

Scotiabank Trinidad And Tobago Limited

Financial results for the period ended 30 April 2021

Scotiabank™

To Our Shareholders

The Directors are pleased to announce that for the quarter ended 30 April 2021, Scotiabank Trinidad and Tobago Limited (The Group) has realized income after tax of \$159 million, an increase of \$39 million or 33% over the second quarter ended 30 April 2020. For the half-year period ended 30 April 2021, the Group realized after tax profit of \$305 million, an increase of \$42 million or 16% over the comparative half-year period. This increase in profitability was driven by effective cost management strategies combined with lower impairment losses.

The economic and social environment in which we operate remains challenging and continues to impact both business and households in the country. In response to these challenges, we continue to drive our strategic agenda to reshape the way we do business to better serve our customers safely and securely.

For the six months ended 30 April 2021, total revenues of \$869 million declined by \$46 million or 5% with net interest income reducing by \$43 million or 6%, as a result of a decline in our loan portfolio. Other income, however, has consistently increased over the last three quarters (August 2020 to April 2021) since hitting post-COVID lows in July 2020 and has only declined by \$3 million or 1% over the comparative six-month prior period. In response to the declines in revenue, the Group has focused on controlling its operating expense base, resulting in non-interest expenses reducing by \$29 million or 7% for the six-month period ended 30 April 2021.

Our prudent risk management strategies and pro-active measures taken in 2020 to mitigate credit losses have resulted in a significant reduction in our impairment loss expense. For the six months ended 30 April 2021, net impairment losses on financial assets have declined by \$81 million or 71%, whilst our ratio of non-accrual loans to total loans currently stands at 2.06%.

Total assets stood at \$27.6 billion, representing growth of \$779 million or 3% compared to the prior year's period. The challenging environment has resulted in loans declining by approximately \$760 million or 5%, with our retail loan portfolio being most impacted by the economic uncertainty and reduced levels of spending. The Group continues to see customers confidently invest with us as deposits from customers increased by \$360 million or 2% over the prior year. Our Insurance segment also continues to show growth in increased policy sales, resulting in a \$90 million or 6% increase in policyholder liabilities over the prior year.

The Group continues to enhance its digital offerings, from mobile and online banking channels to digital products and services, including cash management and wealth solutions. These capabilities are critical to ensure the safety of our staff and customers as we are required to #StayHomeStaySafe as part of the public health guidelines.

Based on these results, the Directors have approved an interim dividend per share of 60 cents this quarter, compared to 40 cents per share for the quarter ended 30 April 2020. These dividends will be payable on 19 July 2021 to shareholders on record as at 28 June 2021.

June 15, 2021



Derek Hudson
Chairman



Gayle Pazos
Managing Director

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

	UNAUDITED As at 30 April 2021	UNAUDITED As at 30 April 2020	AUDITED As at 31 October 2020
ASSETS			
Cash on hand and in transit	\$ 162,196	\$ 245,595	\$ 150,566
Loans and advances to banks and related companies	915,871	750,737	437,537
Treasury bills	3,208,235	3,499,126	3,455,229
Deposits with Central Bank	3,657,870	3,062,490	4,357,607
Loans to customers	16,117,504	16,877,466	16,274,409
Investment securities	2,978,029	1,794,542	2,140,181
Investment in associated companies	40,421	36,883	38,243
Deferred tax assets	112,487	101,531	143,108
Property and equipment	382,377	393,575	398,499
Miscellaneous assets	34,064	53,493	87,639
Defined benefit pension fund asset	25,202	40,301	12,793
Goodwill	2,951	2,951	2,951
Taxation recoverable	4,916	4,916	4,916
TOTAL ASSETS	27,642,123	\$ 26,863,606	\$ 27,503,678
LIABILITIES AND EQUITY			
LIABILITIES			
Deposits from customers	20,745,052	20,384,993	20,868,861
Deposits from banks and related companies	38,033	39,400	45,767
Other liabilities	685,178	587,681	574,996
Taxation payable	57,017	50,638	77,207
Policyholders' funds	1,613,550	1,523,141	1,558,656
Post-employment medical and life benefits obligation	161,852	152,755	154,260
Deferred tax liabilities	65,270	46,367	52,306
TOTAL LIABILITIES	23,365,952	22,784,975	23,332,053
EQUITY			
Stated capital	267,563	267,563	267,563
Statutory reserve fund	814,514	794,012	804,514
Investment revaluation reserve	58,846	20,099	11,000
Retained earnings	3,135,248	2,996,957	3,088,548
TOTAL EQUITY	4,276,171	4,078,631	4,171,625
TOTAL LIABILITIES AND EQUITY	\$ 27,642,123	\$26,863,606	\$ 27,503,678

