Scotiabank Trinidad And Tobago Limited

Financial results for the period ended 31 July 2019

Scotiabank®

To Our Shareholders

The Directors announce that Scotiabank Trinidad and Tobago Ltd ("the Group") realized income after taxation of $181 million for the quarter ended 31 July 2019, an increase of $2 million or 1% over the same period last year.

Year to date income after taxation was $524 million, an increase of $40 million or 8% over the same period last year. This increase in profitability is mainly due to increased income from our core banking segments, coupled with lower tax expense.

Loans to customers registered strong growth of $1.3 billion or 10% year over year with the majority of the growth being driven in our corporate and commercial segments. Correspondingly, deposits from customers increased by $528 million or 3% for the nine months of the current financial year. Despite a challenging economic environment and a competitive market, the Group's net interest income increased by $27 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 40%. Net impairment losses decreased by $1 million or 1% year over 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 has remained stable as the ratio of non-accrual loans to total loans was 2.31% 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 2018 – 50 cents) payable on 15 October 2019 to shareholders on record as at 20 September 2019.

10 September, 2019

Brendan King
Chairman

Stephen Bagnarol
Managing Director

Consolidated statement of financial position (stated in $'000)

	UNAUDITED As at 31 July 2019	RESTATED As at 31 July 2018	RESTATED As at 31 October 2018
ASSETS			
Cash on hand and in transit	**$ 161,217**	$ 195,335	$ 149,333
Loans and advances to banks and related companies	**448,785**	788,882	780,993
Treasury bills	**3,892,148**	4,132,091	3,554,534
Deposits with Central Bank	**2,895,655**	2,952,071	2,560,438
Loans to customers	**15,404,510**	14,056,095	14,458,828
Investment securities	**1,303,857**	1,207,916	1,359,547
Investment in associated companies	**33,694**	31,609	32,654
Deferred tax assets	**89,933**	80,391	81,972
Property and equipment	**253,706**	251,168	256,817
Miscellaneous assets	**86,337**	109,933	136,496
Defined benefit pension fund asset	**12,127**	6,059	-
Goodwill	**2,951**	2,951	2,951
TOTAL ASSETS	**24,584,920**	$ 23,814,501	$ 23,374,563
LIABILITIES AND EQUITY			
LIABILITIES			
Deposits from customers	**18,281,283**	17,753,658	17,284,198
Deposits from banks and related companies	**60,075**	63,576	42,843
Other liabilities	**418,905**	378,520	386,949
Taxation payable	**63,748**	63,820	51,505
Policyholders' funds	**1,442,287**	1,408,065	1,412,729
Post-employment medical and life benefits obligation	**138,923**	135,429	129,673
Defined benefit pension fund liability	**-**	-	1,893
Deferred tax liabilities	**62,179**	56,982	49,726
TOTAL LIABILITIES	**20,467,400**	19,860,050	19,359,516
EQUITY			
Stated capital	**267,563**	267,563	267,563
Statutory reserve fund	**688,562**	688,201	688,562
Investment revaluation reserve	**22,220**	16,955	15,768
Retained earnings	**3,139,175**	2,981,732	3,043,154
TOTAL EQUITY	**4,117,520**	3,954,451	4,015,047
TOTAL LIABILITIES AND EQUITY	**$ 24,584,920**	$23,814,501	$ 23,374,563

Consolidated statement of income (stated in $'000)

	UNAUDITED Three months ended 31 July 2019	RESTATED Three months ended 31 July 2018	UNAUDITED Nine months ended 31 July 2019	UNAUDITED Nine months ended 31 July 2018	RESTATED Year ended 31 October 2018
REVENUE					
Net Interest Income	**$ 333,161**	$ 326,586	**$ 991,239**	$ 963,804	$ 1,288,538
Other Income	**152,050**	159,285	**413,511**	421,230	544,456
Total Revenue	**485,211**	485,871	**1,404,750**	1,385,034	1,832,994
EXPENSES					
Non-Interest Expenses	**185,129**	186,913	**563,046**	542,118	736,963
Net impairment loss on financial assets	**33,136**	29,929	**107,848**	109,267	147,898
INCOME BEFORE TAXATION	**266,946**	269,029	**733,856**	733,649	948,133
Provision for taxation	**86,239**	89,823	**210,260**	250,359	313,351
INCOME AFTER TAXATION	**$ 180,707**	$ 179,206	**$ 523,596**	$ 483,290	$ 634,782
Dividends per share	**50.0c**	50.0c	**150.0c**	150.0c	300.0c
Earnings per share	**102.5c**	101.6c	**296.9c**	274.1c	360.0c

Consolidated statement of total comprehensive income (stated in $'000)

