Scotiabank Trinidad And Tobago Limited

Financial results for the period ended 31 January 2022

Scotiabank®

To Our Shareholders

The Directors are pleased to announce that Scotiabank Trinidad and Tobago Limited (The Group) realised, Income After Tax of $185 million for the quarter ended 31 January 2022, an increase of $39 million or 27% over the quarter ended 31 January 2021.

In a continuation of the trend started in 2021, our financial performance continues to improve as we begin to see signs of recovery beginning to positively impact the local economy. Total Revenue was $475 million, $34 million or 8% higher than the same period last year driven by an increase in Other Income of $45 million or 37% as we continue to register recovery in key core banking activity lines. This was partially offset by lower Net Interest Income which declined by $12 million or 4% due to interest rate compression and decline in loan balances during the first half of 2021.

Non-Interest Expenses declined by $27 million or 13% over the quarter ended 31 January 2021 as we continue to benefit from our Operational Cost focus since the start of the pandemic. This has improved our productivity from 45.3% to 36.5% over the same period, reinforcing our position as market leader within the industry.

Total Assets of $27.7 billion increased by $307 million or 1% over the last year. The Group's Main interest earning asset, Loans to customers increased by $98 million or 1% over prior year and $560 million or 4% quarter over quarter as we continue to see recovery in different economic segments and increased consumer demand.

Whilst beginning to experience loan growth, we have seen an improvement in the credit quality of our loan portfolio. Our ratio of non-accrual loans total loans improving by 45 bps to 1.90%, reinforcing our pro-active strategies and innovative solutions to assisting customers experiencing financial difficulties. These measures coupled with consistent proactive communication with customers has been a major factor in our ability to reduce our non-accruals ratio to the lowest level that we have experienced in the last 6 years.

Our improvement in business performance has extended beyond the retail and commercial segments. Our insurance segment continues to grow with policyholder liabilities growing by $117 million or 7% illustrating our customers confidence in our products and business model. From a wealth perspective, we have seen our Assets Under Management increase by $712 million or 21% as compared to January 31, 2021 as we now seek to actively serve the needs of our higher income segments.

Deposits from Customers increased by $61 million or 0.3% over last year and $493 million or 2% quarter over quarter as we continue to see a return to confidence in deposit facilities with our customers. It should be noted that this growth in deposits is complementary to the growth noted in our insurance and wealth segments noted above, illustrating that we are tailoring our products and services to meet the diversified needs of our customer base.

The COVID pandemic remains an active input in the world's economic prospects. Notwithstanding several challenges being faced on the world stage in respect of inflation, labour shortages and supply chain issues, The Group remains cautiously optimistic on the 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 manage unforeseen shocks that may arise.

Based on these results, the Directors have approved a final dividend of 65 cents per share this quarter compared to 60 cents in the prior year. This dividend will be payable on 12 April 2022 to shareholders on record as at 28 March 2022.

As we continue to navigate the uncertainties of the pandemic, we will continue to support our customers during these challenging times. We continue to urge everyone to stay safe and thank you for your continued support of Scotiabank.

15 March 2022

Derek Hudson
Chairman

Gayle Pazos
Managing Director

Consolidated statement of income (stated in $'000)

	UNAUDITED Three months ended 31 January 2022	UNAUDITED Three months ended 31 January 2021	AUDITED Year ended 31 October 2021
REVENUE			
Net Interest Income	**305,637**	317,360	1,219,172
Other Income	**169,278**	123,828	511,040
Total Revenue	**474,915**	441,188	1,730,212
EXPENSES			
Non-Interest Expenses	**173,482**	200,019	701,987
Net impairment loss on financial assets	**17,193**	22,815	108,521
INCOME BEFORE TAXATION	**284,240**	218,354	919,704
Income tax expense	**98,789**	72,357	316,179
INCOME AFTER TAXATION	**185,451**	145,997	603,525
Dividends per share	**65.0c**	60.0c	350.0c
Earnings per share	**105.2c**	82.8c	342.2c

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

	UNAUDITED Three months ended 31 January 2022	UNAUDITED Three months ended 31 January 2021	AUDITED Year ended 31 October 2021
NET INCOME FOR THE YEAR	**185,451**	145,997	603,525
OTHER COMPREHENSIVE INCOME			
Remeasurement of post-employment benefits asset/obligation, net of tax	**-**	-	66,278
Fair value remeasurement of debt instruments at FVOCI, net of tax	**(3,053)**	(5,968)	19,593
TOTAL COMPREHENSIVE INCOME, ATTRIBUTABLE TO EQUITY HOLDERS	**182,398**	140,029	689,396

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

	UNAUDITED As at 31 January 2022	UNAUDITED As at 31 January 2021	AUDITED As at 31 October 2021
ASSETS			
Cash on hand and in transit	**144,666**	177,042	218,702
Loans and advances to banks and related companies	**756,691**	824,873	854,150
Treasury bills	**4,053,341**	3,125,920	3,599,239
Deposits with Central Bank	**2,641,496**	3,604,294	3,046,104
Loans to customers	**16,290,047**	16,191,750	15,729,895
Investment securities	**3,194,327**	2,864,473	3,099,702
Investment in associated companies	**40,805**	39,227	39,668
Deferred tax assets	**61,172**	137,333	59,372
Property and equipment	**354,867**	388,258	359,519
Miscellaneous assets	**44,870**	40,195	27,358
Defined benefit pension fund asset	**131,328**	12,969	129,516
Goodwill	**2,951**	2,951	2,951
Taxation recoverable	**4,916**	4,916	4,916
TOTAL ASSETS	**27,721,477**	27,414,201	27,171,092
LIABILITIES AND EQUITY			
LIABILITIES			
Deposits from customers	**20,734,855**	20,673,945	20,241,852
Deposits from banks and related companies	**42,582**	32,810	142,737
Other liabilities	**632,510**	685,042	592,766
Taxation payable	**91,385**	65,117	71,795
Policyholders' funds	**1,706,051**	1,589,389	1,651,939
Post-employment medical and life benefits obligation	**180,015**	158,056	175,485
Deferred tax liabilities	**57,755**	48,080	50,700
TOTAL LIABILITIES	**23,445,153**	23,252,439	22,927,274
EQUITY			
Stated capital	**267,563**	267,563	267,563
Statutory reserve fund	**835,100**	814,514	815,100
Investment revaluation reserve	**27,540**	5,032	30,593
Retained earnings	**3,146,121**	3,074,653	3,130,562
TOTAL EQUITY	**4,276,324**	4,161,762	4,243,818
TOTAL LIABILITIES AND EQUITY	**27,721,477**	27,414,201	27,171,092

