Scotiabank®

Media Release

For the Quarter ended 30 April, 2022

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Scotiabank reports 2nd quarter results

SECOND QUARTER HIGHLIGHTS

	SIX MONTHS ENDED 30 APRIL 2022	SIX MONTHS ENDED 30 APRIL 2021
Income after Taxation	$356 million	$305 million
Dividends per share	130c	120c
Earnings per share	202c	173c
Return on Equity	16.8%	14.5%
Return on Assets	2.6%	2.2%

Scotiabank Trinidad and Tobago Limited (The Group) realized Income after Tax of $356 million for the period ended 30 April 2022, an increase of $52 million or 17% over the same period ended 30 April 2021. Income after Tax for the quarter was $171 million, $12 million or 8% more than the quarter ending 30 April 2021. Our improvement over the prior year is driven by an increase in core banking activity resulting in increased revenues, coupled with continued focus on operational efficiency. The improvement in profitability has resulted in an increased Return on Equity from 14.5% in 2021 to 16.8% in 2022 and an increase in Return on Assets from 2.2% in 2021 to 2.6% in 2022.

Commenting on the results, Managing Director of Scotiabank Trinidad and Tobago Limited, Gayle Pazos remarked:

"Our strong interim results continue to illustrate the strength and resilience of the Bank. Loans to Customers increased by $1 billion over the last 6 months, demonstrating our strong sales and service culture as well as our customers' confidence in our products. Our customers continue to embrace our digital channels, with adoption improving year over year leading to a reduction in our non-interest expenses base by 4% and improvement in our productivity ratio to under 40% in 2022.

> ***"For the 3rd consecutive year, Scotiabank was named Trinidad and Tobago's Best Bank 2022 by Global Finance Magazine"***

For the 3rd consecutive year, Scotiabank was named Trinidad and Tobago's Best Bank 2022 by Global Finance Magazine, underscoring the hard work and dedication of our management team and staff.

In closing, we would like to thank our staff, shareholders and customers for all the support that you have given to us as we seek to improve our customer experience and continue to build a sustainable business for the future."

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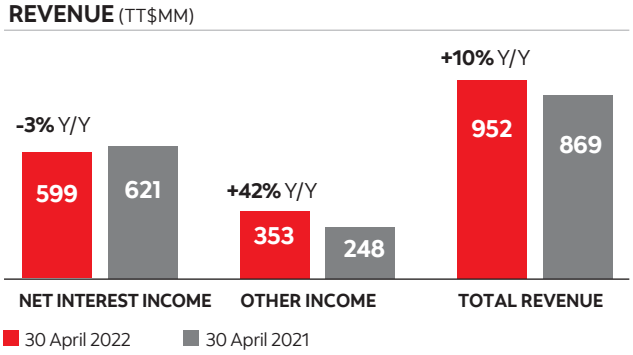
GROUP FINANCIAL PERFORMANCE

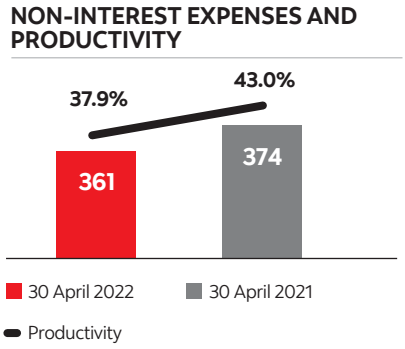
Revenue

Total Revenue, comprising of Net Interest Income and Other Income was $952 million for the period ended 30 April 2022, an increase of $84 million or 10% over last year. Net Interest Income for the period was $599 million, $21 million or 3% lower when compared to the same period last year driven by a minor decline in the loan portfolio during 2021 coupled with continued margin compression due to competitive pricing pressures. Core banking revenues continue to recover, driving Other Income growth of $105 million or 42% to $353 million in 2022 as we note increased activity in both retail and commercial segments.



