

Scotiabank Trinidad And Tobago Limited

Financial results for the period ended 30 April 2020

Scotiabank™

To Our Shareholders

Scotiabank Trinidad and Tobago Limited (The Group) has realized income after taxation of \$119 million for the second quarter ended 30 April 2020, a decrease of \$39 million or 25% over the comparative quarter ended 30 April, 2019. Compared to Q1 2020, the Group's revenue for the second quarter declined by 8% driven by lower business activity resulting in a decline in both net interest income and other income. By comparison, at the end of Q1 2020 we were experiencing 5% growth in revenue over the prior quarter and prior year. In response to declining revenues we have been able to control our non-interest expenses resulting in an \$18 million reduction in Q2 2020 versus Q1 2020. Finally, given the significant economic downturn, the Group's Q2 2020 net impairment losses have increased by \$37 million over Q1 2020, which is more than double the normal level of losses that we would have recorded.

Year to date, the Group has realized income after taxation of \$262 million versus the prior year comparative of \$343 million, a decrease of \$81 million or 24%. As with our first quarter financial results announcement, our year to date performance is impacted by two significant adjustments - (a) a \$22 million adjustment to increase allowance for credit losses in Q1 2020 related to certain changes in assumptions in our IFRS 9 economic scenario assessment and (b) a tax credit recorded by the insurance subsidiary in 2019. Excluding the impact of these adjustments, the Group's year to date performance has declined by 10% over the prior year's results.

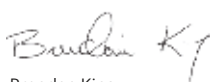
The coronavirus pandemic is a public health crisis that has resulted in virtual shutdowns in most countries. This coupled with the significant reduction in oil and gas prices, has resulted in unprecedented declines in economic activity, ultimately impacting the Group's income statement. Toward the end of our quarter ending in April, our Group's financial results would have had a relatively greater impact as business activity in Trinidad and Tobago stalled for six weeks due to the Covid-19 lock down measures. Despite these financial challenges, Scotiabank is committed to helping our customers in their time of need. We have provided assistance in the form of loan payment deferrals to over 64,000 retail and business banking customers and will continue to work with customers as circumstances dictate. Our revenues were also impacted by various concessions including waiver of certain fees and reductions in interest rates in certain segments.

Total Assets stood at \$27 billion representing growth of \$2.6 billion or 11% as compared to the same period last year. Loans to customers registered strong growth of \$1.8 billion or 12% year over year driven by increases in core business activity in both corporate/commercial and retail segments. Correspondingly, deposits from customers increased by \$2.2 billion or 12% year over year with growth being recorded across all segments.

Based on these results, the Directors have approved an interim dividend of 40 cents per share this quarter. These dividends will be payable by 10 July, 2020 to shareholders on record as at 19 June, 2020.

Finally, the Board of Directors and Management of Scotiabank continue to wish the best for all our customers and the entire Trinidad and Tobago community in these very challenging times. We will continue to manage our operations to ensure that your safety is the priority, and we urge our customers to utilize our digital and ATM channels to conduct your banking needs safely and securely. We would also like to thank our Scotiabank staff for their commitment to keeping our operations running. We are proud of our team's efforts to serve our customers and we are confident in the future of Scotiabank Trinidad and Tobago.

