



**Scotiabank Trinidad and Tobago Limited (SBTT)**

**April 2024 (Q2 2024)**

<b>Last Price (TT\$)*:</b>	\$66.00(20-Jun-2024)	<b>52 Wk. Range*:</b>	\$62.00-\$76.00	<b>Market Cap (TT\$ MM)*:</b>	\$11,284
<b>YTD Price Change:</b>	-8.15%	<b>EPS (TTM):</b>	\$3.78	<b>Dividend Yield (TTM):</b>	4.45%
<b>Sector:</b>	Banking	<b>P/E (5 YR):</b>	18.41x	<b>P/B (5 YR):</b>	2.69x

**SBTT's Profit After Tax rises 4.1% to TT\$159M over second quarter**

**Key information**

- Scotiabank Trinidad and Tobago Limited (SBTT) posted earnings per share of TT\$0.90 for 2Q24 (2Q23: TT\$0.87) and TT\$1.84 YTD (2023: TT\$1.77). The Group declared dividends of \$0.70/sh for 2Q24, in line with the prior year, reflecting a payout ratio of 77.5% in 2Q24 (2Q23: 80.6%). Year-to-date, dividends declared totaled TT\$1.45 versus TT\$1.40 in 2023, reflecting a steady payout ratio of 79.0%.
- Effective November 01, 2023, the Group adopted IFRS17, which pertains to insurance contracts. The implementation of this accounting standard affects the recognition and measurement of insurance contracts of Scotia Life Trinidad and Tobago Limited, a subsidiary of the Group, and the presentation and disclosures in the consolidated Financial Statements.
- Through capital management and high-quality customer experience, the Board and Management team aim to maintain shareholder value.

**Performance Review:**

- SBTT posted total revenue of TT\$478.9M (+2.9% YoY) for 2Q24 and TT\$960.2M for 1H24 (+3.6%), attributable largely to growth in net interest income of 5.9%, which was due to continued strong growth in loan balances in the retail and commercial segments. Other income contributed to a lesser extent YoY (-4.7% for Q2; -2.0% for H1) as trading revenues fell.
- Non-interest expenses rose to TT\$211.8M (+7.2%) for the quarter, totalling TT\$411.8M YTD (+9.0%), and continues to reflect higher direct and activity-based costs due to inflation and the Group's strategic spend on its people, technology, and customer experience. Net impairment loss on financial assets declined to TT\$25.9M (-24.2%) for Q2, totaling TT\$56.4M (-1.3%) for 1H24; the impetus for this was not explained in the interim financials. Non-performing loans to total loans stood below 2%, underscoring the loan portfolio's high credit quality.
- Profit before tax increased modestly to TT\$241.3M (+3.2%) over the second quarter, driving it up marginally higher for the half-year period to TT\$492.0M (+0.1%).

Financial Highlights (TT\$' millions)	Annual		Quarter	
	FY22	FY23	1Q23	1Q24
Net Revenue	\$1,898	\$1,900	\$466	\$479
Profit before Tax	\$1,051	\$992	\$234	\$241
Profit after Tax	\$684	\$648	\$153	\$159
Total Assets	\$28,023	\$29,656	\$28,834	\$30,350
Total Liabilities	\$23,709	\$25,187	\$24,419	\$25,806
Total Equity	\$4,314	\$4,469	\$4,415	\$4,544
Net Profit Margin	36.02%	34.12%	32.87%	33.25%
Return on Assets	2.44%	2.19%	2.26%	2.24%
Return on Equity	15.85%	14.51%	14.50%	14.66%
Oper. Efficiency	38.85%	42.22%	42.42%	44.21%

- While the income tax expense recorded for Q2 2024 was marginally higher YoY (+1.5%), over the first half of the year it decreased by 5.8%. Consequently, profit after tax rose to TT\$159.3M for 2Q24 (+4.1%) and 323.5M for 1H24 (+3.5%). SBTT's asset balance expanded by TT\$1.5M to TT\$30.4B (+5.3%), attributable largely to the aforementioned growth in customer loans (+7.2%), partially offset by a decline in its investment portfolio (-10.4%) Total liabilities increased by TT\$1.4B to \$25.8B (+5.7%) reflecting growth in the Group's customer deposit base. Shareholders' equity increased by TT\$0.1B to end Q2 at TT\$4.5B (+2.9%).

