



core purpose:

to be the best at **helping**  
**customers** become financially  
**better off**



Discover what's possible

## OVERVIEW OF 2014 PERFORMANCE



## EXECUTING ON OUR STRATEGY

In 2014, Scotiabank Guyana, as a branch of The Bank of Nova Scotia headquartered in Toronto Canada, aligned with the all bank strategy to focus on those areas that will have the greatest impact and drive long term value creation, referred to as our three focus priorities:

1. Being more focused on our customers.
2. Enhancing our leadership depth, deployment and diversity; and
3. Being better organized to serve our customers while reducing structural costs.

## CORPORATE SOCIAL RESPONSIBILITY

A fundamental part of the way we do business at Scotiabank. It's an opportunity for us to build better relationships with all our stakeholders by paying closer attention to how we fulfill our social, economic, environmental and ethical responsibilities.

Our Corporate Social Responsibility (CSR) philosophy is to integrate environmental, social and governance practices into our day-to-day business activities. We measure our success not only in terms of financial criteria, but also in building customer satisfaction and employee engagement, and supporting the communities we serve.

For more information on Scotiabank's CSR Programme and to view copies of our CSR Reports, visit [www.scotiabank.com/csr](http://www.scotiabank.com/csr).

Our **Core Purpose** remained consistent as follows:

To be the best at **helping customers** become financially **better off**.

## FINANCIAL PERFORMANCE

The table below highlights the 2014 performance versus some of our objectives using a balanced scorecard concept.

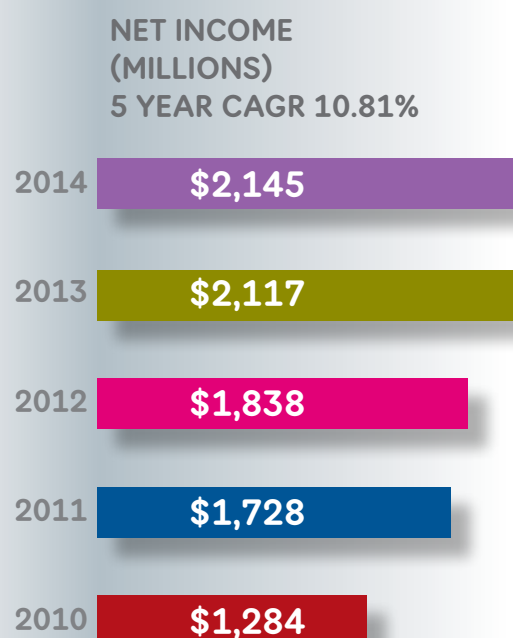
### 2014 PERFORMANCE VS OBJECTIVES

OBJECTIVES	TARGET	2014 RESULTS
<b>FINANCIAL</b>		
Total Revenue Growth	0.26%	0.34%
Loan Growth	1.04%	0.10%
Tier 1 Capital	Maintain sound capital ratios (> 8%)	27.76%
<b>CUSTOMER</b>		
Customer Loyalty Index	63% - 68%	68.00%
<b>OPERATIONAL</b>		
Productivity Ratio	<43.00%	38.20%
AML Plan Execution	Satisfactory	Satisfactory
<b>PEOPLE</b>		
Employee Engagement Index	71% - 75%	71%

## NET INCOME AFTER TAX

Scotiabank Guyana ended fiscal 2014 with Net Income after Tax (NIAT) of \$2,145 million, an increase of \$27.7 million or 1.3% over the previous year. The results represent Scotiabank Guyana's continued growth year over year and underscore our strength and ability to generate consistently good results, despite the continued uncertainties and challenges in the external macroeconomic environment.

The growth in NIAT was as a result of success in the execution of the Three-Point Strategy with growth in Net Interest Income and Other Income partially offsetting the increase in Total Operating Expenses.



