Scotiabank®

Media Release

For the Quarter ended 31 July 2022

For further information, contact: Adrian Lezama, AGM Finance. Email: adrian.lezama@scotiabank.com

Scotiabank reports year to date profits of $521 million

THIRD QUARTER HIGHLIGHTS

	NINE MONTHS ENDED JULY 2022	NINE MONTHS ENDED JULY 2021
Income after Taxation	$521 million	$462 million
Dividends per share	230c	265c
Earnings per share	295.5c	261.9c
Return on Equity	16.2%	14.5%
Return on Assets	2.8%	2.3%

Scotiabank Trinidad and Tobago Limited (The Group) realised Income after Tax of $521 million for the nine months ended 31 July 2022, an increase of $59 million or 13% over the same period ended 31 July 2021. Income after tax for the quarter was $164 million, $7 million or 5% more than the quarter ending 31 July 2021. Our improvement over the prior year is driven by continued increases in core banking activity as we see a return to normal operating conditions following the lifting of COVID-19 restrictions.
The improvement in profitability has resulted in an increased Return on Equity from 14.5% in 2021 to 16.2% in 2022 and an increase in Return on Assets from 2.3% in 2021 to 2.8% in 2022.

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

"*We are pleased to announce another solid third quarter performance by Scotiabank. We continue to see a steady rise in Loans to Customers, recording an increase of $1.3 billion or 8% over the last nine months and driving total asset growth by 6% when compared to the same period in 2021. Of this $1.3 billion, Consumer Loans represent $818 million, corresponding to our best performance since 2016.*

We continue to make our products and services more accessible and convenient for all our customers. This quarter, we launched a "Basic Access" Deposit Account aimed at supporting our self-employed and micro enterprises customers. Scotia Insurance also launched a suite of new products - Scotia Elevate, Scotia Platinum and Scotia Legacy. These additions to our product offerings will deliver enhanced features to our customers while broadening their deposit capabilities, insurance protection and retirement options.

> ***"We continue to make our products and services more accessible and convenient for all our customers."***

We are proud of the recent recognitions Scotiabank received including being named by Global Finance as Trinidad and Tobago's Best Consumer Digital Bank 2022 for the second year in a row and being recognised again by Great Place to Work as one of the best workplaces in the Caribbean 2022. These awards highlight our continued focus

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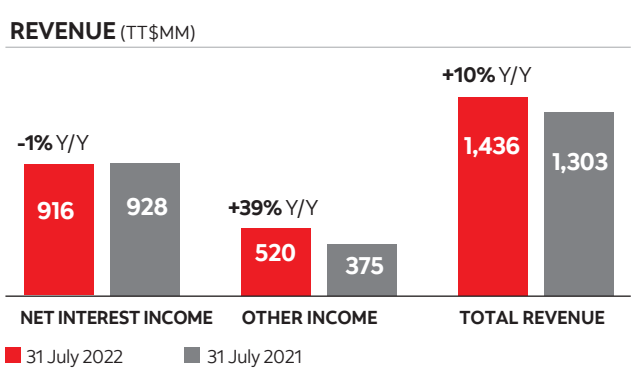
and investment in our people, our innovative use of technology, motivated by customers and their feedback in improving our digital competencies. Over the last year alone, digital transactions increased by 1 million or 42% with digital adoption at a record rate of 50%.

Looking forward, we are encouraged by the increased economic activity resulting from higher energy commodity prices and the final roll back of COVID-19 measures, albeit tempered by continued inflationary pressures and supply chain issues experienced globally and locally. We remain committed to delivering value for our staff, shareholders and customers and thank them for their loyalty, trust and confidence as we work towards a strong close for 2022."

