

## To Our Shareholders

The Directors are pleased to announce that Scotiabank Trinidad and Tobago Ltd. (Scotiabank) realised net income after tax of \$249.7 million for the six-month period ended 30 April 2014, a decrease of \$20.1 million or 7.5% over the same period last year. Total assets ended the period at \$20.2 billion, representing growth of 10.1% or \$1.9 billion over the comparative period one year ago.

Our asset growth has continued to be strong with total loans growing \$725.7 million or 7.2% and deposits growing \$1,420 million or 10.5% over the past year as we continue to acquire new customers and deepen our relationships with existing customers. Over the past 15 months, the Central Bank of Trinidad and Tobago (CBTT) has continued to report negative growth in business lending in the economy. Despite this trend, however, we have been able to maintain strong loan growth in an increasingly competitive environment. Net Interest Income this quarter, as compared to last year, was negatively impacted by the continued low interest rate environment driven by record levels of liquidity and the effects of the Mortgage Market Reference Rate (MMRR), which was implemented by CBTT two years ago.

Notwithstanding the impact of margin compression on our asset portfolio, the Group has continued to invest in its people and technology and is confident in our strategy of diversifying our revenue base and focusing on growing non-interest revenue sources in the areas of wealth and insurance. This, coupled with our strong capital base and risk management principles, will augur well for the continued stable performance of the Bank over the long term. On that basis, the Directors have resolved that the Bank pay a second interim dividend of 40 cents per ordinary share (2013 – 40 cents) on 10 July 2014 to shareholders on record at 11 June 2014.

28 May 2014



Sylvia D. Chrominska  
Chairperson



Anya M. Schnoor  
Managing Director

## 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 2013, except for the adoption of IAS 19 Revised - Employee Benefits.

### Retirement benefit asset / obligation

The Group adopted IAS 19 - Revised, which is mandatory for the 2014 financial statements. IAS 19 - Revised requires the recognition of accumulated actuarial losses arising from experience adjustments and changes in actuarial assumptions in respect of prior years, resulting in the restatement of 2012 and 2013 results as detailed in the following table.

Statement of Financial Position as at October 31, 2013	Retirement benefit asset \$'000	Retirement benefit obligation \$'000	Deferred tax liability \$'000	Retained earnings \$'000	Other comprehensive income \$'000
As previously reported	71,508	116,308	46,610	2,554,340	4,609
Adjustment for IAS 19 Employee Benefits - Revised - 2012	(70,119)	20,189	(22,577)	(67,731)	
Adjustment for IAS 19 Employee Benefits - Revised - 2013	11,477	(8,275)	4,938	14,814	18,738
Restated - 2013	12,866	128,222	28,971	2,501,423	23,347

### Comparative information

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

## Consolidated Statement Of Financial Position (Stated In \$'000)

	UNAUDITED As at 30 April 2014	RESTATED As at 030 April 2013	RESTATED As at 31 October 2013
<b>ASSETS</b>			
Cash on hand and in transit	\$ 146,951	\$ 150,920	\$ 147,056
Due from banks and related companies	1,778,468	1,320,904	2,152,601
Treasury bills	2,195,667	2,068,906	1,943,181
Deposits with Central Bank	3,342,161	2,952,420	3,117,981
Net loans to customers	10,846,787	10,121,060	10,575,610
Investment securities	1,505,550	1,301,221	1,187,941
Investment in associate companies	21,463	18,823	21,463
Property, plant and equipment	241,502	307,969	244,263
Miscellaneous assets	104,674	88,908	86,990
Goodwill	2,951	2,951	2,951
<b>TOTAL ASSETS</b>	<b>\$ 20,186,174</b>	<b>\$ 18,334,082</b>	<b>\$ 19,480,037</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>LIABILITIES</b>			
Deposits	\$ 14,885,788	\$ 13,466,001	\$ 14,391,447
Due to banks and related companies	133,398	63,565	51,326
Other liabilities	335,743	304,147	312,332
Securities sold under repurchase agreement		2,137	
Provision for taxation	15,416	22,586	29,403
Policyholders' funds	797,549	683,447	735,565
Debt security in issue	618,000	618,000	618,000
Deferred tax liability	35,531	18,400	28,971
<b>TOTAL LIABILITIES</b>	<b>16,821,425</b>	<b>15,178,283</b>	<b>16,167,044</b>
<b>SHAREHOLDERS' EQUITY</b>			
Stated capital	267,563	267,563	267,563
Statutory reserve fund	532,563	457,563	502,563
Investment revaluation reserve	37,429	42,110	41,444
Retained earnings	2,527,194	2,388,563	2,501,423
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>3,364,749</b>	<b>3,155,799</b>	<b>3,312,993</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 20,186,174</b>	<b>\$ 18,334,082</b>	<b>\$ 19,480,037</b>

