

Scotiabank Trinidad And Tobago Limited

Financial results for the period ended 31 July 2024

Stated in Trinidad and Tobago Dollars

To Our Shareholders

The Directors are pleased to announce that Scotiabank Trinidad and Tobago Limited (The Group) has realised a profit after tax of \$488 million for the nine months ended July 31st, 2024, an increase of \$18MM or 4% over the restated prior year. The prior year restatement arose from the adoption of IFRS 17 – Insurance Contracts, which replaced IFRS 4 effective November 1st, 2023. This change in standard impacted the recognition and measurement of insurance contracts in the Group's insurance subsidiary – Scotialife Trinidad and Tobago Limited.

Year to date, The Group recorded an increase in total revenue of \$48 million or 3%, driven mainly by growth in net interest income of \$51 million or 5%. This increase was achieved through continued strong growth in loan balances in both retail and commercial segments. Other income decreased by \$2 million or 1% arising from lower trading revenue as a result of market dynamics partially offset by an increase in our insurance segment's revenue.

The Group continues to navigate the impact of inflation, while also maintaining a focus on investing in our people, technology and customer experience. Non-interest expenses increased by \$48 million or 8% over the prior year. Despite this increase, our productivity ratio stands at 43% and remains the best in class in the local banking sector.

Sustainable growth remains at the forefront of The Group's risk culture, with Total Assets increasing by \$1.4 billion or 5%. The Group's largest interest earning asset, loans to customers increased by \$1.4 billion or 8%. This growth was achieved while still maintaining a high level of credit quality, resulting in a small decline in the net impairment loss on financial assets and a ratio of non-performing loans to total loans below 2% of the total portfolio.

The increase in total assets was funded by an increase in deposits from customers of \$1.5 billion or 7%, demonstrating consumer confidence in our stability, and competitive rate offerings across all business segments.

The Board and its Management Team remains focused on maintaining shareholder value, through responsible capital management and high-quality customer experiences. This focus has allowed Scotiabank Trinidad and Tobago Limited to be named the Best Bank by Global Finance in 2024 as well as Best Bank 2024 by Euromoney.

Based on the above performance, we are pleased to announce that the Directors have approved an interim dividend of 70c per share, payable to shareholders on the Register of Members as at September 23rd, 2024. This dividend will be paid by October 11th, 2024.

