

Scotiabank Trinidad and Tobago Limited (SBTT) Results for the Nine Months Ended July 31, 2020

Key Points:

- Scotiabank Trinidad and Tobago Limited (SBTT) has increased their expected credit losses by over \$80MM over the last 2 quarters to position the Bank for potential future loan losses that could arise due to the impact of COVID-19 in Trinidad and Tobago.
- Loans to customers as at 31 July 2020 stood at \$16.7B, a 9 per cent increase year on year, this was driven by increases in the core business activity in both the corporate / commercial and retail segments.
- SBTT continues to provide support to their customers during the COVID-19 pandemic by offering loan payment deferrals and concessionary rates. They have embarked on extensive education and adoption programs to facilitate clients doing day to day banking from the safety of their homes using SBTT digital and ATM platforms.

Earnings Per Share (EPS):

SBTT reported an EPS of \$2.08, down 29.97 per cent or \$0.89 per share on the corresponding period's EPS of \$2.97 in NM19. The EPS recorded in Q320 (\$0.59) was the lowest over the past eight years.

Dividend:

The Board of Directors declared an interim dividend of \$0.40 per share, which will be paid on October 21st, 2020 to shareholders on record as at September 21st, 2020.

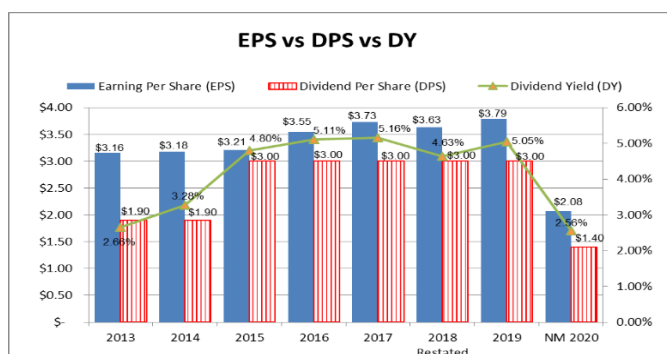
Industry:

At the current price of \$54.72 the trailing P/E ratio is 18.87 times which is below the banking sector weighted average P/E of 93.70 times. SBTT trailing dividend yield as at September 10, 2020 was 5.30 per cent, which is above the banking sector weighted average dividend yield of 3.77 per cent.

EPS	Q1	Q2	Q3	Q4	Total
2020	0.810	0.676	0.590		2.08
2019	1.046	0.898	1.025	0.821	3.79
2018 Restated	0.824	0.914	1.016	0.880	3.63
2018	0.838	0.914	1.030	0.872	3.65
2017	0.966	0.921	0.985	0.857	3.73
2016	0.891	0.854	0.902	0.898	3.55
2015	0.764	0.708	0.892	0.849	3.21
2014	0.818	0.598	0.796	0.963	3.18
2013	0.814	0.725	0.759	0.862	3.16

Financial Year End	October 31
Sector	Bank
Symbol on TTSE	SBTT
Issued Share Capital	176.34MM
Market Capitalization	\$9.65B
Current Price (September 10, 2020)	\$54.72
52 Week Price Range	\$54.47 - \$62.65
Trailing EPS	\$2.90
Price to Trailing Earnings Multiple	18.87x
Current Book Value/Share	\$23.09
Price to Book	2.37x
Return on Equity	11.83%
Return on Assets	1.86%

Dividend	1st Interim	2nd Interim	3rd Interim	4th Interim	Special	Total	Dividend Yield
NM 2020	0.60	0.40	0.40			1.40	2.56%
2019	0.50	0.50	0.50	1.50	0.00	3.00	5.05%
2018	0.50	0.50	0.50	1.50	0.00	3.00	4.63%
2017	0.50	0.50	0.50	0.50	1.00	3.00	5.16%
2016	0.40	0.40	0.40	0.80	1.00	3.00	5.11%
2015	0.40	0.40	0.40	0.70	1.10	3.00	4.80%
2014	0.40	0.40	0.40	0.70	0.00	1.90	3.28%
2013	0.40	0.40	0.40	0.40	0.30	1.90	2.66%