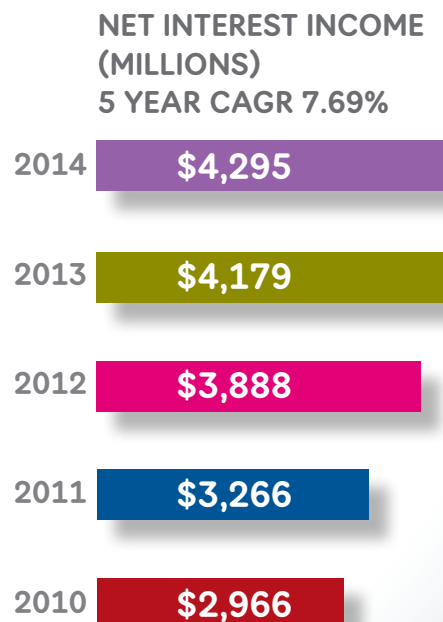
## TOTAL REVENUE

Total revenue for 2014 was \$6,205.6 million, an increase of \$337.1million or 5.7% over the previous year. Revenue for Corporate, Commercial and Small Business Banking grew by \$188.9 million or 11.1% and contributed 30.6% of the Bank's total revenue. Retail Banking increased by \$25.5million or 0.8% and contributed 48.9% of the Bank's total revenue. Other revenues grew by \$122.6 million or 10.6%.

TOTAL REVENUE	2014 \$'000	2013 \$'000	Change \$'000	Change %	Contribution %
Corporate, Commercial Small Business Banking	1,896,382	1,707,478	188,904	11.1%	30.6%
Retail Banking	3,035,038	3,009,496	25,542	0.8%	48.9%
Others	1,274,157	1,151,552	122,605	10.6%	20.5%
<b>TOTAL</b>	<b>6,205,577</b>	<b>5,868,526</b>	<b>337,051</b>	<b>5.7%</b>	<b>100.0%</b>

## NET INTEREST INCOME

Net Interest Income for the year was \$4,295 million, an increase of \$116 million or 2.8% above the previous year. The increase in Net Interest Income resulted primarily from growth in the Corporate, Commercial and Small Business Banking portfolios.



## OTHER INCOME

Other Income (all income other than interest income) continues to be a significant strategic source of earnings for the Bank. Other Income for the year was \$1,910 million, an increase of \$222 million or 13.22% over the previous year. Fee and Commission Income was the largest source of income generating \$953 million, an increase of \$103 million, or 12.2% over the previous year. Fee and commission income grew due to higher earnings from activities in our Deposits and Payments Services. Foreign Exchange earnings recorded revenues of \$942. million during 2014, an increase of \$120 million or 14.6% over the previous year, reflecting an improvement in the foreign exchange market in 2014 compared to 2013.

## OPERATING EXPENSES

Operating Expenses for the year totaled \$2,654.5 million, an increase of \$599.6 million or 29.2% over the previous year. The increase in operating expenses was mainly due to an increase in Loan Loss Provisions.

Salaries and Benefits were \$725.9 million, an increase of \$68.3 million or 10.4% above the previous year.

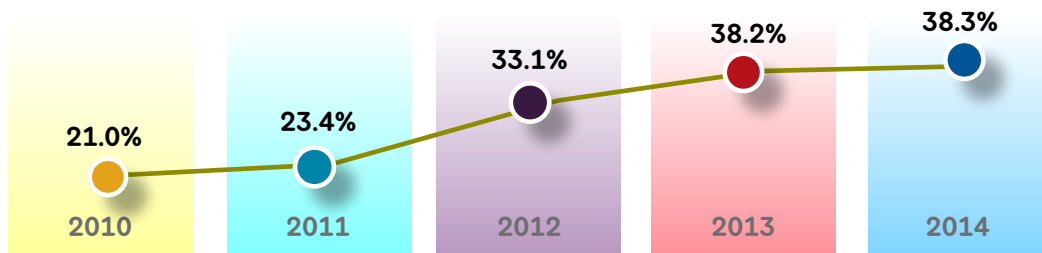
Premises and Technology was \$651.4 million, an increase of \$91.1 million or 16.3% above the previous year, a reflection of a continued focus on investing in technology and equipment. Communication and Marketing was \$245.4 million, an increase of \$5.8 million or 2.4% above the previous year. Changes in this category relate to the impact of increased charges and other costs related to various strategic promotional initiatives.

'Other Costs' represent all other categories of costs and totaled \$756.1 million, a reduction of \$26.4 million or 3.4% over the previous year.

## PRODUCTIVITY

Productivity Ratio (operating expense as a percentage of total revenue) for 2014 was 38.3% compared with 38.2% during 2013.