GROUP FINANCIAL PERFORMANCE

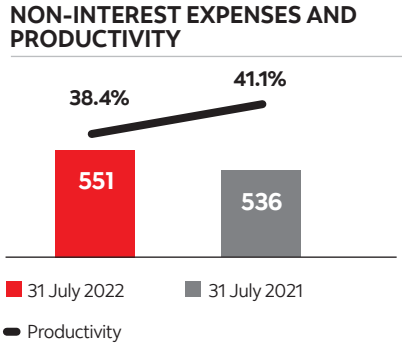
Revenue

Total Revenue, comprising Net Interest Income and Other Income was $1.4 billion for the period ended 31 July 2022, an increase of $133 million or 10% over last year. Net Interest Income for the period was $916 million, $12 million or 1% lower when compared to the same period last year, driven by a decline in the loan portfolio during 2021, together with continued margin compression due to competitive pricing pressures. Core banking revenues continue to recover, driven by Other Income growth of $145 million or 39% to $520 million in 2022 as we note increased activity in both retail and commercial segments.



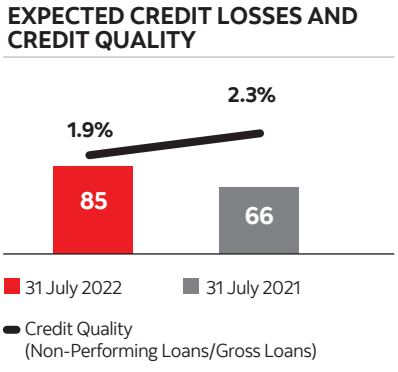
Non-interest expenses and operating efficiency

In the context of continued rising price inflation, managing The Group's operational efficiency remains a strategic priority. We continue to focus on utilising our digital platform to enhance customer experience and control our operating expenditure profile, and this has resulted in our productivity ratio improving to 38.4% as at 31 July 2022 compared to 41.1% in 2021. Expenses increased by $15 million or 3% to $551 million. We continue to realise expense savings through our various digital and infrastructure enhancements offset by higher activity-based costs and inflationary impacts on our operating cost base.



Credit Quality

Net impairment losses on financial assets for the period ending July 2022 was $85 million, an increase of $19 million or 29% over the prior year. We continue to adopt a conservative credit risk methodology that takes into consideration various factors such as the uncertainty in the global economy and potential



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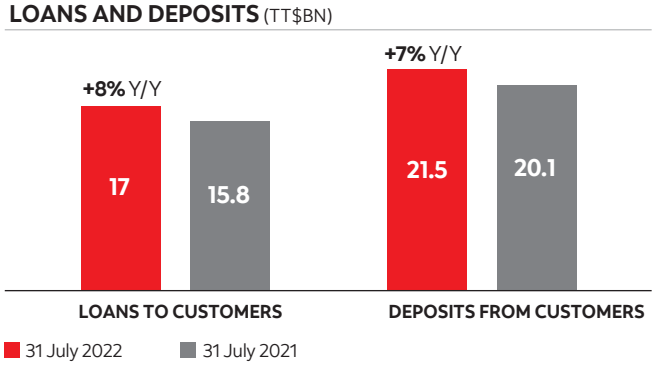
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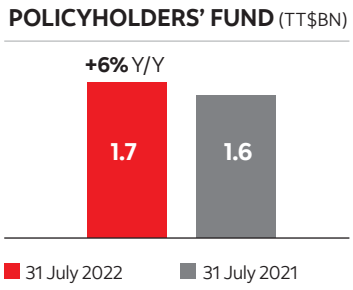
to impact the local economy. Our credit quality has improved with the ratio of non-performing loans as a percentage of gross loans reducing from 2.3% in 2021 to 1.9% in 2022.

Balance sheet

Total Assets were $28.7 billion as at 31 July 2022, increasing by $1.6 billion or 6% compared to the prior year. Loans to Customers, the Bank's largest interest earning asset, increased by $1.2 billion or 8% compared to 31 July 2021. We continue to see recovery in economic activity, driven by increased consumer demand and increased commercial activity.



