Scotiabank®

Media Release

For the year ended 31 October 2022

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

Scotiabank reports annual profits of $684 million

FOURTH QUARTER HIGHLIGHTS

	YEAR ENDED 31 OCTOBER 2022	YEAR ENDED 31 OCTOBER 2021
Income after Taxation	$684 million	$604 million
Dividends per share	330c	350c
Earnings per share	388c	342c
Return on Equity	16.0%	14.3%
Return on Assets	2.5%	2.2%

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 same period ended 31 October 2021. Our improvement over the prior year was driven by growth in core operating revenue, increases in customer loans and overall banking activity. This improvement in profitability has resulted in an increased Return on Equity from 14.34% in 2021 to 15.96% in 2022 and an increase in Return on Assets from 2.21% in 2021 to 2.48% in 2022.

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

"I am pleased to announce that Scotiabank delivered strong financial results in 2022, with year over year profitability growth of 13%. One of the main highlights is the overall loan growth of 10%, with solid growth from our business lines - Retail Banking at 9% and Commercial Banking at 16%. We achieved loan growth of $1.6 billion, one of the highest annual growth rates we have ever achieved, while maintaining good credit quality. Our total deposit base has grown by $650 million or 3%, underscoring our desire to deepen relationships across all customer segments.

We are proud to announce that we have been awarded the prestigious Brandon Hall Gold Award 2022 for Best Advance in Employee Engagement. This was due to the efforts of our senior management team, focusing on programs in support of improving work / life balance, building strong internal connections while promoting diversity, equity and inclusion.

> ***"As we approach a new fiscal year, I am excited about the journey ahead with our customers."***

As we approach a new fiscal year, I am excited about the journey ahead with our customers. Our digital transformation over the years has resulted in significant improvements, enhancing our customers' experience and allowing greater ease of access to our services. Customers continue to embrace our Digital Infrastructure, with non-branch transactions increasing by 1.1 million or 34% with a record digital adoption rate of 51%.

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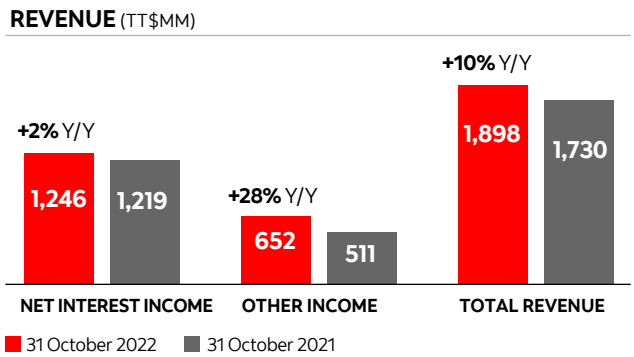
We are encouraged yet cautious on the increased economic activity buoyed by higher energy commodity prices; however this will be tempered by continued inflationary pressures and supply chain issues experienced globally and locally.

In closing, I would like to take this opportunity to thank our shareholders and customers for your loyalty and the confidence you continue to show in us. I would also like to commend our team of skilled and dedicated employees for the commitment and execution shown throughout the year."

GROUP FINANCIAL PERFORMANCE

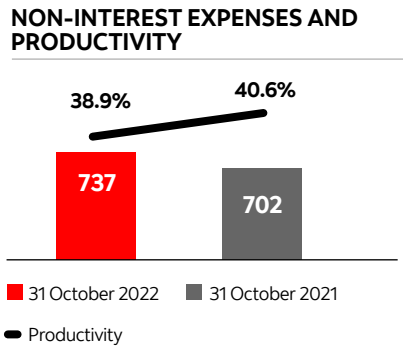
Revenue

Total Revenue, comprising Net Interest Income and Other Income was $1.9 billion for the period ended 31 October 2022, an increase of $168 million or 10% over last year. Net Interest Income for the period was $1.2 billion, $27 million or 2% higher, driven by increased loan volumes combined with market yield increases for our security portfolios. Core banking revenues continue to recover, driving Other Income growth of $141 million or 28% to $652 million in 2022 with increased activity in both retail and commercial segments.



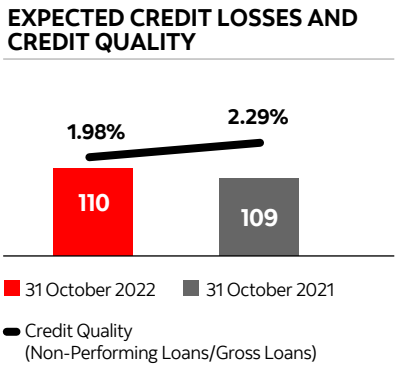
Non-interest expenses and operating efficiency

In the context of continued rising price inflation, managing The Group's operational efficiency remains a strategic priority. We continue to embrace and invest in our digital platforms to enhance our customer experience. These improvements have resulted in our productivity ratio improving to 39%, which is the lowest ever in our operating history. Non-Interest Expenses have increased by $35MM or 5%, driven mainly by business volume-related expansion and inflationary impacts, but we continue to realize expense savings through our various digital and infrastructure enhancements.



