

# Scotiabank Trinidad And Tobago Limited

Financial results for the period ended 31 July 2022

Stated in Trinidad and Tobago Dollars

## To Our Shareholders

The Directors are pleased to announce that 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 prior year. For the third quarter ended 31 July 2022, the Group recorded income after tax of \$165 million, an increase of \$7 million or 5% over the comparative period in 2021.

This performance was supported by increased activity in the domestic economy, driven by elevated commodity prices coupled with the final roll back of COVID-19 regulations. Whilst this gradual recovery has contributed to a strong financial performance, the Bank recognises the global impact of inflationary pressures, resulting in increases in input prices and the overall cost of doing business for ourselves and our customers.

For the nine months ended 31 July 2022, The Group recorded an increase in Total Revenue of \$133 million or 10%. This was achieved through an increase in Other Income of \$145 million or 39%, as a result of growth in transaction activity in both the retail and commercial banking segments. Partially offsetting these revenues were declines in net interest income of \$12 million or 1%, mainly due to margin compression resulting from a competitive rate environment for consumer credit.

Non-interest expenses increased by \$15 million or 3%, mainly due to higher volume-related activity costs from expanded business activity levels in 2022. These cost increases were partially offset by management's continued focus on operational cost efficiencies throughout the organisation. Compared to the prior year, our productivity improved from 41% in 2021 to 38% in 2022 despite rising inflation.

Our balance sheet continues to show strong growth, with total assets increasing by 6% over both the prior year and the nine-month period since 31 October 2021. Loans to customers, which are our most significant interest earning asset, grew by \$1.6 billion in fiscal 2022, mainly due to competitive offerings being made in both retail and commercial segments, aided by enhanced digital customer engagement initiatives. We continue to grow prudently and remain focused on maintaining high levels of credit quality. Our ratio of non-accrual loans to total loans remains less than 3%.

The Group's focus on relationship banking extends beyond traditional banking products, with our Insurance and Wealth business lines experiencing growth year over year. Policyholder Liabilities in our Insurance segment increased by \$87 million or 5% year over year, demonstrating confidence by our customers in our ability to deliver quality products that offer long-term benefits. Assets under management have increased by \$294 million or 15%, through the expansion of our suite of Mutual Funds, which have been tailored to a diverse range of investment strategies to meet the needs of our customers.

Looking forward, we expect our core business lines to continue to show growth and we have a strong and resilient capital base that will allow us to successfully navigate unforeseen shocks that may arise. Our people remain a key driver in delivering sustainable performance and we were again recognised by Great Place to Work® as one of the Best Workplaces™ in the Caribbean in 2022. We are also proud of being named by Global Finance as Trinidad and Tobago's Best Consumer Digital Bank 2022 for the second consecutive year. These awards highlight our continued focus and investment in our people, our innovative use of technology, motivated by customers and their feedback in improving our digital competencies.

Based on these results, the Directors have approved a third quarter dividend of \$1.00 per share, to shareholders on the Register of Members as at 26 September 2022, payable by 11 October 2022.

Derek Hudson  
Chairman

Gayle Pazos  
Managing Director

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

	UNAUDITED As at 31 July 2022	UNAUDITED As at 31 July 2021	AUDITED As at 31 October 2021
<b>ASSETS</b>			
Cash on hand and in transit	233,922	204,202	218,702
Loans and advances to banks and related companies	936,715	730,079	854,150
Treasury Bills	3,444,416	4,045,256	3,599,239
Deposits with Central Bank	2,518,017	2,595,152	3,046,104
Loans to customers	16,994,509	15,808,361	15,729,895
Investment securities	3,791,097	3,063,238	3,099,702
Investment in associated companies	42,580	38,820	39,668
Deferred tax assets	99,834	97,842	59,372
Property and equipment	354,912	363,441	359,519
Miscellaneous assets	116,420	51,372	27,358
Defined benefit pension fund asset	126,431	52,600	129,516
Goodwill	2,951	2,951	2,951
Taxation recoverable	4,916	4,916	4,916
<b>TOTAL ASSETS</b>	<b>28,666,720</b>	<b>27,058,230</b>	<b>27,171,092</b>
<b>LIABILITIES AND EQUITY</b>			
<b>LIABILITIES</b>			
Deposits from customers	21,489,778	20,128,515	20,241,852
Deposits from banks and related companies	67,049	55,793	142,737
Other liabilities	670,854	609,816	592,766
Taxation payable	117,945	72,044	71,795
Policyholders' funds	1,739,605	1,635,446	1,651,939
Post-employment medical and life benefits obligation	189,074	165,648	175,485
Deferred tax liabilities	50,097	66,802	50,700
<b>TOTAL LIABILITIES</b>	<b>24,324,402</b>	<b>22,734,064</b>	<b>22,927,274</b>
<b>EQUITY</b>			
Stated capital	267,563	267,563	267,563
Statutory reserve fund	860,100	814,514	815,100
Investment revaluation reserve	(7,240)	37,674	30,593
Retained earnings	3,221,895	3,204,415	3,130,562
<b>TOTAL EQUITY</b>	<b>4,342,318</b>	<b>4,324,166</b>	<b>4,243,818</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>28,666,720</b>	<b>27,058,230</b>	<b>27,171,092</b>

