

Scotiabank Trinidad And Tobago Limited

Financial results for the period ended 31 October 2022

To Our Shareholders

The Directors are pleased to announce that Scotiabank Trinidad and Tobago Limited (The Group) realized income after tax of \$684 million for the year ended 31 October 2022, an increase of \$80 million or 13% over the prior year. For the past quarter, The Group recorded \$163M income after tax, an increase of \$21M or 15% over the comparative period in 2021.

This performance was supported by increased activity in the domestic economy, driven by gradual improvement in the local COVID landscape and elevated commodity prices. Economic conditions going forward remain uncertain due to global inflationary pressures and geopolitical conflict.

For the year ended 31 October 2022, The Group recorded an increase in Total Revenue of \$168 million or 10%. This was achieved through an increase in Other Income of \$141 million or 28%, arising from growth in transaction activity in all business segments. Of particular note, for the first time in three years, The Group experienced growth in net interest income of \$27 million or 2%, largely due to increases in loan volumes.

Non-interest expenses increased by \$35 million or 5%, mainly due to higher volume-related activity costs from increased business activity levels in 2022. These cost increases were partially offset by management's continued focus on operational cost efficiencies throughout the organization. Amidst rising inflation, our productivity improved from 41% in 2021 to 39% in 2022, the lowest full year productivity ratio that has ever been achieved by The Group.

Our balance sheet continues to show strong growth, with total assets increasing by 3% over the prior year. Loans to customers, which are our most significant interest earning asset, grew by over \$1.6 billion in fiscal 2022, leading to an increase in market share in both retail and commercial segments. We continue to grow prudently and remain focused on maintaining high levels of credit quality. Our ratio of non-accrual loans to total loans has reduced to under 2% in 2022.

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 \$95 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 \$333 million or 33%, and now stands at over \$1 billion in 2022. This has been achieved through the expansion of our suite of Mutual Funds, which has been tailored to a diverse range of investment strategies to meet the needs of our customers.

Looking forward to 2023, 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. Our people remain a key driver in delivering sustainable performance, and we are proud to have received a number of international recognitions for 2022: Great Place to Work as one of the best workplaces in the Caribbean; Brandon Hall Gold Award for Employee Engagement; Global Finance Best Bank and Best Digital Consumer Bank.

We wish to thank our loyal customers and shareholders for all of the support given to us during the year.

Based on these results, the Directors have approved a fourth quarter dividend of \$1.00 per share, to shareholders on the Register of Members as at 30 December 2022, payable by 16 January 2023.

14 December 2022

Derek Hudson
Chairman

Gayle Pazos
Managing Director

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

	UNAUDITED Three months ended 31 October 2022	UNAUDITED Three months ended 31 October 2021	UNAUDITED Year ended 31 October 2022	AUDITED Year ended 31 October 2021
REVENUE				
Net Interest Income	330,116	290,881	1,246,260	1,219,172
Other Income	132,271	136,475	651,788	511,040
Total Revenue	462,387	427,356	1,898,048	1,730,212
EXPENSES				
Non-Interest Expenses	186,615	166,129	737,420	701,987
Net impairment loss on financial assets	25,346	43,019	110,069	108,521
INCOME BEFORE TAXATION	250,426	218,208	1,050,559	919,704
Income tax expense	87,754	76,524	366,810	316,179
INCOME AFTER TAXATION	162,672	141,684	683,749	603,525
Dividends per share	100.0c	85.0c	330.0c	350.0c
Earnings per share	92.2c	80.3c	387.7c	342.2c

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

	UNAUDITED Three months ended 31 October 2022	UNAUDITED Three months ended 31 October 2021	UNAUDITED Year ended 31 October 2022	AUDITED Year ended 31 October 2021
NET INCOME FOR THE YEAR	162,672	141,684	683,749	603,525
OTHER COMPREHENSIVE INCOME				
Remeasurement of post-employment benefits asset/obligation, net of tax	8,115	40,747	2,511	66,278
Fair value remeasurement of debt instruments at FVOCI, net of tax	(9,742)	(7,081)	(47,575)	19,593
TOTAL COMPREHENSIVE INCOME, ATTRIBUTABLE TO EQUITY HOLDERS	161,045	175,350	638,685	689,396

