

Four banks report \$4.78B profit for 2024



Four commercial banks headquartered in Port of Spain declared total, audited after-tax profits of \$4.78 billion in their 2024 financial years.

The four banks—Republic Financial Holdings Ltd (RFHL), RBC Financial (Caribbean) Ltd, First Citizens Group Financial Holdings and Scotiabank T&T—reported total after tax profits of \$4.25 billion in 2023, indicating that their profitability increased by 12.47 per cent in 2024.

One of the reasons for the stronger profitability of the banking system last year was that banks provided more credit facilities to their customers. In its November Monetary Police Report, the Central Bank observed: “In September 2024, credit to the private sector recorded an increase of 7.9 per cent (year-on-year), up from a rise of 6.7 per cent in April 2024. Over the period, double-digit growth rates were observed for consumer and business lending, outpacing the expansion in real estate mortgage lending.

“A pickup in activity and favourable financing conditions fuelled business borrowing over the period. In September 2024, business lending grew by 11.8 per cent (year-on-year), up from 9.5 per cent five months earlier. Commercial bank lending to businesses recorded an increase of 11.9 per cent, while non-banks recorded an increase of 10.6 per cent over the period.”

In the 2023 Financial Stability Report, the Central Bank noted that a post-pandemic recovery, which was

marked by a pick-up in household and business debt.

“In particular, the debt appetite was boosted by reduced economic uncertainty, low interest rates, improvements in the labour market, and generally favourable financial conditions. Banking sector credit to households and businesses—the largest component of private sector debt—expanded in 2023, surpassing pre-pandemic growth rates.”

The Financial Stability Report, in footnotes, said economic uncertainty can be defined as a situation in which individuals and firms do not have perfect knowledge about the current state of the economy.

The Trinidad and Tobago Economic Policy Uncertainty Index reduced to moderate levels in 2023, compared to elevated levels in 2022. Household debt comprises credit extended to households including open accounts, personal loans, credit card facilities, mortgage advances, instalment sales transactions and lease agreements.

But the report of increased bank profitability comes amid ongoing concern about the inequitable distribution of foreign exchange by T&T’s authorised dealers of foreign exchange and calls by business groups to address the issue.

A report by the T&T Chamber of Industry and Commerce in January titled ‘Challenges in Accessing Foreign Exchange’ indicated that “80.2 per cent of 111 respondents perceive large businesses as receiving preferential access to foreign exchange, which puts SMEs at a disadvantage.” Eight of the 13 authorised dealers of foreign exchange in T&T are commercial banks.

RFHL

In his discussion and analysis of the group’s 2024 result, group president and CEO of Republic Financial Holdings Ltd (RFHL), Nigel Baptiste said the financial holding company recorded profit attributable to equity holders of the parent of \$2.0 billion for the year ended September 30, 2024, an increase of \$255 million or 14.57 per cent compared to the profit of \$1.75 billion reported in the prior year.

Those results reflected the returns from growth in the group’s advances and investment portfolios, and reduced credit loss expenses, said Baptiste.

T&T is by far the largest generator of profits for RFHL, earning \$2.778 billion in profit attributable to shareholders of the parent of the bank holding company, which was an increase of 30.05 per cent compared to the \$2.136 billion declared for 2023. RFHL’s eliminations and adjustments totalled \$1.87 billion in 2024.

In 2024, Republic Bank Ltd, RFHL’s T&T operation, declared \$2.379 billion in net interest income (which is interest income minus interest expense), which was 9.58 per cent more than in 2023.

The 9.58 per cent increase in RFHL’s net interest income in T&T was dwarfed by 17.8 per cent increase in Guyana and the 36.9 per cent increase in Suriname.

RFHL’s T&T net interest income in 2024 amounted to 46.90 per cent of the group’s total net interest income of \$5.066 billion for that year.

“In T&T, net interest income grew by \$208 million, being the net impact of increases in interest income and interest expense of \$283 million and \$75 million respectively. The increase in interest income was generated primarily from the growth in the advances portfolio, coupled with the continued higher interest rates on US-dollar denominated investments in the earlier part of the year,” said Baptiste, in his analysis of RFHL’s 2024 results.