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

	UNAUDITED Three months ended 31 January 2022	UNAUDITED Three months ended 31 January 2021	AUDITED Year ended 31 October 2021
Cash flows from operating activities			
Net income after taxes	**185,451**	145,997	603,525
Change in loans to customers	**(554,399)**	87,887	583,660
Change in deposits from customers	**490,966**	(197,649)	(627,795)
Taxation paid	**(66,336)**	(76,856)	(272,084)
Other adjustments to reconcile income after taxation to net cash from operating activities	**9,677**	290,855	920,242
Net cash from operating activities	**65,359**	250,234	1,207,548
Cash flows used in investing activities			
Change in Treasury Bills with original maturity date due over 3 months	**(1,419,910)**	329,309	1,069,362
Change in investments	**(121,629)**	(746,249)	(1,073,066)
Purchase of property and equipment	**-**	(1,851)	(37,010)
Proceeds from disposal of share in associate company	**-**	-	3,134
Proceeds from disposal of property and equipment	**1,344**	-	-
Net cash used in investing activities	**(1,540,195)**	(418,791)	(37,580)
Cash flows used in financing activities			
Payment of lease liabilities	**(4,164)**	(4,489)	(18,224)
Dividends paid	**(149,892)**	(149,892)	(617,203)
Net cash used in financing activities	**(154,056)**	(154,381)	(635,427)
Increase (Decrease) in cash and cash equivalents	**(1,628,892)**	(322,938)	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	**1,480,332**	2,251,745	3,109,224
Cash and cash equivalents			
Cash on hand and in transit	**144,666**	177,042	218,702
Loans and advances to banks and related companies	**756,691**	824,873	854,150
Treasury Bills with original maturity date not exceeding 3 months	**346,000**	-	1,213,372
Surplus deposits with Central Bank	**232,975**	1,249,830	823,000
Cash and cash equivalents	**1,480,332**	2,251,745	3,109,224

*Trademark of The Bank of Nova Scotia, used under licence.

Scotiabank Trinidad And Tobago Limited

Financial results for the period ended 31 January 2022

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

	Stated Capital	Statutory Reserve	Investment Revaluation Reserve	Retained Earnings	Total Shareholders' Equity
UNAUDITED					
Three month's ended 31 January 2022					
Balance as at 31 October 2021	267,563	815,100	30,593	3,130,562	4,243,818
Net income for the year	-	-	-	185,451	185,451
Other comprehensive income, net of tax					
- Fair value remeasurement of FVOCI investments	-	-	(3,053)	-	(3,053)
- Remeasurement of post-employment benefits asset/obligation	-	-	-	-	-
Total comprehensive income	-	-	(3,053)	185,451	182,398
Transactions with equity owners of Scotiabank					
Transfer to statutory reserve	-	20,000	-	(20,000)	-
Dividends paid	-	-	-	(149,892)	(149,892)
	-	20,000	-	(169,892)	(149,892)
Balance as at 31 January 2022	267,563	835,100	27,540	3,146,121	4,276,324
UNAUDITED					
Three months ended 31 January 2021					
Balance as at 31 October 2020	267,563	804,514	11,000	3,088,548	4,171,625
Net income for the year	-	-	-	145,997	145,997
Other comprehensive income, net of tax					
- Fair value remeasurement of FVOCI investments	-	-	(5,968)	-	(5,968)
- Remeasurement of post-employment benefits asset/obligation	-	-	-	-	-
Total comprehensive income	-	-	(5,968)	145,997	140,029
Transactions with equity owners of Scotiabank					
Transfer to statutory reserve	-	10,000	-	(10,000)	-
Dividends paid	-	-	-	(149,892)	(149,892)
	-	10,000	-	(159,892)	(149,892)
Balance as at 31 January 2021	267,563	814,514	5,032	3,074,653	4,161,762
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					
Three months ended 31 January 2022					
Total Revenue	430,211	4,183	40,521	-	474,915
Material non-cash items					
Depreciation	8,218	-	-	-	8,218
Income before taxation	247,417	3,479	33,344	-	284,240
Assets	16,290,047	46,090	2,501,803	8,883,537	27,721,477
Liabilities	20,734,855	942	1,748,823	960,533	23,445,153
UNAUDITED					
Three months ended 31 January 2021					
Total Revenue	399,388	1,952	39,847	-	441,188
Material non-cash items					
Depreciation	7,823	-	-	-	7,823
Income before taxation	182,410	1,295	34,646	-	218,354
Assets	16,191,750	36,170	2,416,473	8,769,807	27,414,201
Liabilities	20,673,945	344	1,640,744	937,406	23,252,439
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.

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