

Scotiabank Trinidad and Tobago Limited

Financial results for the period ended 31 January 2023

Scotiabank®

To Our Shareholders

The Directors are pleased to announce that Scotiabank Trinidad and Tobago Limited (The Group) has realised profit after tax of \$189 million for the three months ended 31 January 2023, an increase of \$4 million, or 2% over the prior year.

Compared to the prior year, The Group recorded an increase in Total Revenue of \$23 million or 5%. This increase was mainly due to growth in net interest income of \$41 million or 14%, driven by higher loan volumes across both our retail and commercial portfolios. This growth was achieved through initiatives focused on relationship banking and competitive rate offerings.

Non-interest expenses increased by \$14 million or 8%, mainly due to the higher activity costs arising from improved business momentum year over year. In addition, The Group continues to navigate the inflationary impacts surrounding the ongoing global geopolitical events and global supply chain shortages. These have resulted in upward pressures being exerted on domestic prices and the cost of operations and investments to support business growth. We continue to actively manage our cost structure through ongoing operational efficiency exercises and this strategy has resulted in our productivity ratio coming in at 38%, which continues to be best in class in the local banking sector.

The Group continuously assesses the impacts of potential risks associated with the credit quality of our loan portfolios. In Q1 2023, provisions for credit losses increased by \$6 million or 33% over the prior year. While The Group focuses on maintaining levels of high credit quality, these provisions are forward looking in nature and reflect a prudent approach to the potential impacts of economic headwinds on our customer base. Our current non-accrual loan ratio remains under 2%, reflecting the high quality of the loan portfolio.

These earnings were driven by a strong Balance Sheet growth, with Total Assets increasing by \$1.3 billion or 5% year over year. Our focus on relationship banking across the commercial and retail segments has resulted in high quality loan growth of \$1.5 billion or 9%, fuelled by increases in stable customer deposits of \$1.1 billion or 5% and the redeployment of excess liquidity from reserves. These net assets stand on a resilient foundation, with The Group maintaining capital levels well in excess of regulatory minimums.

The Group's focus remains on maximising shareholder value and the continuous improvement of the banking experience for its customers. Our investment in technology stands at the forefront, with our recent advantage of Scotia eCom+® which is supported by our proprietary Gateway. This shared focus across the organisation has been reflected in The Group achieving the prestigious Bank of the Year award by Banker Magazine in December 2022. This demonstrates the confidence and commitment of our customers and stakeholders in our ability to foster inclusive, sustainable and profitable growth.

Based on these results, the Directors have approved a first quarter dividend of 70 cents per share, to be paid to shareholders on the Register of Members as at 20th March 2023, payable on 11th April 2023.

6 March 2023



Derek Hudson
Chairman



Gayle Pazos
Managing Director

Consolidated statement of financial position (stated in \$'000)

	UNAUDITED As at 31 January 2023	UNAUDITED As at 31 January 2022	AUDITED As at 31 October 2022
ASSETS			
Cash on hand and in transit	158,536	144,666	138,221
Loans and advances to banks and related companies	1,020,452	756,691	652,582
Treasury Bills	2,456,310	4,053,341	2,933,707
Deposits with Central Bank	2,904,621	2,641,496	2,369,244
Loans to customers	17,809,681	16,290,047	17,308,959
Investment securities	3,993,623	3,194,327	3,938,192
Investment in associated companies	44,523	40,805	43,428
Deferred tax assets	104,991	61,172	109,567
Property and equipment	350,743	354,867	353,262
Miscellaneous assets	58,286	44,870	64,807
Defined benefit pension fund asset	140,215	131,328	138,143
Goodwill	2,951	2,951	2,951
Taxation recoverable	-	4,916	4,916
TOTAL ASSETS	29,044,932	27,721,477	28,057,979
LIABILITIES AND EQUITY			
LIABILITIES			
Deposits from customers	21,811,124	20,734,855	20,891,772
Deposits from banks and related companies	81,553	42,582	95,279
Other liabilities	680,957	632,510	662,933
Taxation payable	112,387	91,385	106,541
Policyholders' funds	1,765,130	1,706,051	1,746,579
Post-employment medical and life benefits obligation	188,877	180,015	184,199
Deferred tax liabilities	65,596	57,755	56,656
TOTAL LIABILITIES	24,705,624	23,445,153	23,743,959
EQUITY			
Stated capital	267,563	267,563	267,563
Statutory reserve fund	880,995	835,100	880,100
Investment revaluation reserve	(17,614)	27,540	(29,982)
Retained earnings	3,208,364	3,146,121	3,196,339
TOTAL EQUITY	4,339,308	4,276,324	4,314,020
TOTAL LIABILITIES AND EQUITY	29,044,932	27,721,477	28,057,979