“The \$75 million increase in interest expense mainly stemmed from higher interest rates on the Bank’s US\$150 million debt. Due to the increasing interest rates, a strategic decision was made to repay this bond in June 2024,” he said.

RFHL experienced a 13.3 per cent increase in its net loans and advances in T&T in 2024, rising to \$34.20 billion from \$30.18 billion, which was over \$4 billion.

First Citizens Group

The First Citizens Group recorded profit after taxation (PAT) of \$956.91 million for the year ended September 30 2024, which was 23.2 per cent more than the \$776.75 million the company earned in its 2023 financial year.

The group recorded an 11.14 per cent increase in its net interest income, which rose to \$2.064 billion in its 2024 financial year from \$1.857 billion in 2023.

In its management discussion and analysis, First Citizens said the major contributors to the increase in net interest income are:

- Loan portfolio average balance increased by \$1.1 billion;
- Loan income yields increased to 7.37 per cent from 7.25 per cent in 2023;
- Investment portfolio average balance increased by \$1.4 billion;
- Increased investment income yields to 5.8 per cent from 5.5 per cent in 2023; and
- Reduction in bonds payable average portfolio by \$0.6 billion.

This was offset by:

- Increase in deposit interest expense by \$14.5 million, attributed by the cost of funding increasing to 0.22 per cent in 2024 from 0.18% in 2023.

Scotiabank T&T

Gayle Pazos, senior vice president and managing director of Scotiabank T&T and head, Caribbean South and East, said the bank realised net income after tax of \$658 million, for the financial year ended October 31, 2024. That was an increase of 0.48 per cent compared to the \$655.31 million the bank earned in 2023, which was restated for the adoption of IFRS 17 accounting standard on its insurance segment.

“We delivered another strong year of results, with record breaking loan growth of \$2.1 billion, the largest yearly growth in our history, as a result of tremendous collaboration across all of our teams; retail, commercial, treasury, insurance and wealth...”

“We registered growth across all core business segments, with net interest in-come growing by \$90 million or seven per cent, bolstered by record net loan volume growth and the impact of improved US rates on our investment portfolio. This was offset by a decline in other income of \$23 million or four per cent due to lower trading revenues driven by prevailing market conditions.”

Scotiabank is listed on the T&T Stock Exchange and is close to 51 per cent owned by Scotiabank in Canada.

RBC Financial (Caribbean) Ltd

RBC Financial recorded net income of \$1.165 billion in its financial year ended October 31, 2024. That was 8.48 per cent more than the \$1.074 billion the bank earned for the 12-month period ended October 31, 2024.

“In fiscal 2024, the company realised higher revenue of \$177.6 million (5.6 per cent). This was driven by higher interest rates on the securities portfolio, higher loan volumes across the region with fee income relatively stable year on year, mainly from transactional volumes as there were no fee increases in the past year,” said Darryl White, the CEO of the bank.

“The results were partly offset by a higher cost of funds given changes in the underlying interest-rate environment. Net provisions for credit losses have increased over 2023, but are still in a net credit position as the price year included a higher release of provisions.”

Why these four banks?

T&T has nine commercial banks, so why did we choose RFHL, First Citizens, Scotiabank T&T and RBC Financial (Caribbean)?

- Those four are the largest commercial banks headquartered in T&T;

- They are also either listed on the Trinidad and Tobago Stock Exchange, in the case of the first three, or their results are published in full in one of the country's daily newspapers, as is the case of RBC Financial;
- The exercise dealt mainly with banks that published their financials for the period 2020 to 2024. We could not access the RBC Financial results for 2020.
- The exercise addressed the after-tax profits of the banks, which was not always available in the consolidated accounts of some of the banks, such as ANSA Bank.

Please address any issues with the choice of banks, the data or the treatment thereof to
anthony.wilson@guardian.co.tt