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

	UNAUDITED As at 31 October 2022	AUDITED As at 31 October 2021
ASSETS		
Cash on hand and in transit	138,221	218,702
Loans and advances to banks and related companies	652,582	854,150
Treasury Bills	2,933,707	3,599,239
Deposits with Central Bank	2,369,244	3,046,104
Loans to customers	17,308,959	15,729,895
Investment securities	3,955,192	3,099,702
Investment in associated companies	43,428	39,668
Deferred tax assets	105,567	59,372
Property and equipment	353,262	359,519
Miscellaneous assets	64,807	27,358
Defined benefit pension fund asset	138,143	129,516
Goodwill	2,951	2,951
Taxation recoverable	4,916	4,916
TOTAL ASSETS	28,070,979	27,171,092
LIABILITIES AND EQUITY		
LIABILITIES		
Deposits from customers	20,891,772	20,241,852
Deposits from banks and related companies	95,279	142,737
Other liabilities	662,933	592,766
Taxation payable	106,541	71,795
Policyholders' funds	1,746,579	1,651,939
Post-employment medical and life benefits obligation	184,199	175,485
Deferred tax liabilities	56,656	50,700
TOTAL LIABILITIES	23,743,959	22,927,274
EQUITY		
Stated capital	267,563	267,563
Statutory reserve fund	880,100	815,100
Investment revaluation reserve	(16,982)	30,593
Retained earnings	3,196,339	3,130,562
TOTAL EQUITY	4,327,020	4,243,818
TOTAL LIABILITIES AND EQUITY	28,070,979	27,171,092

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

	UNAUDITED Year ended 31 October 2022	AUDITED Year ended 31 October 2021
Cash flows from operating activities		
Net income after taxes	683,749	603,525
Change in loans to customers	(1,626,747)	583,660
Change in deposits from customers	648,784	(627,795)
Taxation paid	(340,021)	(272,084)
Other adjustments to reconcile income after taxation to net cash from operating activities	343,425	920,242
Net cash from operating activities	(290,810)	1,207,548
Cash flows used in investing activities		
Change in Treasury Bills with original maturity date due over 3 months	50,198	1,069,362
Change in investments	(659,070)	(1,069,932)
Purchase of property and equipment	(3,840)	(37,010)
Proceeds from disposal of property and equipment	7,454	-
Net cash used in investing activities	(605,258)	(37,580)
Cash flows used in financing activities		
Payment of lease liabilities	(18,096)	(18,224)
Dividends paid	(555,483)	(617,203)
Net cash used in financing activities	(573,579)	(635,427)
Increase (Decrease) in cash and cash equivalents	(1,469,647)	534,541
Cash and cash equivalents, beginning of period	3,109,224	2,574,683
Cash and cash equivalents, end of period	1,639,577	3,109,224
Cash and cash equivalents		
Cash on hand and in transit	138,221	218,702
Loans and advances to banks and related companies	652,582	854,150
Treasury Bills with original maturity date not exceeding 3 months	35,610	823,000
Surplus deposits with Central Bank	813,164	1,213,372
Cash and cash equivalents	1,639,577	3,109,224

Scotiabank Trinidad And Tobago Limited

Financial results for the period ended 31 October 2022

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 2022					
Balance as at 31 October 2021	267,563	815,100	30,593	3,130,562	4,243,818
Net income for the year	-	-	-	683,749	683,749
Other comprehensive income, net of tax					
- Fair value remeasurement of FVOCI investments	-	-	(47,575)	-	(47,575)
- Remeasurement of post-employment benefits asset/obligation	-	-	-	2,511	2,511
Total comprehensive income	-	-	(47,575)	686,260	638,685
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	(16,982)	3,196,339	4,327,020
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					
Year ended 31 October 2022					
Total Revenue	1,719,816	17,578	160,654	-	1,898,048
Material non-cash items					
Depreciation	32,665	-	-	-	32,665
Income before taxation	909,803	12,908	127,848	-	1,050,559
Assets	17,308,960	44,531	2,569,074	8,148,414	28,070,979
Liabilities	20,891,772	2,784	1,802,610	1,046,793	23,743,959
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.