

Scotiabank Trinidad and Tobago Limited

Financial results for the period ended 31 January 2024

To Our Shareholders

The Directors announced that Scotiabank Trinidad and Tobago Limited (The Group) has realised profit after tax of \$164 million for the quarter ended January 31 2024, an increase of \$4MM or 3% over the restated prior year comparative. Effective November 1, 2023, The Group adopted IFRS 17 – Insurance Contracts which replaces IFRS 4. This change in accounting standard impacts the recognition and measurement of insurance contracts in the Group's Insurance subsidiary, Scotia Life Trinidad and Tobago Limited, as well as the corresponding presentation and disclosures in the Group's financial statements.

Business activity continues to be at steady levels in various sectors within the economy, leading to an overall increase in demand for retail and commercial lending products.

The Group recorded an increase in total revenue of \$20 million or 4%, driven mainly by growth in net interest income of \$19 million or 4%. We achieved higher loan volumes on our retail and commercial portfolios, coupled with increased yields on the Group's investment portfolio. Other income increased marginally by \$1 million or 1% as growth in insurance and asset management segment revenues was offset by declines in trading revenues in keeping with local market dynamics.

Non-interest expenses increased by \$20 million or 11%, reflective of a combination of inflation, higher activity related costs and increased technology costs. This is aligned with our delivery of enhanced digital capability, as well as improved quality and security of banking services provided to our customers. The Group actively manages its cost structure and we expect longer term benefit from our technology build as we continue our focus on sustainable growth. Our productivity ratio of 42% continues to be best in class in the local banking sector.

We continuously assess the impacts of potential risks associated with the credit quality of our loan portfolios and actively manage these exposures. For the quarter ended January 31, 2024, net impairment losses increased by \$7 million or 33%, however, the Group's ratio of non-accrual loans to total loans remained under 2% reflecting the high quality of the loan portfolio.

The Group continues to record strong growth on Balance Sheet with Total Assets increasing by \$1.0 billion or 3% year over year. The majority of the growth in total assets was realized through increased loans to our Retail and Commercial banking segments which increased by \$1.3 billion or 8%. Concurrently, the Group's deposit base increased by \$0.5 billion or 2.5% as customers continue to confidently invest across the spectrum of products that we offer. Our capital base increased by \$154 million over the prior year and our capital adequacy ratio stands at over 17%, well in excess of regulatory minimums.

As we continue to work to provide adequate returns to shareholders, while balancing the need to maintain adequate capital levels, we are pleased to announce that the Directors have approved a final dividend of 75c per share (70c in 2023). These dividends are payable to shareholders on the Register of Members as at March 28, 2024, by April 18, 2024.

In closing, on behalf of the Board of Directors, we would like to thank all of our customers and shareholders for the trust and confidence shown in us. We also thank our employees for their ongoing stellar efforts in providing high levels of customer service and our management for continuing to advance our key strategic initiatives as we work to ensure long term profitable growth.