Derek Hudson
Chairman

Gayle Pazos
Managing Director

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

| | UNAUDITED As at 31 July 2024 | RESTATED As at 31 July 2023 | AS PREVIOUSLY REPORTED 31 July 2023 | RESTATED As at 31 October 2023 | AUDITED As at 31 October 2023 |
|--|------------------------------------|-----------------------------------|---|--------------------------------------|-------------------------------------|
| ASSETS | | | | | |
| Cash on hand and in transit | 179,144 | 191,481 | 191,481 | 187,028 | 187,028 |
| Loans and advances to banks and related companies | 720,011 | 855,079 | 855,079 | 1,090,429 | 1,090,429 |
| Treasury bills | 2,432,908 | 2,093,536 | 2,093,536 | 1,869,820 | 1,869,820 |
| Deposits with Central Bank | 3,323,906 | 3,007,342 | 3,007,342 | 3,193,913 | 3,193,913 |
| Loans to customers | 19,828,578 | 18,414,003 | 18,414,003 | 18,604,223 | 18,604,223 |
| Investment securities | 3,436,576 | 3,905,929 | 3,905,929 | 4,088,677 | 4,088,677 |
| Investment in associated companies | 53,883 | 47,237 | 47,237 | 48,806 | 48,806 |
| Deferred tax assets | 109,329 | 97,195 | 97,195 | 72,345 | 72,345 |
| Property and equipment | 319,931 | 337,250 | 337,250 | 336,472 | 336,472 |
| Insurance and reinsurance contract assets* | 67,688 | 50,328 | - | 54,265 | - |
| Miscellaneous assets | 52,026 | 97,458 | 91,898 | 50,218 | 50,218 |
| Defined benefit pension fund asset | 118,184 | 145,706 | 145,706 | 111,147 | 111,147 |
| Goodwill | 2,951 | 2,951 | 2,951 | 2,951 | 2,951 |
| TOTAL ASSETS | 30,645,115 | 29,245,494 | 29,189,607 | 29,710,294 | 29,656,029 |
| LIABILITIES AND EQUITY | | | | | |
| LIABILITIES | | | | | |
| Deposits from customers | 23,063,206 | 21,588,151 | 21,588,151 | 22,028,144 | 22,028,144 |
| Deposits from banks and related companies | 80,037 | 285,847 | 285,847 | 322,524 | 322,524 |
| Other liabilities* | 629,629 | 773,063 | 746,916 | 775,600 | 752,547 |
| Taxation payable | 80,474 | 85,079 | 85,079 | 77,771 | 77,771 |
| Policyholders' funds* | 1,961,687 | 1,799,851 | 1,797,138 | 1,817,788 | 1,783,773 |
| Post-employment medical and life benefits obligation | 208,014 | 198,232 | 198,232 | 193,044 | 193,044 |
| Deferred tax liabilities | 68,043 | 63,594 | 63,594 | 29,009 | 29,009 |
| TOTAL LIABILITIES | 26,091,090 | 24,793,818 | 24,764,957 | 25,243,880 | 25,186,812 |
| EQUITY | | | | | |
| Stated capital | 267,563 | 267,563 | 267,563 | 267,563 | 267,563 |
| Statutory reserve fund | 922,055 | 880,995 | 880,995 | 882,055 | 882,055 |
| Investment revaluation reserve | (34,281) | 14,064 | 1,895 | (11,861) | 15,282 |
| Retained earnings | 3,398,688 | 3,289,055 | 3,274,197 | 3,328,657 | 3,304,317 |
| TOTAL EQUITY | 4,554,025 | 4,451,676 | 4,424,650 | 4,466,414 | 4,469,217 |
| TOTAL LIABILITIES AND EQUITY | 30,645,115 | 29,245,494 | 29,189,607 | 29,710,294 | 29,656,029 |

*Restated as per IFRS 17- See accompanying note

Consolidated statement of profit or loss (stated in \$'000)

| | UNAUDITED Three months ended 31 July 2024 | RESTATED Three months ended 31 July 2023 | AS PREVIOUSLY REPORTED Three months ended 31 July 2023 | UNAUDITED Nine months ended 31 July 2024 | RESTATED Nine months ended 31 July 2023 | AS PREVIOUSLY REPORTED Nine months ended 31 July 2023 | RESTATED Year ended 31 October 2023 | AUDITED Year ended 31 October 2023 |
|---|---|--|---|--|---|--|---|--|
| REVENUE | | | | | | | | |
| Net Interest Income* | 357,735 | 345,609 | 363,390 | 1,058,733 | 1,007,656 | 1,057,905 | 1,342,164 | 1,414,069 |
| Other Income* | 128,639 | 125,179 | 117,484 | 387,827 | 389,668 | 397,130 | 592,341 | 523,142 |
| Total Revenue | 486,374 | 470,787 | 480,874 | 1,446,559 | 1,397,323 | 1,455,035 | 1,934,505 | 1,937,211 |
| EXPENSES | | | | | | | | |
| Non-Interest Expenses* | 214,072 | 199,656 | 208,902 | 625,875 | 577,629 | 603,183 | 829,517 | 809,547 |
| Net impairment loss on financial assets | 11,648 | 27,292 | 27,291 | 68,002 | 84,363 | 84,363 | 105,891 | 105,891 |
| PROFIT BEFORE TAXATION | 260,654 | 243,840 | 244,681 | 752,682 | 735,331 | 767,489 | 999,097 | 1,021,773 |
| Income tax expense | 95,817 | 86,776 | 86,775 | 264,323 | 265,629 | 265,629 | 343,782 | 343,782 |
| PROFIT AFTER TAXATION | 164,837 | 157,064 | 157,906 | 488,359 | 469,702 | 501,860 | 655,315 | 677,991 |
| Dividends per share | 70.0c | 70.0c | 70.0c | 215.0c | 210.0c | 210.0c | 280.0c | 280.0c |
| Earnings per share | 93.5c | 89.1c | 89.5c | 276.9c | 266.4c | 284.6c | 371.6c | 384.5c |

