

SCOTIABANK TRINIDAD AND TOBAGO LIMITED

FINANCIAL RESULTS FOR THE PERIOD ENDED 30 APRIL 2018



To Our Shareholders

The Directors announce that Scotiabank Trinidad and Tobago Ltd ("the Group") realized income after taxation of \$161 million for the quarter ended 30 April 2018, a decrease of \$1 million or 1% over the same period last year. Significant improvement in profitability this quarter with income after taxation increasing by \$13 million or 9% when compared to the first quarter ended 31 January 2018.

Year to date income after taxation was \$309 million, a decrease of \$24 million or 7% when compared to the prior year. The lower profitability year over year is driven by higher loan losses and the effect of the higher corporation tax rate resulting in an incremental \$24 million in tax expense in 2018.

Given the current economic climate, the Group recorded good growth in year to date net interest income of \$26 million or 4% over the prior year, primarily driven by growth in the retail loans portfolio. Total assets increased by \$265 million over the same period last year and stood at \$24.6 billion.

The Group continues to maintain a low cost base as evidenced by a low productivity ratio of 39.5%. Year to date, loan loss expenses were higher by \$13 million when compared to the same period last year as the Group continues to exercise a prudent risk management approach in managing its loan loss provisioning. The credit quality of our loan portfolio continues to be strong as the ratio of non-accrual loans to total loans stood at 2.23% at the end of the period.

Based on these results, the Directors are pleased to announce a quarterly dividend of 50 cents per share (2nd quarter 2017 – 50 cents) payable on 12 July 2018 to shareholders on record as at 13 June 2018.

5 June, 2018

Brendan King
Chairman

Stephen Bagnarol
Managing Director

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

	UNAUDITED As at 30 April 2018	UNAUDITED As at 30 April 2017	AUDITED As at 31 October 2017
ASSETS			
Cash on hand and in transit	\$ 135,043	\$ 134,040	\$ 225,376
Due from banks and related companies	1,666,468	966,216	1,344,017
Treasury bills	4,126,902	3,417,475	3,925,171
Deposits with Central Bank	2,821,748	3,158,789	2,826,390
Net loans to customers	14,195,606	14,182,305	13,955,789
Investment securities	1,193,560	2,039,725	1,713,788
Investment in associated companies	32,981	32,058	30,447
Deferred tax assets	25,056	17,303	43,940
Property, plant and equipment	247,201	247,835	246,780
Miscellaneous assets	93,218	75,311	70,025
Retirement benefit asset	17,457	19,036	8,646
Goodwill	2,951	2,951	2,951
TOTAL ASSETS	\$ 24,558,191	\$ 24,293,044	\$ 24,393,320
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Deposits	\$ 18,302,992	\$ 18,604,993	\$ 18,538,048
Due to banks and related companies	370,617	28,571	38,088
Other liabilities	349,636	380,416	314,678
Taxation payable	61,117	52,937	48,088
Policyholders' funds	1,395,543	1,278,827	1,332,623
Retirement benefit obligation	132,497	130,592	126,633
Deferred tax liabilities	27,169	14,368	40,769
TOTAL LIABILITIES	20,639,571	20,490,704	20,438,927
SHAREHOLDERS' EQUITY			
Stated capital	267,563	267,563	267,563
Statutory reserve fund	688,201	678,032	688,201
Investment revaluation reserve	7,705	2,756	7,519
Retained earnings	2,955,151	2,853,989	2,991,110
TOTAL SHAREHOLDERS' EQUITY	3,918,620	3,802,340	3,954,393
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 24,558,191	\$ 24,293,044	\$ 24,393,320