	UNAUDITED Three months ended 31 July 2019	RESTATED Three months ended 31 July 2018	UNAUDITED Nine months ended 31 July 2019	UNAUDITED Nine months ended 31 July 2018	RESTATED Year ended 31 October 2018
NET INCOME FOR THE YEAR	**$ 180,707**	$ 179,206	**$ 523,596**	$ 483,290	$ 634,782
OTHER COMPREHENSIVE INCOME					
Remeasurement of post-employment benefits asset/obligation, net of tax	**11,605**	(6,431)	**13,285**	1,384	(153)
Revaluation of available-for-sale investments, net of tax	**6,204**	9,250	**6,452**	9,436	8,249
TOTAL COMPREHENSIVE INCOME, ATTRIBUTABLE TO EQUITY HOLDERS	**$ 198,516**	$ 182,025	**$ 543,333**	$ 494,110	$ 642,878

Consolidated statement of cash flows (stated in $'000)

	UNAUDITED Nine months ended 31 July 2019	RESTATED Nine months ended 31 July 2018	RESTATED Year ended 31 October 2018
Cash flows from operating activities			
Net income after taxes	**$ 523,596**	$ 483,290	$ 634,782
Change in loans to customers	**(961,861)**	(207,654)	(613,704)
Change in deposits from customers	**995,237**	(785,042)	(1,254,112)
Taxation paid	**(233,279)**	(228,968)	(311,965)
Other adjustments to reconcile income after taxation to net cash from operating activities	**83,910**	299,627	692,547
Net cash from (used in) operating activities	**$ 407,603**	**$ (438,747)**	**$ (852,452)**
Cash flows used in investing activities			
Change in Treasury Bills with original maturity date due over 3 months	**$ (337,619)**	$ (207,308)	$ 370,637
Change in investments	**43,198**	512,577	399,652
Purchase of property and equipment	**(9,647)**	(11,306)	(28,340)
Proceeds from disposal of property and equipment	**17,000**	467	467
Net cash from (used in) investing activities	**$ (287,068)**	**$ 294,430**	**$ 742,416**
Cash flows used in financing activities			
Dividends paid	**(440,859)**	(440,859)	(529,031)
Net cash used in financing activities	**$ (440,859)**	**$ (440,859)**	**$ (529,031)**
Decrease in cash and cash equivalents	**$ (320,324)**	$ (585,176)	$ (639,067)
Cash and cash equivalents, beginning of period	**930,326**	1,569,393	1,569,393
Cash and cash equivalents, end of period	**$ 610,002**	**$ 984,217**	**$ 930,326**
Cash and cash equivalents			
Cash on hand and in transit	**$ 161,217**	$ 195,335	$ 149,333
Loans and advances to banks and related companies	**448,785**	788,882	780,993
Cash and cash equivalents	**$ 610,002**	**$ 984,217**	**$ 930,326**

Scotiabank Trinidad And Tobago Limited

Financial results for the period ended 31 July 2019

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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 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	**-**	**-**	**-**	**523,596**	**523,596**
Other comprehensive income, net of tax					
- Revaluation of available-for-sale investments	**-**	**-**	**6,452**	**-**	**6,452**
- Remeasurement of post-employment benefits asset/obligation	**-**	**-**	**-**	**13,285**	**13,285**
Total comprehensive income	**$ -**	**-**	**6,452**	**536,881**	**543,333**
Transactions with owners, recorded directly into equity					
Transfer to statutory reserve	**-**	**-**	**-**	**-**	**-**
Dividends paid	**-**	**-**	**-**	**(440,859)**	**(440,859)**
	-	**-**	**-**	**(440,859)**	**(440,859)**
Balance as at 31 July 2019	**$ 267,563**	**688,562**	**22,220**	**3,139,175**	**4,117,520**
RESTATED					
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 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	-	-	-	483,290	483,290
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	484,674	494,110
Transactions with owners, recorded directly into equity					
Transfer to statutory reserve	-	-	-	-	-
Dividends paid	-	-	-	(440,859)	(440,859)
	-	-	-	(440,859)	(440,859)
Restated balance as at 31 July 2018	$ 267,563	688,201	16,955	2,981,732	3,954,451
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						
Nine months ended 31 July 2019						
Total Revenue	$	1,272,374	5,725	124,865	1,786	1,404,750
Material non-cash items						
Depreciation		12,840	-	-	-	12,840
Income before taxation	$	628,076	2,771	101,484	1,524	733,856
Assets	$	15,404,510	44,722	2,393,048	6,742,640	24,584,920
Liabilities	$	18,281,283	1,120	1,515,162	669,835	20,467,400
RESTATED						
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	(8,758)	733,649
Assets	$	14,056,095	40,475	2,198,290	7,519,640	23,814,501
Liabilities	$	17,753,658	874	1,472,314	633,204	19,860,050
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 liabilites 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.