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

| | UNAUDITED Three months ended 31 July 2024 | RESTATED Three months ended 31 July 2023 | AS PREVIOUSLY REPORTED Three months ended 31 July 2023 | UNAUDITED Nine months ended 31 July 2024 | RESTATED Nine months ended 31 July 2023 | AS PREVIOUSLY REPORTED Nine months ended 31 July 2023 | RESTATED Year ended 31 October 2023 | AUDITED Year ended 31 October 2023 |
|--|---|--|---|--|---|--|---|--|
| PROFIT AFTER TAXATION | 164,837 | 157,064 | 157,906 | 488,359 | 469,702 | 501,860 | 655,315 | 677,991 |
| OTHER COMPREHENSIVE INCOME | | | | | | | | |
| Remeasurement of post-employment benefits asset/obligation, net of tax | (217) | 117 | (6,322) | 810 | 117 | 117 | (21,392) | (21,392) |
| Fair value remeasurement of debt instruments at FVOCI, net of tax | (913) | 16,817 | 4,648 | (22,840) | 44,046 | 31,877 | 45,264 | 45,264 |
| TOTAL COMPREHENSIVE INCOME, ATTRIBUTABLE TO EQUITY HOLDERS | 163,707 | 173,997 | 156,232 | 466,749 | 513,865 | 533,854 | 679,187 | 701,863 |

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

| | UNAUDITED Nine months ended 31 July 2024 | RESTATED Nine months ended 31 July 2023 | AS PREVIOUSLY REPORTED Nine months ended 31 July 2023 | AUDITED Year ended 31 October 2023 |
|--|--|---|--|--|
| Cash flows from operating activities | | | | |
| Profit for the year | 488,359 | 469,702 | 501,860 | 677,991 |
| Change in loans to customers | (976,053) | (997,989) | (997,989) | (1,460,016) |
| Change in deposits from customers | 1,023,760 | 691,067 | 691,067 | 1,124,999 |
| Taxation paid | (254,009) | (201,682) | (201,682) | (370,403) |
| Other adjustments to reconcile income after taxation to net cash from operating activities | 623,581 | (490,428) | (522,586) | 954,532 |
| Net cash from operating activities | 905,638 | (529,330) | (529,330) | 927,103 |
| Cash flows used in investing activities | | | | |
| Change in Treasury Bills with original maturity date due over 3 months | (666,155) | 1,231,760 | 1,231,760 | 820,963 |
| Change in investments | 652,101 | 1,052,868 | 1,052,868 | (231,041) |
| Purchase of property and equipment | (39,625) | (7,279) | (7,279) | (12,563) |
| Proceeds from disposal of property and equipment | - | 15,670 | 15,670 | - |
| Net cash used in investing activities | (53,679) | 2,293,019 | 2,293,019 | 577,359 |
| Cash flows used in financing activities | | | | |
| Payment of lease liabilities | (1,795) | (12,095) | (12,095) | (19,281) |
| Dividends paid | (379,139) | (555,483) | (555,483) | (546,666) |
| Net cash used in financing activities | (380,934) | (567,578) | (567,578) | (565,947) |
| Increase (Decrease) in cash and cash equivalents | 471,025 | 1,196,111 | 1,196,111 | 938,515 |
| Cash and cash equivalents, beginning of period | 2,610,148 | 1,671,633 | 1,671,633 | 1,671,633 |
| Cash and cash equivalents, end of period | 3,081,173 | 2,867,744 | 2,867,744 | 2,610,148 |
| Cash and cash equivalents represented by: | | | | |
| Cash on hand and in transit | 179,144 | 191,481 | 191,481 | 187,028 |
| Loans and advances to banks and related companies | 720,011 | 855,079 | 855,079 | 1,090,429 |
| Treasury Bills with original maturity date not exceeding 3 months | 1,460,730 | 616,431 | 616,431 | 795,000 |
| Surplus deposits with Central Bank | 721,289 | 1,204,753 | 1,204,753 | 537,691 |
| Cash and cash equivalents | 3,081,174 | 2,867,744 | 2,867,744 | 2,610,148 |