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

	UNAUDITED Three months ended 31 July 2022	UNAUDITED Three months ended 31 July 2021	UNAUDITED Nine months ended 31 July 2022	UNAUDITED Nine months ended 31 July 2021	AUDITED Year ended 31 October 2021
<b>REVENUE</b>					
Net Interest Income	316,823	307,784	916,144	928,291	1,219,172
Other Income	166,415	126,373	519,517	374,565	511,040
<b>Total Revenue</b>	<b>483,238</b>	<b>434,157</b>	<b>1,435,661</b>	<b>1,302,856</b>	<b>1,730,212</b>
<b>EXPENSES</b>					
Non-Interest Expenses	190,260	162,080	550,805	535,858	701,987
Net impairment loss on financial assets	39,365	31,007	84,723	65,502	108,521
<b>INCOME BEFORE TAXATION</b>	<b>253,613</b>	<b>241,070</b>	<b>800,133</b>	<b>701,496</b>	<b>919,704</b>
Income tax expense	88,992	83,791	279,056	239,655	316,179
<b>INCOME AFTER TAXATION</b>	<b>164,621</b>	<b>157,279</b>	<b>521,077</b>	<b>461,841</b>	<b>603,525</b>
Dividends per share	100.0c	145.0c	230.0c	265.0c	350.0c
Earnings per share	93.4c	89.2c	295.5c	261.9c	342.2c

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

	UNAUDITED Three months ended 31 July 2022	UNAUDITED Three months ended 31 July 2021	UNAUDITED Nine months ended 31 July 2022	UNAUDITED Nine months ended 31 July 2021	AUDITED Year ended 31 October 2021
<b>NET INCOME FOR THE YEAR</b>	<b>164,621</b>	<b>157,279</b>	<b>521,077</b>	<b>461,841</b>	<b>603,525</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
Remeasurement of post-employment benefits asset/obligation, net of tax	(17,492)	17,695	(5,604)	25,531	66,278
Fair value remeasurement of debt instruments at FVOCI, net of tax	(61,593)	(21,172)	(37,833)	26,674	19,593
<b>TOTAL COMPREHENSIVE INCOME, ATTRIBUTABLE TO EQUITY HOLDERS</b>	<b>85,536</b>	<b>153,802</b>	<b>477,640</b>	<b>514,046</b>	<b>689,396</b>

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

	UNAUDITED Nine months ended 31 July 2022	UNAUDITED Nine months ended 31 July 2021	AUDITED Year ended 31 October 2021
<b>Cash flows from operating activities</b>			
Net income after taxes	521,077	461,841	603,525
Change in loans to customers	(1,021,984)	517,679	583,660
Change in deposits from customers	1,246,657	(741,366)	(627,795)
Taxation paid	(249,227)	(202,300)	(272,084)
Other adjustments to reconcile income after taxation to net cash from operating activities	686,204	404,082	920,242
<b>Net cash from operating activities</b>	<b>1,182,727</b>	<b>439,936</b>	<b>1,207,548</b>
<b>Cash flows used in investing activities</b>			
Change in Treasury Bills with original maturity date due over 3 months	(1,855,145)	442,076	1,069,362
Change in investments	(145,789)	(850,988)	(1,073,066)
Purchase of property and equipment	(1,388)	(6,850)	(37,010)
Proceeds from disposal of share in associate company	-	-	3,134
Proceeds from disposal of property and equipment	5,720	-	-
<b>Net cash used in investing activities</b>	<b>(1,996,602)</b>	<b>(415,762)</b>	<b>(37,580)</b>
<b>Cash flows used in financing activities</b>			
Payment of lease liabilities	(13,572)	(375,183)	(18,224)
Dividends paid	(379,140)	-	(617,203)
<b>Net cash used in financing activities</b>	<b>(392,712)</b>	<b>(375,183)</b>	<b>(635,427)</b>
Increase (Decrease) in cash and cash equivalents	(1,206,587)	(351,009)	534,541
<b>Cash and cash equivalents, beginning of period</b>	<b>3,109,224</b>	<b>2,574,683</b>	<b>2,574,683</b>
<b>Cash and cash equivalents, end of period</b>	<b>1,902,637</b>	<b>2,223,674</b>	<b>3,109,224</b>
<b>Cash and cash equivalents</b>			
Cash on hand and in transit	233,922	204,202	218,702
Loans and advances to banks and related companies	936,715	730,079	854,150
Treasury Bills with original maturity date not exceeding 3 months	-	257,290	1,213,372
Surplus deposits with Central Bank	732,000	1,032,103	823,000
<b>Cash and cash equivalents</b>	<b>1,902,637</b>	<b>2,223,674</b>	<b>3,109,224</b>