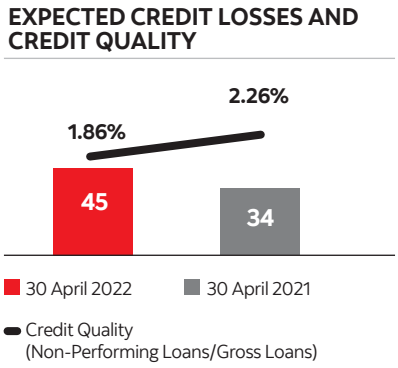
Non-interest expenses and operating efficiency

In the context of continued rising price inflation, managing The Group's operational efficiency remains a strategic priority. We continue to focus on utilizing our digital platform to enhance customer experience and control our operating expenditure profile and this has resulted in our productivity ratio improving to 38% as at 30 April 2022 compared to 43.0% in 2021.



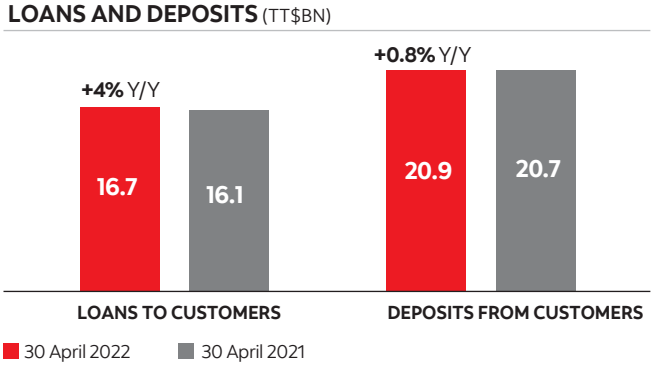
Credit quality

Net impairment losses on financial assets for the period ending 30 April 2022 was $45 million, an increase of $11 million or 31% over the prior year. During the year we have seen improvement in delinquency trends as the economy has gradually reopened, leading to a reduction in expected retail credit losses in 2022. Our credit quality has improved with the ratio of non-performing loans as a percentage of gross loans reducing from 2.3% in 2021 to 1.9% in 2022.



Balance sheet

Total Assets were $27.9 billion as at 30 April 2022, increasing by $280 million or 1% compared to the prior year. Loans to Customers, the Bank's largest interest earning asset, increased by $628 million or 4% compared to 30 April 2021 and over $1 billion over the last six months. We continue to see recovery in economic activity driven by increased consumer demand and increased commercial activity.



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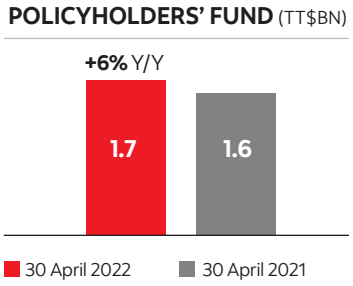
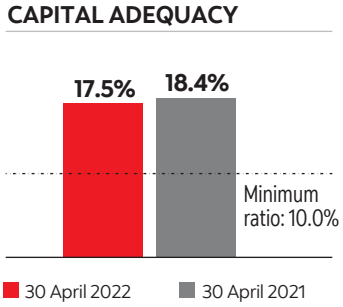
Investment securities and Treasury Bills stood at $7 billion as at 30 April 2022, an increase of $800 million over the prior year. We continue to maintain sufficient liquidity to meet our funding needs whilst also seeking to maximise our return on our investment portfolio to increase our net interest income.

As at 30 April 2022, Total Liabilities increased by $236 million to $23.6 billion or 1% over last year. This increase was due to an increase in Deposits from Customers of $167 million or 1% to $20.9 billion and an increase in Policyholder Funds of $96 million or 6%. The growth in our insurance segment reaffirms customers' continued confidence in our brand coupled with the deepening of relationships with our customers as we offer products to suit different needs.



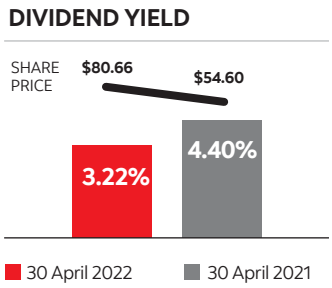
Shareholders' equity

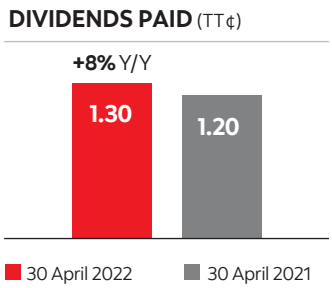
Total Shareholders' Equity closed the period at $4.3 billion, an increase of $45 million or 1% when compared to the balance as at 30 April 2021. The Bank's capital adequacy ratio stood at 17.5% as at 30 April 2022, which continues to be significantly above the minimum capital adequacy ratio under new BASEL II regulations of 10%.