Scotiabank Trinidad And Tobago Limited

Financial results for the period ended 31 July 2024

Stated in Trinidad and Tobago Dollars

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 2024 | | | | | |
| Balance as at 31 October 2023 | 267,563 | 882,055 | 15,282 | 3,304,317 | 4,469,217 |
| Restatement with respect to change in accounting standards | - | - | (27,143) | 24,340 | (2,803) |
| Balance as at 31 October 2023 (Restated) | 267,563 | 882,055 | (11,861) | 3,328,657 | 4,466,414 |
| Profit for the year | - | - | - | 488,359 | 488,359 |
| Other comprehensive income, net of tax | | | | | |
| - Fair value remeasurement of FVOCI investments | - | - | (22,420) | - | (22,420) |
| - Remeasurement of post-employment benefits asset/obligation | - | - | - | 810 | 810 |
| Total comprehensive income | - | - | (22,420) | 489,169 | 466,749 |
| Transactions with equity owners of Scotiabank | | | | | |
| Transfer to statutory reserve | - | 40,000 | - | (40,000) | - |
| Dividends paid | - | - | - | (379,139) | (379,139) |
| | - | 40,000 | - | (419,139) | (379,139) |
| Balance as at 31 July 2024 | 267,563 | 922,055 | (34,281) | 3,398,688 | 4,554,025 |
| RESTATED | | | | | |
| Nine months ended 31 July 2023 | | | | | |
| Balance as at 31 October 2022 | 267,563 | 880,100 | (29,982) | 3,243,355 | 4,361,036 |
| Profit for the year | - | - | - | 469,702 | 469,702 |
| Other comprehensive income, net of tax | | | | | |
| - Fair value remeasurement of FVOCI investments | - | - | 44,046 | - | 44,046 |
| - Remeasurement of post-employment benefits asset/obligation | - | - | - | 117 | 117 |
| Total comprehensive income | - | - | 44,046 | 469,819 | 513,865 |
| Transactions with equity owners of Scotiabank | | | | | |
| Transfer to statutory reserve | - | 895 | - | (895) | - |
| Dividends paid | - | - | - | (423,224) | (423,224) |
| | - | 895 | - | (424,119) | (423,224) |
| Balance as at 31 July 2023 | 267,563 | 880,995 | 14,064 | 3,289,055 | 4,451,676 |
| AS PREVIOUSLY REPORTED | | | | | |
| Nine months ended 31 July 2023 | | | | | |
| Balance as at 31 October 2022 | 267,563 | 880,100 | (29,982) | 3,196,339 | 4,314,020 |
| Profit for the year | - | - | - | 501,860 | 501,860 |
| Other comprehensive income, net of tax | | | | | |
| - Fair value remeasurement of FVOCI investments | - | - | 31,877 | - | 31,877 |
| - Remeasurement of post-employment benefits asset/obligation | - | - | - | 117 | 117 |
| Total comprehensive income | - | - | 31,877 | 501,977 | 533,854 |
| Transactions with equity owners of Scotiabank | | | | | |
| Transfer to statutory reserve | - | 895 | - | (895) | - |
| Dividends paid | - | - | - | (423,224) | (423,224) |
| | - | 895 | - | (424,119) | (423,224) |
| Balance as at 31 July 2023 | 267,563 | 880,995 | 1,895 | 3,274,197 | 4,424,650 |
| AUDITED | | | | | |
| Year ended 31 October 2023 | | | | | |
| Balance as at 31 October 2022 | 267,563 | 880,100 | (29,982) | 3,196,339 | 4,314,020 |
| Profit for the year | - | - | - | 677,991 | 677,991 |
| Other comprehensive income, net of tax | | | | | |
| - Fair value remeasurement of FVOCI investments | - | - | - | (21,392) | (21,392) |
| - Remeasurement of post-employment benefits asset/obligation | - | - | 45,264 | - | 45,264 |
| Total comprehensive income | - | - | 45,264 | 656,599 | 701,863 |
| Transactions with equity owners of Scotiabank | | | | | |
| Transfer to statutory reserve | - | 1,955 | - | (1,955) | - |
| Dividends paid | - | - | - | (546,666) | (546,666) |
| | - | 1,955 | - | (548,621) | (546,666) |
| Balance as at 31 October 2023 | 267,563 | 882,055 | 15,282 | 3,304,317 | 4,469,217 |