## Consolidated Statement Of Income (Stated In \$'000)

	UNAUDITED Three months ended 30 April 2014	RESTATED Three months ended 30 April 2013	UNAUDITED Six months ended 30 April 2014	RESTATED Six months ended April 30, 2013	RESTATED Year ended 31 October 2013
<b>NET INTEREST AND OTHER INCOME</b>					
Net Interest Income	\$ 215,133	\$ 218,389	\$ 438,780	\$ 443,125	\$ 896,959
Other Income	94,610	113,999	235,555	237,116	491,963
<b>Net Interest and Other Income</b>	<b>309,743</b>	<b>332,388</b>	<b>674,335</b>	<b>680,241</b>	<b>1,388,922</b>
<b>NON-INTEREST EXPENSES</b>					
Loan loss expense	6,595	(1,049)	10,987	7,964	4,129
Other	164,392	166,950	333,871	320,644	653,532
<b>Non-Interest Expenses</b>	<b>170,987</b>	<b>165,901</b>	<b>344,858</b>	<b>328,608</b>	<b>657,661</b>
<b>INCOME BEFORE TAXATION</b>	<b>138,756</b>	<b>166,487</b>	<b>329,477</b>	<b>351,633</b>	<b>731,261</b>
Provision for taxation	(33,268)	(38,650)	(79,728)	(81,748)	(173,990)
<b>INCOME AFTER TAXATION</b>	<b>\$ 105,488</b>	<b>\$ 127,837</b>	<b>\$ 249,749</b>	<b>\$ 269,885</b>	<b>\$ 557,271</b>
Dividends Paid & Proposed for financial year	\$ 70,538	\$ 70,538	\$ 141,075	\$ 141,075	\$ 335,053
Dividends per share	40.0c	40.0c	80.0c	80.0c	190.0c
Earnings per share	59.8c	72.5c	141.6c	152.5c	316.0c
Return on Equity	12.96%	16.71%	15.26%	17.35%	17.32%
Return on Total Assets	2.18%	2.91%	2.57%	3.02%	2.99%
Share Price	\$ 69.91	\$ 69.03	\$ 69.91	\$ 69.03	\$ 71.51

## Consolidated Statement Of Total Comprehensive Income (Stated In \$'000)

	UNAUDITED Three months ended 30 April 2014	RESTATED Three months ended 30 April 2013	UNAUDITED Six months ended 30 April 2014	RESTATED Six months ended April 30, 2013	RESTATED Year ended 31 October 2013
<b>NET INCOME</b>	<b>\$ 105,488</b>	<b>\$ 127,837</b>	<b>\$ 249,749</b>	<b>\$ 269,885</b>	<b>\$ 557,271</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
Remeasurement of defined benefit liability (asset), net of tax		6,592	3,318	7,190	18,738
Revaluation of available-for-sale investments, net of tax	(35)	3,992	(4,015)	5,275	4,609
<b>TOTAL COMPREHENSIVE INCOME, NET OF TAX</b>	<b>\$ 105,453</b>	<b>\$ 138,421</b>	<b>\$ 249,052</b>	<b>\$ 282,350</b>	<b>\$ 580,618</b>

