

MEDIA RELEASE

For the Quarter ended October 31st, 2018

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Scotiabank reports fiscal 2018 results

| FINANCIAL MEASURES: | YEAR ENDED 31 OCTOBER 2018 | YEAR ENDED 31 OCTOBER 2017 |
|------------------------|----------------------------|----------------------------|
| Income before Taxation | \$963 million | \$934 million |
| Income after Taxation | \$644 million | \$658 million |
| Dividends per share | 300.0c | 300.0c |
| Earnings per share | 365.4c | 372.9c |
| Return on Equity | 16.05% | 16.80% |
| Return on Assets | 2.69% | 2.76% |

Scotiabank Trinidad and Tobago Ltd (Scotiabank) today reported income after taxation of \$644 million for year ended 31 October 2018, a decrease of \$13 million or 2% over the comparative period last year. This reduction in profitability was driven by the increased corporation tax rate levied on commercial banks at 35%, combined with higher levels of loan loss provisioning.

Scotiabank continues to highlight its financial strength with Return on Equity at 16.05% and Return on Assets at 2.69%. Based on this performance, the Board of Directors has approved a final dividend of 150 cents per ordinary share for the quarter. This final quarter dividend is payable on 14 January 2019 to shareholders on record as at 14 December 2018.

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

"I am pleased to report that Scotiabank has once again delivered another year of good financial results. Despite challenging market and economic conditions, our Net Profit before Taxation closed at \$963 million, \$29 million or 3% higher

than the previous year. Strong profitability year over year is a testament to the confidence that our customers have placed in us, as well as the hard work and dedication from our team.

Over the past year, in addition to our digital transformation initiatives, we reinforced our commitment to Compliance, Anti Money Laundering and Cyber-Security measures to protect the Bank's and our customers' information. The safety and security of our customer accounts and information is a top priority at Scotiabank, and we take this responsibility very seriously. We have recently launched Alerts, a feature which will help our customers monitor fraudulent activity in real time and then allow us to take immediate action. I urge you to enable Alerts when you log on to online banking.

As we approached our new fiscal year, we were very excited to launch our latest product called Club S. Club S is another example of us helping our customers become better off. Club S membership allows our customers both banking and lifestyle benefits through our attractive merchant offerings. It is an excellent initiative to solidify our strong relationship with our customers and, membership is free!

“Scotiabank has been named 2018 Bank of the Year by Latin Finance”

Stephen Bagnarol
Managing Director

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I am proud to announce that Scotiabank has been named 2018 Bank of the Year by Latin Finance for excellence in retail, commercial and investment banking services for Latin America and the Caribbean. This is a tremendous accomplishment and a well-deserved recognition of our dedication to serving our customers. Congratulations to all Scotiabankers, always bringing our passion and integrity in everything we do.

I would also like to commend our staff, our customers and the wider Trinidad & Tobago communities for their resilience and their remediation efforts with the major flooding which affected the country recently. This year approximately 500 Scotiabank employees, their family and friends came out to prepare emergency preparedness and relief packages for communities across Trinidad and Tobago. The packages, which were handed over to the Office of Disaster Preparedness and Management

(ODPM), were distributed to families affected by the flooding. The outpouring of additional support from our Scotiabank employees in the days that followed the flooding was tremendous. There was also a number of Scotiabank employees directly affected by the flooding and despite their personal situation, they in turn, assisted fellow neighbours who were also impacted. This is truly a testament to our Scotiabankers' quality of character and our commitment to helping those in need.

In closing, I would like to take this opportunity to thank all of our shareholders and customers for your loyalty, commitment, trust and confidence you continue to show in us. Our continued success is as a result of the great execution by our team of skilled and dedicated employees and we thank them for their professionalism and commitment.

To Our Shareholders

The Directors announce that Scotiabank Trinidad and Tobago Ltd ("the Group") realized income after taxation of \$644 million for the year ended 31 October 2018, a decrease of \$13 million or 2% over the same period last year. This is mainly due to the higher tax rate in effect for 2018 as income before tax grew by \$29 million or 3% year over year. The higher tax rate resulted in an incremental \$48 million in tax expense for this year. For the quarter, income after taxation was \$154 million, representing an increase of \$3 million or 2% compared to the same period in 2017.


Net interest income increased by \$44 million or 4% over the prior year, primarily driven by growth in the retail loans portfolio and higher investment income. Other income increased by \$63 million or 13% over the prior year driven by higher fees and commission income as well as insurance revenues. Loans to customers increased by \$600MM or 4% year over year.