# Scotiabank Trinidad And Tobago Limited

Financial results for the period ended 31 July 2022

Stated in Trinidad and Tobago Dollars

## 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 2022</b>					
Balance as at 31 October 2021	267,563	815,100	30,593	3,130,562	4,243,818
Net income for the year	-	-	-	521,077	521,077
<b>Other comprehensive income, net of tax</b>					
- Fair value remeasurement of FVOCI investments	-	-	(37,833)		(37,833)
- Remeasurement of post-employment benefits asset/obligation	-	-		(5,604)	(5,604)
<b>Total comprehensive income</b>	-	-	(37,833)	515,473	477,640
<b>Transactions with equity owners of Scotiabank</b>					
Transfer to statutory reserve	-	45,000	-	(45,000)	-
Dividends paid	-	-	-	(379,140)	(379,140)
	-	45,000	-	(424,140)	(379,140)
<b>Balance as at 31 July 2022</b>	<b>267,563</b>	<b>860,100</b>	<b>(7,240)</b>	<b>3,221,895</b>	<b>4,342,318</b>
<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>AUDITED</b>					
<b>Year ended 31 October 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	-	-	-	603,525	603,525
<b>Other comprehensive income, net of tax</b>					
- Fair value remeasurement of FVOCI investments	-	-	19,593		19,593
- Remeasurement of post-employment benefits asset/obligation	-	-		66,278	66,278
<b>Total comprehensive income</b>	-	-	19,593	669,803	689,396
<b>Transactions with equity owners of Scotiabank</b>					
Transfer to statutory reserve	-	10,586	-	(10,586)	-
Dividends paid	-	-	-	(617,203)	(617,203)
	-	10,586	-	(627,789)	(617,203)
<b>Balance as at 31 October 2021</b>	<b>267,563</b>	<b>815,100</b>	<b>30,593</b>	<b>3,130,562</b>	<b>4,243,818</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 2022</b>					
<b>Total Revenue</b>	1,297,418	13,002	125,239	-	1,435,661
<b>Material non-cash items</b>					
Depreciation	24,311	-	-	-	24,311
<b>Income before taxation</b>	691,168	7,944	101,020	-	800,133
<b>Assets</b>	16,994,510	53,538	2,524,637	9,094,035	28,666,720
<b>Liabilities</b>	21,489,778	5,610	1,789,036	1,039,978	24,324,402
<b>UNAUDITED</b>					
<b>Nine months ended 31 July 2021</b>					
<b>Total Revenue</b>	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>	599,063	4,530	97,901	-	701,496
<b>Assets</b>	15,808,361	39,594	2,534,389	8,675,885	27,058,230
<b>Liabilities</b>	20,128,515	570	1,686,021	918,958	22,734,064
<b>AUDITED</b>					
<b>Year ended 31 October 2021</b>					
<b>Total Revenue</b>	1,568,315	10,197	151,700	-	1,730,212
<b>Material non-cash items</b>					
Depreciation	30,439	-	-	-	30,439
<b>Income before taxation</b>	786,003	7,612	126,089	-	919,704
<b>Assets</b>	15,729,895	42,780	2,423,349	8,975,068	27,171,092
<b>Liabilities</b>	20,241,852	574	1,703,040	981,808	22,927,274

### 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 2021.