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

	UNAUDITED Three months ended 30 April 2021	UNAUDITED Three months ended 30 April 2020	UNAUDITED Six months ended 30 April 2021	UNAUDITED Six months ended 30 April 2020	AUDITED Year ended 31 October 2020
REVENUE					
Net Interest Income	\$ 303,147	\$ 324,226	\$ 620,507	\$ 663,620	\$ 1,313,052
Other Income	124,364	114,500	248,192	251,290	465,070
Total Revenue	427,511	438,726	868,699	914,910	1,778,122
EXPENSES					
Non-Interest Expenses	173,759	192,581	373,778	403,058	757,343
Net impairment loss on financial assets	11,680	67,016	34,495	119,051	229,917
INCOME BEFORE TAXATION	242,072	179,129	460,426	392,801	790,862
Income tax expense	83,507	59,819	155,864	130,729	270,060
INCOME AFTER TAXATION	\$ 158,565	\$ 119,310	\$ 304,562	\$ 262,072	\$ 520,802
Dividends per share	60.0c	40.0c	120.0c	100.0c	225.0c
Earnings per share	89.9c	67.7c	172.7c	148.6c	295.3c

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

	UNAUDITED Three months ended 30 April 2021	UNAUDITED Three months ended 30 April 2020	UNAUDITED Six months ended 30 April 2021	UNAUDITED Six months ended 30 April 2020	AUDITED Year ended 31 October 2020
NET INCOME FOR THE YEAR	\$ 158,565	\$ 119,310	\$ 304,562	\$ 262,072	\$ 520,802
OTHER COMPREHENSIVE INCOME					
Remeasurement of post-employment benefits asset/obligation, net of tax	7,836	12,885	7,836	12,885	(2,677)
Fair value remeasurement of debt instruments at FVOCI, net of tax	53,814	2,876	47,846	(8,112)	(17,211)
TOTAL COMPREHENSIVE INCOME, ATTRIBUTABLE TO EQUITY HOLDERS	\$ 220,215	\$ 135,071	\$ 360,244	\$ 266,845	\$ 500,914

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

	UNAUDITED Six months ended 30 April 2021	UNAUDITED Six months ended 30 April 2020	AUDITED Year ended 31 October 2020
Cash flows from operating activities			
Net income after taxes	\$ 304,562	\$ 262,072	\$ 520,802
Change in loans to customers	188,157	(795,677)	(183,199)
Change in deposits from customers	(125,284)	1,345,428	1,833,453
Taxation paid	(143,567)	(146,246)	(301,511)
Other adjustments to reconcile income after taxation to net cash from operating activities	442,631	488,973	585,478
Net cash from operating activities	\$ 666,499	\$ 1,154,550	\$ 2,455,023
Cash flows used in investing activities			
Change in Treasury Bills with original maturity date due over 3 months	\$ 246,994	\$ 377,083	\$ 103,955
Change in investments	(807,391)	(383,270)	(729,314)
Purchase of property and equipment	(4,510)	(9,877)	(28,737)
Proceeds from disposal of property and equipment	-	14,000	14,000
Net cash used in investing activities	\$ (564,907)	\$ (2,064)	\$ (640,096)
Cash flows used in financing activities			
Payment of lease liabilities	(9,600)	(9,260)	(21,259)
Dividends paid	(255,698)	(370,322)	(511,397)
Net cash used in financing activities	\$ (265,298)	\$ (379,582)	\$ (532,656)
Increase (Decrease) in cash and cash equivalents	\$ (163,706)	\$ 772,904	\$ 1,282,271
Cash and cash equivalents, beginning of period	2,574,683	1,292,412	1,292,412
Cash and cash equivalents, end of period	\$ 2,410,977	\$ 2,065,316	\$ 2,574,683
Cash and cash equivalents			
Cash on hand and in transit	\$ 162,196	\$ 245,595	\$ 150,566
Loans and advances to banks and related companies	915,871	750,737	437,537
Treasury Bills with original maturity date not exceeding 3 months	-	317,024	-
Surplus deposits with Central Bank	1,332,910	751,960	1,986,580
Cash and cash equivalents	\$ 2,410,977	\$ 2,065,316	\$ 2,574,683