Income Statement for the period ending July 31 2020						
	NM20	NM19	\$ Change	% Change		YE19
	\$'000	\$'000	NM20 - NM19	NM20 - NM19	Change	\$'000
Income						
Net Interest Income	988,377	991,239	(2,862)	-0.29%	↓	1,326,018
Net Other Income	356,397	413,511	(57,114)	-13.81%	↓	534,704
Total Revenue	1,344,774	1,404,750	(59,976)	-4.27%	↓	1,860,722
Total Non-Interest Expenses	581,912	563,046	18,866	3.35%	↑	767,125
Net Impairment loss on financial assets	210,224	107,848	102,376	94.93%	↑	144,346
Income Before Taxation	552,638	733,856	(181,218)	-24.69%	↓	949,251
Provision for Taxation	186,500	210,260	(23,760)	-11.30%	↓	280,923
Income After Taxation	366,138	523,596	(157,458)	-30.07%	↓	668,328
EPS (cents)	207.6	296.9	(89.3)	-30.08%	↓	379.0

Balance Sheet as at July 31 2020						
	NM20	NM19	\$ Change	% Change		YE19
	\$'000	\$'000	NM20 - NM19	NM20 - NM19	Change	\$'000
Total Assets	26,988,922	24,584,920	2,404,002	9.78%	↑	25,409,018
Total Liabilities	22,916,407	20,467,400	2,449,007	11.97%	↑	21,226,910
Total Equity	4,072,515	4,117,520	(45,005)	-1.09%	↓	4,182,108
Total Assets	26,988,922	24,584,920	2,404,002			25,409,018

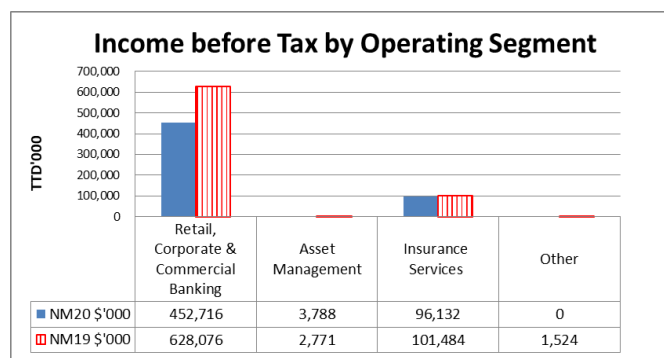
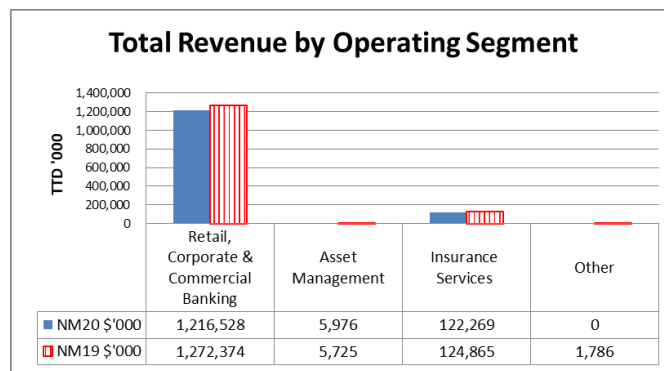
Financials:

- Total revenue closed at \$1.34B, down 4.27 per cent or \$59.98MM from NM19's total of \$1.40B. This was due to the reduced economic activity over the last 4 months.
- Total Non-Interest Expenses increased by 3.35 per cent or \$18.87MM to end at \$581.91MM in NM20.
- Income Before Taxation (IBT) for NM20 stands at \$552.64MM, down 24.69 per cent or \$181.22MM from \$733.86MM in NM19.
- Income After Taxation (IAT) totaled \$366.14MM in NM20, down 30.07 per cent or \$157.46MM from \$523.60MM in NM19.
- Total Assets increased by 9.78 per cent or \$2.40B to \$26.99B in NM20, which was driven by increased customer deposits and growth recorded across all segments.
- Total Liabilities increased by 11.97 per cent in NM20 and Total Equity fell by 1.09 per cent or \$0.045MM to close at 4.07B.

Segments:

The Retail, Corporate & Commercial Banking segment was the major contributor to the Group's Total Revenue (90.46 per cent), followed by the Insurance Services segment (9.09 per cent). In third place was the Asset Management segment.

The major contributor to the Group's IBT was the Retail, Corporate & Commercial Banking segment representing 81.92 per cent. In second place was Insurance Services with 17.40 per cent, followed by the Asset Management segment holding 0.69 per cent of the Group's IBT.



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