

SCOTIABANK TRINIDAD AND TOBAGO LIMITED

FINANCIAL RESULTS FOR THE PERIOD ENDED 31 JULY 2018



To Our Shareholders

The Directors announce that Scotiabank Trinidad and Tobago Ltd ("the Group") realized income after taxation of \$182 million for the quarter ended 31 July 2018, an increase of \$8 million or 5% over the same quarter last year. This represents a significant increase in profitability for this quarter with income after taxation increasing by \$20 million or 13% when compared to the previous quarter ended 30 April 2018.

Year to date income after taxation was \$491 million, a decrease of \$16 million or 3% when compared to the prior year. The lower profitability year over year is driven by the effect of the higher corporation tax rate, which resulted in an incremental \$37 million in tax expense in 2018.

Net interest income increased by \$34 million or 4% over the prior year, primarily driven by growth in the retail loans portfolio and higher investment income. Other income increased by \$40 million or 10% over the prior year driven by higher credit card activity as well as insurance revenues. Total assets stood at \$23.9 billion which is a decrease of \$100 million over the same period last year.

The Group continues to maintain operational efficiency as evidenced by a low productivity ratio of 39% which is the same as the comparative period last year. Loan loss expenses increased by \$18 million year over year as the Group continues to exercise a prudent risk management approach in managing its loan portfolio. The credit quality of our loan portfolio however continues to be strong as the ratio of non-accrual loans to total loans remained stable at 2.24% at the end of the period.

Based on these results, the Directors are pleased to announce a quarterly dividend of 50 cents per share (3rd quarter 2017 – 50 cents) payable on 18 October 2018 to shareholders on record as at 20 September 2018.

11 September, 2018

Brendan King
Chairman

Stephen Bagnarol
Managing Director

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

	UNAUDITED As at 31 July 2018	UNAUDITED As at 31 July 2017	AUDITED As at 31 October 2017
ASSETS			
Cash on hand and in transit	\$ 195,335	\$ 118,885	\$ 225,376
Due from banks and related companies	788,882	1,290,224	1,344,017
Treasury bills	4,132,091	3,541,832	3,925,171
Deposits with Central Bank	2,952,071	2,867,590	2,826,390
Net loans to customers	14,149,079	13,899,506	13,955,789
Investment securities	1,207,916	1,824,027	1,713,788
Investment in associated companies	31,609	30,141	30,447
Deferred tax assets	47,845	38,657	43,940
Property, plant and equipment	251,168	245,392	246,780
Miscellaneous assets	109,933	99,969	70,025
Retirement benefit asset	6,059	15,303	8,646
Goodwill	2,951	2,951	2,951
TOTAL ASSETS	\$ 23,874,939	\$ 23,974,477	\$ 24,393,320
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Deposits	\$ 17,753,658	\$ 18,017,951	\$ 18,538,048
Due to banks and related companies	63,576	35,231	38,088
Other liabilities	378,520	501,936	314,678
Taxation payable	63,820	56,657	48,088
Policyholders' funds	1,408,065	1,310,629	1,332,623
Retirement benefit obligation	135,429	133,406	126,633
Deferred tax liabilities	56,982	31,207	40,769
TOTAL LIABILITIES	19,860,050	20,087,017	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	16,955	4,057	7,519
Retained earnings	3,042,170	2,937,808	2,991,110
TOTAL SHAREHOLDERS' EQUITY	4,014,889	3,887,460	3,954,393
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 23,874,939	\$ 23,974,477	\$ 24,393,320

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

	UNAUDITED Three months ended 31 July 2018	UNAUDITED Three months ended 31 July 2017	UNAUDITED Nine months ended 31 July 2018	UNAUDITED Nine months ended 31 July 2017	AUDITED Year ended 31 October 2017
NET INTEREST AND OTHER INCOME					
Net Interest Income	\$ 326,586	\$ 317,896	\$ 963,804	\$ 929,449	\$ 1,244,236
Other Income	159,285	118,624	421,230	381,647	481,210
Total Revenue	485,871	436,520	1,385,034	1,311,096	1,725,446
NON-INTEREST EXPENSES					
	186,913	173,682	542,118	511,912	685,669
INCOME BEFORE TAXATION AND LOAN LOSS	298,958	262,838	842,916	799,184	1,039,777
Loan loss expense	26,213	21,438	98,119	79,930	105,597
INCOME BEFORE TAXATION	272,745	241,400	744,797	719,254	934,180
Provision for taxation	91,124	67,657	254,262	212,725	276,516
INCOME AFTER TAXATION	\$ 181,621	\$ 173,743	\$ 490,535	\$ 506,529	\$ 657,664
Dividends per share	50.0c	50.0c	150.0c	150.0c	300.0c
Earnings per share	103.0c	98.5c	278.2c	287.2c	372.9c