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

	UNAUDITED Three months ended 30 April 2018	UNAUDITED Three months ended 30 April 2017	UNAUDITED Six months ended 30 April 2018	UNAUDITED Six months ended 30 April 2017	AUDITED Year ended 31 October 2017
NET INTEREST AND OTHER INCOME					
Net Interest Income	\$ 316,256	\$ 304,693	\$ 637,218	\$ 611,552	\$ 1,244,236
Other Income	138,010	125,124	261,945	263,023	481,210
Total Revenue	454,266	429,817	899,163	874,575	1,725,446
NON-INTEREST EXPENSES					
	181,059	165,518	355,205	338,230	685,669
INCOME BEFORE TAXATION AND LOAN LOSS	273,207	264,299	543,958	536,345	1,039,777
Loan loss expense	26,942	30,360	71,906	58,492	105,597
INCOME BEFORE TAXATION	246,265	233,939	472,052	477,853	934,180
Provision for taxation	85,134	71,441	163,138	145,068	276,516
INCOME AFTER TAXATION	\$ 161,131	\$ 162,498	\$ 308,914	\$ 332,785	\$ 657,664
Dividends per share	50.0c	50.0c	100.0c	100.0c	300.0c
Earnings per share	91.4c	92.1c	175.2c	188.7c	372.9c

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

	UNAUDITED Three months ended 30 April 2018	UNAUDITED Three months ended 30 April 2017	UNAUDITED Six months ended 30 April 2018	UNAUDITED Six months ended 30 April 2017	AUDITED Year ended 31 October 2017
NET INCOME FOR THE YEAR	\$ 161,131	\$ 162,498	\$ 308,914	\$ 332,785	\$ 657,664
OTHER COMPREHENSIVE INCOME					
Remeasurement of post-employment benefits asset/liability, net of tax	7,815	2,009	7,815	2,009	763
Revaluation of available-for-sale investments, net of tax	2,106	5,731	186	(400)	4,363
TOTAL COMPREHENSIVE INCOME, ATTRIBUTABLE TO EQUITY HOLDERS	\$ 171,052	\$ 170,238	\$ 316,915	\$ 334,394	\$ 662,790

SCOTIABANK TRINIDAD AND TOBAGO LIMITED

FINANCIAL RESULTS FOR THE PERIOD ENDED 30 APRIL 2018



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

	UNAUDITED Six months ended 30 April 2018	UNAUDITED Six months ended 30 April 2017	AUDITED Year ended 31 October 2017
Cash flows from operating activities			
Net income after taxes	\$ 308,914	\$ 332,785	\$ 657,664
Change in loans	(251,265)	(916,018)	(684,976)
Change in deposits	(235,461)	1,034,326	967,231
Taxation paid	(147,712)	(188,398)	(326,277)
Other adjustments to reconcile income after taxation to net cash from operating activities	601,988	344,029	832,235
Net cash from operating activities	\$ 276,464	\$ 606,725	\$ 1,445,877
Cash flows used in investing activities			
Change in Treasury Bills with original maturity date due over 3 months	\$ (201,603)	\$ (364,291)	\$ (859,796)
Change in investments	515,743	241,837	552,798
Purchase of property, plant and equipment	(5,798)	(5,066)	(14,428)
Proceeds from disposal of property, plant & equipment	-	-	240
Net cash from (used in) investing activities	\$ 308,342	\$ (127,514)	\$ (321,186)
Cash flows used in financing activities			
Dividends paid	(352,688)	(405,591)	(581,934)
Net cash used in financing activities	\$ (352,688)	\$ (405,591)	\$ (581,934)
Increase in cash and cash equivalents	\$ 232,118	\$ 73,620	\$ 542,757
Cash and cash equivalents, beginning of period	\$ 1,569,393	\$ 1,026,636	\$ 1,026,636
Cash and cash equivalents, end of period	\$ 1,801,511	\$ 1,100,256	\$ 1,569,393
Cash and cash equivalents			
Cash on hand and in transit	\$ 135,043	\$ 134,040	\$ 225,376
Due from banks and related companies	1,666,468	966,216	1,344,017
Cash and cash equivalents	\$ 1,801,511	\$ 1,100,256	\$ 1,569,393

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

	Stated Capital	Statutory Reserve	Investment Revaluation Reserve	Retained Earnings	Total Shareholders' Equity
UNAUDITED					
Six months ended 30 April 2018					
Balance as at 31 October 2017	\$ 267,563	688,201	7,519	2,991,110	3,954,393
Net income for the year	-	-	-	308,914	308,914
Other comprehensive income, net of tax					
- Revaluation of available-for-sale investments	-	-	186	-	186
- Remeasurement of post-employment benefits asset/obligation	-	-	-	7,815	7,815
Total comprehensive income	\$ -	\$ -	\$ 186	\$ 316,729	\$ 316,915