**Consolidated Cash Flows (Stated In \$'000)**

	UNAUDITED Six months ended 30 April 2014	RESTATED Six months ended 30 April 2013	RESTATED Year ended 31 October 2013
<b>Cash flows from operating activities</b>			
Net income before taxes	\$ 329,477	\$ 351,633	\$ 731,261
(Increase) / decrease in loans	(271,177)	(162,683)	(617,232)
Change in deposits	494,341	535,143	1,460,590
Change in securities sold under repurchase agreement		(10,178)	(12,315)
Taxation paid	(85,224)	(76,079)	(153,920)
Other adjustments to reconcile income before taxation to net cash from operating activities	(65,227)	(20,221)	(112,925)
Net cash from operating activities	\$ 402,190	\$ 617,615	\$ 1,295,459
<b>Cash flows used in investing activities</b>			
Change in Treasury bills with original maturity date due over 3 months	\$ (432,588)	\$ (829,706)	\$ (614,538)
(Increase) / decrease in investments	(323,551)	(198,019)	(92,214)
Purchase of property, plant and equipment	(6,710)	(31,566)	(48,458)
Proceeds from disposal of property, plant & equipment	300	185	70,664
Net cash used in investing activities	\$ (762,549)	\$ (1,059,106)	\$ (684,546)
<b>Cash flows used in financing activities</b>			
Dividends paid	(193,978)	(176,344)	(317,419)
Net cash used in financing activities	\$ (193,978)	\$ (176,344)	\$ (317,419)
Decrease in cash and cash equivalents	\$ (554,337)	\$ (617,835)	\$ 293,494
Cash and cash equivalents, beginning of period	2,479,756	2,186,262	2,186,262
Cash and cash equivalents, end of period	\$ 1,925,419	\$ 1,568,427	\$ 2,479,756
<b>Cash and cash equivalents</b>			
Cash on hand and in transit	\$ 146,951	\$ 150,920	\$ 147,056
Due from banks and related companies with original maturity date not exceeding 3 months	1,778,468	1,320,904	2,152,601
Treasury bills with original maturity date not exceeding 3 months		96,603	180,099
Cash and cash equivalents	\$ 1,925,419	\$ 1,568,427	\$ 2,479,756

**Consolidated Statement Of Changes In Equity For The Period Ended 30 April 2014 (Stated In \$'000)**

	Stated Capital	Statutory Reserve	Investment Revaluation Reserve	Retained Earnings	Total Shareholders' Equity
<b>UNAUDITED Six months ended 30 April 2014</b>					
Restated balance as at 31 October 2013	\$ 267,563	502,563	41,444	2,501,423	3,312,993
Net income for the year				249,749	249,749
Other comprehensive income, net of tax - Revaluation of available-for-sale investments			(4,015)		(4,015)
<b>Total comprehensive income</b>			(4,015)	249,749	245,734
<b>Transactions with owners, recorded directly into equity</b>					
Transfer to statutory reserve		30,000		(30,000)	
Dividends paid				(193,978)	(193,978)
		30,000		(223,978)	(193,978)
<b>Balance as at 30 April 2014</b>	\$ 267,563	532,563	37,429	2,527,194	3,364,749
<b>RESTATED Six months ended 30 April 2013</b>					
Balance as at 31 October 2012	\$ 267,563	417,563	36,835	2,395,564	3,117,525
Impact of change in accounting policy				(67,731)	(67,731)
Restated balance as at 31 October 2012	\$ 267,563	417,563	36,835	2,327,833	3,049,794
Restated net income for the year				269,885	269,885
Other comprehensive income, net of tax - Revaluation of available-for-sale investments - Remeasurement of defined benefit liability (asset)			5,275	7,190	5,275
<b>Total comprehensive income</b>			5,275	277,075	282,350
<b>Transactions with owners, recorded directly into equity</b>					
Transfer to statutory reserve		40,000		(40,000)	
Dividends paid				(176,345)	(176,345)
		40,000		(216,345)	(176,345)
<b>Restated balance as at 30 April 2013</b>	\$ 267,563	457,563	42,110	2,388,563	3,155,799
<b>RESTATED Year ended 31 October 2013</b>					
Balance as at 31 October 2012	\$ 267,563	417,563	36,835	2,395,564	3,117,525
Impact of change in accounting policy				(67,731)	(67,731)
Restated balance as at 31 October 2012	\$ 267,563	417,563	36,835	2,327,833	3,049,794
Restated net income for the year				557,271	557,271
Other comprehensive income, net of tax - Revaluation of available-for-sale investments - Remeasurement of defined benefit liability (asset)			4,609	18,738	4,609
<b>Total comprehensive income</b>			4,609	576,009	580,618
<b>Transactions with owners, recorded directly into equity</b>					
Transfer to statutory reserve		85,000		(85,000)	
Dividends paid				(317,419)	(317,419)
		85,000		(402,419)	(317,419)
<b>Restated balance as at 31 October 2013</b>	\$ 267,563	502,563	41,444	2,501,423	3,312,993