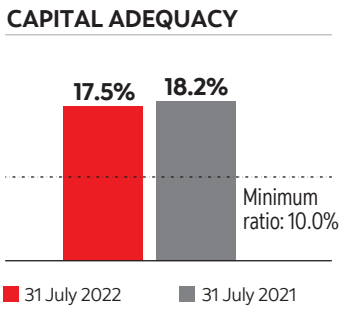
Investment securities and Treasury Bills stood at $7.2 billion as at 31 July 2022, an increase of $127 million over the prior year. We have recently begun to see an increase in the USD interest rate environment as the US Federal Reserve seeks to combat rising inflation rates. We will continue to monitor this for further opportunities to maximise our return on our investment portfolio while maintaining sufficient liquidity to meet our funding needs.



As at 31 July 2022, Total Liabilities increased by $1.6 billion to $24.3 billion or 7% over last year. This increase was due to an increase in Deposits from Customers of $1.4 billion or 7% to $21.5 billion and an increase in Policyholder Funds of $104 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.

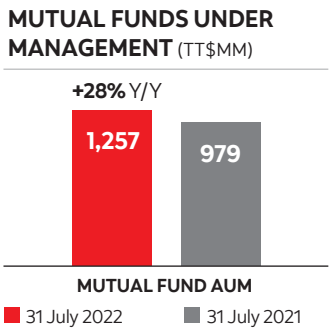
Shareholders' Equity

Total Shareholders' Equity closed the period at $4.3 billion, an increase of $18 million or 0.4% when compared to the balance as at 31 July 2021. The Bank's capital adequacy ratio stood at 17.48% as at 31 July 2022, which continues to be significantly above the minimum capital adequacy ratio under new BASEL II regulations of 10%.



Wealth

Mutual Funds Under Management have seen steady growth over the last year, surpassing the $1 billion threshold earlier this year ending the quarter at $1.25



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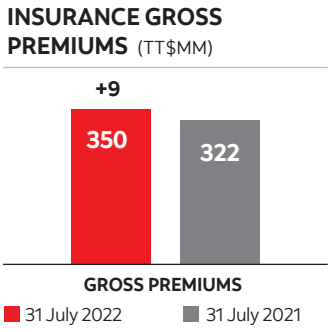
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billion as at 31 July 2022, as evidenced by an increase of $278 million or 28%. Our recently introduced Short-Term Income Fund continues to grow, surpassing the $100 million benchmark earlier this quarter for a total of $126 million.

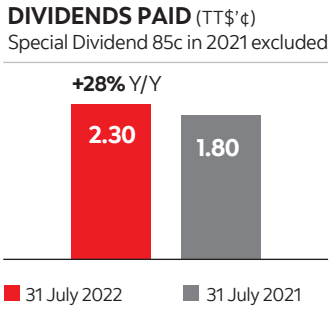
Insurance

Our Insurance subsidiary continues to be an integral part of the Group, representing 16% of NIAT. Total Gross Premiums increased by $28 million or 9%, driven by our commitment to provide our customers with affordable, convenient insurance solutions for their everyday needs.



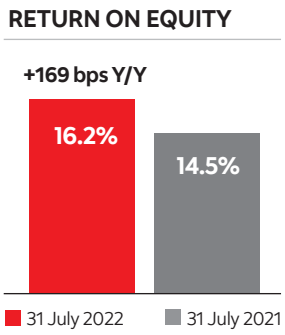
Dividends

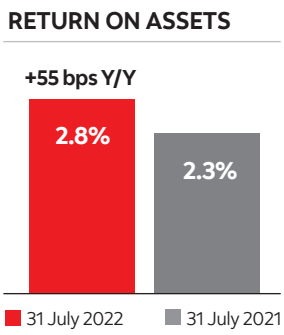
We continue to provide a very healthy return and capital appreciation for our shareholders. We have declared total dividends of 100c for the quarter, inclusive of a special dividend of 35c per share. This brings the total dividends per share to 230c, an increase of 28% over the same period last year, excluding the special dividend of 85c in prior year. Our dividend payout ratio, excluding special dividend, increased from 69% to 78% with a dividend yield of 3.99%. This increase in payout ratio, combined with a share price appreciation of 30% since July 2021 continues to assert our commitment to maximise our total return to shareholders.

