

SCOTIABANK TRINIDAD AND TOBAGO LIMITED

FINANCIAL RESULTS FOR THE PERIOD ENDED 31 JANUARY 2017



To Our Shareholders

The Directors are pleased to announce that Scotiabank Trinidad and Tobago Ltd ("the Group") realized income after taxation of \$170 million for the quarter ended 31 January 2017, an increase of \$13 million or 8% over the prior year. During this quarter corporation tax rates increased from 25% to 30% as outlined in the 2016 budget statement.


The Group recorded strong growth in net interest income of \$39 million (15%) over the comparative period driven by growth in our retail loan portfolio and investment securities. Other Income also grew by \$12 million (10%) mainly due to higher revenues from our insurance segment. Total assets increased by \$1.4 billion or 6% over the prior year to end the period at \$23.6 billion with growth in loans and investments contributing to the majority of the increase. Our deposit portfolio also increased by \$0.9 billion or 6% over the prior year and stood at \$18 billion as our customers continue to invest with confidence in the Bank.

The Group has continued to seek improvements in the efficiency of its operations and achieved a productivity ratio of 38.8% for the year to date compared with 43.6% in the corresponding period last year. Loan loss expenses increased by \$21 million year over year amidst the country's challenging economic environment, as the Group continues to exercise a prudent risk management approach in managing its loan loss provisions. Despite this increase however, the ratio of non-accrual loans to total loans stood at 1.97% at the end of the period, demonstrating an improvement in credit quality from the 2.12% recorded at the end of 2016.

Based on these results, the Directors are pleased to announce a quarterly dividend of 50 cents per share (2016 - 40 cents) payable on 13 April 2017 to shareholders on record as at 15 March 2017.

6 March, 2017


Brendan King
Chairperson


Anya M. Schnoor
Managing Director

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (STATED IN \$'000)

| | UNAUDITED As at 31 January 2017 | UNAUDITED As at 31 January 2016 | AUDITED As at 31 October 2016 |
|---|---------------------------------------|---------------------------------------|-------------------------------------|
| ASSETS | | | |
| Cash on hand and in transit | \$ 177,032 | \$ 213,936 | \$ 146,203 |
| Due from banks and related companies | 638,649 | 790,336 | 880,433 |
| Treasury bills | 3,173,826 | 2,240,576 | 3,065,375 |
| Deposits with Central Bank | 3,086,531 | 3,026,645 | 3,216,409 |
| Net loans to customers | 13,942,092 | 13,474,896 | 13,275,224 |
| Investment securities | 2,243,615 | 2,182,969 | 2,267,880 |
| Investment in associated companies | 30,913 | 27,738 | 29,875 |
| Deferred tax asset | 7,022 | - | 10,572 |
| Property, plant and equipment | 249,699 | 249,686 | 250,967 |
| Miscellaneous assets | 63,472 | 43,699 | 74,353 |
| Goodwill | 2,951 | 2,951 | 2,951 |
| TOTAL ASSETS | \$ 23,615,802 | \$ 22,253,432 | \$ 23,220,242 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | |
| LIABILITIES | | | |
| Deposits | \$ 17,996,404 | \$ 17,054,384 | \$ 17,571,183 |
| Due to banks and related companies | 201,424 | 85,883 | 42,555 |
| Other liabilities | 395,737 | 347,001 | 401,293 |
| Taxation payable | 53,733 | 32,194 | 104,517 |
| Policyholders' funds | 1,248,231 | 1,132,040 | 1,227,157 |
| Deferred tax liability | - | 35,551 | - |
| TOTAL LIABILITIES | 19,895,529 | 18,687,053 | 19,346,705 |
| SHAREHOLDERS' EQUITY | | | |
| Stated capital | 267,563 | 267,563 | 267,563 |
| Statutory reserve fund | 678,032 | 637,563 | 667,882 |
| Investment revaluation reserve | (2,975) | (10,845) | 3,156 |
| Retained earnings | 2,777,653 | 2,672,098 | 2,934,936 |
| TOTAL SHAREHOLDERS' EQUITY | 3,720,273 | 3,566,379 | 3,873,537 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | \$ 23,615,802 | \$ 22,253,432 | \$ 23,220,242 |