Credit Quality

Net impairment losses on financial assets for the period ending 31 October 2022 were recorded at $110 million, an increase of $2 million or 1% over the prior year. We continue to adopt an appropriate credit risk methodology that takes into consideration



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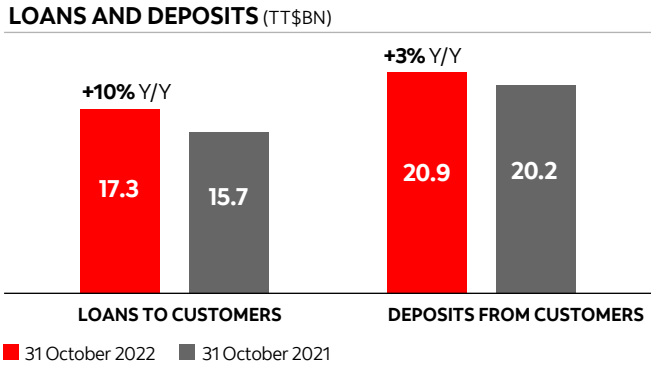
various factors such as the geopolitical uncertainty and potential to impact the local economy. Our credit quality has improved with the ratio of non-performing loans as a percentage of gross loans reducing from 2.29% in 2021 to 1.98% in 2022, our best position since 2015.

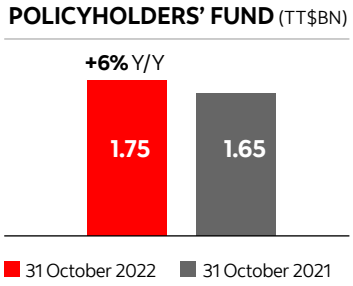
Balance sheet

Total Assets were $28 billion as at 31 October 2022, increasing by $900 million or 3% compared to the prior year. Loans to Customers, the Bank's largest interest earning asset, increased by $1.6 billion or 10% compared to 31 October 2021. This has led to an improvement in our total Loans Market share, increasing from 21% in 2021 to 22% in 2022.



Our performance was driven by recovery in economic activity resulting in increased consumer demand and increased commercial activity.

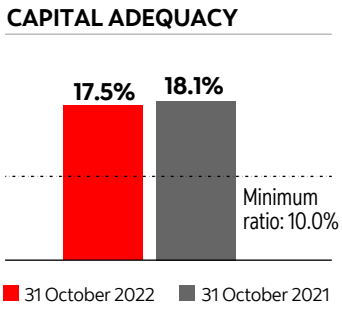
Investment securities and Treasury Bills stood at $6.9 billion as at 31 October 2022, an increase of $190 million over the prior year. We continue to benefit from rising USD interest rates, positively impacting our investment income, and we will continue to monitor this for further opportunities to maximize our return on our investment portfolio while maintaining sufficient liquidity to meet our funding needs.



As at 31 October 2022, Total Liabilities increased by $817 million to $24 billion or 4% over last year. This increase was due to an increase in Deposits from Customers of $650 million or 3% to $21 billion and an increase in Policyholder Funds of $95 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 $83 million or 2% when compared to the balance as at 31 October 2021. The



Bank's capital adequacy ratio stood at 17.5% as at 31 October 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 $1 billion during 2022 and ending the quarter at $1.3 billion as at 31 October 2022, an increase of $333 million or 33%. Our recently introduced Short-Term Income Fund continues to provide a viable alternative to placing funds, surpassing $200 million in just over one year of being launched.

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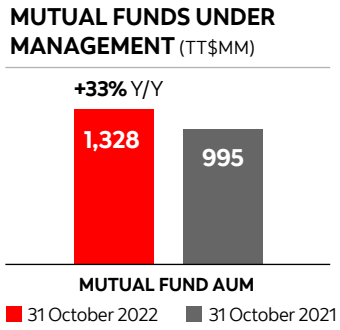
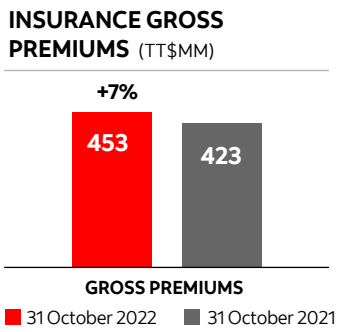


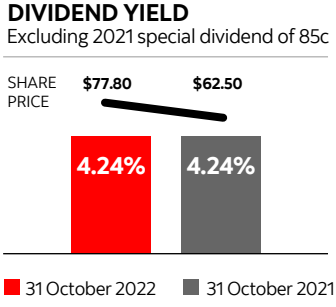
Insurance

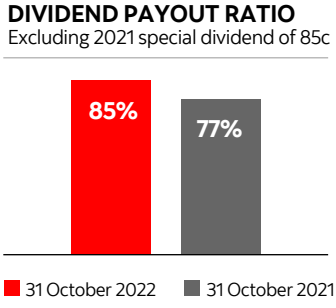
Our Insurance subsidiary continues to be an integral part of The Group, representing 15% of NIAT. Total Gross Premiums increased by $30 million or 7%, driven by our commitment to provide our customers



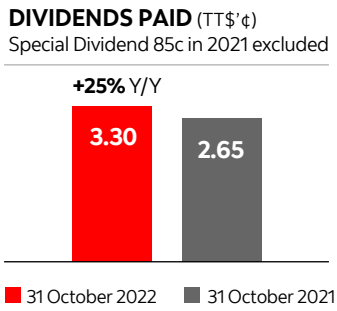
with affordable, convenient insurance solutions for their everyday needs. In line with this commitment, we launched three (3) new products in 2022 - Scotia Elevate, Scotia Legacy and Scotia Platinum, all with unique features aligned to our customers' needs.