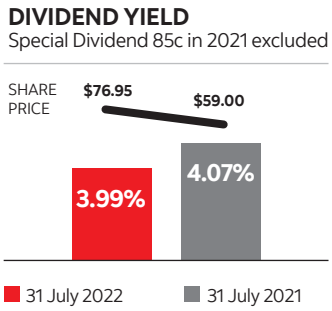


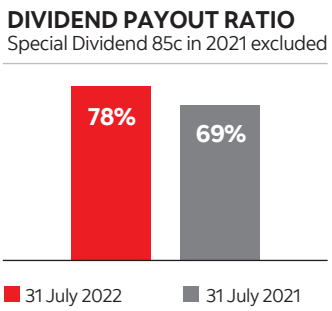
Return on equity and return on assets

Improvement in profitability has led to increased return on equity and return on assets. Return on Equity increased from 14.5% to 16.2% whilst Return on Assets increased from 2.3% to 2.8%, reflecting the effectiveness of the Group's strategies in improving profitability.









ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

Scotiabank is committed to and continues to contribute to improvements across environmental, social and governance action.

Our community initiatives thus far for 2022 have benefitted 16,728 individuals, and 11,879 youths through working with 79 charities, schools and community groups.

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As part of our continued efforts to combat climate change, in the lead up to World Environment Day (June 5), we embarked upon initiatives that help drive positive environmental action.



A Scotiabank volunteer assists in planting a mango tree at a children's home. Through Scotiabank's partnership with the SURE Foundation, 150 fruit trees have been planted at children's homes across the country.

Our partnership with the SURE Foundation was expanded to include fruit tree plantings at children's homes across the country. Scotiabank employees also got involved, helping to plant mango, breadfruit, chataigne and sapodilla trees. In total, 150 trees were planted at 19 children's homes.

Additionally, our global Bank has expanded its Net Zero Research Fund to $10 Million (CAD) to advance partnerships with leading think-tanks and academic institutions that are supporting key sectors in their efforts to decarbonize.

For 23 years, Scotiabank has supported breast cancer awareness and screening, helping to date, 20,000 women to access free services. Recently, our donation of $250,000 from the 2021 breast cancer awareness campaign was presented electronically by Gayle Pazos, Senior VP and Managing Director, Scotiabank to Dr. Asante Le Blanc, Chairperson of the Trinidad and Tobago Cancer Society.

These funds are being used towards a youth focused Anti-Vaping/No Smoking Campaign and our annual breast cancer screening services for women.



(L-R) Dr. Asante Le Blanc, Chairperson of the Trinidad and Tobago Cancer Society and Gayle Pazos, Senior VP and Managing Director, Scotiabank are all smiles following the electronic transfer of the Bank's $250,000 donation.



The Hon. Nyan Gadsby-Dolly (centre) - Minister of Education, receives, from Bocas Lit Fest executives and Stephan Lalonde (R) – Director, Human Resources, Scotiabank, the Year-2 project learning tools of Write Away!

In helping our young people fulfill their potential and become economically resilient, we continued our collaborations with Bocas Lit Fest and Families in Action. Write Away! was developed by the Bocas Lit Fest and is funded by the Scotiabank Foundation. It offers engaging digital content to support the teaching of English Literature with reference to books on the CSEC syllabus, available on demand to all secondary schools via the Ministry of Education's School Learning Management System.

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The 2022 edition of the Adulting 101 Programme hosted by Families in Action saw 40 young adults between the ages of 15 and 19 participate in sessions focused on helping them transition to successful adults. Our employees facilitated workshops on Financial Management, and Interview Preparation and Resumé Writing.