9 June, 2020



Brendan King
Chairman



Stephen Bagnard
Managing Director

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

	UNAUDITED As at 30 April 2020	UNAUDITED As at 30 April 2019	AUDITED As at 31 October 2019
ASSETS			
Cash on hand and in transit	\$ 245,595	\$ 211,153	\$ 198,721
Loans and advances to banks and related companies	750,737	676,103	432,831
Treasury bills	3,499,126	4,037,995	3,559,184
Deposits with Central Bank	3,062,490	2,543,678	3,271,132
Loans to customers	16,877,466	15,066,277	16,095,492
Investment securities	1,794,542	1,235,547	1,433,122
Investment in associated companies	36,883	34,715	34,920
Deferred tax assets	101,531	91,655	83,116
Property and equipment	393,575	254,403	254,385
Miscellaneous assets	53,493	135,373	18,887
Defined benefit pension fund asset	40,301	-	24,277
Goodwill	2,951	2,951	2,951
TOTAL ASSETS	26,858,690	24,289,850	25,409,018
LIABILITIES AND EQUITY			
LIABILITIES			
Deposits from customers	20,384,993	18,136,086	19,041,461
Deposits from banks and related companies	39,400	21,619	87,375
Other liabilities	587,681	430,746	410,422
Taxation payable	45,722	59,873	42,808
Policyholders' funds	1,523,141	1,435,510	1,460,778
Post-employment medical and life benefits obligation	152,755	135,840	145,618
Defined benefit pension fund liability	-	3,496	-
Deferred tax liabilities	46,367	59,788	38,448
TOTAL LIABILITIES	22,780,059	20,282,958	21,226,910
EQUITY			
Stated capital	267,563	267,563	267,563
Statutory reserve fund	794,012	688,562	734,012
Investment revaluation reserve	20,099	17,874	28,211
Retained earnings	2,996,957	3,032,893	3,152,322
TOTAL EQUITY	4,078,631	4,006,892	4,182,108
TOTAL LIABILITIES AND EQUITY	\$ 26,858,690	\$ 24,289,850	\$ 25,409,018

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

	UNAUDITED Three months ended 30 April 2020	UNAUDITED Three months ended 30 April 2019	UNAUDITED Six months ended 30 April 2020	UNAUDITED Six months ended 30 April 2019	AUDITED Year ended 31 October 2019
REVENUE					
Net Interest Income	\$ 324,226	\$ 326,413	\$ 663,620	\$ 658,078	\$ 1,326,018
Other Income	114,500	138,928	251,290	261,461	534,704
Total Revenue	438,726	465,341	914,910	919,539	1,860,722
EXPENSES					
Non-Interest Expenses	192,581	186,531	403,058	377,917	767,125
Net impairment loss on financial assets	67,016	39,084	119,051	74,712	144,346
INCOME BEFORE TAXATION	179,129	239,726	392,801	466,910	949,251
Income tax expense	59,819	81,351	130,729	124,021	280,923
INCOME AFTER TAXATION	\$ 119,310	\$ 158,375	\$ 262,072	\$ 342,889	\$ 668,328
Dividends per share	40.0c	50.0c	100.0c	100.0c	300.0c
Earnings per share	67.7c	89.8c	148.6c	194.4c	379.0c

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

	UNAUDITED Three months ended 30 April 2020	UNAUDITED Three months ended 30 April 2019	UNAUDITED Six months ended 30 April 2020	UNAUDITED Six months ended 30 April 2019	AUDITED Year ended 31 October 2019
NET INCOME FOR THE YEAR	\$ 119,310	\$ 158,375	\$ 262,072	\$ 342,889	\$ 668,328
OTHER COMPREHENSIVE INCOME					
Remeasurement of post-employment benefits asset/obligation, net of tax	12,885	1,680	12,885	1,680	17,463
Fair value remeasurement of debt instruments at FVOCI, net of tax	2,876	1,664	(8,112)	1,912	12,249
TOTAL COMPREHENSIVE INCOME, ATTRIBUTABLE TO EQUITY HOLDERS	\$ 135,071	\$ 161,719	\$ 266,845	\$ 346,481	\$ 698,040

