

# MEDIA RELEASE

For the Quarter ended April 30th, 2018

For further information contact: Adrian Lezama, AGM Finance, Tel: 868-625-3566 ext. 2300

## Scotiabank Reports Second Quarter Results

FINANCIAL MEASURES:	SIX MONTHS ENDED 30 APRIL 2018	SIX MONTHS ENDED 30 APRIL 2017
Income before Taxation	<b>\$472 million</b>	<b>\$478 million</b>
Income after Taxation	<b>\$309 million</b>	<b>\$333 million</b>
Dividends per share	<b>100.c</b>	<b>100.c</b>
Earnings per share	<b>175.2c</b>	<b>188.7c</b>
Return on Equity	<b>15.82%</b>	<b>17.49%</b>
Return on Assets	<b>2.55%</b>	<b>2.83%</b>

Scotiabank Trinidad and Tobago Ltd (Scotiabank) today reported income after taxation of \$309 million for the six months ended 30 April 2018, a decrease of \$24 million or 7% over the comparative period last year. This reduction in profitability was mainly due to increased corporation tax rates levied on commercial banks at 35%, combined with higher levels of loan loss provisioning.

Despite the decline in profitability year over year, Earnings per Share at 175.2 cents, Return on Equity at 15.82% and Return on Assets at 2.55% continue to highlight the Group's strength. Based on this performance, the Board of Directors has approved a 2nd quarter dividend of 50 cents per ordinary share payable on 12 July 2018 to shareholders on record as at 13 June 2018.

In commenting on the results, Stephen Bagnarol, Managing Director said:

*The Bank continues to perform in challenging economic circumstances. Our retail loan portfolio continues to grow and has resulted in 3% growth in total revenue.*

*Scotiabank remains committed to working with the Government and other stakeholders during this period of economic uncertainty to ensure the well-being of our customers and the country as a whole. The Honourable Colm P. Imbert, Minister of Finance visited our Shared Services centre based in Trinidad. He commended Scotiabank for establishing our regional hub in this country, employing 750 local citizens, providing banking and back office support to Scotiabank entities in over 15 Caribbean countries.*

*In the last quarter, Scotiabank launched a new customer experience system – called The Pulse or El Pulso. The Pulse is a powerful digital system that allows us to continuously gather feedback from our customers. It enables us to better understand our customers' needs and prioritize investments to improve their banking experience.*

*In closing, I would like to thank our team for their continued support and contribution during the last quarter. Your dedication and commitment are the foundation of the continued success of our Bank.*

**“The Bank continues to perform in challenging economic circumstances”**

**Stephen Bagnarol**  
Managing Director

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For the Quarter ended April 30th 2018

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## REVENUE

Total Revenue, comprising of Net Interest Income and Other Income was \$899 million for the period ended 30 April 2018, \$25 million higher when compared to the same period last year. Net Interest Income for the period ended 30 April 2018 was \$637 million, \$26 million or 4% higher when compared to same time last year driven mainly by growth in our retail loans portfolio and higher investment returns driven by our investment strategies.

Other Income for the same period was \$262 million, \$1 million lower than the prior year mainly due to lower insurance revenues.

## NON- INTEREST EXPENSES AND OPERATING EFFICIENCY

Total Non-Interest Expenses (NIE) for the period ended 30 April 2018 was \$355 million, higher by \$17 million when compared to the same period in 2017. This was due to higher remuneration and staff benefits as well as higher technology costs; driven by our ongoing focus on our people and our digital transformation thrust to make banking more accessible to our customers.

We continue to focus on controlling operating expenditure and improving operating efficiency.

Our operating efficiency ratio (Total NIE / Total Revenue) is 39.5% as at 30 April 2018. This is considered Best in Class within our peer group in Trinidad and Tobago.

## Loan Loss Expense

Loan Loss Expense for the period ending 30 April 2018 was \$72 million, an increase of \$13 million over the prior year. This increase is reflective of the impact on loan delinquency in a challenging economic environment, combined with prudent risk management policies and growth in the loan book. Notwithstanding the above, our credit quality continues to be high as demonstrated by the ratio of non-performing loans as a percentage of gross loans at 2.23%.

