

Scotiabank Trinidad And Tobago Limited

Financial results for the period ended 31 July 2020

Scotiabank™

To Our Shareholders

Scotiabank Trinidad and Tobago Limited (The Group) has realized income after taxation of \$366 million versus the prior year comparative of \$523 million, a decrease of \$157 million or 30%. The Group's quarter and year to date performance has been impacted by over 4 months of reduced economic activity, which has resulted in reduced revenues. Additionally, we have increased our expected credit losses by over \$80 million over the last two quarters to prudently position the Bank for potential future loan losses that could arise due to the impact of COVID-19 on the Trinidad and Tobago economy.

In looking at the performance during the last two quarters in the 2020 financial year, the Group's revenue declined by an additional 2% reflecting the continued economic challenges being faced in the local economy. In response to the decline in revenues, the Group also focussed on its non-interest expense profile resulting in a \$14 million or 8% reduction between the second and third quarters of 2020.

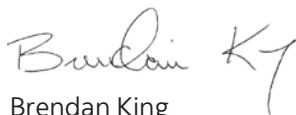
As at the close of the quarter, total assets stood at \$27 billion representing growth of \$2.4 billion or 10% as compared to the same period last year. Loans to customers as at 31 July 2020 registered at \$16.7 billion signifying a 9% increase year over year driven by increases in core business activity 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 on 12 October 2020 to shareholders on record as at 21 September 2020.

We still face much uncertainty regarding the future path of the economy, but the Group remains committed to contributing to the recovery of Trinidad and Tobago. Our strong balance sheet position allows us to weather shocks that arise and our continued investment in technology will positively impact the long-term future of the country. We continue to provide assistance to our customers, with over 70,000 customers having benefited from loan payment deferrals and concessionary rates. We have also embarked on an extensive education and adoption program to facilitate our customers doing their day to day banking from the safety of their homes using best in class online banking platforms. We continue to urge our customers to utilize our digital and ATM platforms to conduct their banking needs, safely and securely.

The Board of Directors and Management of Scotiabank would like to express our gratitude to our staff for their dedication and sense of spirit during these challenging times. Our team members have worked assiduously to help customers to "Stay Home and Stay Safe" whilst delivering key banking services, as well as volunteering time and personal financial resources to assist our communities and those in need. We are proud of your efforts and are confident in the future of our Group and our country.

8 September, 2020



Brendan King
Chairman



Stephen Bagnarol
Managing Director

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

	UNAUDITED As at 31 July 2020	UNAUDITED As at 31 July 2019	AUDITED As at 31 October 2019
ASSETS			
Cash on hand and in transit	\$ 211,187	\$ 161,217	\$ 198,721
Loans and advances to banks and related companies	588,092	448,785	432,831
Treasury bills	3,479,850	3,892,148	3,559,184
Deposits with Central Bank	3,460,812	2,895,655	3,271,132
Loans to customers	16,715,668	15,404,510	16,095,492
Investment securities	1,893,647	1,303,857	1,433,122
Investment in associated companies	37,274	33,694	34,920
Deferred tax assets	154,674	89,933	83,116
Property and equipment	388,674	253,706	254,385
Miscellaneous assets	56,093	86,337	18,887
Defined benefit pension fund asset	-	12,127	24,277
Goodwill	2,951	2,951	2,951
TOTAL ASSETS	26,988,922	24,584,920	25,409,018
LIABILITIES AND EQUITY			
LIABILITIES			
Deposits from customers	20,449,845	18,281,283	19,041,461
Deposits from banks and related companies	41,206	60,075	87,375
Other liabilities	573,405	418,905	410,422
Taxation payable	60,165	63,748	42,808
Policyholders' funds	1,557,428	1,442,287	1,460,778
Post-employment medical and life benefits obligation	156,324	138,923	145,618
Defined benefit pension fund liability	28,603	-	-
Deferred tax liabilities	49,431	62,179	38,448
TOTAL LIABILITIES	22,916,407	20,467,400	21,226,910
EQUITY			
Stated capital	267,563	267,563	267,563
Statutory reserve fund	794,012	688,562	734,012
Investment revaluation reserve	23,969	22,220	28,211
Retained earnings	2,986,971	3,139,175	3,152,322
TOTAL EQUITY	4,072,515	4,117,520	4,182,108
TOTAL LIABILITIES AND EQUITY	\$ 26,988,922	\$ 24,584,920	\$ 25,409,018

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

	UNAUDITED Three months ended 31 July 2020	UNAUDITED Three months ended 31 July 2019	UNAUDITED Nine months ended 31 July 2020	UNAUDITED Nine months ended 31 July 2019	AUDITED Year ended 31 October 2019
REVENUE					
Net Interest Income	\$ 324,757	\$ 333,161	\$ 988,377	\$ 991,239	\$ 1,326,018
Other Income	105,107	152,050	356,397	413,511	534,704
Total Revenue	429,864	485,211	1,344,774	1,404,750	1,860,722
EXPENSES					
Non-Interest Expenses	178,854	185,129	581,912	563,046	767,125
Net impairment loss on financial assets	91,173	33,136	210,224	107,848	144,346
INCOME BEFORE TAXATION	159,837	266,946	552,638	733,856	949,251
Income tax expense	55,771	86,239	186,500	210,260	280,923
INCOME AFTER TAXATION	\$ 104,066	\$ 180,707	\$ 366,138	\$ 523,596	\$ 668,328
Dividends per share	40.0c	50.0c	140.0c	150.0c	300.0c
Earnings per share	59.0c	102.5c	207.6c	296.9c	379.0c

