Scotiabank

Media Release

For the Quarter ended 31 July 2022

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Scotiabank reports year to date profits of $521 million

THIRD QUARTER HIGHLIGHTS

	NINE MONTHS ENDED JULY 2022	NINE MONTHS ENDED JULY 2021
Income after Taxation	$521 million	$462 million
Dividends per share	230c	265c
Earnings per share	295.5c	261.9c
Return on Equity	16.2%	14.5%
Return on Assets	2.8%	2.3%

Scotiabank Trinidad and Tobago Limited (The Group) realised Income after Tax of $521 million for the nine months ended 31 July 2022, an increase of $59 million or 13% over the same period ended 31 July 2021. Income after tax for the quarter was $164 million, $7 million or 5% more than the quarter ending 31 July 2021. Our improvement over the prior year is driven by continued increases in core banking activity as we see a return to normal operating conditions following the lifting of COVID-19 restrictions.
The improvement in profitability has resulted in an increased Return on Equity from 14.5% in 2021 to 16.2% in 2022 and an increase in Return on Assets from 2.3% in 2021 to 2.8% in 2022.

Commenting on the results, Managing Director of Scotiabank Trinidad and Tobago Limited, Gayle Pazos, remarked:

"*We are pleased to announce another solid third quarter performance by Scotiabank. We continue to see a steady rise in Loans to Customers, recording an increase of $1.3 billion or 8% over the last nine months and driving total asset growth by 6% when compared to the same period in 2021. Of this $1.3 billion, Consumer Loans represent $818 million, corresponding to our best performance since 2016.*

We continue to make our products and services more accessible and convenient for all our customers. This quarter, we launched a "Basic Access" Deposit Account aimed at supporting our self-employed and micro enterprises customers. Scotia Insurance also launched a suite of new products - Scotia Elevate, Scotia Platinum and Scotia Legacy. These additions to our product offerings will deliver enhanced features to our customers while broadening their deposit capabilities, insurance protection and retirement options.

> **"We continue to make our products and services more accessible and convenient for all our customers."**

We are proud of the recent recognitions Scotiabank received including being named by Global Finance as Trinidad and Tobago's Best Consumer Digital Bank 2022 for the second year in a row and being recognised again by Great Place to Work as one of the best workplaces in the Caribbean 2022. These awards highlight our continued focus

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and investment in our people, our innovative use of technology, motivated by customers and their feedback in improving our digital competencies. Over the last year alone, digital transactions increased by 1 million or 42% with digital adoption at a record rate of 50%.

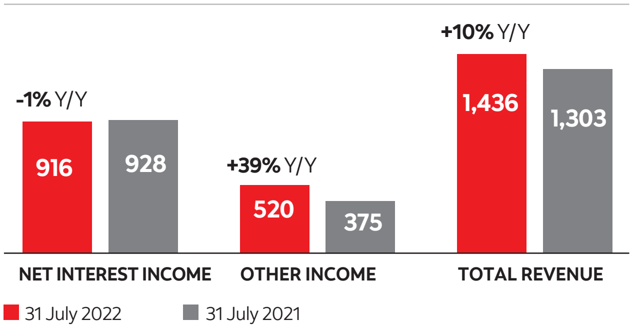
Looking forward, we are encouraged by the increased economic activity resulting from higher energy commodity prices and the final roll back of COVID-19 measures, albeit tempered by continued inflationary pressures and supply chain issues experienced globally and locally. We remain committed to delivering value for our staff, shareholders and customers and thank them for their loyalty, trust and confidence as we work towards a strong close for 2022."

GROUP FINANCIAL PERFORMANCE

Revenue

Total Revenue, comprising Net Interest Income and Other Income was $1.4 billion for the period ended 31 July 2022, an increase of $133 million or 10% over last year. Net Interest Income for the period was $916 million, $12 million or 1% lower when compared to the same period last year, driven by a decline in the loan portfolio during 2021, together with continued margin compression due to competitive pricing pressures. Core banking revenues continue to recover, driven by Other Income growth of $145 million or 39% to $520 million in 2022 as we note increased activity in both retail and commercial segments.

