

Scotiabank Trinidad And Tobago Limited

Financial results for the period ended 31 January 2020

Scotiabank™

To Our Shareholders

Scotiabank Trinidad and Tobago Ltd (The Group) has realized income after taxation of \$143 million for the quarter ended 31 January 2020, a decrease of \$42 million or 23% over the comparative period last year. Excluding the impact of two significant one-off adjustments, the Group recorded an increase of \$8 million or 6% over the adjusted prior year comparative. The two significant one off items impacting profitability were as follows: (a) \$22 million adjustment to increase allowance for credit losses arising from a change in assumptions related to how the Group assesses economic scenarios under IFRS 9 and (b) higher tax expense in 2020 due to a \$36 million tax credit recorded by the insurance subsidiary in the prior year.

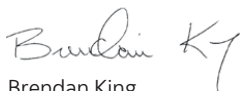
Total assets stood at \$27 billion representing growth of \$2.6 billion or 10% as compared to the same period last year. Loans to customers registered strong growth of \$1.6 billion or 10% year over year driven by increases in core business activity in both corporate/commercial and retail segments. Correspondingly, deposits from customers increased by \$2.5 billion or 14% year over year with growth being recorded across all segments.

The Group's total revenue increased by 5%, driven by increased loans in the retail and commercial segments, coupled with strong growth in our insurance and credit card portfolios.

Excluding the impact of the \$22 million increase in allowance for credit losses noted above, net impairment losses decreased by \$4 million as we continue to effectively manage the Group's credit quality during the current economic cycle. The quality of our loan portfolio improved as the ratio of non-accrual loans to total loans stood at 2.15% at the end of January versus 2.3% at the end of 2019.

Based on these results, the Directors are pleased to announce an interim dividend of 60 cents per share this quarter (50 cents per share for the period ended 31 January 2019). These dividends will be payable on 3 April 2020 to shareholders on record as at 20 March 2020.

10 March, 2020



Brendan King
Chairman



Stephen Bagnarol
Managing Director

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

	UNAUDITED As at 31 January 2020	UNAUDITED As at 31 January 2019	AUDITED As at 31 October 2019
ASSETS			
Cash on hand and in transit	\$ 176,293	\$ 180,261	\$ 198,721
Loans and advances to banks and related companies	720,752	606,869	432,831
Treasury bills	3,683,796	4,039,812	3,559,184
Deposits with Central Bank	3,338,809	2,605,082	3,271,132
Loans to customers	16,682,491	15,122,928	16,095,492
Investment securities	1,690,550	1,337,848	1,433,122
Investment in associated companies	36,088	33,838	34,920
Deferred tax assets	94,751	92,349	83,116
Property and equipment	400,381	255,523	254,385
Miscellaneous assets	107,645	123,761	18,887
Defined benefit pension fund asset	22,316	-	24,277
Goodwill	2,951	2,951	2,951
TOTAL ASSETS	26,956,823	\$ 24,401,222	\$ 25,409,018
LIABILITIES AND EQUITY			
LIABILITIES			
Deposits from customers	20,440,963	17,889,980	19,041,461
Deposits from banks and related companies	22,391	537,701	87,375
Other liabilities	700,839	393,843	410,422
Taxation payable	54,865	54,853	42,808
Policyholders' funds	1,498,124	1,410,998	1,460,778
Post-employment medical and life benefits obligation	149,187	132,756	145,618
Defined benefit pension fund liability	-	3,988	-
Deferred tax liabilities	41,086	55,116	38,448
TOTAL LIABILITIES	22,907,455	20,479,235	21,226,910
EQUITY			
Stated capital	267,563	267,563	267,563
Statutory reserve fund	774,012	688,562	734,012
Investment revaluation reserve	17,223	16,016	28,211
Retained earnings	2,990,570	2,949,846	3,152,322
TOTAL EQUITY	4,049,368	3,921,987	4,182,108
TOTAL LIABILITIES AND EQUITY	\$ 26,956,823	\$24,401,222	\$ 25,409,018