### PRODUCTIVITY RATIO



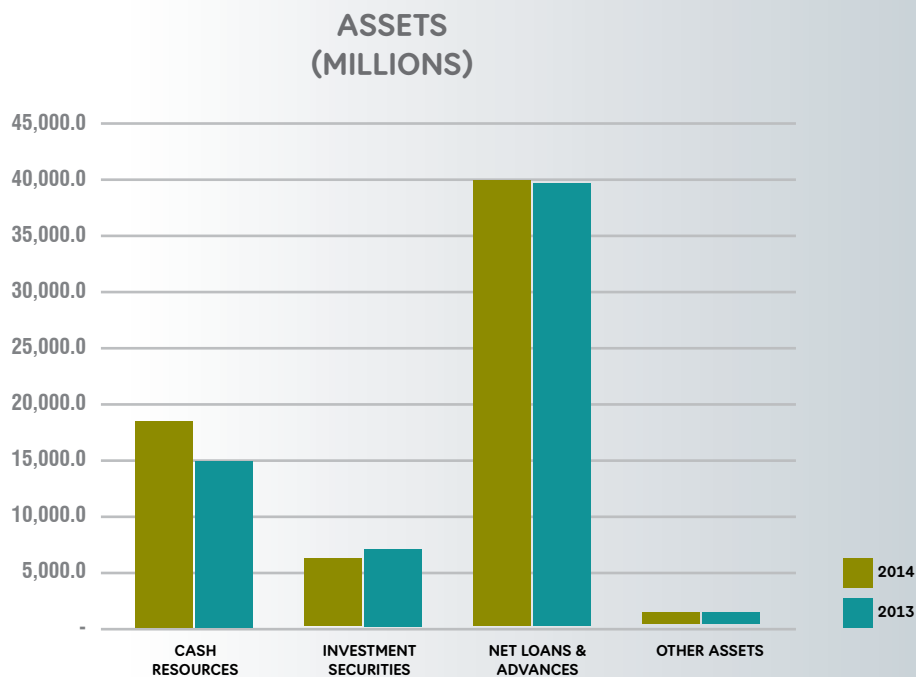
## TAXES

The tax charge for the year was \$1,406.3 million, a decrease of \$289.2 million or 17.06% over the previous year. The effective tax rate for 2014 was 39.6%, relative to 44.5% for 2013. The statutory rate is 40.0%.

# FINANCIAL POSITION

## TOTAL ASSETS

Scotiabank Guyana Total Assets closed the 2014 fiscal year at \$66,236.4 million, an increase of \$3,243.7 million or 5.1% over the previous year. Growth in assets was primarily due to increases in Cash Resources.



## CASH RESOURCES

The bank continues to hold more than adequate levels of liquidity to meet our depositors' and regulatory needs. Cash and cash equivalents held to meet the Bank's liquidity needs stood at \$18,573 million at the end of fiscal 2014, an increase of \$ 3,708 million, or 24.93% over the previous year.

## SECURITIES

Investment Securities (Treasury bills) were \$6,212.7 million as at the close of fiscal 2014, compared to \$6,759.9 the previous year.

## LOANS AND ADVANCES

Net Loans and Advances closed the year at \$40,252.1 million, representing an increase of \$68.7 million or 0.17% over the previous year. Net Loans and Advances to Total Asset Ratio was 60.8% as at the end of fiscal 2014, a marginal decrease from 63.8% as at the end of fiscal 2013.

## CREDIT QUALITY

As at the end of October 2014, Non-Performing Loans (NPLs) were \$3,508 million, a decline of \$45 million or 1.27% below the NPLs recorded in the previous year. The NPLs as a percentage of Net Loans and Advances as at the end of the fiscal year was 8.7%, compared to 8.8% at the end of 2013



