

Scotiabank Trinidad And Tobago Limited

Financial results for the period ended 30 April 2022

Scotiabank®

To Our Shareholders

The Directors are pleased to announce that Scotiabank Trinidad and Tobago Limited (The Group) realised income after tax of \$356 million for the six months ended 30 April 2022, an increase of \$52 million, or 17% over the prior year. For the second quarter ended 30 April 2022, The Group realized income after tax of \$171 million, an increase of \$12 million or 8% over the prior year.

This performance was driven by the momentum of a recovering economy supported by the easing of COVID-19 related restrictions, coupled with an increase in commodity prices arising from geopolitical factors. We remain mindful that the local economy, like the rest of the global environment, is also being impacted by undercurrents such as global supply chain issues and increasing price inflation.

The Group recorded an increase in Total Revenue of \$84 million or 10% year over year, driven by higher other income of \$105 million or 42%, as a result of increased activity across all business lines. Partially offsetting this increase in other income was a decline in net interest income of \$21 million or 3%, due mainly to margin compression and a minor decline in the loan portfolio during 2021.

Non-interest expense declined \$13 million or 4% as we continue to focus on operational cost efficiencies throughout the organisation. These efficiencies amidst rising inflation, allowed The Group to improve our productivity from 43% in 2021 to 38% in 2022.

Total assets increased by \$280 million or 1% over the prior year, but the most significant interest earning asset on our balance sheet, loans to customers, grew by \$628 million or 4% over the prior year and by over \$1 billion in the six months since 31 October 2021. This was achieved through competitive offerings being made in both retail and commercial segments aided by enhanced digital customer engagement initiatives. Our growth continues to be achieved in a prudent manner and we remain focused on maintaining high levels of credit quality. Our ratio of non-accrual loans to total loans remains less than 2% and we continue to see positive trends in customers' delinquency patterns as economic conditions improve.

The Group's focus on relationship banking extends beyond traditional products with our Insurance and Wealth business lines experiencing growth year over year. Policyholder Liabilities in our insurance segment increased by \$96 million or 6% 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 \$269 million or 29%, 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.

The Group remains cautiously optimistic on future economic prospects for Trinidad and Tobago. Our core business lines 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.

Based on these results, the Directors have approved a final dividend of 65 cents per share, to shareholders on the Register of Members as at 30th June 2022, payable by 15th July 2022.

14 June, 2022

Derek Hudson
Chairman

Gayle Pazos
Managing Director

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

	UNAUDITED Three months ended 30 April 2022	UNAUDITED Three months ended 30 April 2021	UNAUDITED Six months ended 30 April 2022	UNAUDITED Six months ended 30 April 2021	AUDITED Year ended 31 October 2021
REVENUE					
Net interest income	293,684	303,147	599,321	620,507	1,219,172
Other income	183,824	124,364	353,102	248,192	511,040
Total revenue	477,508	427,511	952,423	868,699	1,730,212
EXPENSES					
Non-interest expenses	187,063	173,759	360,545	373,778	701,987
Net impairment loss on financial assets	28,165	11,680	45,358	34,495	108,521
INCOME BEFORE TAXATION	262,280	242,072	546,520	460,426	919,704
Income tax expense	91,275	83,507	190,064	155,864	316,179
INCOME AFTER TAXATION	171,005	158,565	356,456	304,562	603,525
Dividends per share	65.0c	60.0c	130.0c	120.0c	350.0c
Earnings per share	97.0c	89.9c	202.1c	172.7c	342.2c

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

	UNAUDITED Three months ended 30 April 2022	UNAUDITED Three months ended 30 April 2021	UNAUDITED Six months ended 30 April 2022	UNAUDITED Six months ended 30 April 2021	AUDITED Year ended 31 October 2021
NET INCOME FOR THE YEAR	171,005	158,565	356,456	304,562	603,525
OTHER COMPREHENSIVE INCOME					
Remeasurement of post-employment benefits asset/obligation, net of tax	11,888	7,836	11,888	7,836	66,278
Fair value remeasurement of debt instruments at FVOCI, net of tax	(23,760)	53,814	(26,813)	47,846	19,593
TOTAL COMPREHENSIVE INCOME, ATTRIBUTABLE TO EQUITY HOLDERS	159,133	220,215	341,531	360,244	689,396

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

	UNAUDITED As at 30 April 2022	UNAUDITED As at 30 April 2021	AUDITED As at 31 October 2021
ASSETS			
Cash on hand and in transit	165,529	162,196	218,702
Loans and advances to banks and related companies	861,379	915,871	854,150
Treasury bills	3,738,374	3,208,235	3,599,239
Deposits with Central Bank	2,504,091	3,657,870	3,046,104
Loans to customers	16,745,112	16,117,504	15,729,895
Investment securities	3,247,457	2,978,029	3,099,702
Investment in associated companies	41,522	40,421	39,668
Deferred tax assets	71,608	112,487	59,372
Property and equipment	346,221	382,377	359,519
Miscellaneous assets	41,766	34,064	27,358
Defined benefit pension fund asset	151,475	25,202	129,516
Goodwill	2,951	2,951	2,951
Taxation recoverable	4,916	4,916	4,916
TOTAL ASSETS	27,922,401	27,642,123	27,171,092
LIABILITIES AND EQUITY			
LIABILITIES			
Deposits from customers	20,912,368	20,745,052	20,241,852
Deposits from banks and related companies	68,534	38,033	142,737
Other liabilities	579,004	685,178	592,766
Taxation payable	95,101	57,017	71,795
Policyholders' funds	1,709,304	1,613,550	1,651,939
Post-employment medical and life benefits obligation	184,545	161,852	175,485
Deferred tax liabilities	52,712	65,270	50,700
TOTAL LIABILITIES	23,601,568	23,365,952	22,927,274
EQUITY			
Stated capital	267,563	267,563	267,563
Statutory reserve fund	835,100	814,514	815,100
Investment revaluation reserve	3,780	58,846	30,593
Retained earnings	3,214,390	3,135,248	3,130,562
TOTAL EQUITY	4,320,833	4,276,171	4,243,818
TOTAL LIABILITIES AND EQUITY	27,922,401	27,642,123	27,171,092

