

Scotiabank Trinidad And Tobago Limited

Financial results for the period ended 31 October 2023

To Our Shareholders

The Directors have announced that Scotiabank Trinidad and Tobago Limited (The Group) has realised profit after tax of \$678 million for the year ended October 31, 2023, a decrease of 1% under the prior year.

Whilst continuing to be impacted by record levels of inflation during 2023, business activity continues to improve in both our energy and non-energy sectors, coupled with a steady demand for retail banking products.

The Group recorded an increase in total revenue of \$39 million or 2%, driven mainly by growth in net interest income of \$168 million or 13%. We achieved higher loan volumes on our retail and commercial portfolios, coupled with increased yields on the Group's investment portfolio. Growth in net interest income was partially offset by a decline in other income of \$128 million or 24% due to lower trading revenues in keeping with local market dynamics.

Non-interest expenses increased by \$72 million or 10%, reflective of a combination of inflation, higher activity related and increased technology costs 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 benefits 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 year ended October 31, 2023, net impairment losses declined by \$4 million or 4% and 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 \$1.6 billion or 6% 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 7%. Concurrently, the Group's deposit base increased by \$1.1 billion or 5% as customers continue to confidently invest across the spectrum of products that we offer. Our capital base increased by \$155 million over the prior year and our capital adequacy ratio stands at over 17%, well in excess of regulatory minimums.

In our continuing drive to provide reasonable returns to shareholders, whilst balancing the need to maintain adequate capital levels, we are pleased to announce that the Directors have approved a final dividend of 70c per share. This dividend is payable to shareholders on the Register of Members as at December 29, 2023, by January 19th, 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 extend thanks to our management for continuing to advance our key strategic initiatives as we work to ensure long-term profitable growth.

11 December, 2023

Derek Hudson
Chairman

Gayle Pazos
Managing Director

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

	UNAUDITED As at 31 October 2023	AUDITED As at 31 October 2022
ASSETS		
Cash on hand and in transit	187,028	138,221
Loans and advances to banks and related companies	1,090,429	652,582
Treasury bills	1,869,820	2,933,707
Deposits with Central Bank	3,193,913	2,369,244
Loans to customers	18,604,223	17,308,959
Investment securities	4,088,677	3,938,192
Investment in associated companies	48,806	43,428
Deferred tax assets	72,345	74,908
Property and equipment	336,472	353,262
Miscellaneous assets	50,218	64,807
Defined benefit pension fund asset	111,147	138,143
Goodwill	2,951	2,951
Taxation recoverable	-	4,916
TOTAL ASSETS	29,656,029	28,023,320
LIABILITIES AND EQUITY		
LIABILITIES		
Deposits from customers	22,028,144	20,891,772
Deposits from banks and related companies	322,524	95,279
Other liabilities	752,547	662,933
Taxation payable	77,771	106,541
Policyholders' funds	1,783,773	1,746,579
Post-employment medical and life benefits obligation	193,044	184,199
Deferred tax liabilities	29,009	21,997
TOTAL LIABILITIES	25,186,812	23,709,300
EQUITY		
Stated capital	267,563	267,563
Statutory reserve fund	882,055	880,100
Investment revaluation reserve	15,282	(29,982)
Retained earnings	3,304,317	3,196,339
TOTAL EQUITY	4,469,217	4,314,020
TOTAL LIABILITIES AND EQUITY	29,656,029	28,023,320

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

	UNAUDITED Three months ended 31 October 2023	UNAUDITED Three months ended 31 October 2022	UNAUDITED Year ended 31 October 2023	AUDITED Year ended 31 October 2022
REVENUE				
Net Interest Income	356,164	332,988	1,414,069	1,246,260
Net Other Income	126,012	129,399	523,142	651,788
Total Revenue	482,176	462,387	1,937,211	1,898,048
EXPENSES				
Non-Interest Expenses	206,364	186,615	809,547	737,420
Net impairment loss on financial assets	21,528	25,346	105,891	110,069
PROFIT BEFORE TAXATION	254,284	250,426	1,021,773	1,050,559
Income tax expense	78,153	87,754	343,782	366,810
PROFIT FOR THE YEAR, ATTRIBUTABLE TO EQUITY HOLDERS	176,131	162,672	677,991	683,749
Dividends per share	70.0c	100.0c	280.0c	330.0c
Earnings per share	99.9c	92.2c	384.5c	387.7c

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

	UNAUDITED Three months ended 31 October 2023	UNAUDITED Three months ended 31 October 2022	UNAUDITED Year ended 31 October 2023	AUDITED Year ended 31 October 2022
PROFIT AFTER TAXATION	176,131	162,672	677,991	683,749
OTHER COMPREHENSIVE INCOME				
Remeasurement of post-employment benefits asset/obligation, net of tax	(21,509)	8,115	(21,392)	2,511
Fair value remeasurement of debt instruments at FVOCI, net of tax	13,387	(9,742)	45,264	(47,575)
TOTAL COMPREHENSIVE INCOME, ATTRIBUTABLE TO EQUITY HOLDERS	168,009	161,045	701,863	638,685

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

	AUDITED Year ended 31 October 2023	AUDITED Year ended 31 October 2022
Cash flows from operating activities		
Profit for the year	677,991	683,749
Change in loans to customers	(1,308,184)	(1,626,746)
Change in deposits from customers	1,124,999	570,004
Taxation paid	(370,403)	(338,798)
Other adjustments to reconcile income after taxation to net cash from operating activities	806,027	509,232
Net cash from operating activities	930,430	(202,559)
Cash flows used in investing activities		
Change in Treasury Bills with original maturity date due over 3 months	820,963	1,033,684
Change in investments	(231,041)	(1,672,522)
Purchase of property and equipment	(20,563)	(20,703)
Proceeds from disposal of property and equipment	8,000	-
Net cash used in investing activities	577,359	(659,541)
Cash flows used in financing activities		
Payment of lease liabilities	(22,608)	(20,008)
Dividends paid	(546,666)	(555,483)
Net cash used in financing activities	(569,274)	(575,491)
Increase (Decrease) in cash and cash equivalents	938,515	(1,437,591)
Cash and cash equivalents, beginning of period	1,671,633	3,109,224
Cash and cash equivalents, end of period	2,610,148	1,671,633
Cash and cash equivalents represented by:		
Cash on hand and in transit	187,028	138,221
Loans and advances to banks and related companies	1,090,429	652,582
Treasury Bills with original maturity date not exceeding 3 months	795,000	845,220
Surplus deposits with Central Bank	537,691	35,610
Cash and cash equivalents	2,610,148	1,671,633

Scotiabank Trinidad And Tobago Limited

Financial results for the period ended 31 October 2023

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

	Stated Capital	Statutory Reserve	Investment Revaluation Reserve	Retained Earnings	Total Shareholders' Equity
UNAUDITED					
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	-	-	45,264	-	45,264
- Remeasurement of post-employment benefits asset/obligation	-	-	-	(21,392)	(21,392)
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
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	Total
UNAUDITED				
Year ended 31 October 2023				
Total Revenue	1,732,419	19,802	184,990	1,937,211
Material non-cash items				
Depreciation	34,665	-	-	34,665
Income before taxation	854,088	15,244	152,441	1,021,773
Assets	26,930,444	44,829	2,680,756	29,656,029
Liabilities	23,320,729	5,139	1,860,944	25,186,812
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	911,481	12,910	126,168	1,050,559
Assets	25,459,585	43,255	2,555,139	28,057,979
Liabilities	21,938,205	4,075	1,801,679	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.