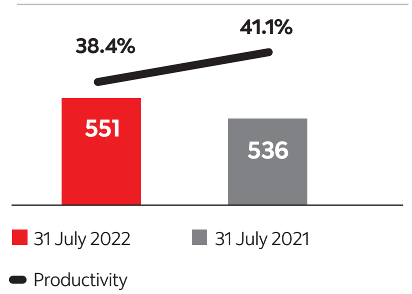
REVENUE (TT$MM)



Non-interest expenses and operating efficiency

In the context of continued rising price inflation, managing The Group's operational efficiency remains a strategic priority. We continue to focus on utilising our digital platform to enhance customer experience and control our operating expenditure profile, and this has resulted in our productivity ratio improving to 38.4% as at 31 July 2022 compared to 41.1% in 2021. Expenses increased by $15 million or 3% to $551 million. We continue to realise expense savings through our various digital and infrastructure enhancements offset by higher activity-based costs and inflationary impacts on our operating cost base.

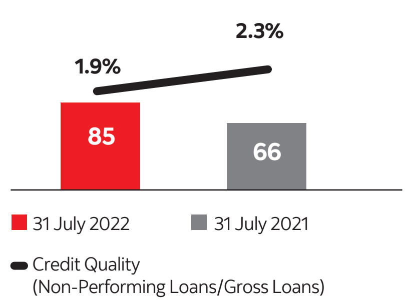
NON-INTEREST EXPENSES AND PRODUCTIVITY



Credit Quality

Net impairment losses on financial assets for the period ending July 2022 was $85 million, an increase of $19 million or 29% over the prior year. We continue to adopt a conservative credit risk methodology that takes into consideration various factors such as the uncertainty in the global economy and potential

EXPECTED CREDIT LOSSES AND CREDIT QUALITY



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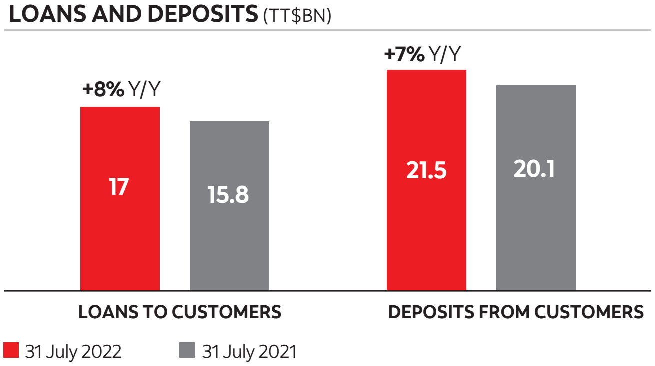
to impact the local economy. Our credit quality has improved with the ratio of non-performing loans as a percentage of gross loans reducing from 2.3% in 2021 to 1.9% in 2022.

Balance sheet

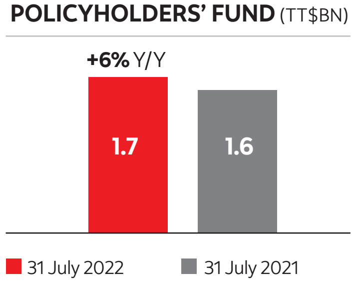
Total Assets were $28.7 billion as at 31 July 2022, increasing by $1.6 billion or 6% compared to the prior year. Loans to Customers, the Bank's largest interest earning asset, increased by $1.2 billion or 8% compared to 31 July 2021. We continue to see recovery in economic activity, driven by increased consumer demand and increased commercial activity.

LOANS AND DEPOSITS (TT$BN)



Investment securities and Treasury Bills stood at $7.2 billion as at 31 July 2022, an increase of $127 million over the prior year. We have recently begun to see an increase in the USD interest rate environment as the US Federal Reserve seeks to combat rising inflation rates. We will continue to monitor this for further opportunities to maximise our return on our investment portfolio while maintaining sufficient liquidity to meet our funding needs.

