

Scotiabank Trinidad And Tobago Limited

Financial results for the period ended 30 April 2023

To Our Shareholders

The Directors announce that Scotiabank Trinidad and Tobago Limited (The Group) has realised profit after tax of \$344 million for the six months ended April 30, 2023 a decrease of \$12MM or 3.5% over the prior year.

The Group's total revenue increased by \$22 million or 2% mainly due to a \$98 million or 16% growth in net interest income driven by higher loan volumes across our retail and commercial portfolios coupled with increases in yields on the Group's investment portfolio. Partially offsetting the increase in net interest income was a \$76 million or 21% decline in other income.

Non-interest expenses increased by \$34 million or 9% because of higher activity-related costs arising from increased business activity levels, continued investment in our people and technological platforms and the impact of the increased inflationary pressures prevalent in the local and global economies. We continue to actively manage our cost structure and have introduced enhanced processes for sustainable growth. This strategy has resulted in a productivity ratio of 40% 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. To the end of 30 April 2023, net impairment losses increased by \$12 million or 26% over the prior year. This increase is a function of strong loan growth during the year coupled with reversals of expected credit losses in the prior year. Our ratio of non-accrual loans to total loans continues to trend under 2% reflecting the high quality of the loan portfolio.

The Group continues to record strong growth in our Balance Sheet with Total Assets increasing by \$856 million or 3% year over year. This was achieved through balanced loan growth across our retail and commercial banking segments, recording an increase of \$1.4 billion or 9% year over year and funded by a \$0.3 billion increase in deposit balances. Our capital base has increased by \$71 million over the prior year and we continue to maintain capital levels well in excess of regulatory minimums.

We continue to invest to maximize shareholder value and improve the banking experience for our customers. We recently introduced new and improved features and tools for our Scotia Access customers which offer dedicated support at the touch of a button through our Scotia Caribbean App. We also continue to focus on our Environmental, Social and Governance (ESG) strategy and during the quarter, together with our partners and our employees, we led seedling distribution drives in local communities making a positive contribution to food sustainment and carbon capture.

Based on these results, the Directors have approved a first quarter dividend of 70c per share, to shareholders on the Register of Members as at June 20, 2023, payable by July 11, 2023.

5 June, 2023

Derek Hudson
Chairman

Gayle Pazos
Managing Director

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

	UNAUDITED As at 30 April 2023	UNAUDITED As at 30 April 2022	AUDITED As at 31 October 2022
ASSETS			
Cash on hand and in transit	153,316	165,529	138,221
Loans and advances to banks and related companies	506,973	861,379	652,582
Treasury bills	2,196,365	3,738,374	2,933,707
Deposits with Central Bank	2,923,815	2,504,091	2,369,244
Loans to customers	18,197,899	16,745,112	17,308,959
Investment securities	4,121,990	3,247,457	3,938,192
Investment in associated companies	45,872	41,522	43,428
Deferred tax assets	98,496	71,608	109,567
Property and equipment	345,417	346,221	353,262
Miscellaneous assets	32,647	41,766	64,807
Defined benefit pension fund asset	152,194	151,475	138,143
Goodwill	2,951	2,951	2,951
Taxation recoverable	-	4,916	4,916
TOTAL ASSETS	28,777,935	27,922,401	28,057,979
LIABILITIES AND EQUITY			
LIABILITIES			
Deposits from customers	21,258,130	20,912,368	20,891,772
Deposits from banks and related companies	368,191	68,534	95,279
Other liabilities	623,291	579,004	662,933
Taxation payable	82,988	95,101	106,541
Policyholders' funds	1,793,999	1,709,304	1,746,579
Post-employment medical and life benefits obligation	193,555	184,545	184,199
Deferred tax liabilities	65,923	52,712	56,656
TOTAL LIABILITIES	24,386,077	23,601,568	23,743,959
EQUITY			
Stated capital	267,563	267,563	267,563
Statutory reserve fund	880,995	835,100	880,100
Investment revaluation reserve	(2,753)	3,780	(29,982)
Retained earnings	3,246,053	3,214,390	3,196,339
TOTAL EQUITY	4,391,858	4,320,833	4,314,020
TOTAL LIABILITIES AND EQUITY	28,777,935	27,922,401	28,057,979

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

	UNAUDITED Three months ended 30 April 2023	UNAUDITED Three months ended 30 April 2022	UNAUDITED Six months ended 30 April 2023	UNAUDITED Six months ended 30 April 2022	AUDITED Year ended 31 October 2022
REVENUE					
Net Interest Income	354,126	296,874	694,515	596,450	1,246,260
Net Other Income	122,212	180,634	279,646	355,973	651,788
Total Revenue	476,338	477,508	974,161	952,423	1,898,048
EXPENSES					
Non-Interest Expenses	206,596	187,063	394,281	360,545	737,420
Net impairment loss on financial assets	34,178	28,165	57,072	45,358	110,069
PROFIT BEFORE TAXATION	235,564	262,280	522,808	546,520	1,050,559
Income tax expense	80,874	91,275	178,854	190,064	366,810
PROFIT FOR THE YEAR, ATTRIBUTABLE TO EQUITY HOLDERS	154,690	171,005	343,954	356,456	683,749
Dividends per share	70.0c	65.0c	140.0c	130.0c	330.0c
Earnings per share	87.7c	97.0c	195.0c	202.1c	387.7c

