



Financial Statements of

SCOTIABANK (BAHAMAS) LIMITED

Year ended October 31, 2014

SCOTIABANK (BAHAMAS) LIMITED

Financial Statements

Year ended October 31, 2014

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INDEPENDENT AUDITORS' REPORT

To the Shareholder of Scotiabank (Bahamas) Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Scotiabank (Bahamas) Limited ("the Bank"), which comprise the statement of financial position as at October 31, 2014, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Scotiabank (Bahamas) Limited as at October 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

February 27, 2015

SCOTIABANK (BAHAMAS) LIMITED

Statement of Financial Position


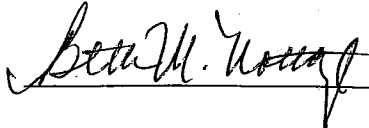
October 31, 2014, with corresponding figures for 2013

(Expressed in Bahamian dollars)

	2014 (\$'000s)	2013 (\$'000s)
Assets		
Cash and balances with banks and The Central Bank of The Bahamas	213,416	159,686
Treasury bills	170,000	155,000
Loans and advances to banks	529,220	764,065
Investment securities	129,515	139,876
Loans and advances to customers	1,285,242	1,388,895
Property and equipment	22,259	22,250
Receivables and other assets	21,980	28,275
Total Assets	2,371,632	2,658,047
Liabilities		
Deposits	1,398,300	1,843,903
Payables and other liabilities	272,256	66,415
Unrealized loss on open forward currency contracts	—	—
Total Liabilities	1,670,556	1,910,318
Equity		
Share capital	25,000	25,000
Share premium	40,000	40,000
Retained earnings	636,076	682,729
Total Equity	701,076	747,729
Commitment & contingencies		
Total Liabilities and Equity	2,371,632	2,658,047

See accompanying notes to financial statements.

These financial statements were approved on behalf of the Board of Directors on February 27, 2015 by the following:

 Director  Director

SCOTIABANK (BAHAMAS) LIMITED

Statement of Comprehensive Income

Year ended October 31, 2014, with corresponding figures for 2013
(Expressed in Bahamian dollars)

	2014 (\$'000s)	2013 (\$'000s)
Interest income	107,794	115,492
Interest expense	(4,934)	(6,874)
Net interest income	102,860	108,618
Fee and commission income	33,062	31,991
Other income	6,984	6,953
Operating Income	142,906	147,562
Net impairment loss on financial assets	(22,389)	(28,181)
Personnel expenses	(40,020)	(39,377)
Property, equipment and maintenance, including depreciation	(9,876)	(9,034)
Rent and property tax	(2,175)	(2,311)
Other expenses	(35,339)	(26,399)
Operating Expenses	(109,799)	(105,302)
Net income and total comprehensive income for the year	33,107	42,260

See accompanying notes to financial statements.

SCOTIABANK (BAHAMAS) LIMITED

Statement of Changes in Equity

Year ended October 31, 2014, with corresponding figures for 2013
(Expressed in Bahamian dollars)

	Share Capital (\$'000s)	Share Premium (\$'000s)	Retained Earnings (\$'000s)	Total (\$'000s)
Balance at October 31, 2012	25,000	40,000	673,518	738,518
Total comprehensive income for the year:				
Net income for the year	–	–	42,260	42,260
	–	–	42,260	42,260
Transactions with owners of the Bank, recognised directly in equity:				
Dividends	–	–	(33,049)	(33,049)
	–	–	(33,049)	(33,049)
Balance at October 31, 2013	25,000	40,000	682,729	747,729
Total comprehensive income for the year:				
Net income for the year	–	–	33,107	33,107
	–	–	33,107	33,107
Transactions with owners of the Bank, recognised directly in equity:				
Dividends	–	–	(79,760)	(79,760)
	–	–	(79,760)	(79,760)
Balance at October 31, 2014	25,000	40,000	636,076	701,076

See accompanying notes to financial statements.

SCOTIABANK (BAHAMAS) LIMITED

Statement of Cash Flows

Year ended October 31, 2014, with corresponding figures for 2013
(Expressed in Bahamian dollars)

	2014 (\$'000s)	2013 (\$'000s)
Cash flows from operating activities:		
Net income for the year	33,107	42,260
Adjustments for:		
Interest income	(107,794)	(115,492)
Net impairment loss on financial assets	22,389	28,181
Interest expense	4,934	6,874
Depreciation	2,759	2,995
Loss on disposal of property and equipment	1	15
Net cash used in operations before changes in operating assets and liabilities	(44,604)	(35,167)
(Increase)/decrease in restricted cash balances with The Central Bank of The Bahamas	(197)	612
Increase in treasury bills	(15,000)	(57,100)
Decrease in loans and advances to banks	38,566	445,173
Decrease in loans and advances to customers	81,064	68,439
Decrease in receivables and other assets	5,133	1,155
Decrease in deposits	(445,603)	(54,366)
Increase in payables and other liabilities	126,587	29,583
Interest received	109,156	116,124
Interest paid	(5,440)	(7,360)
Net cash (used in)/provided by operating activities	(150,338)	507,093
Cash flows from investing activities:		
Net proceeds from maturity of investment securities	10,361	1,434
Acquisition of property and equipment	(2,832)	(4,008)
Proceeds from the disposal of property and equipment	63	55
Dividends paid	–	(33,049)
Net cash provided by/(used in) investing activities	7,592	(35,568)
Net (decrease)/increase in cash and cash equivalents	(142,746)	471,525
Cash and cash equivalents, beginning of year	798,366	326,841
Cash and cash equivalents, end of year	655,620	798,366

See accompanying notes to financial statements.

SCOTIABANK (BAHAMAS) LIMITED

Notes to Financial Statements

Year ended October 31, 2014
(Expressed in Bahamian dollars)

1. General information

The accompanying statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows are extracts from Scotiabank (Bahamas) Limited's ("the Bank's") financial statements. The auditors' report included herewith should be read in conjunction with the full set of financial statements, which can be obtained at, or requested in writing from, the Bank's Managing Director's Office, Rawson Square, Nassau Bahamas.