilities
The fair value of financial instruments is based on the valuation methodologies and assumptions set out in the significant accounting policies Note 45:

(a) Valuation models
SITTL measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:
• 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 that are considered less-active, less liquid, 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 for which the valuation techniques include inputs not based on observable data and the unobservable inputs have a significant effect on the fair value measurements.

(b) Financial instruments not measured at fair value
The table below is an analysis of financial instruments that are not presented on SITTL’s statement of financial position at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorized:

<table>
<thead>
<tr>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Total Fair Value</th>
<th>Total Carrying Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets</td>
<td>Cash resources</td>
<td>- 5,649,949</td>
<td>- 5,649,949</td>
<td>5,649,949</td>
</tr>
<tr>
<td></td>
<td>Other receivables</td>
<td>- 606,483</td>
<td>- 606,483</td>
<td>606,483</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- 6,256,432</td>
<td>- 6,256,432</td>
<td>6,256,432</td>
</tr>
<tr>
<td>Liabilities</td>
<td>Accounts payable and accrued liabilities</td>
<td>734,237</td>
<td>734,237</td>
<td>734,237</td>
</tr>
</tbody>
</table>

(c) 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 categorized:

19. Impact of COVID-19
On March 11, 2020 the World Health Organization declared the outbreak of Corona Virus (COVID-19) a pandemic due to its rapidly spreading across the Globe. The situation has adversely impacted global commercial activities and asset prices and has led to economic uncertainties. The rapid development and fluidity of this situation precludes any prediction as its ultimate impact, which may have a continued adverse impact on economic and market conditions and trigger a period of global economic slowdown. Up to the date of this report, there have been no material changes to SITTL’s capital structure or financial position. The Management and Directors does not believe there is any significant financial impact on these financial statements as a result of this continuing event.

20. Events after the Reporting Date
There are no events occurring after the reporting date and before the date of approval of the financial statements by the Board of Directors that require adjustments to or disclosure in these financial statements. There were no transfers between levels during the year.