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

	UNAUDITED Three months ended 30 April 2023	UNAUDITED Three months ended 30 April 2022	UNAUDITED Six months ended 30 April 2023	UNAUDITED Six months ended 30 April 2022	AUDITED Year ended 31 October 2022
PROFIT AFTER TAXATION	154,690	171,005	343,954	356,456	683,749
OTHER COMPREHENSIVE INCOME					
Remeasurement of post-employment benefits asset/obligation, net of tax	6,439	11,888	6,439	11,888	2,511
Fair value remeasurement of debt instruments at FVOCI, net of tax	14,861	(23,760)	27,229	(26,813)	(60,575)
TOTAL COMPREHENSIVE INCOME, ATTRIBUTABLE TO EQUITY HOLDERS	175,990	159,133	377,622	341,531	625,685

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

	UNAUDITED Six months ended 30 April 2023	UNAUDITED Six months ended 30 April 2022	AUDITED Year ended 31 October 2022
Cash flows from operating activities			
Profit for the year	343,954	356,456	683,749
Change in loans to customers	(880,594)	(1,021,984)	(1,626,746)
Change in deposits from customers	364,226	668,776	570,004
Taxation paid	(154,389)	(171,163)	(338,798)
Other adjustments to reconcile income after taxation to net cash from operating activities	(63,460)	100,413	509,232
Net cash from operating activities	(390,263)	(67,502)	(202,559)
Cash flows used in investing activities			
Change in Treasury Bills with original maturity date due over 3 months	1,471,510	(199,257)	1,033,684
Change in investments	410,284	(679,596)	(1,672,522)
Purchase of property and equipment	(4,467)	(586)	(20,703)
Proceeds from disposal of property and equipment	8,000	3,935	-
Net cash used in investing activities	1,885,327	(875,504)	(659,541)
Cash flows used in financing activities			
Payment of lease liabilities	(12,095)	(6,419)	(20,008)
Dividends paid	(299,784)	(264,516)	(555,483)
Net cash used in financing activities	(311,879)	(270,935)	(575,491)
Increase (Decrease) in cash and cash equivalents and cash equivalents, beginning of period	1,183,185	(1,213,941)	(1,437,591)
Cash and cash equivalents, end of period	2,854,818	1,895,283	1,671,633
Cash and cash equivalents represented by:			
Cash on hand and in transit	153,316	165,529	138,221
Loans and advances to banks and related companies	506,973	861,379	652,582
Treasury Bills with original maturity date not exceeding 3 months	1,579,388	183,580	845,220
Surplus deposits with Central Bank	615,141	684,795	35,610
Cash and cash equivalents	2,854,818	1,895,283	1,671,633

Scotiabank Trinidad And Tobago Limited

Financial results for the period ended 30 April 2023

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

	Stated Capital	Statutory Reserve	Investment Revaluation Reserve	Retained Earnings	Total Shareholders' Equity
UNAUDITED					
Six months ended 30 April 2023					
Balance as at 31 October 2022	267,563	880,100	(29,982)	3,196,339	4,314,020
Profit for the year	-	-	-	343,954	343,954
Other comprehensive income, net of tax					
- Fair value remeasurement of FVOCI investments	-	-	27,229	-	27,229
- Remeasurement of post-employment benefits asset/obligation	-	-	-	6,439	6,439
Total comprehensive income	-	-	27,229	350,393	377,622
Transactions with equity owners of Scotiabank					
Transfer to statutory reserve	-	895	-	(895)	-
Dividends paid	-	-	-	(299,784)	(299,784)
	-	895	-	(300,679)	(299,784)
Balance as at 30 April 2023	267,563	880,995	(2,753)	3,246,053	4,391,858
UNAUDITED					
Six months ended 30 April 2022					
Balance as at 31 October 2021	267,563	815,100	30,593	3,130,562	4,243,818
Profit for the year	-	-	-	356,456	356,456
Other comprehensive income, net of tax					
- Fair value remeasurement of FVOCI investments	-	-	(26,813)	-	(26,813)
- Remeasurement of post-employment benefits asset/obligation	-	-	-	11,888	11,888
Total comprehensive income	-	-	(26,813)	368,344	341,531
Transactions with equity owners of Scotiabank					
Transfer to statutory reserve	-	20,000	-	(20,000)	-
Dividends paid	-	-	-	(264,516)	(264,516)
	-	20,000	-	(284,516)	(264,516)
Balance as at 30 April 2022	267,563	835,100	3,780	3,214,390	4,320,833
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 Corporate & Commercial Banking	Asset Management	Insurance Services	Other	Total
UNAUDITED					
Six months ended 30 April 2023					
Total Revenue	879,636	9,293	85,232	-	974,161
Material non-cash items					
Depreciation	17,111	-	-	-	17,111
Income before taxation	446,719	7,766	68,323	-	522,808
Assets	26,060,749	49,238	2,667,948	-	28,777,935
Liabilities	22,524,866	4,669	1,856,542	-	24,386,077
UNAUDITED					
Six months ended 30 April 2022					
Total Revenue	862,352	8,538	81,533	-	952,423
Material non-cash items					
Depreciation	16,284	-	-	-	16,284
Income before taxation	475,946	4,249	66,325	-	546,520
Assets	25,339,319	50,490	2,532,592	-	27,922,401
Liabilities	21,839,800	5,481	1,756,287	-	23,601,568
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.