

MEDIA RELEASE

For the Quarter ended April 30th, 2019

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Scotiabank Reports Second Quarter Results

FINANCIAL MEASURES:	SIX MONTHS ENDED 30 APRIL 2019	SIX MONTHS ENDED 30 APRIL 2018
Income after Taxation	\$343 million	\$304 million
Dividends per share	100.c	100.c
Earnings per share	194.4c	175.2c
Return on Equity	17.26%	15.89%
Return on Assets	2.90%	2.53%

Scotiabank Trinidad and Tobago Limited (Scotiabank) today reported income after taxation of \$343 million for six months ended 30 April 2019, an increase of \$39 million or 13% over the comparative period last year. This increase is mainly due to lower tax expense as well as increased revenue in our core banking segments.

This performance has increased Return on Equity to 17.26% and Return on Assets to 2.90% highlighting the financial strength of this bank. Based on this performance, the Board of Directors has approved a 2nd quarter dividend of 50 cents per ordinary share payable on 15 July 2019 to shareholders on record as at 21 June 2019.

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

“Our interim results continue to show stable profitability despite challenging economic conditions and the increasingly competitive environment. From our core operations, we increased Net Interest Income by \$21 million or 3% driven by growth in our retail and commercial loan portfolios which demonstrates the diversity and commitment to each sector of our market.

We are living our digital transformation and redefining how we do business today. We want to be the leader in delivering simple, personalized banking experiences for tomorrow, all with the focus of enhancing the customer experience. We continue to introduce improvements that will benefit customers and help them save time and money, while also providing them with greater safety and security.

“We continue to introduce improvements that will benefit customers”

Stephen Bagnarol
Managing Director

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This past quarter, we added new Security Alerts and Credit Card Controls to our suite of Scotiabank Alerts. These truly enable customers to have more control of their banking and monitor their account activity in real time. We are the first bank locally to introduce such a comprehensive suite of Alerts. We were the first to introduce the next generation ATMs – Intelligent Deposit Machines (IDMs) in our Scotia Centre Branch and we plan to introduce an additional 13 IDMs in various branches over the next 2 months.

We remain committed to providing our customers with solutions that help them become better off.

I take this opportunity to thank all of our shareholders, customers and employees for their loyalty, trust and confidence as we continue to build an even better bank.”

SCOTIABANK TRINIDAD AND TOBAGO LIMITED

FINANCIAL RESULTS FOR THE PERIOD ENDED 30 APRIL 2019

To Our Shareholders

The Directors announce that Scotiabank Trinidad and Tobago Ltd ("the Group") realized income after taxation of \$343 million for the six months ended 30 April 2019, an increase of \$39 million or 13% over the same period last year. This increase in profitability is mainly due to lower tax expense coupled with growth in net interest income.

Loans to customers registered strong growth of \$960 million or 7% as compared to April 2018 with total assets declining slightly by \$200 million or 1% due to a reduction in short term placements with other banks and related parties. Deposits from customers showed a slight decline of \$167 million from April 2018 due to normal fluctuations in balances of large corporate customers relative to their liquidity needs.

Despite competitive pressures that have impacted our interest yields on loans, the Group's net interest income increased by \$21 million or 3% over the prior year, driven mainly by growth in the retail and commercial loans portfolio. The Group continues to maintain a low cost base as evidenced by a low productivity ratio of 41%. Net impairment losses decreased by \$5 million or 6% year over year as the Group continues to exercise a prudent risk management approach in its credit and loan loss provisioning policies. The credit quality of our loan portfolio has remained stable as the ratio of non-accrual loans to total loans was 2.25% 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 2018 – 50 cents) payable on 15 July 2019 to shareholders on record as at 21 June 2019.

11 June, 2019

Brendan King
Chairman

Stephen Bagnarol
Managing Director

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

	UNAUDITED Three months ended 30 April 2019	RESTATED Three months ended 30 April 2018	UNAUDITED Six months ended 30 April 2019	UNAUDITED Six months ended 30 April 2018	RESTATED Year ended 31 October 2018
REVENUE					
Net Interest Income	\$ 326,413	\$ 316,257	\$ 658,078	\$ 637,218	\$ 1,288,538
Other Income	138,928	138,010	261,461	261,945	544,456
Total Revenue	465,341	454,267	919,539	899,163	1,832,994
EXPENSES					
Non-Interest Expenses	186,531	181,059	377,917	355,205	736,963
Net impairment loss on financial assets	39,084	30,658	74,712	79,338	147,898
INCOME BEFORE TAXATION	239,726	242,550	466,910	464,620	948,133
Provision for taxation	81,351	83,833	124,021	160,536	313,351
INCOME AFTER TAXATION	\$ 158,375	\$ 158,717	\$ 342,889	\$ 304,084	\$ 634,782
Dividends per share	50.0c	50.0c	100.0c	100.0c	300.0c
Earnings per share	89.8c	91.4c	194.4c	175.2c	360.0c

