

# Scotiabank Trinidad And Tobago Limited

## Financial results for the period ended 31 July 2021

# Scotiabank™

### To Our Shareholders

The Directors are pleased to announce that Scotiabank Trinidad and Tobago Limited (The Group) realized, income after tax of \$157 million for the quarter ended 31 July 2021, an increase of \$53 million or 51% over the quarter ended 31 July 2020. For the period ended 31 July 2021, the Group realized an after-tax profit of \$462 million, an increase of \$96 million or 26% over the comparative prior year period.

We delivered another quarter of improved financial results having benefitted from lower expected credit losses and strong expense management. The continued challenging economic environment coupled with the operating restrictions on businesses negatively impacted the Group's revenue which declined by \$42 million or 3%. Net interest income declined by \$60 million or 6% driven by lower loan balances as both retail and commercial customers' segments continued to be adversely impacted by the pandemic. Other income continued to show steady recovery increasing by \$18 million or 5% over the prior year. In the face of lower revenues, the Group moved to reduce our non-interest expense base by \$46 million or 8% down from the prior year. This translated into an improved operating efficiency ratio of 41%. The Group continues to exercise prudent risk management. The credit quality of our loan portfolio remained relatively stable with the ratio of non-accrual loans to total loans standing at 2.28% at the end of July 2021 and net impairment losses reducing by \$144 million or 69% from the prior year.

Total assets remained relatively flat versus 31 July 2020 at \$27.1 billion. The Group's main interest earnings asset, loans to customers, has declined by \$909 million or 5% as economic activity remains subdued. To mitigate the shortfall in lending, the Group has deployed surplus liquidity into treasury bills and investment securities which have collectively increased by over \$1.7 billion. Our insurance segment also continues to perform creditably with Policyholders' liabilities showing growth of \$78 million or 5% over the prior year.

Based on these results, the Directors have approved an interim dividend of 60 cents per share this quarter (3rd quarter 2020 – 40 cents). We are also pleased to advise that the Directors have also approved an additional special dividend of 85 cents per share. Both of these dividends will be payable on 4 October 2021 to shareholders on record as at 27 September 2021.

Despite the uncertainty of where the Covid pandemic will take us in the short term, The Group remains cautiously optimistic that the economy will gradually recover over time. Our core earnings streams remain resilient and our strong capital position will enable us to continue to support our customers during these difficult times. We also continue to support the vaccination efforts of both the Government and private sector and we would like to thank our fellow Banking sector counterparts for their support in vaccinating our staff and their families during the quarter.

14 September 2021



Derek Hudson  
Chairman



Gayle Pazos  
Managing Director

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

	UNAUDITED As at 31 July 2021	UNAUDITED As at 31 July 2020	AUDITED As at 31 October 2020
<b>ASSETS</b>			
Cash on hand and in transit	204,202	211,187	150,566
Loans and advances to banks and related companies	730,079	588,092	437,537
Treasury bills	4,045,256	3,479,850	3,455,229
Deposits with Central Bank	2,595,152	3,460,812	4,357,607
Loans to customers	15,808,361	16,715,668	16,274,409
Investment securities	3,063,238	1,893,647	2,140,181
Investment in associated companies	38,820	37,274	38,243
Deferred tax assets	97,842	154,674	143,108
Property and equipment	363,441	388,674	398,499
Miscellaneous assets	51,372	56,093	87,639
Defined benefit pension fund asset	52,600	-	12,793
Goodwill	2,951	2,951	2,951
Taxation recoverable	4,916	4,916	4,916
<b>TOTAL ASSETS</b>	<b>27,058,230</b>	<b>26,993,838</b>	<b>27,503,678</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
Deposits from customers	20,128,515	20,449,845	20,868,861
Deposits from banks and related companies	55,793	41,206	45,767
Other liabilities	609,816	573,405	574,996
Taxation payable	72,044	65,081	77,207
Policyholders' funds	1,635,446	1,557,428	1,558,656
Post-employment medical and life benefits obligation	165,648	156,324	154,260
Defined benefit pension fund liability	-	28,603	-
Deferred tax liabilities	66,802	49,431	52,306
<b>TOTAL LIABILITIES</b>	<b>22,734,064</b>	<b>22,921,323</b>	<b>23,332,053</b>
<b>EQUITY</b>			
Stated capital	267,563	267,563	267,563
Statutory reserve fund	814,514	794,012	804,514
Investment revaluation reserve	37,674	23,969	11,000
Retained earnings	3,204,415	2,986,971	3,088,548
<b>TOTAL EQUITY</b>	<b>4,324,166</b>	<b>4,072,515</b>	<b>4,171,625</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>27,058,230</b>	<b>26,993,838</b>	<b>27,503,678</b>