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

	UNAUDITED Three months ended 31 July 2018	UNAUDITED Three months ended 31 July 2017	UNAUDITED Nine months ended 31 July 2018	UNAUDITED Nine months ended 31 July 2017	AUDITED Year ended 31 October 2017
NET INCOME FOR THE YEAR	\$ 181,621	\$ 173,743	\$ 490,535	\$ 506,529	\$ 657,664
OTHER COMPREHENSIVE INCOME					
Remeasurement of post-employment benefits asset/obligation, net of tax	(6,431)	(1,753)	1,384	256	763
Revaluation of available-for-sale investments, net of tax	9,250	1,301	9,436	901	4,363
TOTAL COMPREHENSIVE INCOME, ATTRIBUTABLE TO EQUITY HOLDERS	\$ 184,440	\$ 173,291	\$ 501,355	\$ 507,686	\$ 662,790

SCOTIABANK TRINIDAD AND TOBAGO LIMITED

FINANCIAL RESULTS FOR THE PERIOD ENDED 31 JULY 2018



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

	UNAUDITED Nine months ended 31 July 2018	UNAUDITED Nine months ended 31 July 2017	AUDITED Year ended 31 October 2017
Cash flows from operating activities			
Net income after taxes	\$ 490,535	\$ 506,529	\$ 657,664
Change in loans	(207,654)	(628,432)	(684,976)
Change in deposits	(785,042)	447,497	967,231
Taxation paid	(228,968)	(256,455)	(326,277)
Other adjustments to reconcile income after taxation to net cash from operating activities	292,382	852,808	832,235
Net cash from operating activities	\$ (438,747)	\$ 921,947	\$ 1,445,877
Cash flows used in investing activities			
Change in Treasury Bills with original maturity date due over 3 months	\$ (207,308)	\$ (487,364)	\$ (859,796)
Change in investments	512,577	452,293	552,798
Purchase of property, plant and equipment	(11,306)	(10,880)	(14,428)
Proceeds from disposal of property, plant & equipment	467	240	240
Net cash from (used in) investing activities	\$ 294,430	\$ (45,711)	\$ (321,186)
Cash flows used in financing activities			
Dividends paid	(440,859)	(493,763)	(581,934)
Net cash used in financing activities	\$ (440,859)	\$ (493,763)	\$ (581,934)
Increase in cash and cash equivalents	\$ (585,176)	\$ 382,473	\$ 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	\$ 984,217	\$ 1,409,109	\$ 1,569,393
Cash and cash equivalents			
Cash on hand and in transit	\$ 195,335	\$ 118,885	\$ 225,376
Due from banks and related companies	788,882	1,290,224	1,344,017
Cash and cash equivalents	\$ 984,217	\$ 1,409,109	\$ 1,569,393

SEGMENT REPORTING (STATED IN \$'000)

	Retail, Corporate & Commercial Banking	Asset Management	Insurance Services	Other	Total
UNAUDITED					
Nine months ended 31 July 2018					
Total Revenue	\$ 1,244,243	5,162	133,061	2,569	1,385,034
Material non-cash items					
Depreciation	13,108	-	-	-	13,108
Income before taxation	\$ 631,086	3,088	108,233	2,391	744,797
Assets	\$ 14,149,079	40,475	2,198,290	7,487,095	23,874,939
Liabilities	\$ 17,753,658	874	1,472,314	633,204	19,860,050
UNAUDITED					
Nine months ended 31 July 2017					
Total Revenue	\$ 1,183,309	4,082	121,145	2,559	1,311,096
Material non-cash items					
Depreciation	13,686	-	-	-	13,686
Income before taxation	\$ 616,922	2,452	97,349	2,532	719,254
Assets	\$ 13,899,506	35,177	1,948,376	8,044,908	23,927,967
Liabilities	\$ 18,017,951	571	1,331,920	690,065	20,040,507
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

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

	Stated Capital	Statutory Reserve	Investment Revaluation Reserve	Retained Earnings	Total Shareholders' Equity
UNAUDITED					
Nine months ended 31 July 2018					
Balance as at 31 October 2017	\$ 267,563	688,201	7,519	2,991,110	3,954,393
Net income for the year	-	-	-	490,535	490,535
Other comprehensive income, net of tax					
- Revaluation of available-for-sale investments	-	-	9,436	-	9,436
- Remeasurement of post-employment benefits asset/obligation	-	-	-	1,384	1,384
Total comprehensive income	\$ -	-	9,436	491,919	501,355
Transactions with owners, recorded directly into equity					
Dividends paid	-	-	-	(440,859)	(440,859)
Balance as at 31 July 2018	\$ 267,563	688,201	16,955	3,042,170	4,014,889
UNAUDITED					
Nine months ended 31 July 2017					
Balance as at 31 October 2016	\$ 267,563	667,882	3,156	2,934,936	3,873,537
Net income for the year	-	-	-	506,529	506,529
Other comprehensive income, net of tax					
- Revaluation of available-for-sale investments	-	-	901	-	901
- Remeasurement of post-employment benefits asset/obligation	-	-	-	256	256
Total comprehensive income	\$ -	-	901	506,785	507,686
Transactions with owners, recorded directly into equity					
Transfer to statutory reserve	-	10,150	-	(10,150)	-
Dividends paid	-	-	-	(493,763)	(493,763)
	-	10,150	-	(503,913)	(493,763)
Balance as at 31 July 2017	\$ 267,563	678,032	4,057	2,937,808	3,887,460
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.