CONSOLIDATED STATEMENT OF INCOME (STATED IN \$'000)

| | UNAUDITED Three months ended 31 January 2017 | UNAUDITED Three months ended 31 January 2016 | AUDITED Year ended 31 October 2016 |
|---|--|--|--|
| NET INTEREST AND OTHER INCOME | | | |
| Net Interest Income | \$ 306,858 | \$ 267,469 | \$ 1,129,039 |
| Other Income | 137,899 | 125,757 | 479,221 |
| Total Revenue | 444,757 | 393,226 | 1,608,260 |
| NON-INTEREST EXPENSES | | | |
| | 172,712 | 171,394 | 691,458 |
| INCOME BEFORE TAXATION AND LOAN LOSS | 272,045 | 221,832 | 916,802 |
| Loan loss expense | 28,132 | 7,586 | 76,780 |
| INCOME BEFORE TAXATION | 243,913 | 214,246 | 840,022 |
| Provision for taxation | 73,627 | 57,182 | 214,797 |
| INCOME AFTER TAXATION | \$ 170,286 | \$ 157,064 | \$ 625,225 |
| Dividends per share | 50.0c | 40.0c | 300.0c |
| Earnings per share | 96.6c | 89.1c | 354.5c |

CONSOLIDATED STATEMENT OF TOTAL COMPREHENSIVE INCOME (STATED IN \$'000)

| | UNAUDITED Three months ended 31 January 2017 | UNAUDITED Three months ended 31 January 2016 | AUDITED Year ended 31 October 2016 |
|---|--|--|--|
| NET INCOME FOR THE YEAR | \$ 170,286 | \$ 157,064 | \$ 625,225 |
| OTHER COMPREHENSIVE INCOME | | | |
| Remeasurement of defined benefit liability (asset), net of tax | - | - | 36,612 |
| Revaluation of available-for-sale investments, net of tax | (6,131) | (8,321) | 5,680 |
| TOTAL COMPREHENSIVE INCOME, ATTRIBUTABLE TO EQUITY HOLDERS | \$ 164,155 | \$ 148,743 | \$ 667,517 |

SCOTIABANK TRINIDAD AND TOBAGO LIMITED

FINANCIAL RESULTS FOR THE PERIOD ENDED 31 JANUARY 2017



CONSOLIDATED STATEMENT OF CASH FLOWS (STATED IN \$'000)

| | UNAUDITED Three months ended 31 January 2017 | UNAUDITED Three months ended 31 January 2016 | AUDITED Year ended 31 October 2016 |
|--|--|--|--|
| Cash flows from operating activities | | | |
| Net income after taxes | \$ 170,286 | \$ 157,064 | \$ 625,225 |
| Change in loans | (672,917) | (375,610) | (214,211) |
| Change in deposits | 425,279 | 217,318 | 734,140 |
| Taxation paid | (118,550) | (48,030) | (211,553) |
| Other adjustments to reconcile income after taxation to net cash from operating activities | 389,666 | 144,489 | 318,797 |
| Net cash from operating activities | \$ 193,764 | \$ 95,231 | \$ 1,252,398 |
| Cash flows used in investing activities | | | |
| Change in Treasury Bills with original maturity date due over 3 months | \$ (83,154) | \$ (314,640) | \$ (1,240,541) |
| Change in investments | 25,658 | 31,151 | (43,454) |
| Purchase of property, plant and equipment | (2,788) | (1,998) | (24,638) |
| Net cash used in investing activities | \$ (60,284) | \$ (285,487) | \$ (1,308,633) |
| Cash flows used in financing activities | | | |
| Dividends paid | (317,419) | (317,419) | (529,035) |
| Net cash used in financing activities | \$ (317,419) | \$ (317,419) | \$ (529,035) |
| Decrease in cash and cash equivalents | \$ (183,939) | \$ (507,675) | \$ (585,270) |
| Cash and cash equivalents, beginning of period | 1,026,636 | 1,611,906 | 1,611,906 |
| Cash and cash equivalents, end of period | \$ 842,697 | \$ 1,104,231 | \$ 1,026,636 |
| Cash and cash equivalents | | | |
| Cash on hand and in transit | \$ 177,032 | \$ 213,936 | \$ 146,203 |
| Due from banks and related companies | 638,649 | 790,336 | 880,433 |
| Treasury bills with original maturity date not exceeding 3 months | 27,016 | 99,959 | - |
| Cash and cash equivalents | \$ 842,697 | \$ 1,104,231 | \$ 1,026,636 |