Transactions with owners, recorded directly into equity

Dividends paid	-	-	-	(352,688)	(352,688)
Balance as at 30 April 2018	\$ 267,563	\$ 688,201	\$ 7,705	\$ 2,955,151	\$ 3,918,620

UNAUDITED Six months ended 30 April 2017

Balance as at 31 October 2016	\$ 267,563	667,882	3,156	2,934,936	3,873,537
Net income for the year	-	-	-	332,785	332,785
Other comprehensive income, net of tax					
- Revaluation of available-for-sale investments	-	-	(400)	-	(400)
- Remeasurement of post-employment benefits asset/obligation	-	-	-	2,009	2,009
Total comprehensive income	\$ -	\$ -	\$ (400)	\$ 334,794	\$ 334,394

Transactions with owners, recorded directly into equity

Transfer to statutory reserve	-	10,150	-	(10,150)	-
Dividends paid	-	-	-	(405,591)	(405,591)
	-	10,150	-	(415,741)	(405,591)
Balance as at 30 April 2017	\$ 267,563	\$ 678,032	\$ 2,756	\$ 2,853,989	\$ 3,802,340

AUDITED Year ended 31 October 2017

Balance as at 31 October 2016	\$ 267,563	667,882	3,156	2,934,936	3,873,537
Net income for the year	-	-	-	657,664	657,664
Other comprehensive income, net of tax					
- Revaluation of available-for-sale investments	-	-	4,363	-	4,363
- Remeasurement of post-employment benefits asset/obligation	-	-	-	763	763
Total comprehensive income	\$ -	\$ -	\$ 4,363	\$ 658,427	\$ 662,790

Transactions with owners, recorded directly into equity

Transfer to statutory reserve	-	20,319	-	(20,319)	-
Dividends paid	-	-	-	(581,934)	(581,934)
	-	20,319	-	(602,253)	(581,934)
Balance as at 31 October 2017	\$ 267,563	\$ 688,201	\$ 7,519	\$ 2,991,110	\$ 3,954,393

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 2017.

Comparative information

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

SEGMENT REPORTING (STATED IN \$'000)

	Retail, Corporate & Commercial Banking	Asset Management	Insurance Services	Other	Total
UNAUDITED					
Six months ended 30 April 2018					
Total Revenue	\$ 817,026	\$ 3,399	\$ 77,019	\$ 1,719	\$ 899,163
Material non-cash items					
Depreciation	8,586	-	-	-	8,586
Income before taxation	\$ 408,443	\$ 1,988	\$ 60,021	\$ 1,599	\$ 472,052
Assets	\$ 14,195,606	\$ 39,132	\$ 2,135,799	\$ 8,187,654	\$ 24,558,191
Liabilities	\$ 18,302,992	\$ 764	\$ 1,448,713	\$ 887,102	\$ 20,639,571
UNAUDITED					
Six months ended 30 April 2017					
Total Revenue	\$ 786,079	\$ 2,695	\$ 84,109	\$ 1,692	\$ 874,575
Material non-cash items					
Depreciation	8,938	-	-	-	8,938
Income before taxation	\$ 406,142	\$ 1,702	\$ 68,332	\$ 1,676	\$ 477,853
Assets	\$ 14,182,305	\$ 35,210	\$ 1,891,048	\$ 8,184,481	\$ 24,293,044
Liabilities	\$ 18,604,993	\$ 393	\$ 1,298,676	\$ 586,642	\$ 20,490,704
AUDITED					
Year ended 31 October 2017					
Total Revenue	\$ 1,562,272	\$ 5,628	\$ 154,123	\$ 3,423	\$ 1,725,446
Material non-cash items					
Depreciation	18,069	-	-	-	18,069
Income before taxation	\$ 802,311	\$ 3,349	\$ 125,241	\$ 3,279	\$ 934,180
Assets	\$ 13,955,789	\$ 36,703	\$ 2,000,801	\$ 8,400,027	\$ 24,393,320
Liabilities	\$ 18,538,048	\$ 670	\$ 1,362,501	\$ 537,708	\$ 20,438,927