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

	UNAUDITED Three months ended 30 April 2019	RESTATED Three months ended 30 April 2018	UNAUDITED Six months ended 30 April 2019	UNAUDITED Six months ended 30 April 2018	RESTATED Year ended 31 October 2018
NET INCOME FOR THE YEAR	\$ 158,375	\$ 158,717	\$ 342,889	\$ 304,084	\$ 634,782
OTHER COMPREHENSIVE INCOME					
Remeasurement of post-employment benefits asset/obligation, net of tax	1,680	7,815	1,680	7,815	(153)
Revaluation of available-for-sale investments, net of tax	1,664	2,106	1,912	186	8,249
TOTAL COMPREHENSIVE INCOME, ATTRIBUTABLE TO EQUITY HOLDERS	\$ 161,719	\$ 168,638	\$ 346,481	\$ 312,085	\$ 642,878

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

	UNAUDITED As at 30 April 2019	RESTATED As at 30 April 2018	RESTATED As at 31 October 2018
ASSETS			
Cash on hand and in transit	\$ 211,153	\$ 135,043	\$ 149,333
Loans and advances to banks and related companies	676,103	1,666,468	780,993
Treasury bills	4,037,995	4,126,902	3,554,534
Deposits with Central Bank	2,543,678	2,821,748	2,560,438
Loans to customers	15,066,277	14,106,338	14,458,828
Investment securities	1,235,547	1,193,560	1,359,547
Investment in associated companies	34,715	32,981	32,654
Deferred tax assets	91,655	56,301	81,972
Property and equipment	254,403	247,201	256,817
Miscellaneous assets	135,373	93,218	136,496
Defined benefit pension fund asset	-	17,457	-
Goodwill	2,951	2,951	2,951
TOTAL ASSETS	24,289,850	24,500,167	23,374,563
LIABILITIES AND EQUITY			
LIABILITIES			
Deposits from customers	18,136,086	18,302,992	17,284,198
Deposits from banks and related companies	21,619	370,617	42,843
Other liabilities	430,746	349,636	386,949
Taxation payable	59,873	61,117	51,505
Policyholders' funds	1,435,510	1,395,543	1,412,729
Post-employment medical and life benefits obligation	135,840	132,497	129,673
Defined benefit pension fund liability	3,496	-	1,893
Deferred tax liabilities	57,840	27,168	49,726
TOTAL LIABILITIES	20,281,010	20,639,570	19,359,516
EQUITY			
Stated capital	267,563	267,563	267,563
Statutory reserve fund	688,562	688,201	688,562
Investment revaluation reserve	17,680	7,705	15,768
Retained earnings	3,035,035	2,897,128	3,043,154
TOTAL EQUITY	4,008,840	3,860,597	4,015,047
TOTAL LIABILITIES AND EQUITY	\$ 24,289,850	\$ 24,500,167	\$ 23,374,563

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

	UNAUDITED Six months ended 30 April 2019	RESTATED Six months ended 30 April 2018	RESTATED Year ended 31 October 2018
Cash flows from operating activities			
Net income after taxes	\$ 342,889	\$ 304,084	\$ 634,782
Change in loans to customers	(617,474)	(251,265)	(613,704)
Change in deposits from customers	851,541	(235,461)	(1,254,112)
Taxation paid	(150,167)	(147,712)	(311,965)
Other adjustments to reconcile income after taxation to net cash from operating activities	257,230	606,818	692,547
Net cash from (used in) operating activities	\$ 684,019	\$ 276,464	\$ (852,452)
Cash flows used in investing activities			
Change in Treasury Bills with original maturity date due over 3 months	\$ (483,555)	\$ (201,603)	\$ 370,637
Change in investments	114,233	515,743	399,652
Purchase of property, plant and equipment	(5,079)	(5,798)	(28,340)
Proceeds from disposal of property, plant & equipment	-	-	467
Net cash from (used in) investing activities	\$ (374,401)	\$ 308,342	\$ 742,416
Cash flows used in financing activities			
Dividends paid	(352,688)	(352,688)	(529,031)
Net cash used in financing activities	\$ (352,688)	\$ (352,688)	\$ (529,031)
Increase (decrease) in cash and cash equivalents	\$ (43,070)	\$ 232,118	\$ (639,067)
Cash and cash equivalents, beginning of period	930,326	1,569,393	1,569,393
Cash and cash equivalents, end of period	\$ 887,256	\$ 1,801,511	\$ 930,326
Cash and cash equivalents			
Cash on hand and in transit	\$ 211,153	\$ 135,043	\$ 149,333
Loans and advances to banks and related companies	676,103	1,666,468	780,993
Cash and cash equivalents	\$ 887,256	\$ 1,801,511	\$ 930,326

