

Scotiabank Trinidad & Tobago Limited Results for the Nine Months Ended July 31, 2016

Earnings Per Share

For the Nine Months Ended July 31, 2016 (NM16), Scotiabank Trinidad & Tobago Limited (SBTT) reported Earnings Per Share (EPS) of 264.7 cents, up 12.02 per cent or 28.4 cents per share on the comparable EPS of 236.3 cents in fiscal 2015.

Financial Highlights (NM16 on NM15)

	NM16 \$'000	NM15 \$'000	\$ Change NM16 - NM15 \$'000	% Change NM16 - NM15	YE15 \$'000
Net Interest and Other Income					
Net Interest Income	839,091	710,709	128,382	18.06%	974,623
Other Income	356,456	369,279	(12,823)	-3.47%	497,300
Total Revenue	1,195,547	1,079,988	115,559	10.70%	1,471,923
Non-Interest Expenses	511,732	480,726	31,006	6.45%	656,073
Income Before Taxation and Loan Loss	683,815	599,262	84,553	14.11%	815,850
Loan Loss Expense	53,773	29,759	24,014	80.69%	38,558
Income Before Taxation	630,042	569,503	60,539	10.63%	777,292
Provision for Taxation	163,215	152,740	10,475	6.86%	211,155
Income After Taxation	466,827	416,763	50,064	12.01%	566,137
EPS (cents)	264.7	236.3	28.4	12.02%	321.0

SBTT saw its Net Interest Income increase by 18.06 per cent or \$128.38MM from \$710.71MM in NM15 to \$839.09MM in NM16, driven mainly by strong retail loan growth which increased 3.14 per cent. Other Income, however, fell 3.47 per cent or \$12.82MM from \$369.28MM to \$356.46MM. Overall Total Revenue, improved 10.70 per cent or \$115.56MM from \$1.08B in NM15 to \$1.20B in NM16.

The Bank's operations comprise of four strategic business segments – Retail, Corporate & Commercial Banking, Trust & Merchant Banking, Insurance Services and Other. Of the four segments, Retail, Corporate & Commercial Banking was the main contributor to Total Revenue accounting for \$1.08B of the total and showed growth of 14.64 per cent on NM15's figure of \$940.08MM. The Retail, Corporate & Commercial Banking unit of the Bank oversees the provision of loans, deposits, trade financing and other financial services to businesses and individuals

The latest data released by the Central Bank of Trinidad and Tobago indicated that growth in private sector credit lost momentum in recent months due in part to a fall-off in lending to businesses. Year on year, credit to the private sector rose by 4.90 per cent in July 2016, while lending to businesses fell by 0.2 per cent. This is compared to growth rates of 6.40 per cent in overall credit and 4.20 per cent in business lending in January 2016.

NM16 on NM15, Non-Interest Expenses rose 6.45 per cent or \$31.01MM from \$480.73MM to \$511.73MM. As stated by SBTT, the increases in Non-Interest Expenses were mainly attributable to increased business activity in the Bank's retail banking segment coupled with the impact of inflation. As such, Income Before Taxation and Loan Loss closed NM16 at \$683.82MM, up 14.11 per cent or \$84.55MM from \$599.26MM in the corresponding period in fiscal 2015.

Loan Loss Expenses increased 80.69 per cent or \$24.01MM from \$29.76MM in NM15 to \$53.77MM in NM16. As stated by the Chairperson, the Group continues to demonstrate a conservative risk management approach in this period of depressed economic conditions.

Thus, Income Before Taxation closed the nine month period at \$630.04MM compared to \$569.50MM for the same period in the prior year representing an increase of 10.63 per cent or \$60.54MM. Income After Taxation rose 12.01 per cent or \$50.06MM from \$416.76MM in NM15 to \$466.83MM in NM16.

Total Revenue by Business Segment (NM16 on NM15)

	NM16 \$'000	NM15 \$'000	\$ Change NM16 - NM15 \$'000	% Change NM16 - NM15
Retail, Corporate & Commercial Banking	1,077,703	940,080	137,623	14.64%
Trust & Merchant Banking	4,028	9,936	(5,908)	-59.46%
Insurance Services	111,299	127,505	(16,206)	-12.71%
Other	2,516	2,466	50	2.03%
Total	1,195,546	1,079,987	115,559	10.70%

Income Before Taxation by Business Segment (NM16 on NM15)

	NM16 \$'000	NM15 \$'000	\$ Change NM16 - NM15 \$'000	% Change NM16 - NM15
Retail, Corporate & Commercial Banking	535,094	455,802	79,292	17.40%
Trust & Merchant Banking	3,236	4,675	(1,439)	-30.78%
Insurance Services	89,227	106,588	(17,361)	-16.29%
Other	2,485	2,437	48	1.97%
Total	630,042	569,502	60,540	10.63%

The Group's efficiency ratio improved from 44.51 per cent in NM15 to 42.80 per cent in NM16.

The Total Assets of the Bank as at NM16 stood at \$23.40B, up 7.18 per cent or \$1.57B on NM15 and up 5.61 per cent or \$1.24B on YE15. SBTT's largest asset, Net loans to customers, ended the nine-month period at \$13.41B, up 3.14 per cent when compared to the \$13.00B at NM15.

At the current price of \$58.74 the trailing P/E ratio is 16.81 times compared to the banking sector weighted average P/E of 14.36 times. SBTT's historic dividend yield is 5.11 per cent compared to the banking sector average dividend yield of 5.02 per cent. It should be noted however that SBTT paid a Special Dividend of \$1.10 per share in fiscal 2015. Excluding the Special Dividend, the historic dividend yield would be 3.23 per cent.



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Financial Year End	October 31
Symbol on TTSE	SBTT
Issued Share Capital	176.34MM
Market Capitalization	\$9.71B
Current Price (as at November 9, 2016)	\$58.74
52 Week Price Range	\$51.36 - \$62.50
Trailing EPS	\$3.49
Trailing Price to Earnings Multiple	16.8 x
Current Book Value/Share	\$21.35
Price to Book	2.8 x
Return on Equity	16.6%
Return on Assets	2.7%
Dividend Yield	5.1%

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