Consolidated statement of profit or loss (stated in \$'000)

	UNAUDITED Three months ended 31 January 2023	UNAUDITED Three months ended 31 January 2022	AUDITED Year ended 31 October 2022
REVENUE			
Net Interest Income	340,389	299,575	1,246,260
Other Income	157,434	175,340	651,788
Total Revenue	497,823	474,915	1,898,048
EXPENSES			
Non-Interest Expenses	187,685	173,482	737,420
Net impairment loss on financial assets	22,894	17,193	110,069
PROFIT BEFORE TAXATION	287,244	284,240	1,050,559
Income tax expense	97,980	98,789	366,810
PROFIT AFTER TAXATION	189,264	185,451	683,749
Dividends per share	70.0c	65.0c	330.0c
Earnings per share	107.3c	105.2c	387.7c

Consolidated statement of total comprehensive income (stated in \$'000)

	UNAUDITED Three months ended 31 January 2023	UNAUDITED Three months ended 31 January 2022	AUDITED Year ended 31 October 2022
PROFIT AFTER TAXATION	189,264	185,451	683,749
OTHER COMPREHENSIVE INCOME			
Remeasurement of post-employment benefits asset/obligation, net of tax	-	-	2,511
Fair value remeasurement of debt instruments at FVOCI, net of tax	12,368	(3,053)	(60,575)
TOTAL COMPREHENSIVE INCOME, ATTRIBUTABLE TO EQUITY HOLDERS	201,632	182,398	625,685

Consolidated statement of cash flows (stated in \$'000)

	UNAUDITED Three months ended 31 January 2023	UNAUDITED Three months ended 31 January 2022	AUDITED Year ended 31 October 2022
Cash flows from operating activities			
Profit for the year	189,264	185,451	683,749
Change in loans to customers	(494,714)	(554,399)	(1,626,746)
Change in deposits from customers	916,592	490,966	570,004
Taxation paid	(85,501)	(66,336)	(338,798)
Other adjustments to reconcile income after taxation to net cash from operating activities	68,579	9,677	509,232
Net cash from operating activities	594,220	65,359	(202,559)
Cash flows used in investing activities			
Change in Treasury Bills with original maturity date due over 3 months	627,417	(1,419,910)	1,033,684
Change in investments	-	(121,629)	(1,672,522)
Purchase of property and equipment	-	-	(20,703)
Proceeds from disposal of share in associate company	-	-	-
Proceeds from disposal of property and equipment	9,294	1,344	-
Net cash used in investing activities	636,711	(1,540,195)	(659,541)
Cash flows used in financing activities			
Payment of lease liabilities	(7,759)	(4,164)	(20,008)
Dividends paid	(176,344)	(149,892)	(555,483)
Net cash used in financing activities	(184,103)	(154,056)	(575,491)
Increase (Decrease) in cash and cash equivalents	1,046,828	(1,628,892)	(1,437,591)
Cash and cash equivalents, beginning of period	1,671,633	3,109,224	3,109,224
Cash and cash equivalents, end of period	2,718,461	1,480,332	1,671,633
Cash and cash equivalents represented by:			
Cash on hand and in transit	158,536	144,666	138,221
Loans and advances to banks and related companies	1,020,452	756,691	652,582
Treasury Bills with original maturity date not exceeding 3 months	523,251	346,000	845,220
Surplus deposits with Central Bank	1,016,222	232,975	35,610
Cash and cash equivalents	2,718,461	1,480,332	1,671,633

Scotiabank Trinidad and Tobago Limited

Financial results for the period ended 31 January 2023

Consolidated statement of changes in equity (stated in \$'000)

