



Republic Wealth Management Limited

SCOTIABANK TRINIDAD AND TOBAGO (SBTT)

April 2021 (Q2 2021)

Last Price	\$57.00	52 Week Range	\$3.92 - \$58.00	Market Cap	\$10,052M
Sector	Banking	Dividend Yield TTM	3.95%	EPS (TTM)	\$2.95
PE Ratio (TTM)	19.30x	YTD Price Change	-6.09%	P/E (5 YR)	16.81x
Payout Ratio	66.74%	Total Return TTM	9.83% (12-Aug-21)	P/B (5 YR)	23.66x

SBTT Profitability Continues its recovery from COVID-19 impact

Quarterly Highlights/ Key Update

- In June 2021, Scotiabank Trinidad and Tobago Limited (SBTT) declared an interim dividend payable in July 2021 of \$0.60/sh (payout ratio: 66.74%) for quarter ended April 2021 as compared to \$0.40/sh (payout ratio: 59.08%) for quarter ended April 2020.
- The Group has begun to show signs of improved performance in several areas relative to the declines in virtually all segments between April 2020 and October 2020 as customers and economies start to look beyond the pandemic.

Table 1: SBTT EPS, DPS and Dividend yield for fiscal year end

	2016	2017	2018	2019	2020
Earnings per share	\$3.54	\$4.33	\$4.42	\$3.79	\$2.95
Dividends per share	\$3.00	\$3.00	\$3.00	\$3.00	\$2.25
Dividend Yield	5.11%	5.13%	4.71%	4.89%	3.99%

Figure 1: SBTT Revenue by Operating Segment (TTD \$000)

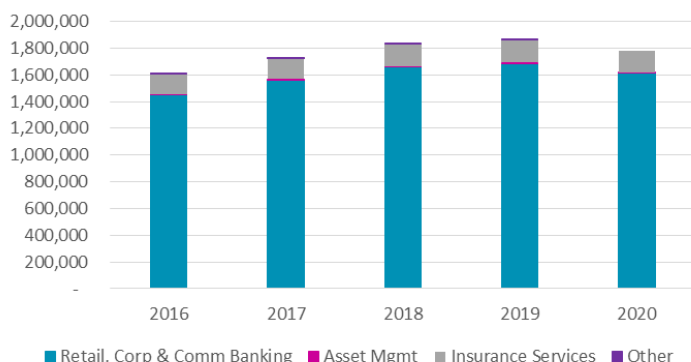


Table 2: Peer group comparables

	RFHL	NCBFG	FCI	JMMB	FIRST	SBTT	Group Average
P/E Ratio	23.96x	19.91x	N/A	8.95x	20.63x	19.30x	18.55x
P/B Ratio	1.88x	1.96x	1.47x	1.10x	1.68x	2.41x	1.75x
Dividend Yield	1.93%	0.63%	5.30%	0.73%	0.91%	3.95%	2.24%

- Compared to its peer group (Table 2), which consists of other locally listed companies in the Banking sector, SBTT has a relatively overvalued P/E and P/B. Further the current P/E is overvalued relative to its historic 5 year P/E of 16.81x. SBTT's dividend yield exceeds the group average.

Performance Review/ Financials

Financial Highlights (TT\$' millions)	Annual		
	Oct-20	Oct-19	Oct-18
Revenue	\$1,778	\$1,861	\$1,833
Profit before Tax	\$791	\$949	\$948
Profit after Tax	\$521	\$668	\$635
Total Assets	\$27,504	\$25,413	\$23,375
Total Liabilities	\$23,332	\$21,231	\$19,360
Total Equities	\$4,172	\$4,182	\$4,015
Net Profit Margin	29.29%	35.92%	34.63%
Return on Assets	2.88%	3.74%	4.06%
Return on Equity	18.96%	22.70%	23.61%
Efficiency Ratio	55.52%	48.98%	47.77%
	Quarterly		
	Apr-21	Apr-20	
Income after Tax	\$305M	\$143M	
Dividends per share	\$1.20	\$1.00	
Earnings per share	\$1.73	\$1.49	
Return on Assets	2.23%	2.02%	
Return on Equity	14.54%	12.76%	

- SBTT total revenue reported a 5% decline (\$869M) during the 6-months ended April 2021 as compared to the first 6-months in 2020 (\$915M), primarily attributable to the effects of COVID-19. Net interest income reduced by 6% due to a decline in SBTT's loan portfolio during that period.
- The Group's quarterly performance was driven by a reduction in net impairment losses which fell by 71% due to the measures taken by the bank in 2020 to mitigate credit losses.
- For the 6-months ended April 2021, SBTT's total assets rose by 3% to \$27.6B. Loans declined by 5%, driven by decreased retail lending due to the economic uncertainty and reduced levels of spending. On the other hand, total liabilities grew due to the 2% increased customer deposits.