SEGMENT REPORTING (STATED IN \$'000)

| | Retail, Corporate & Commercial Banking | Trust & Merchant Banking | Insurance Services | Other | Total |
|---|--|--------------------------|--------------------|------------------|-------------------|
| UNAUDITED | | | | | |
| Three months ended 31 January 2017 | | | | | |
| Total Revenue | \$ 397,383 | 1,326 | 45,187 | 861 | 444,757 |
| Material non-cash items | | | | | |
| Depreciation | 4,455 | - | - | - | 4,455 |
| Income before taxation | \$ 205,230 | 833 | 36,995 | 855 | 243,913 |
| Assets | \$ 13,942,092 | 35,462 | 1,825,325 | 7,812,923 | 23,615,802 |
| Liabilities | \$ 17,996,404 | 423 | 1,262,047 | 636,655 | 19,895,529 |
| UNAUDITED | | | | | |
| Three months ended 31 January 2016 | | | | | |
| Total Revenue | \$ 354,763 | 1,322 | 36,300 | 841 | 393,226 |
| Material non-cash items | | | | | |
| Depreciation | 4,128 | 8 | - | - | 4,136 |
| Income before taxation | \$ 183,269 | 1,102 | 29,041 | 834 | 214,246 |
| Assets | \$ 13,474,896 | 33,391 | 1,940,162 | 6,804,983 | 22,253,432 |
| Liabilities | \$ 17,054,384 | 1,268 | 1,213,807 | 417,594 | 18,687,053 |
| AUDITED | | | | | |
| Year ended 31 October 2016 | | | | | |
| Total Revenue | \$ 1,447,606 | 3,803 | 153,491 | 3,360 | 1,608,260 |
| Material non-cash items | | | | | |
| Depreciation | 17,700 | 16 | - | - | 17,716 |
| Income before taxation | \$ 709,942 | 2,316 | 124,438 | 3,326 | 840,022 |
| Assets | \$ 13,275,224 | 34,729 | 1,840,534 | 8,069,755 | 23,220,242 |
| Liabilities | \$ 17,571,183 | 417 | 1,302,622 | 472,483 | 19,346,705 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (STATED IN \$'000)

| | Stated Capital | Statutory Reserve | Investment Revaluation Reserve | Retained Earnings | Total Shareholders' Equity |
|--|-------------------|-------------------|--------------------------------|-------------------|----------------------------|
| UNAUDITED | | | | | |
| Three months ended 31 January 2017 | | | | | |
| Balance as at 31 October 2016 | \$ 267,563 | 667,882 | 3,156 | 2,934,936 | 3,873,537 |
| Net income for the year | - | - | - | 170,286 | 170,286 |
| Other comprehensive income, net of tax | | | | | |
| - Revaluation of available-for-sale investments | - | - | (6,131) | - | (6,131) |
| Total comprehensive income | \$ - | - | (6,131) | 170,286 | 164,155 |
| Transactions with owners, recorded directly into equity | | | | | |
| Transfer to statutory reserve | - | 10,150 | - | (10,150) | - |
| Dividends paid | - | - | - | (317,419) | (317,419) |
| | - | 10,150 | - | (327,569) | (317,419) |
| Balance as at 31 January 2017 | \$ 267,563 | 678,032 | (2,975) | 2,777,653 | 3,720,273 |
| UNAUDITED | | | | | |
| Three months ended 31 January 2016 | | | | | |
| Balance as at 31 October 2015 | \$ 267,563 | 637,563 | (2,524) | 2,832,453 | 3,735,055 |
| Net income for the year | - | - | - | 157,064 | 157,064 |
| Other comprehensive income, net of tax | | | | | |
| - Revaluation of available-for-sale investments | - | - | (8,321) | - | (8,321) |
| Total comprehensive income | \$ - | - | (8,321) | 157,064 | 148,743 |
| Transactions with owners, recorded directly into equity | | | | | |
| Dividends paid | - | - | - | (317,419) | (317,419) |
| | - | - | - | (317,419) | (317,419) |
| Balance as at 31 January 2016 | \$ 267,563 | 637,563 | (10,845) | 2,672,098 | 3,566,379 |
| AUDITED | | | | | |
| Year ended 31 October 2016 | | | | | |
| Balance as at 31 October 2015 | \$ 267,563 | 637,563 | (2,524) | 2,832,453 | 3,735,055 |
| Net income for the year | - | - | - | 625,225 | 625,225 |
| Other comprehensive income, net of tax | | | | | |
| - Revaluation of available-for-sale investments | - | - | 5,680 | - | 5,680 |
| - Remeasurement of defined benefit obligation | - | - | - | 36,612 | 36,612 |
| Total comprehensive income | \$ - | - | 5,680 | 661,837 | 667,517 |
| Transactions with owners, recorded directly into equity | | | | | |
| Transfer to statutory reserve | - | 30,319 | - | (30,319) | - |
| Dividends paid | - | - | - | (529,035) | (529,035) |
| | - | 30,319 | - | (559,354) | (529,035) |
| Balance as at 31 October 2016 | \$ 267,563 | 667,882 | 3,156 | 2,934,936 | 3,873,537 |

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 2016.

Comparative information

Comparative amounts in the Consolidated Statement of Income have been restated to conform to presentation changes in the current financial period.