## Taxation

Taxation Expense for the period ending 30 April 2018 was \$163 million, an increase of \$12 million over the prior year. This includes the impact of the higher corporation tax rate from 30% to 35% effective this year, which had an incremental impact of \$24 million on profitability.

## BALANCE SHEET

Total Assets were \$24.6 billion as at 30 April 2018 representing growth of \$265 million over 30 April 2017. Loans to Customers, the Bank's largest asset category, closed the period at \$14 billion, growth of \$13 million when compared to 2017. Retail loans grew by \$473 million or 4% over the comparable period in 2017, offset by large scheduled run offs in our corporate and commercial portfolio.

Treasury Bills of \$4 billion as at 30 April 2018 increased by \$709 million or 21% when compared to the same period last year. This was mainly funded by a decrease of \$846 million in Investment Securities, as the Bank is consistently seeking opportunities to ensure that all funds are deployed to maximum effect, in this case to higher yielding short to medium term instruments.

As at 30 April 2018, Total Liabilities increased by \$149 million to \$21 billion. Total Deposits held at \$18 billion, represents the majority of the Bank's total liabilities. Policyholders' Funds in our Scotia Insurance subsidiary over the past year grew by \$117 million to \$1.4 billion, underpinning the importance of our insurance segment which contributed 15% of the Group's total profitability as at 30 April 2018.

## SHAREHOLDERS' EQUITY

Total Shareholders' Equity closed the period at \$3.9 billion, an increase of \$116 million or 3% when compared to the balance as at 30 April 2017. The Bank's capital adequacy ratio stood at 24.8% as at 30 April 2018 which continues to be significantly above the minimum capital adequacy ratio of 8% as specified by local regulators.

# 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
<b>ASSETS</b>			
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
<b>TOTAL ASSETS</b>	<b>\$ 24,558,191</b>	<b>\$ 24,293,044</b>	<b>\$ 24,393,320</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>LIABILITIES</b>			
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
<b>TOTAL LIABILITIES</b>	<b>20,639,571</b>	<b>20,490,704</b>	<b>20,438,927</b>
<b>SHAREHOLDERS' EQUITY</b>			
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
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>3,918,620</b>	<b>3,802,340</b>	<b>3,954,393</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 24,558,191</b>	<b>\$ 24,293,044</b>	<b>\$ 24,393,320</b>

#### 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
<b>NET INTEREST AND OTHER INCOME</b>					
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
<b>NON-INTEREST EXPENSES</b>	<b>181,059</b>	<b>165,518</b>	<b>355,205</b>	<b>338,230</b>	<b>685,669</b>
<b>INCOME BEFORE TAXATION AND LOAN LOSS</b>	<b>273,207</b>	<b>264,299</b>	<b>543,958</b>	<b>536,345</b>	<b>1,039,777</b>
Loan loss expense	26,942	30,360	71,906	58,492	105,597
<b>INCOME BEFORE TAXATION</b>	<b>246,265</b>	<b>233,939</b>	<b>472,052</b>	<b>477,853</b>	<b>934,180</b>
Provision for taxation	85,134	71,441	163,138	145,068	276,516
<b>INCOME AFTER TAXATION</b>	<b>\$ 161,131</b>	<b>\$ 162,498</b>	<b>\$ 308,914</b>	<b>\$ 332,785</b>	<b>\$ 657,664</b>
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
<b>NET INCOME FOR THE YEAR</b>	<b>\$ 161,131</b>	<b>\$ 162,498</b>	<b>\$ 308,914</b>	<b>\$ 332,785</b>	<b>\$ 657,664</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
Remeasurement of post-employment benefits asset/obligation, 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
<b>TOTAL COMPREHENSIVE INCOME, ATTRIBUTABLE TO EQUITY HOLDERS</b>	<b>\$ 171,052</b>	<b>\$ 170,238</b>	<b>\$ 316,915</b>	<b>\$ 334,394</b>	<b>\$ 662,790</b>