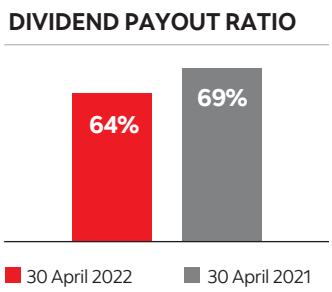


Dividends

We continue to provide a very healthy return and capital appreciation for our shareholders. A dividend of 65c has been approved for a total of 130c, an increase of 8% over the same period last year. Our dividend payout ratio of 64% remains within industry ranges and although we have seen a reduction in the dividend yield to 3.22%, our dividends combined with appreciation in the share price of 48% since April 2021, continue to reaffirm our commitment to maximize our total return to shareholders.







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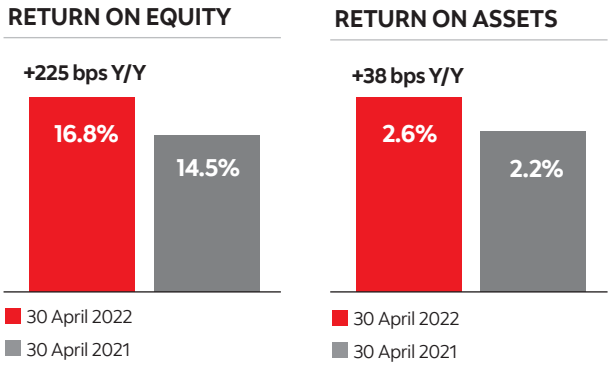
Return on equity and return on assets

Improvement in profitability has led to increased return on equity and return on assets. Return on Equity increased from 14.5% to 16.8% whilst Return on Assets increased from 2.2% to 2.6% reflecting the effectiveness of the Group's strategies in improving profitability.



SCOTIABANK IN THE COMMUNITY

Our community initiatives thus far for 2022 have benefitted 16,062 individuals and 11,305 youths through working with 77 charities, schools and community groups.



The Hon. Terrence Deyalsingh - Minister of Health and Roxane De Freitas - Chair, Scotiabank Foundation unveil the Scotiabank plaque at the Opening Ceremony of Princess Elizabeth Home's new Orthopaedic Wing and Operating Theatre.

For the past 68 years, the Princess Elizabeth Home for Handicapped Children (PEHHC) has helped provide opportunities to thousands of physically challenged children through the provision of surgical treatment, rehabilitation and education, so that they can lead fulfilling and productive lives.

Now, with a $1 million donation from the Scotiabank Trinidad and Tobago Foundation towards its new Orthopaedic Wing and Operating Theatre, the PEHHC can support medical treatment for even more children in need, especially those from low-income households. We are truly happy to be a part of PEHHC's dedication to ensuring that every child in need of their services gets the support required, helping to shape their lives in a positive way.

The Bank, as part of its Environmental, Social and Governance (ESG) strategy aims to educate employees on some of the most pressing environmental issues we face and raise awareness of the opportunities that exist in our day-to-day lives to make more sustainable choices.



A Scotiabank volunteer hands over seedlings to a member of the Gasparillo community.

In keeping with this, our employees joined a community seedling distribution drive in celebration of Earth Day 2022, helping distribute 32,000 seedlings in collaboration with SURE Foundation.

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With the resumption of sporting activities as COVID-19 restrictions were lifted, we are very pleased to partner once again with the Trinidad and Tobago Cricket Board for the Scotiabank NextGen Cricket Development Programme. We are committed to developing our young cricketers, on and off the field. In addition to the tournament aspect, this programme also provides workshops to under-13 and under-15 cricketers focused on their physical, intellectual, social, emotional and spiritual development.



Some of the action on the field during the opening match of the Scotiabank NextGen U-13 Tournament.

Scotiabank Trinidad And Tobago Limited

Financial results for the period ended 30 April 2022

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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

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

Scotiabank Trinidad And Tobago Limited

Financial results for the period ended 30 April 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					
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.

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