**CREDITS BY ECONOMIC SECTOR (THOUSANDS)**

	Gross Loans	Specific Provisions	General Provisions	Net Loans (On Balance Sheet)	Off Balance Sheet Items	Total Exposures	Non- Performing Loans
General Government	-	-	-	-	-	-	-
Financial Institutions	85,090	-	-	85,090	-	85,090	-
Trade Credit Instruments	2,003,643	(19,974)	-	1,983,669	-	1,983,669	69,226
Public Non-Financial Institutions	235,234	-	-	235,234	-	235,234	-
Private Non-Financial Enterprises	12,285,230	(249,983)	-	12,035,247	1,211,767	13,247,014	1,488,475
1. Agriculture	600,561	(36,376)	-	564,185	-	564,185	144,753
2. Mining and Quarry	1,591,914	(63,580)	-	1,528,334	147,923	1,676,257	261,716
3. Manufacture	3,459,257	(34,367)	-	3,424,890	112,660	3,537,550	253,975
4. Services	6,633,498	(115,660)	-	6,517,838	951,184	7,469,023	828,030
Households	4,289,700	(125,490)	(41,000)	4,123,210	-	4,123,210	94,000
Real Estate Mortgages	22,552,813	(837,685)	-	21,715,128	-	21,715,128	1,856,469
Non-Residents	74,480	-	-	74,480	-	74,480	-
<b>Total</b>	<b>41,526,190</b>	<b>(1,233,132)</b>	<b>(41,000)</b>	<b>40,252,058</b>	<b>1,211,767</b>	<b>41,463,826</b>	<b>3,508,170</b>

**LARGE EXPOSURES BY ECONOMIC SECTOR**

Scotiabank Guyana had large exposures as at October 31, 2014 of \$3,666.3 million compared to \$4,270.9 in 2013 (defined as credit facilities extended to any one customer or group of closely-related customers for amounts aggregating to more than 10% of Scotiabank Guyana Branch's capital base). These were all part of Scotiabank Guyana's performing portfolio.

**ANALYSIS OF LARGE EXPOSURES  
BY ECONOMIC SECTOR  
(MILLIONS)**

	2014	2013
<b>PRIVATE NON-FINANCIAL ENTERPRISES</b>		
AGRICULTURE	-	-
MINING AND QUARRY	-	1,980
MANUFACTURE	1,759	2,291
SERVICES	1,908	4,271
<b>TOTAL</b>	<b>3,666</b>	<b>71%</b>

## RENEGOTIATED LOANS

Loans renegotiated during the year amounted to \$222.4 million. The aggregate balance of these loans as at October 31, 2014 was \$215.4 million. Renegotiated loans attract the prevailing interest rates at the point of renegotiation and are generally designed to improve payment performance by taking into account customers changing circumstances, and their ability to service their loans in a satisfactory manner.

Loan loss provisions on renegotiated loans are maintained in accordance with Bank of Guyana's Supervision Guideline # 5.

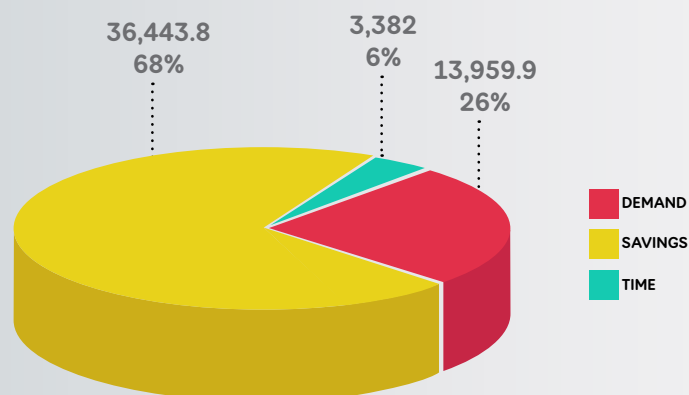
## TOTAL LIABILITIES

Total Liabilities were \$54,991.4 million as at October 31, 2014, an increase of \$1,410.9 million or 2.63% over the previous year. Growth in deposits was mainly due to increases in Customer Deposits.

## DEPOSITS

Customer Deposits at the end of the fiscal year were \$53,786.9 million, an increase of \$2,624.6 million or 5.13% over the previous year. Please refer to the below chart for analysis of categorization.

DEPOSIT BY PRODUCT TYPE



The remaining Terms to Maturity for Time deposits were as follows:

#### TIME DEPOSITS BY MATURITY (MILLIONS)

	Within 3 Months	Over 3 Months and up to 6 Months	6 Months to 1 Year	1 Year and up to 5 Years	Over 5 Years	Total
General Government	37.1	-	5.1	-	-	42.2
Financial Institutions	26.6	7.1	37.9	154.0	-	225.6
Public Non-Financial Institutions	45.3	26.8	48.0	-	-	120.2
Private Non-Financial Enterprises	74.9	5.5	70.6	137.2	-	288.3
Households	297.7	277.1	632.1	1,425.3	-	2,632.2
Non-Residents	6.4	30.9	13.5	24.0	-	74.8
Total	488.1	347.4	807.2	1,740.6	-	3,383.2



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