

Scotiabank Trinidad And Tobago Limited

Financial results for the period ended 31 October 2019

Scotiabank™

To Our Shareholders

The Directors announce that Scotiabank Trinidad and Tobago Ltd. ("the Group") realized income after taxation of \$668 million for the year ended 31 October, 2019, an increase of \$28 million or 4% over the same period last year. For the quarter, income before taxation was \$215 million, a decrease of \$8 million or 4% when compared to the same period last year.

Loans to customers registered strong growth of \$1.6 billion or 11% year over year with the majority of the growth being driven in our corporate and commercial segments. Correspondingly, deposits from customers increased by \$1.8 billion or 10% for the current financial year.

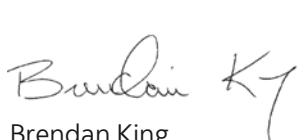
Despite challenging economic conditions and a competitive market, the Group's net interest income increased by \$37 million or 3% over the prior year, driven mainly by growth in the retail and commercial loans portfolio.

The Group continues to maintain a low cost base as evidenced by a low productivity ratio of 41%. Net impairment losses increased by \$6 million or 4% year over year, but 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 has remained stable as the ratio of non-accrual loans to total loans was 2.3% at the end of the year.

Based on these results, the Directors are pleased to announce a final dividend of 150 cents per share this quarter. These dividends will be payable on 3 January, 2020 to shareholders on record as at 13 December, 2019. In total, the Group has declared dividends of 300 cents for the 2019 financial year (2018 - 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 2020.

3 December, 2019



Brendan King
Chairman



Stephen Bagnarol
Managing Director

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

	UNAUDITED As at 31 October 2019	RESTATE As at 31 October 2018	RESTATE As at 31 October 2017
ASSETS			
Cash on hand and in transit	\$ 198,721	\$ 149,333	\$ 225,376
Loans and advances to banks and related companies	432,831	780,967	1,344,017
Treasury Bills	3,559,184	3,554,534	3,925,171
Deposits with Central Bank	3,271,132	2,560,438	2,826,390
Loans to customers	16,095,492	14,458,422	13,861,452
Investment securities	1,433,122	1,359,532	1,713,788
Investment in associated companies	34,920	32,654	30,447
Deferred tax assets	83,116	81,205	76,958
Property and equipment	254,385	256,817	246,780
Miscellaneous assets	18,887	136,496	70,025
Defined benefit pension fund asset	24,277	-	8,646
Goodwill	2,951	2,951	2,951
TOTAL ASSETS	25,409,018	23,373,349	24,332,001
LIABILITIES AND EQUITY			
LIABILITIES			
Deposits from customers	19,041,461	17,284,198	18,538,048
Deposits from banks and related companies	87,375	42,843	38,088
Other liabilities	410,422	387,683	314,678
Taxation payable	42,808	51,505	48,088
Policyholders' funds	1,460,778	1,412,729	1,332,623
Post-employment medical and life benefits obligation	145,618	129,673	126,633
Defined benefit pension fund liability	-	1,893	-
Deferred tax liabilities	38,448	49,726	40,769
TOTAL LIABILITIES	21,226,910	19,360,250	20,438,927
EQUITY			
Stated capital	267,563	267,563	267,563
Statutory reserve fund	734,012	688,562	688,201
Investment revaluation reserve	28,211	15,962	7,519
Retained earnings	3,152,322	3,041,012	2,929,791
TOTAL EQUITY	4,182,108	4,013,099	3,893,074
TOTAL LIABILITIES AND EQUITY	\$ 25,409,018	\$ 23,373,349	24,332,001

Consolidated statement of income (stated in \$'000)

	UNAUDITED Three months ended 31 October 2019	RESTATE Three months ended 31 October 2018	UNAUDITED Year ended 31 October 2019	RESTATE Year ended 31 October 2018
REVENUE				
Net Interest Income	\$ 334,778	\$ 324,734	\$ 1,326,018	\$ 1,288,538
Other Income	121,193	123,226	534,704	544,456
Total Revenue	455,971	447,960	1,860,722	1,832,994
EXPENSES				
Non-Interest Expenses	204,079	194,845	767,125	736,963
Net impairment loss on financial assets	36,498	29,321	144,346	138,588
INCOME BEFORE TAXATION	215,394	223,794	949,251	957,443
Provision for taxation	70,663	66,318	280,923	316,677
INCOME AFTER TAXATION	\$ 144,731	\$ 157,476	\$ 668,328	\$ 640,766
Dividends per share	50.0c	50.0c	300.0c	300.0c
Earnings per share	82.1c	89.3c	379.0c	363.4c