Derek Hudson
Chairman

Gayle Pazos
Managing Director

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

	UNAUDITED As at 31 January 2024	UNAUDITED RESTATED As at 31 January 2023	AS PREVIOUSLY REPORTED 31 January 2023	UNAUDITED RESTATED As at 31 October 2023	AUDITED As at 31 October 2023
ASSETS					
Cash on hand and in transit	155,751	158,536	158,536	187,028	187,028
Loans and advances to banks and related companies	691,580	1,022,398	1,020,452	1,090,429	1,090,429
Treasury bills	2,019,378	2,456,310	2,456,310	1,869,820	1,869,820
Deposits with Central Bank	3,320,607	2,904,621	2,904,621	3,193,913	3,193,913
Loans to customers	19,169,266	17,809,681	17,809,681	18,604,223	18,604,223
Investment securities	4,064,633	3,993,623	3,993,623	4,088,677	4,088,677
Investment in associated companies	50,491	44,523	44,523	48,806	48,806
Deferred tax assets	73,845	104,991	104,991	72,345	72,345
Property and equipment	333,765	350,743	350,743	336,472	336,472
Insurance and reinsurance contract assets	54,846	55,637	-	54,265	-
Miscellaneous assets	26,761	60,814	58,286	50,218	50,218
Defined benefit pension fund asset	115,592	140,215	140,215	111,147	111,147
Goodwill	2,951	2,951	2,951	2,951	2,951
TOTAL ASSETS	30,079,466	29,105,043	29,044,932	29,710,294	29,656,029
LIABILITIES AND EQUITY					
LIABILITIES					
Deposits from customers	22,352,778	21,811,124	21,811,124	22,028,144	22,028,144
Deposits from banks and related companies	283,622	81,553	81,553	322,524	322,524
Other liabilities	730,168	709,608	680,957	775,600	752,547
Taxation payable	88,170	112,387	112,387	77,771	77,771
Policyholders' funds	1,881,464	1,776,844	1,765,130	1,817,788	1,783,773
Post-employment medical and life benefits obligation	198,034	188,877	188,877	193,044	193,044
Deferred tax liabilities	32,354	65,596	65,596	29,009	29,009
TOTAL LIABILITIES	25,566,590	24,745,989	24,705,624	25,243,880	25,186,812
EQUITY					
Stated capital	267,563	267,563	267,563	267,563	267,563
Statutory reserve fund	882,055	880,995	880,995	882,055	882,055
Investment revaluation reserve	(6,225)	(15,263)	(17,614)	(11,861)	15,282
Retained earnings	3,369,483	3,225,759	3,208,364	3,328,657	3,304,317
TOTAL EQUITY	4,512,876	4,359,054	4,339,308	4,466,414	4,469,217
TOTAL LIABILITIES AND EQUITY	30,079,466	29,105,043	29,044,932	29,710,294	29,656,029

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

	UNAUDITED Three months ended 31 January 2024	UNAUDITED RESTATED Three months ended 31 January 2023	AS PREVIOUSLY REPORTED Three months ended 31 January 2023	UNAUDITED RESTATED Year ended 31 October 2023	AUDITED Year ended 31 October 2023
REVENUE					
Net Interest Income	346,417	327,092	340,389	1,395,742	1,414,069
Other Income	134,781	133,933	157,434	538,763	523,142
Total Revenue	481,198	461,025	497,823	1,934,505	1,937,211
EXPENSES					
Non-Interest Expenses	200,032	180,510	187,685	829,517	809,547
Net impairment loss on financial assets	30,455	22,894	22,894	105,891	105,891
PROFIT BEFORE TAXATION	250,711	257,621	287,244	999,097	1,021,773
Income tax expense	86,444	97,980	97,980	343,782	343,782
PROFIT AFTER TAXATION	164,267	159,641	189,264	655,315	677,991
Dividends per share	75.0c	70.0c	70.0c	280.0c	280.0c
Earnings per share	93.2c	90.5c	107.3c	371.6c	384.5c

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

	UNAUDITED Three months ended 31 January 2024	UNAUDITED RESTATED Three months ended 31 January 2023	AS PREVIOUSLY REPORTED Three months ended 31 January 2023	UNAUDITED RESTATED Year ended 31 October 2023	AUDITED Year ended 31 October 2023
PROFIT AFTER TAXATION	164,267	159,641	189,264	655,315	677,991
OTHER COMPREHENSIVE INCOME					
Remeasurement of post-employment benefits asset/obligation, net of tax	-	-	-	(21,392)	(21,392)
Fair value remeasurement of debt instruments at FVOCI, net of tax	(21,507)	14,719	12,368	45,264	45,264
TOTAL COMPREHENSIVE INCOME, ATTRIBUTABLE TO EQUITY HOLDERS	142,760	174,360	201,632	679,187	701,863