Scotiabank Trinidad And Tobago Limited

Financial results for the period ended 30 April 2021

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 2021					
Balance as at 31 October 2020	267,563	804,514	11,000	3,088,548	4,171,625
Net income for the year	-	-	-	304,562	304,562
Other comprehensive income, net of tax					
- Fair value remeasurement of FVOCI investments	-	-	47,846	-	47,846
- Remeasurement of post-employment benefits asset/obligation	-	-	-	7,836	7,836
Total comprehensive income	\$ -	-	47,846	312,398	360,244
Transactions with equity owners of Scotiabank					
Transfer to statutory reserve	-	10,000	-	(10,000)	-
Dividends paid	-	-	-	(255,698)	(255,698)
	-	10,000	-	(265,698)	(255,698)
Balance as at 30 April 2021	\$ 267,563	814,514	58,846	3,135,248	4,276,171
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
AUDITED					
Year ended 31 October 2020					
Balance as at 31 October 2019	267,563	734,012	28,211	3,152,322	4,182,108
Net income for the year	-	-	-	520,802	520,802
Other comprehensive income, net of tax					
- Fair value remeasurement of FVOCI investments	-	-	(17,211)	-	(17,211)
- Remeasurement of post-employment benefits asset/obligation	-	-	-	(2,677)	(2,677)
Total comprehensive income	\$ -	-	(17,211)	518,125	500,914
Transactions with equity owners of Scotiabank					
Transfer to statutory reserve	-	70,502	-	(70,502)	-
Dividends paid	-	-	-	(511,397)	(511,397)
	-	70,502	-	(581,899)	(511,397)
Balance as at 31 October 2020	\$ 267,563	804,514	11,000	3,088,548	4,171,625

Segment reporting (stated in \$'000)

	Retail Corporate & Commercial Banking	Asset Management	Insurance Services	Other	Total
UNAUDITED					
Six months ended 30 April 2021					
Total Revenue	\$ 785,431	3,867	79,400	-	868,699
Material non-cash items					
Depreciation	15,256	-	-	-	15,256
Income before taxation	\$ 390,205	2,589	67,630	-	460,426
Assets	\$ 16,117,504	37,421	2,510,753	8,976,444	27,642,123
Liabilities	\$ 20,745,052	538	1,663,853	956,509	23,365,952
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	7,642,240	26,863,606
Liabilities	\$ 20,384,993	576	1,594,459	804,947	22,784,975
AUDITED					
Year ended 31 October 2020					
Total Revenue	\$ 1,612,253	7,930	157,937	-	1,778,122
Material non-cash items					
Depreciation	30,439	-	-	-	30,439
Income before taxation	\$ 660,557	5,042	125,259	-	790,862
Assets	\$ 16,274,409	40,420	2,350,942	8,837,907	27,503,678
Liabilities	\$ 20,868,861	555	1,606,548	856,089	23,332,053

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 2020.

Comparative information

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