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

	UNAUDITED Three months ended 31 January 2020	UNAUDITED Three months ended 31 January 2019	AUDITED Year ended 31 October 2019
REVENUE			
Net Interest Income	\$ 339,396	\$ 331,663	\$ 1,326,018
Other Income	136,790	122,533	534,704
Total Revenue	476,186	454,196	1,860,722
EXPENSES			
Non-Interest Expenses	210,477	191,386	767,125
Net impairment loss on financial assets	52,035	35,628	144,346
INCOME BEFORE TAXATION	213,674	227,182	949,251
Income tax expense	70,910	42,760	280,923
INCOME AFTER TAXATION	\$ 142,764	\$ 184,422	\$ 668,328
Dividends per share	60.0c	50.0c	300.0c
Earnings per share	81.0c	104.6c	379.0c

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

	UNAUDITED Three months ended 31 January 2020	UNAUDITED Three months ended 31 January 2019	AUDITED Year ended 31 October 2019
NET INCOME FOR THE YEAR	\$ 142,764	\$ 184,422	\$ 668,328
OTHER COMPREHENSIVE INCOME			
Remeasurement of post-employment benefits asset/obligation, net of tax	-	-	17,463
Fair value remeasurement of debt instruments at FVOCI, net of tax	(10,988)	248	12,249
TOTAL COMPREHENSIVE INCOME, ATTRIBUTABLE TO EQUITY HOLDERS	\$ 131,776	\$ 184,670	\$ 698,040

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

	UNAUDITED Three months ended 31 January 2020	UNAUDITED Three months ended 31 January 2019	AUDITED Year ended 31 October 2019
Cash flows from operating activities			
Net income after taxes	\$ 142,764	\$ 184,422	\$ 668,328
Change in loans to customers	(596,413)	(681,601)	(1,625,953)
Change in deposits from customers	1,399,574	605,266	1,753,583
Taxation paid	(66,594)	(74,984)	(315,464)
Other adjustments to reconcile income after taxation to net cash from operating activities	41,293	560,615	(162,479)
Net cash from operating activities	\$ 920,624	\$ 593,718	\$ 318,015
Cash flows used in investing activities			
Change in Treasury Bills with original maturity date due over 3 months	\$ (124,630)	\$ (485,297)	\$ (4,650)
Change in investments	(272,109)	15,475	(75,807)
Purchase of property and equipment	(7,876)	(2,576)	(24,275)
Proceeds from disposal of property, plant & equipment	14,000	-	17,000
Net cash used in investing activities	\$ (390,615)	\$ (472,398)	\$ (87,732)
Cash flows used in financing activities			
Dividends paid	(264,516)	(264,516)	(529,031)
Net cash used in financing activities	\$ (264,516)	\$ (264,516)	\$ (529,031)
Increase (Decrease) in cash and cash equivalents	\$ 265,493	\$ (143,196)	\$ (298,748)
Cash and cash equivalents, beginning of period	631,552	930,326	930,300
Cash and cash equivalents, end of period	\$ 897,045	\$ 787,130	\$ 631,552
Cash and cash equivalents			
Cash on hand and in transit	\$ 176,293	\$ 180,261	\$ 198,721
Loans and advances to banks and related companies	720,752	606,869	432,831
Cash and cash equivalents	\$ 897,045	\$ 787,130	\$ 631,552

Scotiabank Trinidad And Tobago Limited

Financial results for the period ended 31 January 2020

Consolidated statement of changes in equity (stated in \$'000)