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

	UNAUDITED Six months ended 30 April 2020	UNAUDITED Six months ended 30 April 2019	AUDITED Year ended 31 October 2019
Cash flows from operating activities			
Net income after taxes	\$ 262,072	\$ 342,889	\$ 668,328
Change in loans to customers	(795,677)	(617,474)	(1,625,953)
Change in deposits from customers	1,345,428	851,541	1,753,583
Taxation paid	(146,246)	(150,167)	(315,464)
Other adjustments to reconcile income after taxation to net cash from operating activities	388,613	257,256	(162,479)
Net cash from operating activities	\$ 1,054,190	\$ 684,045	\$ 318,015
Cash flows used in investing activities			
Change in Treasury Bills with original maturity date due over 3 months	\$ 377,083	\$ (483,555)	\$ (4,650)
Change in investments	(383,270)	114,233	(75,807)
Purchase of property and equipment	(9,877)	(5,079)	(24,275)
Proceeds from disposal of property, plant & equipment	14,000	-	17,000
Net cash used in investing activities	\$ (2,064)	\$ (374,401)	\$ (87,732)
Cash flows used in financing activities			
Dividends paid	(370,322)	(352,688)	(529,031)
Net cash used in financing activities	\$ (370,322)	\$ (352,688)	\$ (529,031)
Increase (Decrease) in cash and cash equivalents	\$ 681,804	\$ (43,044)	\$ (298,748)
Cash and cash equivalents, beginning of period	631,552	930,300	930,300
Cash and cash equivalents, end of period	\$ 1,313,356	\$ 887,256	\$ 631,552
Cash on hand and in transit	\$ 245,595	\$ 211,153	\$ 198,721
Loans and advances to banks and related companies	750,737	676,103	432,831
Treasury bills with original maturity date not exceeding 3 months	317,024	-	-
Cash and cash equivalents	\$ 1,313,356	\$ 887,256	\$ 631,552

Scotiabank Trinidad And Tobago Limited

Financial results for the period ended 30 April 2020

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

	Stated Capital	Statutory Reserve	Investment Revaluation Reserve	Retained Earnings	Total Shareholders' Equity
UNAUDITED					
Six months ended 30 April 2020					
Balance as at 31 October 2019	267,563	734,012	28,211	3,152,322	4,182,108
Net income for the year	-	-	-	262,072	262,072
Other comprehensive income, net of tax					
- Fair value remeasurement of FVOCI investments	-	-	(8,112)	-	(8,112)
- Remeasurement of post-employment benefits asset/obligation	-	-	-	12,885	12,885
Total comprehensive income	\$ -	-	(8,112)	274,957	266,845
Transactions with equity owners of Scotiabank					
Transfer to statutory reserve	-	60,000	-	(60,000)	-
Dividends paid	-	-	-	(370,322)	(370,322)
	-	60,000	-	(430,322)	(370,322)
Balance as at 30 April 2020	\$ 267,563	794,012	20,099	2,996,957	4,078,631
UNAUDITED					
Six months ended 30 April 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	-	-	-	342,889	342,889
Other comprehensive income, net of tax					
- Fair value remeasurement of FVOCI investments	-	-	1,912	-	1,912
- Remeasurement of post-employment benefits asset/obligation	-	-	-	1,680	1,680
Total comprehensive income	\$ -	-	1,912	344,569	346,481
Transactions with equity owners of Scotiabank					
Transfer to statutory reserve	-	-	-	-	-
Dividends paid	-	-	-	(352,688)	(352,688)
	-	-	-	(352,688)	(352,688)
Balance as at 30 April 2019	\$ 267,563	688,562	17,874	3,032,893	4,006,892
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					
Six months ended 30 April 2020					
Total Revenue	\$ 827,267	4,034	83,609	-	914,910
Material non-cash items					
Depreciation	15,410	-	-	-	15,410
Income before taxation	\$ 322,644	2,455	67,701	-	392,801
Assets	\$ 16,877,466	37,526	2,306,375	7,637,324	26,858,690
Liabilities	\$ 20,384,993	576	1,594,459	800,031	22,780,059
UNAUDITED					
Six months ended 30 April 2019					
Total Revenue	\$ 831,302	3,594	83,137	1,506	919,539
Material non-cash items					
Depreciation	8,570	-	-	-	8,570
Income before taxation	\$ 397,022	1,664	66,855	1,369	466,910
Assets	\$ 15,066,277	43,089	2,348,128	6,832,356	24,289,850
Liabilities	\$ 18,136,086	605	1,499,187	647,080	20,282,958
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, which was implemented effective 1 November, 2019.

IFRS 16

The Group adopted IFRS 16 - Leases, which is effective for the 2020 financial statements. The new standard requires operating leases to be recorded on the 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.

Comparative information

Comparative amounts have been restated to conform to presentation changes in the current financial period.