

Scotiabank Trinidad & Tobago Limited Results for the Year Ended October 31, 2017

Earnings Per Share

For the Year Ended October 31, 2017 (YE17), Scotiabank Trinidad & Tobago Limited (SBTT) reported Earnings Per Share (EPS) of \$3.73, up 5.19 per cent or \$0.18 cents per share on the comparable EPS of \$3.55 cents in fiscal 2016.

Financial Highlights (YE17 on YE16)

	YE17 \$'000	YE16 \$'000	\$ Change NM17 - NM16 \$'000	% Change NM17 - NM16
Net Interest and Other Income				
Net Interest Income	1,244,236	1,129,039	115,197	10.20%
Other Income	481,210	479,221	1,989	0.42%
Total Revenue	1,725,446	1,608,260	117,186	7.29%
Non-Interest Expenses	685,669	691,458	(5,789)	-0.84%
Income Before Taxation and Loan Loss	1,039,777	916,802	122,975	13.41%
Loan Loss Expense	105,597	76,780	28,817	37.53%
Income Before Taxation	934,180	840,022	94,158	11.21%
Provision for Taxation	276,516	214,797	61,719	28.73%
Income After Taxation	657,664	625,225	32,439	5.19%
EPS (cents)	372.9	354.5	18.4	5.19%

SBTT saw its Net Interest Income increase by 10.20 per cent or \$115.20MM from \$1.13B in YE16 to \$1.24B in YE17, driven mainly by strong retail loan growth which increased 5.13 per cent. Other Income, grew slightly by 0.42 per cent or \$1.99MM from \$479.22MM in YE16 to \$481.21MM in YE17. Overall Total Revenue, improved 7.29 per cent or \$117.19MM from \$1.61B in YE16 to \$1.72B in YE17.

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 \$1.56B of the total and showed growth of 7.92 per cent on YE16's figure of \$1.45B. 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 remains restrained. Year on year, credit to the private sector increased marginally in September 2017 to 3.7 per cent, this was largely due to growth in real estate



mortgage loans (6.7 per cent) and loans to consumers (4.5 per cent) as lending to businesses was muted at 0.4 per cent.

YE17 on YE16, Non-Interest Expenses slid by 0.84 per cent or \$5.79MM from \$691.46MM to \$685.67MM. As such, Income Before Taxation and Loan Loss closed YE17 at \$1.04B, up 13.41 per cent or \$122.98MM from \$916.80MM in the corresponding period in fiscal 2016.

Loan Loss Expenses increased 37.53 per cent or \$28.82MM from \$76.78MM in YE16 to \$105.60MM in YE17. 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 year at \$934.18MM compared to \$840.02MM for the same period in the prior year representing an increase of 11.21 per cent or \$94.16MM. Income After Taxation rose 5.19 per cent or \$32.44MM from \$625.23MM in YE16 to \$657.66MM in YE17.

Total Revenue by Business Segment (YE17 on YE16)

	YE17 \$'000	YE16 \$'000	\$ Change NM17 - NM16 \$'000	% Change NM17 - NM16
Retail, Corporate & Commercial Banking	1,562,272	1,447,606	114,666	7.92%
Trust & Merchant Banking	5,628	3,803	1,825	47.99%
Insurance Services	154,123	153,491	632	0.41%
Other	3,423	3,360	63	1.88%
Total	1,725,446	1,608,260	117,186	7.29%

Income Before Taxation by Business Segment (YE17 on YE16)

	YE17 \$'000	YE16 \$'000	\$ Change NM17 - NM16 \$'000	% Change NM17 - NM16
Retail, Corporate & Commercial Banking	802,311	709,942	92,369	13.01%
Trust & Merchant Banking	3,349	2,316	1,033	44.60%
Insurance Services	125,241	124,438	803	0.65%
Other	3,279	3,326	(47)	-1.41%
Total	934,180	840,022	94,158	11.21%

The Group's efficiency ratio improved from 42.99 per cent in YE16 to 39.74 per cent in YE17.

The Total Assets of the Bank as at YE17 stood at \$24.39B, up 4.85 per cent or \$1.13B from \$23.26B at YE16. SBTT's largest asset, Net loans to customers, ended the year at \$13.96B, up 5.13 per cent when compared to the \$13.28B at YE16.



Dividends

The Board of Directors declared a Special Dividend of \$1.00 per share in fiscal 2017, resulting in a final dividend of \$3.00 per share, equivalent to (2016: \$3.00) which will be paid on January 12, 2018.

At the current price of \$60.10 the trailing P/E ratio is 16.16 times compared to the banking sector weighted average P/E of 14.62 times. SBTT's historic dividend yield is 4.92 per cent compared to the banking sector weighted average dividend yield of 3.73 per cent. Excluding the Special Dividend, the historic dividend yield would be 3.28 per cent.

Financial Year End	October 31
Symbol on TTSE	SBTT
Issued Share Capital	176.34MM
Market Capitalization	\$10.76B
Current Price (as at December 20, 2017)	\$60.10
52 Week Price Range	\$57.50 - \$61.00
Trailing EPS	\$3.73
Trailing Price to Earnings Multiple	16.1 x
Current Book Value/Share	\$22.42
Price to Book	2.7 x
Return on Equity	16.8%
Return on Assets	2.8%
Dividend Yield	4.9%

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