Members of Scotiabank's Human Resources team during the virtual Interview Preparation and Resumé Writing Workshop.

Scotiabank Trinidad And Tobago Limited

Financial results for the period ended 31 July 2022

Stated in Trinidad and Tobago Dollars

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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 $521 million for the nine months ended 31 July 2022, an increase of $59 million, or 13% over the prior year. For the third quarter ended 31 July 2022, the Group recorded income after tax of $165 million, an increase of $7 million or 5% over the comparative period in 2021.

This performance was supported by increased activity in the domestic economy, driven by elevated commodity prices coupled with the final roll back of COVID-19 regulations. Whilst this gradual recovery has contributed to a strong financial performance, the Bank recognises the global impact of inflationary pressures, resulting in increases in input prices and the overall cost of doing business for ourselves and our customers.

For the nine months ended 31 July 2022, The Group recorded an increase in Total Revenue of $133 million or 10%. This was achieved through an increase in Other Income of $145 million or 39%, as a result of growth in transaction activity in both the retail and commercial banking segments. Partially offsetting these revenues were declines in net interest income of $12 million or 1%, mainly due to margin compression resulting from a competitive rate environment for consumer credit.

Non-interest expenses increased by $15 million or 3%, mainly due to higher volume-related activity costs from expanded business activity levels in 2022. These cost increases were partially offset by management's continued focus on operational cost efficiencies throughout the organisation. Compared to the prior year, our productivity improved from 41% in 2021 to 38% in 2022 despite rising inflation.

Our balance sheet continues to show strong growth, with total assets increasing by 6% over both the prior year and the nine-month period since 31 October 2021. Loans to customers, which are our most significant interest earning asset, grew by $1.6 billion in fiscal 2022, mainly due to competitive offerings being made in both retail and commercial segments, aided by enhanced digital customer engagement initiatives. We continue to grow prudently and remain focused on maintaining high levels of credit quality. Our ratio of non-accrual loans to total loans remains less than 3%.

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 $87 million or 5% 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 $294 million or 15%, 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.

Looking forward, we expect our core business lines to 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 were again recognised by Great Place to Work® as one of the Best Workplaces™ in the Caribbean in 2022. We are also proud of being named by Global Finance as Trinidad and Tobago's Best Consumer Digital Bank 2022 for the second consecutive year. These awards highlight our continued focus and investment in our people, our innovative use of technology, motivated by customers and their feedback in improving our digital competencies.

Based on these results, the Directors have approved a third quarter dividend of $1.00 per share, to shareholders on the Register of Members as at 26 September 2022, payable by 11 October 2022.

Derek Hudson
Chairman

Gayle Pazos
Managing Director

Consolidated statement of income (stated in $'000)

	UNAUDITED Three months ended 31 July 2022	UNAUDITED Three months ended 31 July 2021	UNAUDITED Nine months ended 31 July 2022	UNAUDITED Nine months ended 31 July 2021	AUDITED Year ended 31 October 2021
REVENUE					
Net Interest Income	**316,823**	307,784	**916,144**	928,291	1,219,172
Other Income	**166,415**	126,373	**519,517**	374,565	511,040
Total Revenue	**483,238**	434,157	**1,435,661**	1,302,856	1,730,212
EXPENSES					
Non-Interest Expenses	**190,260**	162,080	**550,805**	535,858	701,987
Net impairment loss on financial assets	**39,365**	31,007	**84,723**	65,502	108,521
INCOME BEFORE TAXATION	**253,613**	241,070	**800,133**	701,496	919,704
Income tax expense	**88,992**	83,791	**279,056**	239,655	316,179
INCOME AFTER TAXATION	**164,621**	157,279	**521,077**	461,841	603,525
Dividends per share	**100.0c**	145.0c	**230.0c**	265.0c	350.0c
Earnings per share	**93.4c**	89.2c	**295.5c**	261.9c	342.2c