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

	UNAUDITED Six months ended 30 April 2022	UNAUDITED Six months ended 30 April 2021	AUDITED Year ended 31 October 2021
Cash flows from operating activities			
Net income after taxes	356,456	304,562	603,525
Change in loans to customers	(1,021,984)	188,157	583,660
Change in deposits from customers	668,776	(125,284)	(627,795)
Taxation paid	(171,163)	(143,567)	(272,084)
Other adjustments to reconcile income after taxation to net cash from operating activities	100,413	442,631	920,242
Net cash from operating activities	(67,502)	666,499	1,207,548
Cash flows used in investing activities			
Change in Treasury Bills with original maturity date due over 3 months	(199,257)	246,994	1,069,362
Change in investments	(679,596)	(807,391)	(1,073,066)
Purchase of property and equipment	(586)	(4,510)	(37,010)
Proceeds from disposal of share in associate company	-	-	3,134
Proceeds from disposal of property and equipment	3,935	-	-
Net cash used in investing activities	(875,504)	(564,907)	(37,580)
Cash flows used in financing activities			
Payment of lease liabilities	(6,419)	(9,600)	(18,224)
Dividends paid	(264,516)	(255,698)	(617,203)
Net cash used in financing activities	(270,935)	(265,298)	(635,427)
Increase (Decrease) in cash and cash equivalents	(1,213,941)	(163,706)	534,541
Cash and cash equivalents, beginning of period	3,109,224	2,574,683	2,574,683
Cash and cash equivalents, end of period	1,895,283	2,410,977	3,109,224
Cash and cash equivalents			
Cash on hand and in transit	165,529	162,196	218,702
Loans and advances to banks and related companies	861,379	915,871	854,150
Treasury Bills with original maturity date not exceeding 3 months	183,580	-	1,213,372
Surplus deposits with Central Bank	684,795	1,332,910	823,000
Cash and cash equivalents	1,895,283	2,410,977	3,109,224

Scotiabank Trinidad And Tobago Limited

Financial results for the period ended 30 April 2022

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 2022					
Balance as at 31 October 2021	267,563	815,100	30,593	3,130,562	4,243,818
Net income 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
UNAUDITED					
Six months ended 30 April 2021					
Balance as at 31 October 2020	267,563	804,514	11,000	3,088,548	4,171,625
Net income for the year	-	-	-	304,562	304,562
Other comprehensive income, net of tax					
- Fair value remeasurement of FVOCI investments	-	-	47,846	-	47,846
- Remeasurement of post-employment benefits asset/obligation	-	-	-	7,836	7,836
Total comprehensive income	-	-	47,846	312,398	360,244
Transactions with equity owners of Scotiabank					
Transfer to statutory reserve	-	10,000	-	(10,000)	-
Dividends paid	-	-	-	(255,698)	(255,698)
	-	10,000	-	(265,698)	(255,698)
Balance as at 30 April 2021	267,563	814,514	58,846	3,135,248	4,276,171
AUDITED					
Year ended 31 October 2021					
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
Other comprehensive income, net of tax					
- Fair value remeasurement of FVOCI investments	-	-	19,593	-	19,593
- Remeasurement of post-employment benefits asset/obligation	-	-	-	66,278	66,278
Total comprehensive income	-	-	19,593	669,803	689,396
Transactions with equity owners of Scotiabank					
Transfer to statutory reserve	-	10,586	-	(10,586)	-
Dividends paid	-	-	-	(617,203)	(617,203)
	-	10,586	-	(627,789)	(617,203)
Balance as at 31 October 2021	267,563	815,100	30,593	3,130,562	4,243,818

Segment reporting (stated in \$'000)

	Retail Corporate & Commercial Banking	Asset Management	Insurance Services	Other	Total
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	16,745,113	50,490	2,532,592	8,594,206	27,922,401
Liabilities	20,912,368	5,481	1,756,287	927,432	23,601,568
UNAUDITED					
Six months ended 30 April 2021					
Total Revenue	785,432	3,867	79,400	-	868,699
Material non-cash items					
Depreciation	15,256	-	-	-	15,256
Income before taxation	390,207	2,589	67,630	-	460,426
Assets	16,117,505	37,421	2,510,753	8,976,444	27,642,123
Liabilities	20,745,052	538	1,663,853	956,509	23,365,952
AUDITED					
Year ended 31 October 2021					
Total Revenue	1,568,315	10,197	151,700	-	1,730,212
Material non-cash items					
Depreciation	30,439	-	-	-	30,439
Income before taxation	786,003	7,612	126,089	-	919,704
Assets	15,729,895	42,780	2,423,349	8,975,068	27,171,092
Liabilities	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.