**Risk Factors:**

- Muted local economic growth may drive consumer spending lower, adversely impacting net interest margin.
- Liquidity and foreign exchange constraints continue to be major headwinds facing the local banking sector.
- Downward pressure on loan and mortgage rates locally, due to competition, may negatively impact SBTT's profitability.
- SBTT's geographic concentration in Trinidad and Tobago leaves it vulnerable to adverse changes in the domestic economy.



Scotiabank Trinidad and Tobago Limited (SBTT)

April 2024 (Q2 2024)

Chart 1: SBTT Share Price and Volume Traded



Chart 2: SBTT's EPS, DPS and Dividend Yield (TTM)

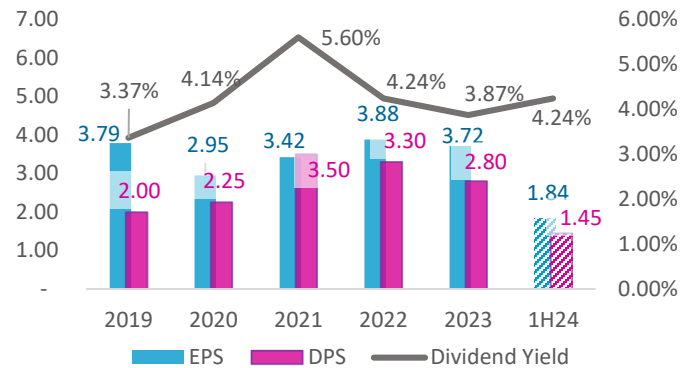


Chart 3: SBTT Total Assets (TT\$ Billions)

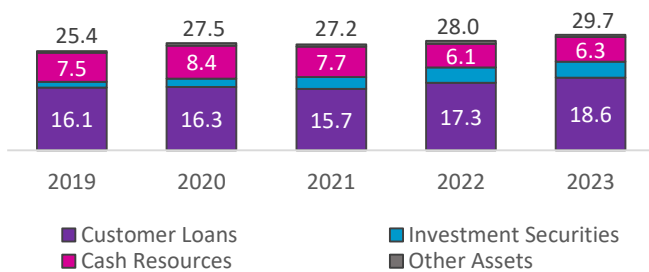


Chart 4: SBTT Customer Deposits (TT\$ Billions)

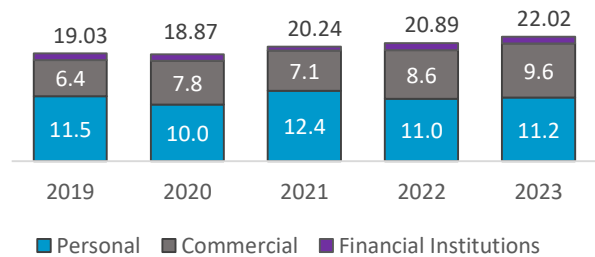


Table 1: SBTT Cumulative returns vs the All T&T Index and the Trinidad and Tobago Composite Index to 13.06.24

	SBTT	TTALL Index	TTCOMP Index
<b>YTD</b>	-4.79%	-5.38%	-5.42%
<b>1-year</b>	-10.77%	-7.73%	-4.80%
<b>3-year</b>	31.97%	-0.42%	-10.53%
<b>5-year</b>	31.69%	10.64%	-3.83%
<b>10-year</b>	47.37%	18.50%	36.93%

Table 2: Industry Comparables (13.06.24)

	RFHL	FCGFH	SBTT	Avg
<b>Share price</b>	108.04	42.00	65.65	-
<b>EPS</b>	10.74	3.08	3.85	5.89
<b>P/E Ratio</b>	10.06	13.64	17.07	13.59
<b>P/B Ratio</b>	1.37	1.29	2.59	1.75
<b>P/S Ratio</b>	2.59	4.27	5.98	4.28

\*The TTALL Index comprises Ordinary Shares of companies registered in Trinidad & Tobago

\*\*The TTCOMP Index comprises the Ordinary Shares of all Listed Companies on the TT Stock Exchange

Source: Bloomberg LP

*Disclosure: This information has been provided by Republic Wealth Management Limited (RWML) and is for information 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, expressed 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 and 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 suitability of any investment for you based on your investment objectives, investment experience, financial situation and needs, or other relevant information.*