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

	UNAUDITED Three months ended 31 July 2022	UNAUDITED Three months ended 31 July 2021	UNAUDITED Nine months ended 31 July 2022	UNAUDITED Nine months ended 31 July 2021	AUDITED Year ended 31 October 2021
NET INCOME FOR THE YEAR	**164,621**	157,279	**521,077**	461,841	603,525
OTHER COMPREHENSIVE INCOME					
Remeasurement of post-employment benefits asset/obligation, net of tax	**(17,492)**	17,695	**(5,604)**	25,531	66,278
Fair value remeasurement of debt instruments at FVOCI, net of tax	**(61,593)**	(21,172)	**(37,833)**	26,674	19,593
TOTAL COMPREHENSIVE INCOME, ATTRIBUTABLE TO EQUITY HOLDERS	**85,536**	153,802	**477,640**	514,046	689,396

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

	UNAUDITED As at 31 July 2022	UNAUDITED As at 31 July 2021	AUDITED As at 31 October 2021
ASSETS			
Cash on hand and in transit	**233,922**	204,202	218,702
Loans and advances to banks and related companies	**936,715**	730,079	854,150
Treasury Bills	**3,444,416**	4,045,256	3,599,239
Deposits with Central Bank	**2,518,017**	2,595,152	3,046,104
Loans to customers	**16,994,509**	15,808,361	15,729,895
Investment securities	**3,791,097**	3,063,238	3,099,702
Investment in associated companies	**42,580**	38,820	39,668
Deferred tax assets	**99,834**	97,842	59,372
Property and equipment	**354,912**	363,441	359,519
Miscellaneous assets	**116,420**	51,372	27,358
Defined benefit pension fund asset	**126,431**	52,600	129,516
Goodwill	**2,951**	2,951	2,951
Taxation recoverable	**4,916**	4,916	4,916
TOTAL ASSETS	**28,666,720**	**27,058,230**	**27,171,092**
LIABILITIES AND EQUITY			
LIABILITIES			
Deposits from customers	**21,489,778**	20,128,515	20,241,852
Deposits from banks and related companies	**67,049**	55,793	142,737
Other liabilities	**670,854**	609,816	592,766
Taxation payable	**117,945**	72,044	71,795
Policyholders' funds	**1,739,605**	1,635,446	1,651,939
Post-employment medical and life benefits obligation	**189,074**	165,648	175,485
Deferred tax liabilities	**50,097**	66,802	50,700
TOTAL LIABILITIES	**24,324,402**	22,734,064	22,927,274
EQUITY			
Stated capital	**267,563**	267,563	267,563
Statutory reserve fund	**860,100**	814,514	815,100
Investment revaluation reserve	**(7,240)**	37,674	30,593
Retained earnings	**3,221,895**	3,204,415	3,130,562
TOTAL EQUITY	**4,342,318**	4,324,166	4,243,818
TOTAL LIABILITIES AND EQUITY	**28,666,720**	27,058,230	27,171,092