# 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
<b>Cash flows from operating activities</b>			
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
<b>Net cash from operating activities</b>	<b>\$ 276,464</b>	<b>\$ 606,725</b>	<b>\$ 1,445,877</b>
<b>Cash flows used in investing activities</b>			
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)	(5,060)	(14,428)
Proceeds from disposal of property, plant & equipment	-	-	240
<b>Net cash from (used in) investing activities</b>	<b>\$ 308,342</b>	<b>\$ (127,514)</b>	<b>\$ (321,186)</b>
<b>Cash flows used in financing activities</b>			
Dividends paid	(352,688)	(405,591)	(581,934)
<b>Net cash used in financing activities</b>	<b>\$ (352,688)</b>	<b>\$ (405,591)</b>	<b>\$ (581,934)</b>
<b>Increase in cash and cash equivalents</b>	<b>\$ 232,118</b>	<b>\$ 73,620</b>	<b>\$ 542,757</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>1,569,393</b>	<b>1,026,636</b>	<b>1,026,636</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 1,801,511</b>	<b>\$ 1,100,256</b>	<b>\$ 1,569,393</b>
<b>Cash and cash equivalents</b>			
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
<b>Cash and cash equivalents</b>	<b>\$ 1,801,511</b>	<b>\$ 1,100,256</b>	<b>\$ 1,569,393</b>

### SEGMENT REPORTING (STATED IN \$'000)

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

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

	Stated Capital	Statutory Reserve	Investment Revaluation Reserve	Retained Earnings	Total Shareholders' Equity
<b>UNAUDITED</b>					
<b>Six months ended 30 April 2018</b>					
<b>Balance as at 31 October 2017</b>	\$ 267,563	688,201	7,519	2,991,110	3,954,393
Net income for the year	-	-	-	308,914	308,914
<b>Other comprehensive income, net of tax</b>					
- Revaluation of available-for-sale investments	-	-	186	-	186
- Remeasurement of post-employment benefits asset/liability	-	-	-	7,815	7,815
<b>Total comprehensive income</b>	<b>\$ -</b>	<b>-</b>	<b>186</b>	<b>316,729</b>	<b>316,915</b>
<b>Transactions with owners, recorded directly into equity</b>					
Dividends paid	-	-	-	(352,688)	(352,688)
<b>Balance as at 30 April 2018</b>	<b>\$ 267,563</b>	<b>688,201</b>	<b>7,705</b>	<b>2,955,151</b>	<b>3,918,620</b>
<b>UNAUDITED</b>					
<b>Six months ended 30 April 2017</b>					
<b>Balance as at 31 October 2016</b>	\$ 267,563	667,882	3,156	2,934,936	3,873,537
Net income for the year	-	-	-	332,785	332,785
<b>Other comprehensive income, net of tax</b>					
- Revaluation of available-for-sale investments	-	-	(400)	-	(400)
- Remeasurement of post-employment benefits asset/liability	-	-	-	2,009	2,009
<b>Total comprehensive income</b>	<b>\$ -</b>	<b>-</b>	<b>(400)</b>	<b>334,794</b>	<b>334,394</b>
<b>Transactions with owners, recorded directly into equity</b>					
Transfer to statutory reserve	-	10,150	-	(10,150)	-
Dividends paid	-	-	-	(405,591)	(405,591)
	-	10,150	-	(415,741)	(405,591)
<b>Balance as at 30 April 2017</b>	<b>\$ 267,563</b>	<b>678,032</b>	<b>2,756</b>	<b>2,853,989</b>	<b>3,802,340</b>
<b>AUDITED</b>					
<b>Year ended 31 October 2017</b>					
<b>Balance as at 31 October 2016</b>	\$ 267,563	667,882	3,156	2,934,936	3,873,537
Net income for the year	-	-	-	657,664	657,664
<b>Other comprehensive income, net of tax</b>					
- Revaluation of available-for-sale investments	-	-	4,363	-	4,363
- Remeasurement of post-employment benefits asset/liability	-	-	-	763	763
<b>Total comprehensive income</b>	<b>\$ -</b>	<b>-</b>	<b>4,363</b>	<b>658,427</b>	<b>662,790</b>
<b>Transactions with owners, recorded directly into equity</b>					
Transfer to statutory reserve	-	20,319	-	(20,319)	-
Dividends paid	-	-	-	(581,934)	(581,934)
	-	20,319	-	(602,253)	(581,934)
<b>Balance as at 31 October 2017</b>	<b>\$ 267,563</b>	<b>688,201</b>	<b>7,519</b>	<b>2,991,110</b>	<b>3,954,393</b>

#### 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.