Dividends



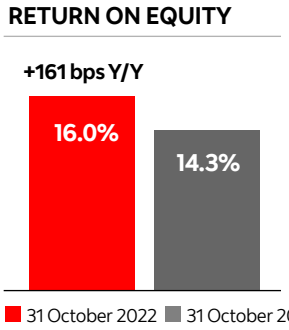


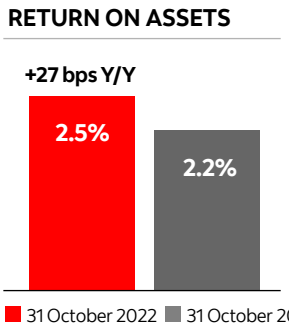
We continue to provide a very healthy return and capital appreciation for our shareholders. We have declared total dividends of 100c for the quarter, bringing the total dividends for 2022 to 330c per share. This represents an increase of 25% over the same



period last year, excluding the special dividend of 85c in prior year. Our dividend payout ratio, excluding the 2022 special dividend, increased from 77% to 85%, resulting in a healthy dividend yield of 4.2%.

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 14.3%% to 16.0% whilst Return on Assets increased from 2.2% to 2.5%, reflecting the effectiveness of The Group's strategies in improving profitability.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG)

With our purpose as our guide – *for every future* – Scotiabank forms an important part of the social and economic fabric of the places in which we operate. It is a role and responsibility that is not taken

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lightly. Our ESG strategy is supported by four pillars: Environmental Action, Social Impact, Inclusive Society and Leadership & Governance. These form the lens through which we develop, implement and invest in initiatives to maximize our positive impact on the world.
This past quarter, we have made the following progress under our ESG agenda:



Our continued partnership with the SURE Foundation has seen a total of 220,000 seedlings and 500 fruit trees distributed to farmers, households, orphanages and communities across the country.

Environmental Action

- Globally, we have expanded the 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. This is available across the Bank's footprint, including Trinidad & Tobago.
- We introduced Electric Vehicle (EV) Financing for established brands, demonstrating our support towards renewable and clean energy.
- We leverage our global expertise to offer client best-in-class structuring and execution of sustainable finance transactions, as well as tailored ESG and sustainable finance advice aligned with business strategy.
- Ongoing Risk/Lending policy reviews on factoring climate-related risks into financial metrics for transactions.
- Our continued partnership with the SURE Foundation has seen a total of 220,000 seedlings and 500 fruit trees distributed to farmers, households, orphanages and communities across the country, promoting food and environmental sustainability.

Social Impact

- Partnership established with the National Association for Athletics Administrators of Trinidad and Tobago (NAAATT) to provide 10 junior track and field athletes with funding, to the tune of $10,000 each, providing socio-economic support to help mitigate challenges that these athletes may face.
- After a 2-year hiatus, we saw the return of the Scotiabank Schools Table Tennis Tournament, with over 200 youths participating in individual and team categories.
- The newly-formed Beetham Vibrations Steel Orchestra, an initiative of the Rotary Club of POS, received a $100,000 boost from the Scotiabank Foundation, to fund equipment and tutoring.
- We continued to raise awareness and funds for breast cancer through sharing stories of cancer patients/survivors to help encourage others to get screened early. To date, we have helped 21,000 women with access to free screening services.
- Overall, this year, our community initiatives have benefitted 27,673 individuals, and 17,265 youths through working with 85 charities, schools and community groups.



The newly-formed Beetham Vibrations Steel Orchestra, an initiative of the Rotary Club of POS, received a $100,000 boost from the Scotiabank Foundation, to fund equipment and tutoring.

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Inclusive Society

- We hosted a Mentorship Workshop for Students with Disabilities (SWDs) to provide insight into the world of work.
- Employees continue to participate in Sign Language Training to enable them to provide an inclusive customer experience.
- Enhanced Parental Leave was introduced for employees with increases in Maternity and Paternity leave, as well as eligibility for Adoption & Gestational Surrogacy.

Governance

- Doing the right thing matters. Our Code of Conduct and mandatory training help ensure that we act with integrity and take accountability in all that we do. As at September 30, 2022, all employees completed their necessary training modules.
- Our Board of Directors also completed Diversity and Inclusion/Regional Governance training with a focus on ESG and how principles distill into Director Fiduciary duties.



We hosted a Mentorship Workshop for Students with Disabilities (SWDs) to provide insight into the world of work.

Scotiabank Trinidad And Tobago Limited

Financial results for the period ended 31 October 2022

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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

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Scotiabank Trinidad And Tobago Limited

Financial results for the period ended 31 October 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 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.

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