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

	UNAUDITED Three months ended 31 October 2019	RESTATE Three months ended 31 October 2018	UNAUDITED Year ended 31 October 2019	RESTATE Year ended 31 October 2018
NET INCOME FOR THE YEAR	\$ 144,731	\$ 157,476	\$ 668,328	\$ 640,766
OTHER COMPREHENSIVE INCOME				
Remeasurement of post-employment benefits asset/obligation, net of tax	4,178	(1,537)	17,463	(153)
Revaluation of available-for-sale investments, net of tax	6,225	(876)	12,249	8,560
TOTAL COMPREHENSIVE INCOME, ATTRIBUTABLE TO EQUITY HOLDERS	\$ 155,134	\$ 155,063	\$ 698,040	\$ 649,173

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

	UNAUDITED Year ended 31 October 2019	RESTATE Year ended 31 October 2018
Cash flows from operating activities		
Net income after taxes	\$ 668,328	\$ 640,766
Change in loans to customers	(1,625,953)	(613,704)
Change in deposits from customers	1,753,583	(1,254,112)
Taxation paid	(315,464)	(311,965)
Other adjustments to reconcile income after taxation to net cash from operating activities	(162,479)	686,537
Net cash from (used in) operating activities	\$ 318,015	\$ (852,478)
Cash flows used in investing activities		
Change in Treasury Bills with original maturity date due over 3 months	\$ (4,650)	\$ 370,637
Change in investments	(75,807)	399,652
Purchase of property, plant and equipment	(24,275)	(28,340)
Proceeds from disposal of property, plant & equipment	17,000	467
Net cash from (used in) investing activities	\$ (87,732)	\$ 742,416
Cash flows used in financing activities		
Dividends paid	(529,031)	(529,031)
Net cash used in financing activities	\$ (529,031)	\$ (529,031)
Increase (Decrease) in cash and cash equivalents	\$ (298,748)	\$ (639,093)
Cash and cash equivalents, beginning of period	930,300	1,569,393
Cash and cash equivalents, end of period	\$ 631,552	\$ 930,300
Cash and cash equivalents		
Cash on hand and in transit	\$ 198,721	\$ 149,333
Loans and advances to banks and related companies	432,831	780,967
Cash and cash equivalents	\$ 631,552	\$ 930,300

Scotiabank Trinidad And Tobago Limited

Financial results for the period ended 31 October 2019

Consolidated statement of changes in equity (stated in \$'000)

	Stated Capital	Statutory Reserve	Investment Revaluation Reserve	Retained Earnings	Total Shareholders' Equity
UNAUDITED Twelve months ended 31 October 2019					
Restated Balance as at 31 October 2018	267,563	688,562	15,962	3,041,012	4,013,099
Net income for the year	-	-	-	668,328	668,328
Other comprehensive income, net of tax					
- Revaluation of available-for-sale investments	-	-	12,249		12,249
- Remeasurement of post-employment benefits asset/obligation	-	-		17,463	17,463
Total comprehensive income	\$ -	-	12,249	685,791	698,040
Transactions with owners, recorded directly into equity					
Transfer to statutory reserve	-	45,450	-	(45,450)	-
Dividends paid	-	-	-	(529,031)	(529,031)
	-	45,450	-	(574,481)	(529,031)
Balance as at 31 October 2019	\$ 267,563	734,012	28,211	3,152,322	4,182,108
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				(61,319)	(61,319)
Restated balance as at 31 October 2017	267,563	688,201	7,519	2,929,791	3,893,074
Net income for the year	-	-	-	640,766	640,766
Other comprehensive income, net of tax					
- Revaluation of available-for-sale investments	-	-	8,443	-	8,443
- Remeasurement of post-employment benefits asset/obligation	-	-		(153)	(153)
Total comprehensive income	\$ -	-	8,443	640,613	649,056
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	15,962	3,041,012	4,013,099

Segment reporting (stated in \$'000)

	Retail Corporate & Commercial Banking	Asset Management	Insurance Services	Other	Total
UNAUDITED Twelve months ended 31 October 2019					
Total Revenue	\$ 1,685,800	7,726	165,084	2,112	1,860,722
Material non-cash items					
Depreciation	17,123	-	-	-	17,123
Income before taxation	\$ 806,286	4,325	136,743	1,897	949,251
Assets	\$ 16,095,492	45,828	2,171,412	7,096,286	25,409,018
Liabilities	\$ 19,041,461	675	1,509,664	675,109	21,226,910
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	\$ 814,032	4,168	136,075	3,168	957,443
Assets	\$ 14,458,422	41,250	2,219,882	6,653,795	23,373,349
Liabilities	\$ 17,284,198	509	1,462,277	613,266	19,360,250

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.