POLICYHOLDERS' FUND (TT$BN)

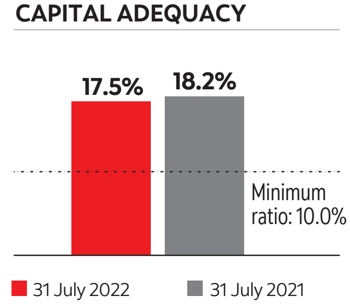


As at 31 July 2022, Total Liabilities increased by $1.6 billion to $24.3 billion or 7% over last year. This increase was due to an increase in Deposits from Customers of $1.4 billion or 7% to $21.5 billion and an increase in Policyholder Funds of $104 million or 6%. The growth in our insurance segment reaffirms customers' continued confidence in our brand coupled with the deepening of relationships with our customers as we offer products to suit different needs.

Shareholders' Equity

Total Shareholders' Equity closed the period at $4.3 billion, an increase of $18 million or 0.4% when compared to the balance as at 31 July 2021. The Bank's capital adequacy ratio stood at 17.48% as at 31 July 2022, which continues to be significantly above the minimum capital adequacy ratio under new BASEL II regulations of 10%.

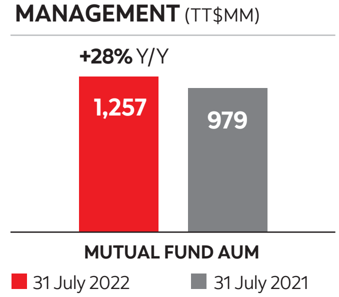
CAPITAL ADEQUACY



Wealth

Mutual Funds Under Management have seen steady growth over the last year, surpassing the $1 billion threshold earlier this year ending the quarter at $1.25

MUTUAL FUNDS UNDER MANAGEMENT (TT$MM)



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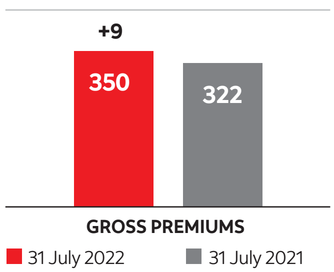
billion as at 31 July 2022, as evidenced by an increase of $278 million or 28%. Our recently introduced Short-Term Income Fund continues to grow, surpassing the $100 million benchmark earlier this quarter for a total of $126 million.

Insurance

Our Insurance subsidiary continues to be an integral part of the Group, representing 16% of NIAT. Total Gross Premiums increased by $28 million or 9%, driven by our commitment to provide our customers with affordable, convenient insurance solutions for their everyday needs.

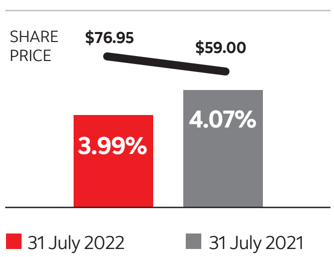
INSURANCE GROSS PREMIUMS (TT$MM)



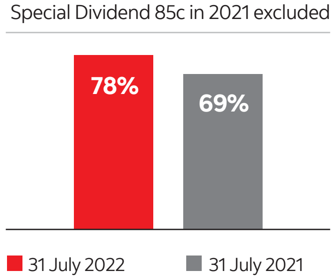
Dividends

We continue to provide a very healthy return and capital appreciation for our shareholders. We have declared total dividends of 100c for the quarter, inclusive of a special dividend of 35c per share. This brings the total dividends per share to 230c, an increase of 28% over the same period last year, excluding the special dividend of 85c in prior year. Our dividend payout ratio, excluding special dividend, increased from 69% to 78% with a dividend yield of 3.99%. This increase in payout ratio, combined with a share price appreciation of 30% since July 2021 continues to assert our commitment to maximise our total return to shareholders.