	Stated Capital	Statutory Reserve	Investment Revaluation Reserve	Retained Earnings	Total Shareholders' Equity
UNAUDITED					
Three months ended 31 January 2020					
Balance as at 31 October 2019	267,563	734,012	28,211	3,152,322	4,182,108
Net income for the year	-	-	-	142,764	142,764
Other comprehensive income, net of tax					
- Fair value remeasurement of FVOCI investments	-	-	(10,988)	-	(10,988)
- Remeasurement of post-employment benefits asset/obligation	-	-	-	-	-
Total comprehensive income	\$ -	-	(10,988)	142,764	131,776
Transactions with equity owners of Scotiabank					
Transfer to statutory reserve	-	40,000	-	(40,000)	-
Dividends paid	-	-	-	(264,516)	(264,516)
	-	40,000	-	(304,516)	(264,516)
Balance as at 31 January 2020	\$ 267,563	774,012	17,223	2,990,570	4,049,368
UNAUDITED					
Three months ended 31 January 2019					
Restated Balance as at 31 October 2018	267,563	688,562	15,768	3,029,940	4,001,833
Net income for the year	-	-	-	184,422	184,422
Other comprehensive income, net of tax					
- Fair value remeasurement of FVOCI investments	-	-	248	-	248
- Remeasurement of post-employment benefits asset/obligation	-	-	-	-	-
Total comprehensive income	\$ -	-	248	184,422	184,670
Transactions with equity owners of Scotiabank					
Transfer to statutory reserve	-	-	-	-	-
Dividends paid	-	-	-	(264,516)	(264,516)
	-	-	-	(264,516)	(264,516)
Balance as at 31 January 2019	\$ 267,563	688,562	16,016	2,949,846	3,921,987
AUDITED					
Year ended 31 October 2019					
Restated Balance as at 31 October 2018	267,563	688,562	15,962	3,041,012	4,013,099
Net income for the year	-	-	-	668,328	668,328
Other comprehensive income, net of tax					
- Fair value remeasurement of FVOCI investments	-	-	12,249	-	12,249
- Remeasurement of post-employment benefits asset/obligation	-	-	-	17,463	17,463
Total comprehensive income	\$ -	-	12,249	685,791	698,040
Transactions with equity owners of Scotiabank					
Transfer to statutory reserve	-	45,450	-	(45,450)	-
Dividends paid	-	-	-	(529,031)	(529,031)
	-	45,450	-	(574,481)	(529,031)
Balance as at 31 October 2019	\$ 267,563	734,012	28,211	3,152,322	4,182,108

Segment reporting (stated in \$'000)

	Retail Corporate & Commercial Banking	Asset Management	Insurance Services	Other	Total
UNAUDITED					
Three months ended 31 January 2020					
Total Revenue	\$ 432,950	2,018	41,218	-	476,186
Material non-cash items					
Depreciation	7,886	-	-	-	7,886
Income before taxation	\$ 178,708	1,069	33,897	-	213,674
Assets	\$ 16,682,491	36,413	2,240,321	7,997,598	26,956,823
Liabilities	\$ 20,440,963	579	1,558,083	907,830	22,907,455
UNAUDITED					
Three months ended 31 January 2019					
Total Revenue	\$ 413,403	1,765	38,232	796	454,196
Material non-cash items					
Depreciation	4,390	-	-	-	4,390
Income before taxation	\$ 196,739	844	28,882	717	227,182
Assets	\$ 15,122,928	42,234	2,284,013	6,952,047	24,401,222
Liabilities	\$ 17,889,980	560	1,471,833	1,116,862	20,479,235
AUDITED					
Year ended 31 October 2019					
Total Revenue	\$ 1,685,800	7,726	165,084	2,112	1,860,722
Material non-cash items					
Depreciation	17,123	-	-	-	17,123
Income before taxation	\$ 806,286	4,325	136,743	1,897	949,251
Assets	\$ 16,095,492	45,828	2,171,412	7,096,286	25,409,018
Liabilities	\$ 19,041,461	675	1,509,664	675,109	21,226,910

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 2019, except for the adoption of IFRS 16 - Leases.

IFRS 16

The Group adopted IFRS 16 Leases, with effect from 1 November 2019. The new standard requires operating leases to be recorded on the Consolidated Statement of Financial Position as a right-of-use asset with a corresponding lease liability and recognize amortization expense on the right-of-use asset in non-interest expenses and interest expense on the lease liability in interest expenses. Comparative periods have not been restated.