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

	UNAUDITED Three months ended 31 July 2021	UNAUDITED Three months ended 31 July 2020	UNAUDITED Nine months ended 31 July 2021	UNAUDITED Nine months ended 31 July 2020	AUDITED Year ended 31 October 2020
<b>REVENUE</b>					
Net Interest Income	307,784	324,757	928,291	988,377	1,313,052
Other Income	126,373	105,107	374,565	356,397	465,070
<b>Total Revenue</b>	<b>434,157</b>	<b>429,864</b>	<b>1,302,856</b>	<b>1,344,774</b>	<b>1,778,122</b>
<b>EXPENSES</b>					
Non-Interest Expenses	162,080	178,854	535,858	581,912	757,343
Net impairment loss on financial assets	31,007	91,173	65,502	210,224	229,917
<b>INCOME BEFORE TAXATION</b>	<b>241,070</b>	<b>159,837</b>	<b>701,496</b>	<b>552,638</b>	<b>790,862</b>
Income tax expense	83,791	55,771	239,655	186,500	270,060
<b>INCOME AFTER TAXATION</b>	<b>157,279</b>	<b>104,066</b>	<b>461,841</b>	<b>366,138</b>	<b>520,802</b>
Dividends per share	145.0c	40.0c	265.0c	140.0c	225.0c
Earnings per share	89.2c	59.0c	261.9c	207.6c	295.3c
Return on Equity	14.7%	10.33%	14.54%	11.82%	12.48%
Return on Total Assets	2.29%	1.61%	2.26%	1.86%	1.89%

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

	UNAUDITED Three months ended 31 July 2021	UNAUDITED Three months ended 31 July 2020	UNAUDITED Nine months ended 31 July 2021	UNAUDITED Nine months ended 31 July 2020	AUDITED Year ended 31 October 2020
<b>NET INCOME FOR THE YEAR</b>	<b>157,279</b>	<b>104,066</b>	<b>461,841</b>	<b>366,138</b>	<b>520,802</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
Remeasurement of post-employment benefits asset/obligation, net of tax	17,695	(43,515)	25,531	(30,630)	(2,677)
Fair value remeasurement of debt instruments at FVOCI, net of tax	(21,172)	3,870	26,674	(4,242)	(17,211)
<b>TOTAL COMPREHENSIVE INCOME, ATTRIBUTABLE TO EQUITY HOLDERS</b>	<b>153,802</b>	<b>64,421</b>	<b>514,046</b>	<b>331,266</b>	<b>500,914</b>

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

	UNAUDITED Nine months ended 31 July 2021	UNAUDITED Nine months ended 31 July 2020	AUDITED Year ended 31 October 2020
<b>Cash flows from operating activities</b>			
Net income after taxes	461,841	366,138	520,802
Change in loans to customers	517,679	(621,162)	(183,199)
Change in deposits from customers	(741,366)	1,409,714	1,833,453
Taxation paid	(202,300)	(213,565)	(301,511)
Other adjustments to reconcile income after taxation to net cash from operating activities	404,082	578,639	585,478
<b>Net cash from operating activities</b>	<b>439,936</b>	<b>1,519,764</b>	<b>2,455,023</b>
<b>Cash flows used in investing activities</b>			
Change in Treasury Bills with original maturity date due over 3 months	442,076	77,317	103,955
Change in investments	(850,988)	(477,944)	(729,314)
Purchase of property and equipment	(6,850)	(17,791)	(28,737)
Proceeds from disposal of property and equipment	-	14,000	14,000
<b>Net cash used in investing activities</b>	<b>(415,762)</b>	<b>(404,418)</b>	<b>(640,096)</b>
<b>Cash flows used in financing activities</b>			
Payment of lease liabilities	(375,183)	-	(21,259)
Dividends paid	-	(440,859)	(511,397)
<b>Net cash used in financing activities</b>	<b>(375,183)</b>	<b>(440,859)</b>	<b>(532,656)</b>
Increase (Decrease) in cash and cash equivalents	(351,009)	674,487	1,282,271
<b>Cash and cash equivalents, beginning of period</b>	<b>2,574,683</b>	<b>1,292,412</b>	<b>1,292,412</b>
<b>Cash and cash equivalents, end of period</b>	<b>2,223,674</b>	<b>1,966,899</b>	<b>2,574,683</b>
<b>Cash and cash equivalents</b>			
Cash on hand and in transit	204,202	211,187	150,566
Loans and advances to banks and related companies	730,079	588,092	437,537
Treasury Bills with original maturity date not exceeding 3 months	257,290	-	-
Surplus deposits with Central Bank	1,032,103	1,167,620	1,986,580
<b>Cash and cash equivalents</b>	<b>2,223,674</b>	<b>1,966,899</b>	<b>2,574,683</b>