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

	UNAUDITED Nine months ended 31 July 2022	UNAUDITED Nine months ended 31 July 2021	AUDITED Year ended 31 October 2021
Cash flows from operating activities			
Net income after taxes	**521,077**	461,841	603,525
Change in loans to customers	**(1,021,984)**	517,679	583,660
Change in deposits from customers	**1,246,657**	(741,366)	(627,795)
Taxation paid	**(249,227)**	(202,300)	(272,084)
Other adjustments to reconcile income after taxation to net cash from operating activities	**686,204**	404,082	920,242
Net cash from operating activities	**1,182,727**	**439,936**	**1,207,548**
Cash flows used in investing activities			
Change in Treasury Bills with original maturity date due over 3 months	**(1,855,145)**	442,076	1,069,362
Change in investments	**(145,789)**	(850,988)	(1,073,066)
Purchase of property and equipment	**(1,388)**	(6,850)	(37,010)
Proceeds from disposal of share in associate company	-	-	3,134
Proceeds from disposal of property and equipment	**5,720**	-	-
Net cash used in investing activities	**(1,996,602)**	**(415,762)**	**(37,580)**
Cash flows used in financing activities			
Payment of lease liabilities	**(13,572)**	(375,183)	(18,224)
Dividends paid	**(379,140)**	-	(617,203)
Net cash used in financing activities	**(392,712)**	**(375,183)**	**(635,427)**
Increase (Decrease) in cash and cash equivalents	**(1,206,587)**	(351,009)	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	**1,902,637**	**2,223,674**	**3,109,224**
Cash and cash equivalents			
Cash on hand and in transit	**233,922**	204,202	218,702
Loans and advances to banks and related companies	**936,715**	730,079	854,150
Treasury Bills with original maturity date not exceeding 3 months	-	257,290	1,213,372
Surplus deposits with Central Bank	**732,000**	1,032,103	823,000
Cash and cash equivalents	**1,902,637**	**2,223,674**	**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 July 2022

Stated in Trinidad and Tobago Dollars

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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					
Nine months ended 31 July 2022					
Balance as at 31 October 2021	**267,563**	**815,100**	**30,593**	**3,130,562**	**4,243,818**
Net income for the year	**-**	**-**	**-**	**521,077**	**521,077**
Other comprehensive income, net of tax					
- Fair value remeasurement of FVOCI investments	**-**	**-**	**(37,833)**		**(37,833)**
- Remeasurement of post-employment benefits asset/obligation	**-**	**-**		**(5,604)**	**(5,604)**
Total comprehensive income	**-**	**-**	**(37,833)**	**515,473**	**477,640**
Transactions with equity owners of Scotiabank					
Transfer to statutory reserve	**-**	**45,000**	**-**	**(45,000)**	**-**
Dividends paid	**-**	**-**	**-**	**(379,140)**	**(379,140)**
	-	**45,000**	**-**	**(424,140)**	**(379,140)**
Balance as at 31 July 2022	**267,563**	**860,100**	**(7,240)**	**3,221,895**	**4,342,318**
UNAUDITED					
Nine months ended 31 July 2021					
Balance as at 31 October 2020	267,563	804,514	11,000	3,088,548	4,171,625
Net income for the year	-	-	-	461,841	461,841
Other comprehensive income, net of tax					
- Fair value remeasurement of FVOCI investments	-	-	26,674		26,674
- Remeasurement of post-employment benefits asset/obligation	-	-		25,531	25,531
Total comprehensive income	-	-	26,674	487,372	514,046
Transactions with equity owners of Scotiabank					
Transfer to statutory reserve	-	10,000	-	(10,000)	-
Dividends paid	-	-	-	(361,505)	(361,505)
	-	10,000	-	(371,505)	(361,505)
Balance as at 31 July 2021	267,563	814,514	37,674	3,204,415	4,324,166
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					
Nine months ended 31 July 2022					
Total Revenue	1,297,418	13,002	125,239	-	1,435,661
Material non-cash items					
Depreciation	24,311	-	-	-	24,311
Income before taxation	691,168	7,944	101,020	-	800,133
Assets	16,994,510	53,538	2,524,637	9,094,035	28,666,720
Liabilities	21,489,778	5,610	1,789,036	1,039,978	24,324,402
UNAUDITED					
Nine months ended 31 July 2021					
Total Revenue	1,178,831	6,274	117,750	-	1,302,856
Material non-cash items					
Depreciation	22,912	-	-	-	22,912
Income before taxation	599,063	4,530	97,901	-	701,496
Assets	15,808,361	39,594	2,534,389	8,675,885	27,058,230
Liabilities	20,128,515	570	1,686,021	918,958	22,734,064
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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