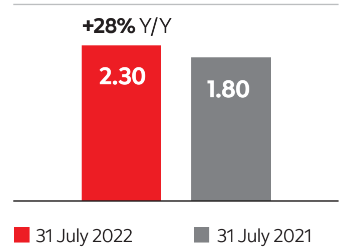
DIVIDEND YIELD
Special Dividend 85c in 2021 excluded



DIVIDEND PAYOUT RATIO
Special Dividend 85c in 2021 excluded



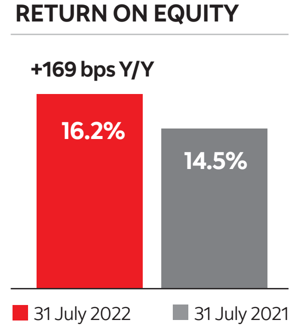
DIVIDENDS PAID (TT$'¢)
Special Dividend 85c in 2021 excluded



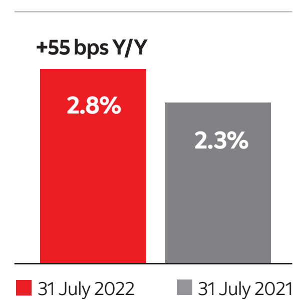
Return on equity and return on assets

Improvement in profitability has led to increased return on equity and return on assets. Return on Equity increased from 14.5% to 16.2% whilst Return on Assets increased from 2.3% to 2.8%, reflecting the effectiveness of the Group's strategies in improving profitability.

RETURN ON EQUITY



RETURN ON ASSETS



ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

Scotiabank is committed to and continues to contribute to improvements across environmental, social and governance action.

Our community initiatives thus far for 2022 have benefitted 16,728 individuals, and 11,879 youths through working with 79 charities, schools and community groups.

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As part of our continued efforts to combat climate change, in the lead up to World Environment Day (June 5), we embarked upon initiatives that help drive positive environmental action.

A Scotiabank volunteer assists in planting a mango tree at a children's home. Through Scotiabank's partnership with the SURE Foundation, 150 fruit trees have been planted at children's homes across the country.

Our partnership with the SURE Foundation was expanded to include fruit tree plantings at children's homes across the country. Scotiabank employees also got involved, helping to plant mango, breadfruit, chataigne and sapodilla trees. In total, 150 trees were planted at 19 children's homes.

Additionally, our global Bank has expanded its Net Zero Research Fund to $10 Million (CAD) to advance partnerships with leading think-tanks and academic institutions that are supporting key sectors in their efforts to decarbonize.

For 23 years, Scotiabank has supported breast cancer awareness and screening, helping to date, 20,000 women to access free services. Recently, our donation of $250,000 from the 2021 breast cancer awareness campaign was presented electronically by Gayle Pazos, Senior VP and Managing Director, Scotiabank to Dr. Asante Le Blanc, Chairperson of the Trinidad and Tobago Cancer Society.

These funds are being used towards a youth focused Anti-Vaping/No Smoking Campaign and our annual breast cancer screening services for women.

(L-R) Dr. Asante Le Blanc, Chairperson of the Trinidad and Tobago Cancer Society and Gayle Pazos, Senior VP and Managing Director, Scotiabank are all smiles following the electronic transfer of the Bank's $250,000 donation.

The Hon. Nyan Gadsby-Dolly (centre) - Minister of Education, receives, from Bocas Lit Fest executives and Stephan Lalonde (R) – Director, Human Resources, Scotiabank, the Year-2 project learning tools of Write Away!

In helping our young people fulfill their potential and become economically resilient, we continued our collaborations with Bocas Lit Fest and Families in Action. Write Away! was developed by the Bocas Lit Fest and is funded by the Scotiabank Foundation. It offers engaging digital content to support the teaching of English Literature with reference to books on the CSEC syllabus, available on demand to all secondary schools via the Ministry of Education's School Learning Management System.

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The 2022 edition of the Adulting 101 Programme hosted by Families in Action saw 40 young adults between the ages of 15 and 19 participate in sessions focused on helping them transition to successful adults. Our employees facilitated workshops on Financial Management, and Interview Preparation and Resumé Writing.

Members of Scotiabank’s Human Resources team during the virtual Interview Preparation and Resumé Writing Workshop.