# Scotiabank Trinidad And Tobago Limited

## Financial results for the period ended 31 July 2021

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

	Stated Capital	Statutory Reserve	Investment Revaluation Reserve	Retained Earnings	Total Shareholders' Equity
<b>UNAUDITED</b>					
<b>Nine months ended 31 July 2021</b>					
Balance as at 31 October 2020	267,563	804,514	11,000	3,088,548	4,171,625
Net income for the year	-	-	-	461,841	461,841
<b>Other comprehensive income, net of tax</b>					
- Fair value remeasurement of FVOCI investments	-	-	26,674	-	26,674
- Remeasurement of post-employment benefits asset/obligation	-	-	-	25,531	25,531
<b>Total comprehensive income</b>	-	-	26,674	487,372	514,046
<b>Transactions with equity owners of Scotiabank</b>					
Transfer to statutory reserve	-	10,000	-	(10,000)	-
Dividends paid	-	-	-	(361,505)	(361,505)
	-	10,000	-	(371,505)	(361,505)
<b>Balance as at 31 July 2021</b>	<b>267,563</b>	<b>814,514</b>	<b>37,674</b>	<b>3,204,415</b>	<b>4,324,166</b>
<b>UNAUDITED</b>					
<b>Nine months ended 31 July 2020</b>					
Balance as at 31 October 2019	267,563	734,012	28,211	3,152,322	4,182,108
Net income for the year	-	-	-	366,138	366,138
<b>Other comprehensive income, net of tax</b>					
- Fair value remeasurement of FVOCI investments	-	-	(4,242)	-	(4,242)
- Remeasurement of post-employment benefits asset/obligation	-	-	-	(30,630)	(30,630)
<b>Total comprehensive income</b>	-	-	(4,242)	335,508	331,266
<b>Transactions with equity owners of Scotiabank</b>					
Transfer to statutory reserve	-	60,000	-	(60,000)	-
Dividends paid	-	-	-	(440,859)	(440,859)
	-	60,000	-	(500,859)	(440,859)
<b>Balance as at 31 July 2020</b>	<b>267,563</b>	<b>794,012</b>	<b>23,969</b>	<b>2,986,971</b>	<b>4,072,515</b>
<b>AUDITED</b>					
<b>Year ended 31 October 2020</b>					
Balance as at 31 October 2019	267,563	734,012	28,211	3,152,322	4,182,108
Net income for the year	-	-	-	520,802	520,802
<b>Other comprehensive income, net of tax</b>					
- Fair value remeasurement of FVOCI investments	-	-	(17,211)	-	(17,211)
- Remeasurement of post-employment benefits asset/obligation	-	-	-	(2,677)	(2,677)
<b>Total comprehensive income</b>	-	-	(17,211)	518,125	500,914
<b>Transactions with equity owners of Scotiabank</b>					
Transfer to statutory reserve	-	70,502	-	(70,502)	-
Dividends paid	-	-	-	(511,397)	(511,397)
	-	70,502	-	(581,899)	(511,397)
<b>Balance as at 31 October 2020</b>	<b>267,563</b>	<b>804,514</b>	<b>11,000</b>	<b>3,088,548</b>	<b>4,171,625</b>

### Segment reporting (stated in \$'000)

	Retail Corporate & Commercial Banking	Asset Management	Insurance Services	Other	Total
<b>UNAUDITED</b>					
<b>Nine months ended 31 July 2021</b>					
Total Revenue	1,178,831	6,274	117,750	-	1,302,856
<b>Material non-cash items</b>					
Depreciation	22,912	-	-	-	22,912
<b>Income before taxation</b>	<b>599,063</b>	<b>4,530</b>	<b>97,901</b>	<b>-</b>	<b>701,496</b>
<b>Assets</b>	<b>15,808,361</b>	<b>39,594</b>	<b>2,534,389</b>	<b>8,675,885</b>	<b>27,058,230</b>
<b>Liabilities</b>	<b>20,128,515</b>	<b>570</b>	<b>1,686,021</b>	<b>918,958</b>	<b>22,734,064</b>
<b>UNAUDITED</b>					
<b>Nine months ended 31 July 2020</b>					
Total Revenue	1,216,528	5,976	122,269	-	1,344,774
<b>Material non-cash items</b>					
Depreciation	22,850	-	-	-	22,850
<b>Income before taxation</b>	<b>452,716</b>	<b>3,788</b>	<b>96,132</b>	<b>-</b>	<b>552,638</b>
<b>Assets</b>	<b>16,720,584</b>	<b>38,863</b>	<b>2,365,791</b>	<b>7,868,600</b>	<b>26,993,838</b>
<b>Liabilities</b>	<b>20,454,761</b>	<b>679</b>	<b>1,629,210</b>	<b>836,674</b>	<b>22,921,323</b>
<b>AUDITED</b>					
<b>Year ended 31 October 2020</b>					
Total Revenue	1,612,253	7,930	157,937	-	1,778,122
<b>Material non-cash items</b>					
Depreciation	30,439	-	-	-	30,439
<b>Income before taxation</b>	<b>660,557</b>	<b>5,042</b>	<b>125,259</b>	<b>-</b>	<b>790,862</b>
<b>Assets</b>	<b>16,274,409</b>	<b>40,420</b>	<b>2,350,942</b>	<b>8,837,907</b>	<b>27,503,678</b>
<b>Liabilities</b>	<b>20,868,861</b>	<b>555</b>	<b>1,606,548</b>	<b>856,089</b>	<b>23,332,053</b>

#### 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 2020.

##### Comparative information

Comparative amounts have been restated to conform to presentation changes in the current financial period.