Loan loss expense has increased by \$27 million year over year as the Group continues to exercise a prudent risk management approach in managing its loan loss provisioning. Despite this increase, the credit quality of our loan portfolio continues to be strong as the ratio of non-accrual loans to total loans stood at 2.30% at the end of the year.

Based on these results, the Directors are pleased to announce a final dividend of 150 cents per share payable on 14 January 2019 to shareholders on record as at 14 December 2018. In total the Group has declared dividends of 300 cents for the 2018 financial year (2017 – 300 cents).

On behalf of your Board of Directors, I would like to thank our customers and staff for another successful year despite the challenges faced within the country, and we look forward to your continued support as we move forward into 2019.

4 December, 2018



Brendan King
Chairman



Stephen Bagnarol
Managing Director

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

| | UNAUDITED As at 31 October 2018 | AUDITED As at 31 October 2017 |
|--|---------------------------------------|-------------------------------------|
| ASSETS | | |
| Cash on hand and in transit | \$ 149,333 | \$ 225,376 |
| Loans and advances to banks and related companies | 780,993 | 1,344,017 |
| Treasury bills | 3,554,534 | 3,925,171 |
| Deposits with Central Bank | 2,560,438 | 2,826,390 |
| Loans to customers | 14,555,529 | 13,955,789 |
| Investment securities | 1,359,547 | 1,726,478 |
| Investment in associated companies | 32,654 | 30,447 |
| Deferred tax assets | 48,126 | 43,940 |
| Property, plant and equipment | 256,817 | 246,780 |
| Miscellaneous assets | 136,496 | 57,335 |
| Defined benefit pension fund asset | - | 8,646 |
| Goodwill | 2,951 | 2,951 |
| TOTAL ASSETS | \$ 23,437,418 | \$ 24,393,320 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| LIABILITIES | | |
| Deposits from customers | 17,284,198 | 18,538,048 |
| Deposits from banks and related companies | 42,843 | 38,088 |
| Other liabilities | 386,949 | 314,678 |
| Taxation payable | 51,505 | 48,088 |
| Policyholders' funds | 1,412,729 | 1,332,623 |
| Post-employment medical and life benefits obligation | 129,673 | 126,633 |
| Defined benefit pension fund liability | 1,893 | - |
| Deferred tax liabilities | 49,726 | 40,769 |
| TOTAL LIABILITIES | \$ 19,359,516 | \$ 20,438,927 |
| SHAREHOLDERS' EQUITY | | |
| Stated capital | 267,563 | 267,563 |
| Statutory reserve fund | 688,562 | 688,201 |
| Investment revaluation reserve | 15,768 | 7,519 |
| Retained earnings | 3,106,009 | 2,991,110 |
| TOTAL SHAREHOLDERS' EQUITY | 4,077,902 | 3,954,393 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | \$ 23,437,418 | \$ 24,393,320 |

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

| | UNAUDITED Three months ended 31 October 2018 | UNAUDITED Three months ended 31 October 2017 | UNAUDITED Year ended 31 October 2018 | AUDITED Year ended 31 October 2017 |
|---|--|--|--|--|
| NET INTEREST AND OTHER INCOME | | | | |
| Net Interest Income | \$ 324,735 | \$ 314,787 | \$ 1,288,538 | \$ 1,244,236 |
| Other Income | 123,226 | 99,563 | 544,456 | 481,210 |
| Total Revenue | 447,961 | 414,350 | 1,832,994 | 1,725,446 |
| NON-INTEREST EXPENSES | | | | |
| | 194,845 | 173,757 | 736,963 | 685,669 |
| INCOME BEFORE TAXATION AND LOAN LOSS | 253,116 | 240,593 | 1,096,031 | 1,039,777 |
| Net impairment loss on financial assets | 34,914 | 25,667 | 133,033 | 105,597 |
| INCOME BEFORE TAXATION | 218,202 | 214,926 | 962,998 | 934,180 |
| Provision for taxation | 64,292 | 63,791 | 318,554 | 276,516 |
| INCOME AFTER TAXATION | \$ 153,910 | \$ 151,135 | \$ 644,444 | \$ 657,664 |
| Dividends per share | 150.0c | 150.0c | 300.0c | 300.0c |
| Earnings per share | 87.3c | 85.7c | 365.4c | 372.9c |