Segment reporting (stated in \$'000)

| | Retail Corporate & Commercial Banking | Asset Management | Insurance Services | Total |
|---------------------------------------|---------------------------------------|------------------|--------------------|------------|
| UNAUDITED | | | | |
| Nine months ended 31 July 2024 | | | | |
| Total Revenue | 1,327,280 | 21,724 | 97,555 | 1,446,559 |
| Material non-cash items | | | | |
| Depreciation | 26,202 | - | - | 26,202 |
| Income before taxation | 646,664 | 13,051 | 92,967 | 752,682 |
| Assets | 27,697,866 | 54,805 | 2,892,445 | 30,645,115 |
| Liabilities | 24,052,986 | 6,027 | 2,032,077 | 26,091,090 |
| RESTATED | | | | |
| Nine months ended 31 July 2023 | | | | |
| Total Revenue | 1,315,748 | 14,476 | 67,099 | 1,397,323 |
| Material non-cash items | | | | |
| Depreciation | 25,878 | - | - | 25,878 |
| Income before taxation | 656,588 | 11,421 | 67,322 | 735,331 |
| Assets | 26,445,508 | 42,039 | 2,757,947 | 29,245,494 |
| Liabilities | 22,894,231 | 4,978 | 1,894,609 | 24,793,818 |
| AS PREVIOUSLY REPORTED | | | | |
| Nine months ended 31 July 2023 | | | | |
| Total Revenue | 1,315,748 | 14,476 | 124,811 | 1,455,035 |
| Material non-cash items | | | | |
| Depreciation | 25,878 | - | - | 25,878 |
| Income before taxation | 656,587 | 11,421 | 99,481 | 767,489 |
| Assets | 26,445,509 | 42,039 | 2,702,059 | 29,189,607 |
| Liabilities | 22,894,231 | 4,978 | 1,865,748 | 24,764,957 |
| AUDITED | | | | |
| Year ended 31 October 2023 | | | | |
| Total Revenue | 1,732,420 | 19,802 | 184,989 | 1,937,211 |
| Material non-cash items | | | | |
| Depreciation | 32,399 | - | - | 32,399 |
| Income before taxation | 854,089 | 15,244 | 152,440 | 1,021,773 |
| Assets | 26,930,443 | 44,829 | 2,680,757 | 29,656,029 |
| Liabilities | 23,320,729 | 5,139 | 1,860,944 | 25,186,812 |

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 2023, except for the adoption of IFRS 17 - Insurance Contracts.

IFRS 17 - Insurance Contracts

IFRS 17, Insurance Contracts, which is effective for annual reporting periods beginning on or after January 1, 2023, provides a comprehensive principle-based framework for the measurement and presentation of all insurance contracts. The new standard replaces IFRS 4 Insurance Contracts and requires insurance contracts to be measured at their current fulfilment value, using one of three measurement models, depending on the nature of the contract. IFRS 17 introduces three measurement models: the general model, the premium allocation approach, and the variable fee approach.

Comparative information

Comparative amounts in these Financial Statements have been restated to conform to presentation changes in the current financial period for the following:

Consolidated Statement of Comprehensive Income

Net Interest Income - These amounts were restated to include interest accreted on present value cash flows, such as the interest accumulated on the Contractual Service Margin (CSM).

Other Income - These amounts were restated to include releases of revenue and expenses on the insurance operations, including amortization of Contractual Service Margin and Risk Adjustment for the period.

Non-Interest Expenses - These amounts were restated to include expenses not directly attributable to the acquisition or maintenance of insurance contracts.

Consolidated Statement of Financial Position

Insurance and reinsurance contract assets - These amounts were previously reported in the miscellaneous assets and have now been reclassified to a separate line in the statement of financial position. It represents amounts due from reinsurance contracts.

Other liabilities - These amounts were restated to include segregated fund liabilities, which represent the amounts invested by policyholders in savings and wealth insurance products.

Policyholders' funds - These amounts were restated to include the Liability for Incurred Claims to policyholders and the Liability for Remaining Coverage.