SCOTIABANK TRINIDAD AND TOBAGO LIMITED

FINANCIAL RESULTS FOR THE PERIOD ENDED 30 APRIL 2019

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 2019					
Restated Balance as at 31 October 2018	267,563	688,562	15,768	3,043,154	4,015,047
Net income for the year	-	-	-	342,889	342,889
Other comprehensive income, net of tax					
- Revaluation of available-for-sale investments	-	-	1,912	-	1,912
- Remeasurement of post-employment benefits asset/obligation	-	-	-	1,680	1,680
Total comprehensive income	\$ -	-	1,912	344,569	346,481
Transactions with owners, recorded directly into equity					
Transfer to statutory reserve	-	-	-	-	-
Dividends paid	-	-	-	(352,688)	(352,688)
	-	-	-	(352,688)	(352,688)
Balance as at 30 April 2019	\$ 267,563	688,562	17,680	3,035,035	4,008,840
RESTATED					
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 impact of adopting IFRS 9	-	-	-	(53,193)	(53,193)
Restated Balance as at 31 October 2017	267,563	688,201	7,519	2,937,917	3,901,200
Net income for the year	-	-	-	304,084	304,084
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	311,899	312,085
Transactions with owners, recorded directly into equity					
Transfer to statutory reserve	-	-	-	-	-
Dividends paid	-	-	-	(352,688)	(352,688)
	-	-	-	(352,688)	(352,688)
Restated balance as at 30 April 2019	\$ 267,563	688,201	7,705	2,897,128	3,860,597
RESTATED					
Year ended 31 October 2018					
Balance as at 31 October 2017	\$ 267,563	688,201	7,519	2,991,110	3,954,393
Net impact of adopting IFRS 9	-	-	-	(53,193)	(53,193)
Restated balance as at 31 October 2017	267,563	688,201	7,519	2,937,917	3,901,200
Net income for the year	-	-	-	634,782	634,782
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	634,629	642,878
Transactions with owners, recorded directly into equity					
Transfer to statutory reserve	-	361	-	(361)	-
Dividends paid	-	-	-	(529,031)	(529,031)
	-	361	-	(529,392)	(529,031)
Restated balance as at 31 October 2018	\$ 267,563	688,562	15,768	3,043,154	4,015,047

SEGMENT REPORTING (STATED IN \$'000)

	Retail Corporate & Commercial Banking	Asset Management	Insurance Services	Other	Total
UNAUDITED					
Six months ended 30 April 2019					
Total Revenue	\$ 831,302	3,594	83,137	1,506	919,539
Material non-cash items					
Depreciation	8,570	-	-	-	8,570
Income before taxation	\$ 397,022	1,664	66,855	1,369	466,910
Assets	\$ 15,066,277	43,089	2,348,128	6,832,356	24,289,850
Liabilities	\$ 18,136,086	605	1,499,187	645,132	20,281,010
RESTATED					
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	\$ 401,011	1,988	60,021	1,599	464,620
Assets	\$ 14,137,583	39,132	2,135,799	8,187,654	24,500,168
Liabilities	\$ 18,302,992	764	1,448,713	887,102	20,639,571
RESTATED					
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	\$ 804,722	4,168	136,075	3,168	948,133
Assets	\$ 14,492,674	41,250	2,219,882	6,620,757	23,374,563
Liabilities	\$ 17,284,198	509	1,462,277	612,532	19,359,516

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 2018, except for the adoption of IFRS 9 - Financial Instruments, which was implemented effective 1 November, 2018.

IFRS 9

The Group adopted IFRS 9 - Financial Instruments, which is effective for the 2019 financial statements. The new standard has resulted in changes in our accounting policies for recognition, classification and measurement of financial assets and financial liabilities as well as impairment of financial assets.

Comparative information

Comparative amounts in the Consolidated Statement of Income have been restated as a result of the adoption of IFRS 9 and in order to conform to presentation changes in the current financial period.