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

| | UNAUDITED Three months ended 31 October 2018 | UNAUDITED Three months ended 31 October 2017 | UNAUDITED Year ended 31 October 2018 | AUDITED Year ended 31 October 2017 |
|--|--|--|--|--|
| NET INCOME FOR THE YEAR | \$ 153,910 | \$ 151,135 | \$ 644,444 | \$ 657,664 |
| OTHER COMPREHENSIVE INCOME | | | | |
| Remeasurement of post-employment benefits asset/obligation, net of tax | (1,537) | 507 | (153) | 763 |
| Revaluation of available-for-sale investments, net of tax | (1,187) | 3,462 | 8,249 | 4,363 |
| TOTAL COMPREHENSIVE INCOME, ATTRIBUTABLE TO EQUITY HOLDERS | \$ 151,185 | \$ 155,104 | \$ 652,540 | \$ 662,790 |

SCOTIABANK TRINIDAD AND TOBAGO LIMITED

FINANCIAL RESULTS FOR THE PERIOD ENDED 31 OCTOBER 2018



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

| | UNAUDITED Year ended 31 October 2018 | AUDITED Year ended 31 October 2017 |
|--|--|--|
| Cash flows from operating activities | | |
| Net income after taxes | \$ 644,444 | \$ 657,664 |
| Change in loans to customers | (613,704) | (684,976) |
| Change in deposits from customers | (1,254,112) | 967,231 |
| Taxation paid | (311,965) | (326,277) |
| Other adjustments to reconcile income after taxation to net cash from operating activities | 682,885 | 832,235 |
| Net cash (used in) from operating activities | \$ (852,452) | \$ 1,445,877 |
| Cash flows used in investing activities | | |
| Change in Treasury Bills with original maturity date due over 3 months | \$ 370,637 | \$ (859,796) |
| Change in investments | 399,652 | 552,798 |
| Purchase of property, plant and equipment | (28,340) | (14,428) |
| Proceeds from disposal of property, plant & equipment | 467 | 240 |
| Net cash (used in) investing activities | \$ 742,416 | \$ (321,186) |
| Cash flows used in financing activities | (529,031) | (581,934) |
| Dividends paid | | |
| Net cash used in financing activities | \$ (529,031) | \$ (581,934) |
| Increase (decrease) in cash and cash equivalents | \$ (639,067) | \$ 542,757 |
| Cash and cash equivalents, beginning of period | 1,569,393 | 1,026,636 |
| Cash and cash equivalents, end of period | \$ 930,326 | \$ 1,569,393 |
| Cash and cash equivalents | \$ 149,333 | \$ 225,376 |
| Cash on hand and in transit | | |
| Loans and advances to banks and related companies | 780,993 | 1,344,017 |
| Cash and cash equivalents | \$ 930,326 | \$ 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 | | | | | |
| Year ended 31 October 2018 | | | | | |
| Balance as at 31 October 2017 | \$ 267,563 | 688,201 | 7,519 | 2,991,110 | 3,954,393 |
| Net income for the year | - | - | - | 644,444 | 644,444 |
| Other comprehensive income, net of tax | | | | | |
| - Revaluation of available-for-sale investments | - | - | 8,249 | - | 8,249 |
| - Remeasurement of post-employment benefits asset/obligation | - | - | - | (153) | (153) |
| Total comprehensive income | \$ - | - | 8,249 | 644,291 | 652,540 |
| Transactions with owners, recorded directly into equity | | | | | |
| Transfer to statutory reserve | - | 361 | - | (361) | - |
| Dividends paid | - | - | - | (529,031) | (529,031) |
| Balance as at 31 October 2018 | \$ 267,563 | 688,562 | 15,768 | 3,106,009 | 4,077,902 |
| 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) |
| Balance as at 31 October 2017 | \$ 267,563 | 688,201 | 7,519 | 2,991,110 | 3,954,393 |

SEGMENT REPORTING (STATED IN \$'000)

| | Retail, Corporate & Commercial Banking | Asset Management | Insurance Services | Other | Total |
|-----------------------------------|--|------------------|--------------------|------------------|-------------------|
| UNAUDITED | | | | | |
| Year ended 31 October 2018 | | | | | |
| Total Revenue | \$ 1,657,245 | 6,940 | 165,391 | 3,418 | 1,832,994 |
| Material non-cash items | | | | | |
| Depreciation | 17,795 | - | - | - | 17,795 |
| Income before taxation | \$ 819,587 | 4,168 | 136,075 | 3,168 | 962,998 |
| Assets | \$ 14,555,529 | 41,250 | 2,219,882 | 6,620,756 | 23,437,418 |
| Liabilities | \$ 17,284,198 | 509 | 1,462,277 | 612,532 | 19,359,516 |
| 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 |

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.