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

	UNAUDITED Three months ended 31 January 2024	UNAUDITED RESTATED Three months ended 31 January 2023	UNAUDITED Three months ended 31 January 2023	AUDITED Year ended 31 October 2023
Cash flows from operating activities				
Profit for the year	164,267	159,641	189,264	677,991
Change in loans to customers	(565,043)	(494,714)	(494,714)	(1,460,016)
Change in deposits from customers	324,634	916,592	916,592	1,124,999
Taxation paid	(65,147)	(85,501)	(85,501)	(370,403)
Other adjustments to reconcile income after taxation to net cash from operating activities	(230,580)	68,579	68,579	954,532
Net cash from operating activities	(371,869)	564,597	594,220	927,103
Cash flows used in investing activities				
Change in Treasury Bills with original maturity date due over 3 months	126,964	631,269	631,269	820,963
Change in investments	(24,044)	-	-	(231,041)
Purchase of property and equipment	-	-	-	(12,563)
Proceeds from disposal of property and equipment	-	5,442	5,442	-
Net cash used in investing activities	102,920	636,711	636,711	577,359
Cash flows used in financing activities				
Payment of lease liabilities	(5,335)	(7,759)	(7,759)	(19,281)
Dividends paid	(123,441)	(176,344)	(176,344)	(546,666)
Net cash used in financing activities	(128,776)	(184,103)	(184,103)	(565,947)
Increase (Decrease) in cash and cash equivalents	(397,725)	1,046,828	1,046,828	938,515
Cash and cash equivalents, beginning of period	2,610,148	1,671,633	1,671,633	1,671,633
Cash and cash equivalents, end of period	2,212,423	2,718,461	2,718,461	2,610,148
Cash and cash equivalents represented by:				
Cash on hand and in transit	155,751	158,536	158,536	187,028
Loans and advances to banks and related companies	691,580	1,020,452	1,020,452	1,090,429
Treasury Bills with original maturity date not exceeding 3 months	560,285	523,251	523,251	795,000
Surplus deposits with Central Bank	804,807	1,016,222	1,016,222	537,691
Cash and cash equivalents	2,212,423	2,718,461	2,718,461	2,610,148

Scotiabank Trinidad and Tobago Limited

Financial results for the period ended 31 January 2024

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 2024					
Balance as at 31 October 2023	267,563	882,055	15,282	3,304,317	4,469,217
Restatement with respect to change in accounting standards	-	-	(27,143)	24,340	(2,803)
Balance as at 31 October 2023 (Restated)	267,563	882,055	(11,861)	3,328,657	4,466,414
Profit for the year	-	-	-	164,267	164,267
Other comprehensive income, net of tax					
- Fair value remeasurement of FVOCI investments	-	-	5,636	-	5,636
- Remeasurement of post-employment benefits asset/obligation	-	-	-	-	-
Total comprehensive income	-	-	5,636	164,267	169,903
Transactions with equity owners of Scotiabank					
Transfer to statutory reserve	-	-	-	-	-
Dividends paid	-	-	-	(123,441)	(123,441)
	-	-	-	(123,441)	(123,441)
Balance as at 31 January 2024	267,563	882,055	(6,225)	3,369,483	4,512,876
UNAUDITED RESTATED					
Three months ended 31 January 2023					
Balance as at 31 October 2022	267,563	880,100	(29,982)	3,243,355	4,361,036
Profit for the year	-	-	-	159,643	159,643
Other comprehensive income, net of tax					
- Fair value remeasurement of FVOCI investments	-	-	14,719	-	14,719
- Remeasurement of post-employment benefits asset/obligation	-	-	-	-	-
Total comprehensive income	-	-	14,719	159,643	174,362
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	(15,263)	3,225,759	4,359,054
AS PREVIOUSLY REPORTED					
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
AUDITED					
Year ended 31 October 2023					
Balance as at 31 October 2022	267,563	880,100	(29,982)	3,196,339	4,314,020
Profit for the year	-	-	-	677,991	677,991
Other comprehensive income, net of tax					
- Fair value remeasurement of FVOCI investments	-	-	-	(21,392)	(21,392)
- Remeasurement of post-employment benefits asset/obligation	-	-	45,264	-	45,264
Total comprehensive income	-	-	45,264	656,599	701,863
Transactions with equity owners of Scotiabank					
Transfer to statutory reserve	-	1,955	-	(1,955)	-
Dividends paid	-	-	-	(546,666)	(546,666)
	-	1,955	-	(548,621)	(546,666)
Balance as at 31 October 2023	\$ 267,563	882,055	15,282	3,304,317	4,469,217