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

	UNAUDITED Three months ended 31 July 2020	UNAUDITED Three months ended 31 July 2019	UNAUDITED Nine months ended 31 July 2020	UNAUDITED Nine months ended 31 July 2019	AUDITED Year ended 31 October 2019
NET INCOME FOR THE YEAR	\$ 104,066	\$ 180,707	\$ 366,138	\$ 523,596	\$ 668,328
OTHER COMPREHENSIVE INCOME					
Remeasurement of post-employment benefits asset/obligation, net of tax	(43,515)	11,605	(30,630)	13,285	17,463
Fair value remeasurement of debt instruments at FVOCI, net of tax	3,870	6,204	(4,242)	6,452	12,249
TOTAL COMPREHENSIVE INCOME, ATTRIBUTABLE TO EQUITY HOLDERS	\$ 64,421	\$ 198,516	\$ 331,266	\$ 543,333	\$ 698,040

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

	UNAUDITED Nine months ended 31 July 2020	UNAUDITED Nine months ended 31 July 2019	AUDITED Year ended 31 October 2019
Cash flows from operating activities			
Net income after taxes	\$ 366,138	\$ 523,596	\$ 668,328
Change in loans to customers	(621,162)	(961,861)	(1,625,953)
Change in deposits from customers	1,409,714	995,237	1,753,583
Taxation paid	(213,565)	(233,279)	(315,464)
Other adjustments to reconcile income after taxation to net cash from operating activities	71,879	83,936	(162,479)
Net cash from operating activities	\$ 1,013,004	\$ 407,629	\$ 318,015
Cash flows used in investing activities			
Change in Treasury Bills with original maturity date due over 3 months	\$ 77,317	\$ (337,619)	\$ (4,650)
Change in investments	(477,944)	43,198	(75,807)
Purchase of property and equipment	(17,791)	(9,647)	(24,275)
Proceeds from disposal of property, plant & equipment	14,000	17,000	17,000
Net cash used in investing activities	\$ (404,418)	\$ (287,068)	\$ (87,732)
Cash flows used in financing activities			
Dividends paid	(440,859)	(440,859)	(529,031)
Net cash used in financing activities	\$ (440,859)	\$ (440,859)	\$ (529,031)
Increase (Decrease) in cash and cash equivalents	\$ 167,727	\$ (320,298)	\$ (298,748)
Cash and cash equivalents, beginning of period	631,552	930,300	930,300
Cash and cash equivalents, end of period	\$ 799,279	\$ 610,002	\$ 631,552
Cash and cash equivalents			
Cash on hand and in transit	\$ 211,187	\$ 161,217	\$ 198,721
Loans and advances to banks and related companies	588,092	448,785	432,831
Treasury bills with original maturity date not exceeding 3 months	-	-	-
Cash and cash equivalents	\$ 799,279	\$ 610,002	\$ 631,552

Scotiabank Trinidad And Tobago Limited

Financial results for the period ended 31 July 2020

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 2020					
Balance as at 31 October 2019	267,563	734,012	28,211	3,152,322	4,182,108
Net income for the year	-	-	-	366,138	366,138
Other comprehensive income, net of tax					
- Fair value remeasurement of FVOCI investments	-	-	(4,242)	-	(4,242)
- Remeasurement of post-employment benefits asset/obligation	-	-	-	(30,630)	(30,630)
Total comprehensive income	\$ -	-	(4,242)	335,508	331,266
Transactions with equity owners of Scotiabank					
Transfer to statutory reserve	-	60,000	-	(60,000)	-
Dividends paid	-	-	-	(440,859)	(440,859)
	-	60,000	-	(500,859)	(440,859)
Balance as at 31 July 2020	\$ 267,563	794,012	23,969	2,986,971	4,072,515
UNAUDITED					
Nine months ended 31 July 2019					
Restated Balance as at 31 October 2018	267,563	688,562	15,768	3,043,154	4,015,047
Net income for the year	-	-	-	523,596	523,596
Other comprehensive income, net of tax					
- Fair value remeasurement of FVOCI investments	-	-	6,452	-	6,452
- Remeasurement of post-employment benefits asset/obligation	-	-	-	13,285	13,285
Total comprehensive income	\$ -	-	6,452	536,881	543,333
Transactions with equity owners of Scotiabank					
Transfer to statutory reserve	-	-	-	-	-
Dividends paid	-	-	-	(440,860)	(440,860)
	-	-	-	(440,860)	(440,860)
Balance as at 31 July 2019	\$ 267,563	688,562	22,220	3,139,175	4,117,520
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					
Nine months ended 31 July 2020					
Total Revenue	\$ 1,216,528	5,976	122,269	-	1,344,774
Material non-cash items					
Depreciation	22,850	-	-	-	22,850
Income before taxation	\$ 452,716	3,788	96,132	-	552,638
Assets	\$ 16,715,668	38,863	2,365,791	7,868,600	26,988,922
Liabilities	\$ 20,449,845	679	1,629,210	836,674	22,916,407
UNAUDITED					
Nine months ended 31 July 2019					
Total Revenue	\$ 1,272,374	5,725	124,865	1,786	1,404,750
Material non-cash items					
Depreciation	12,840	-	-	-	12,840
Income before taxation	\$ 628,076	2,771	101,484	1,524	733,856
Assets	\$ 15,404,510	44,722	2,393,048	6,742,640	24,584,920
Liabilities	\$ 18,281,283	1,120	1,515,162	669,835	20,467,400
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.