

Financial Statements of

**SCOTIABANK (BAHAMAS) LIMITED**

Year ended October 31, 2023

# SCOTIABANK (BAHAMAS) LIMITED

## Financial Statements

Year ended October 31, 2023

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## **Independent Auditors' Report**

To the Shareholders of Scotiabank (Bahamas) Limited

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of Scotiabank (Bahamas) Limited (“the Bank”), which comprise the statement of financial position as at October 31, 2023, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at October 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Standards).

#### ***Basis for Opinion***

We conducted our audit in accordance with International Standards on Auditing (“ISA”). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, 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.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.



### *Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG

February 28, 2024  
Nassau, Bahamas

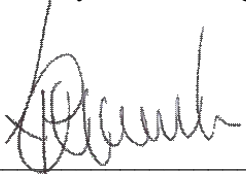
# SCOTIABANK (BAHAMAS) LIMITED

## Statement of Financial Position

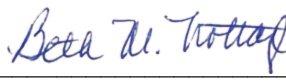
October 31, 2023, with corresponding figures for 2022  
(Expressed in thousands of Bahamian dollars)

	2023 (\$'000s)	2022 (\$'000s)
<b>Assets</b>		
Cash and cash equivalents	253,061	221,138
Treasury bills and notes	127,981	126,019
Deposits with Central Bank	50,675	50,490
Due from banks	473,608	496,075
Other assets	5,926	11,890
Investment securities	130,593	150,659
Loans and advances to customers, net	1,356,360	1,344,023
Property and equipment, net	37,936	37,319
<b>Total assets</b>	<b>2,436,140</b>	<b>2,437,613</b>
<b>Liabilities</b>		
Deposits	1,906,094	1,903,415
Other liabilities	136,724	148,551
Provisions	6,758	9,165
<b>Total liabilities</b>	<b>2,049,576</b>	<b>2,061,131</b>
<b>Equity</b>		
Share capital	25,000	25,000
Share premium	40,000	40,000
Fair value reserve	(2,080)	(2,030)
Retained earnings	323,644	313,512
<b>Total equity</b>	<b>386,564</b>	<b>376,482</b>
<b>Total liabilities and equity</b>	<b>2,436,140</b>	<b>2,437,613</b>

These financial statements were approved on behalf of the Board of Directors on February 28, 2024, by the following:



Director



Director

**SCOTIABANK (BAHAMAS) LIMITED**

## Statement of Comprehensive Income

Year ended October 31, 2023 with corresponding figures for 2022  
(Expressed in thousands of Bahamian dollars)

	2023 (\$'000s)	2022 (\$'000s)
Interest income calculated using the effective interest method	112,656	91,452
Interest expense	(10,342)	(4,161)
Net interest income	102,314	87,291
Non-interest income	53,830	49,433
<b>Total operating income</b>	<b>156,144</b>	<b>136,724</b>
Provision for credit losses	3,842	8,092
Depreciation and amortization	3,118	3,502
Non-interest expenses	78,845	76,926
<b>Total operating expenses</b>	<b>85,805</b>	<b>88,520</b>
<b>Net income for the year</b>	<b>70,339</b>	<b>48,204</b>
<b>Other comprehensive income</b>		
Fair Value Reserve (FVOCI investment securities):		
Net unrealized loss from change in fair value of treasuries and investment securities (FVOCI)	(50)	(36)
<b>Total comprehensive income for the year</b>	<b>70,289</b>	<b>48,168</b>

# SCOTIABANK (BAHAMAS) LIMITED

## Statement of Changes in Equity

Year ended October 31, 2023, with corresponding figures for 2022

(Expressed in thousands of Bahamian dollars)

	Share capital (\$'000s)	Share premium (\$'000s)	Fair value reserve (\$'000s)	Retained earnings (\$'000s)	Total (\$'000s)
Balance at October 31, 2021	25,000	40,000	(1,994)	299,117	362,123
Total comprehensive income for the year:					
Net income for the year	–	–	–	48,204	48,204
Items that are or may be reclassified subsequently to profit or loss					
Fair value reserves:					
Net unrealized loss arising from changes in fair value of treasuries and securities	–	–	(36)	–	(36)
Total comprehensive income	–	–	(36)	48,204	48,168
Transactions with the owners of the Bank recognized directly in equity:					
Dividends declared	–	–	–	(33,809)	(33,809)
<b>Balance at October 31, 2022</b>	<b>25,000</b>	<b>40,000</b>	<b>(2,030)</b>	<b>313,512</b>	<b>376,482</b>
Total comprehensive income For the year:					
Net income for the year	–	–	–	70,339	70,339
Items that are or may be reclassified subsequently to profit or loss					
Fair value reserves:					
Net unrealized loss arising from changes in fair value of treasuries and securities	–	–	(50)	–	(50)
Total comprehensive income	–	–	(50)	70,339	70,289
Transactions with the owners of the Bank recognized directly in equity:					
Dividends declared	–	–	–	(60,207)	(60,207)
<b>Balance at October 31, 2023</b>	<b>25,000</b>	<b>40,000</b>	<b>(2,080)</b>	<b>323,644</b>	<b>386,564</b>



# SCOTIABANK (BAHAMAS) LIMITED

## Statement of Cash Flows

Year ended October 31, 2023, with corresponding figures for 2022  
(Expressed in thousands of Bahamian dollars)

	2023 (\$'000s)	2022 (\$'000s)
<b>Cash flows from operating activities:</b>		
Net income for the year	70,339	48,204
Adjustments for:		
Interest income	(112,656)	(91,452)
Interest expense	10,342	4,161
Provision for credit losses	3,842	8,092
Depreciation and amortization	3,118	3,502
Gain on disposal of property and equipment	(415)	(49)
Changes in operating assets and liabilities:		
Restricted balances with Central Bank	(185)	(8,431)
Treasury bills with original maturities greater than three months	(1,962)	(35,536)
Due from banks with original maturities greater than three months	21,087	491
Loans and advances to customers	(16,936)	(29,428)
Other assets	5,661	(3,932)
Deposits	2,679	272,644
Provisions	(2,407)	(2,394)
Other liabilities	113	4,209
	8,050	197,623
Interest received	113,717	95,443
Interest paid	(9,766)	(3,380)
Net cash provided by operating activities	86,571	262,144
<b>Cash flows from investing activities:</b>		
Acquisition of treasuries and debt investment securities	(7,993)	(131,587)
Proceeds from the sale of treasuries and debt investment securities	28,010	119,112
Purchase of property and equipment	(3,866)	(3,743)
Proceeds from the sale of property and equipment	619	60
Net cash used in investing activities	16,770	(16,158)
<b>Cash flows from financing activities:</b>		
Capital payments of lease liabilities	(1,490)	(1,518)
Dividends paid	(71,309)	(144,494)
Net cash used in financing activities	(72,799)	(146,012)
Net change in cash and cash equivalents	30,542	99,974
Cash and cash equivalents, beginning of year	695,531	595,557
Cash and cash equivalents, end of year	726,073	695,531
<b>Composition:</b>		
Cash and cash equivalents	253,061	221,138
Due from banks	473,012	474,393
Cash and cash equivalents, end of the year	726,073	695,531

# SCOTIABANK (BAHAMAS) LIMITED

## Notes to Financial Statements

Year ended October 31, 2023, with corresponding figures for 2022  
(Expressed in thousands of Bahamian dollars)

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### **Reporting entity**

The accompanying statement of financial position, statement of comprehensive income, statement of changes in equity and statement of cash flows are abridged 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, Scotia Bank (Bahamas) Limited, Rawson Square, Nassau, The Bahamas.