	Stated Capital	Statutory Reserve	Investment Revaluation Reserve	Retained Earnings	Total Shareholders' Equity
UNAUDITED					
Three months ended 31 January 2023					
Balance as at 31 October 2022	267,563	880,100	(29,982)	3,196,339	4,314,020
Profit for the year	-	-	-	189,264	189,264
Other comprehensive income, net of tax					
- Fair value remeasurement of FVOCI investments	-	-	12,368	-	12,368
- Remeasurement of post-employment benefits asset/obligation	-	-	-	-	-
Total comprehensive income	-	-	12,368	189,264	201,632
Transactions with equity owners of Scotiabank					
Transfer to statutory reserve	-	895	-	(895)	-
Dividends paid	-	-	-	(176,344)	(176,344)
	-	895	-	(177,239)	(176,344)
Balance as at 31 January 2023	267,563	880,995	(17,614)	3,208,364	4,339,308
UNAUDITED					
Three months ended 31 January 2022					
Balance as at 31 October 2021	267,563	815,100	30,593	3,130,562	4,243,818
Profit for the year	-	-	-	185,451	185,451
Other comprehensive income, net of tax					
- Fair value remeasurement of FVOCI investments	-	-	(3,053)	-	(3,053)
- Remeasurement of post-employment benefits asset/obligation	-	-	-	-	-
Total comprehensive income	-	-	(3,053)	185,451	182,398
Transactions with equity owners of Scotiabank					
Transfer to statutory reserve	-	20,000	-	(20,000)	-
Dividends paid	-	-	-	(149,892)	(149,892)
	-	20,000	-	(169,892)	(149,892)
Balance as at 31 January 2022	267,563	835,100	27,540	3,146,121	4,276,324
AUDITED					
Year ended 31 October 2022					
Balance as at 31 October 2021	267,563	815,100	30,593	3,130,562	4,243,818
Profit for the year	-	-	-	683,749	683,749
Other comprehensive income, net of tax					
- Fair value remeasurement of FVOCI investments	-	-	(60,575)	-	(60,575)
- Remeasurement of post-employment benefits asset/obligation	-	-	-	2,511	2,511
Total comprehensive income	-	-	(60,575)	686,260	625,685
Transactions with equity owners of Scotiabank					
Transfer to statutory reserve	-	65,000	-	(65,000)	-
Dividends paid	-	-	-	(555,483)	(555,483)
	-	65,000	-	(620,483)	(555,483)
Balance as at 31 October 2022	267,563	880,100	(29,982)	3,196,339	4,314,020

Segment reporting (stated in \$'000)

	Retail & Commercial Banking	Corporate & Asset Management	Insurance Services	Other	Total
UNAUDITED					
Three months ended 31 January 2023					
Total Revenue	452,272	4,644	40,907	-	497,823
Material non-cash items					
Depreciation	8,249	-	-	-	8,249
Income before taxation	250,308	4,117	32,818	-	287,244
Assets	26,394,077	46,968	2,603,886	-	29,044,932
Liabilities	22,875,132	4,936	1,825,556	-	24,705,624
UNAUDITED					
Three months ended 31 January 2022					
Total Revenue	430,211	4,183	40,521	-	474,915
Material non-cash items					
Depreciation	8,218	-	-	-	8,218
Income before taxation	247,417	3,479	33,342	-	284,240
Assets	25,173,584	46,090	2,501,803	-	27,721,477
Liabilities	21,695,388	942	1,748,823	-	23,445,153
AUDITED					
Year ended 31 October 2022					
Total Revenue	1,705,848	24,935	167,265	-	1,898,048
Material non-cash items					
Depreciation	32,665	-	-	-	32,665
Income before taxation	909,801	12,910	126,168	1,680	1,050,559
Assets	25,458,658	43,255	2,555,139	927	28,057,979
Liabilities	21,937,283	4,075	1,801,679	922	23,743,959

Significant Accounting Policies:

Basis of preparation

These financial statements, in all material aspects, have been prepared in accordance with International Financial Reporting Standards. The accounting policies used in the preparation of the financial statements are the same as were followed in the financial statements as at 31 October 2022.