Key Risks

- Slowdown in global growth due to the COVID-19 pandemic driving lower consumer spending and higher unemployment rates.
- The banking sector faces headwinds of foreign exchange difficulties and a low interest rate environment.



Republic Wealth Management Limited

SCOTIABANK TRINIDAD AND TOBAGO (SBTT)

April 2021 (Q2 2021)

Chart 2: SBTT share price vs ALL T&T Index

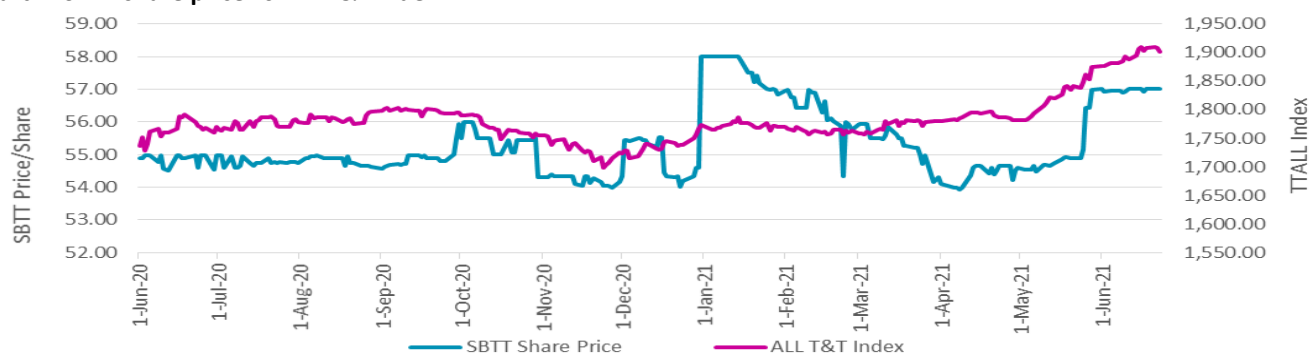


Table 3: Historic Dividend Payments (TTD)

	Payment Dates	Interim Dividends	Total Dividend per share
2016	Apr-16	\$0.40	\$3.00
	Jul-16	\$0.40	
	Oct-16	\$0.40	
	Jan-17	\$1.00	
	Jan-17	\$0.80	
2017	Apr-17	\$0.50	\$3.00
	Jul-17	\$0.50	
	Oct-17	\$0.50	
	Jan-18	\$1.00	
	Jan-18	\$0.50	
2018	Apr-18	\$0.50	\$3.00
	Jul-18	\$0.50	
	Oct-18	\$0.50	
	Jan-19	\$1.50	
2019	Apr-19	\$0.50	\$3.00
	Jul-19	\$0.50	
	Oct-19	\$0.50	
	Jan-20	\$1.50	
2020	Apr-20	\$0.60	\$2.25
	Jul-20	\$0.40	
	Oct-20	\$0.40	
	Jan-21	\$0.85	
2021	Apr-21	\$0.60	\$1.20
	Jul-21	\$0.60	

DISCLAIMER: This information has been provided by Republic Wealth Management Limited ('RWML') and is for informational purposes only. It is not intended to provide investment, financial or other advice and such information should not be relied upon for providing such advice. RWML takes reasonable steps to provide up-to-date, accurate and reliable information, and believes the information to be so when printed. Any investment and economic outlook information contained in this article has been compiled by RWML from various sources. Information obtained from third parties is believed to be reliable, but no representation or warranty, express or implied, is made by RWML, its affiliates or any other person as to its accuracy, completeness or correctness. RWML and its affiliates assume no responsibility for any errors or omissions. The contents of this article should not be considered an offer to sell to, or a solicitation to buy securities from, any person in Trinidad & Tobago where such offer or solicitation is considered unlawful. When making an investment decision, you should consult with a qualified financial advisor who can provide advice on the suitability of any investment for you based on your investment objectives, investment experience, financial situation and needs, or other relevant information.