Segment reporting (stated in \$'000)

	Retail & Commercial Banking	Corporate & Asset Management	Insurance Services	Total
UNAUDITED				
Three months ended 31 January 2024				
Total Revenue	439,247	7,178	34,773	481,198
Material non-cash items				
Depreciation	8,694	-	-	8,694
Income before taxation	212,354	4,105	34,252	250,711
Assets	27,235,602	48,092	2,795,772	30,079,466
Liabilities	23,609,104	5,462	1,952,024	25,566,590
UNAUDITED RESTATED				
Three months ended 31 January 2023				
Total Revenue	452,270	4,644	4,111	461,025
Material non-cash items				
Depreciation	8,249	-	-	8,249
Income before taxation	250,306	4,120	3,195	257,621
Assets	26,394,081	46,968	2,663,994	29,105,043
Liabilities	22,875,135	4,936	1,865,918	24,745,989
AS PREVIOUSLY REPORTED				
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	250,309	4,117	32,818	287,244
Assets	26,394,078	46,968	2,603,886	29,044,932
Liabilities	22,875,132	4,936	1,825,556	24,705,624
AUDITED				
Year ended 31 October 2023				
Total Revenue	1,732,420	19,802	184,989	1,937,211
Material non-cash items				
Depreciation	32,399	-	-	32,399
Income before taxation	854,089	15,244	152,440	1,021,773
Assets	26,930,443	44,829	2,680,757	29,656,029
Liabilities	23,320,729	5,139	1,860,944	25,186,812

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 2023, except for the adoption of IFRS 17 - Insurance Contracts.

IFRS 17 - Insurance Contracts

IFRS 17, Insurance Contracts, which is effective for annual reporting periods beginning on or after January 1, 2023, provides a comprehensive principle-based framework for the measurement and presentation of all insurance contracts. The new standard replaces IFRS 4 Insurance Contracts and requires insurance contracts to be measured at their current fulfilment value, using one of three measurement models, depending on the nature of the contract. IFRS 17 introduces three measurement models: the general model, the premium allocation approach, and the variable fee approach.

Comparative information

Comparative amounts in these Financial Statements have been restated to conform to presentation changes in the current financial period for the following:

Consolidated Statement of Comprehensive Income

Net Interest Income - These amounts were restated to include interest accreted on present value cash flows, such as the interest accumulated on the Contractual Service Margin (CSM).

Other Income - These amounts were restated to include releases of revenue and expenses on the insurance operations, including amortization of Contractual Service Margin and Risk Adjustment for the period.

Non-Interest Expenses - These amounts were restated to include expenses not directly attributable to the acquisition or maintenance of insurance contracts.

Consolidated Statement of Financial Position

Insurance and reinsurance contract assets - These amounts were previously reported in the miscellaneous assets and have now been reclassified to a separate line in the statement of financial position. It represents amounts due from reinsurance contracts.

Other liabilities - These amounts were restated to include segregated fund liabilities, which represent the amounts invested by policyholders in savings and wealth insurance products.

Policyholders' funds - These amounts were restated to include the Liability for Incurred Claims to policyholders and the Liability for Remaining Coverage.