**Segment Reporting For The Period Ended 30 April 2014 (Stated In \$'000)**

	Corporate/ Commercial & Merchant Banking	Retail Banking	Insurance Services	Other	Total Segments	Unallocated Amounts/ Eliminations	Total
<b>UNAUDITED Six months ended 30 April 2014</b>							
Net interest income (expense) Fees and commissions	\$ 48,579 62,969	360,423 87,812	32,220 36,947	(7,660) 46,966	433,562 234,694	5,218 861	438,780 235,555
Net segment interest and other income excluding inter-segment revenues	\$ 111,548	448,235	69,167	39,306	668,256	6,079	674,335
Inter-segment revenues	748		28	7	783	(783)	
Net segment interest and other income	\$ 112,296	448,235	69,195	39,313	669,039	5,296	674,335
Net segment profit (loss) before taxes	\$ 80,936	198,473	56,941	(12,168)	324,182	5,295	329,477
Segment Assets	\$ 2,349,149	8,217,116	1,416,783	8,034,852	20,017,900	168,274	20,186,174
Segment Liabilities	\$ 4,148,914	10,007,057	856,843	1,261,774	16,274,588	546,835	16,821,423
<b>RESTATED Six months ended 30 April 2013</b>							
Net interest income (expense) Fees and commissions	\$ 87,766 73,670	323,590 68,356	30,705 38,824	(1,983) 47,133	440,078 227,983	3,047 9,133	443,125 237,116
Net segment interest and other income excluding inter-segment revenues	\$ 161,436	391,946	69,529	45,150	668,061	12,180	680,241
Inter-segment revenues	1,136		27	1	1,164	(1,164)	
Net segment interest and other income	\$ 162,572	391,946	69,556	45,151	669,225	11,016	680,241
Net segment profit (loss) before taxes	\$ 129,481	151,611	57,943	3,534	342,569	9,064	351,633
Segment Assets	\$ 2,460,984	7,491,540	1,114,322	6,999,682	18,066,528	267,554	18,334,082
Segment Liabilities	\$ 3,564,278	10,384,218	678,934	226,446	14,853,876	324,407	15,178,283
<b>RESTATED Year ended 31 October 2013</b>							
Net interest income (expense) Fees and commissions	\$ 173,293 177,535	654,849 177,044	63,942 78,857	1,141 57,826	893,225 491,262	4,434 1	897,659 491,263
Net segment interest and other income excluding inter-segment revenues	\$ 350,828	831,893	142,799	58,967	1,384,487	4,435	1,388,922
Inter-segment revenues	1,397		46	3	1,446	(1,446)	
Net segment interest and other income	\$ 352,225	831,893	142,845	58,970	1,385,933	2,989	1,388,922
Net segment profit (loss) before taxes	\$ 293,200	355,163	119,948	(38,839)	729,472	1,789	731,261
Segment Assets	\$ 2,560,197	7,830,617	1,286,814	7,641,628	19,319,256	160,781	19,480,037
Segment Liabilities	\$ 4,036,637	10,563,746	772,979	541,215	15,914,577	252,467	16,167,044