



Financial Statements of

SCOTIABANK (BAHAMAS) LIMITED

Year ended October 31, 2015

SCOTIABANK (BAHAMAS) LIMITED

Financial Statements

Year ended October 31, 2015

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KPMG
PO Box N-123
Montague Sterling Centre
East Bay Street
Nassau, Bahamas

Telephone +1 242 393 2007
Fax +1 242 393 1772
Internet www.kpmg.com.bs

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, 2015, 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, 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

February 26, 2016

SCOTIABANK (BAHAMAS) LIMITED

Statement of Financial Position

October 31, 2015, with corresponding figures for 2014
(Expressed in Bahamian dollars)

	2015 (\$'000s)	2014 (\$'000s)
Assets		
Cash and balances with banks and The Central Bank of The Bahamas	199,327	213,416
Treasury bills	173,300	170,000
Loans and advances to banks	359,557	529,220
Investment securities	124,279	129,515
Loans and advances to customers	1,213,240	1,285,242
Property and equipment	26,808	22,259
Receivables and other assets	21,803	21,980
Total Assets	2,118,314	2,371,632
Liabilities		
Deposits	1,377,641	1,398,300
Payables and other liabilities	31,190	272,256
Unrealized loss on open forward currency contracts	—	—
Total Liabilities	1,408,831	1,670,556
Equity		
Share capital	25,000	25,000
Share premium	40,000	40,000
Retained earnings	644,483	636,076
Total Equity	709,483	701,076
Commitment & contingencies		
Total Liabilities and Equity	2,118,314	2,371,632

See accompanying notes to financial statements.

These financial statements were approved on behalf of the Board of Directors on February 26, 2016
by the following:



Director



Director

SCOTIABANK (BAHAMAS) LIMITED

Statement of Comprehensive Income

Year ended October 31, 2015, with corresponding figures for 2014
(Expressed in Bahamian dollars)

	2015 (\$'000s)	2014 (\$'000s)
Interest income	98,510	107,794
Interest expense	(3,339)	(4,934)
Net interest income	95,171	102,860
Fee and commission income	34,182	33,062
Net loss from other financial instruments at Fair Value through Profit & Loss	(725)	—
Other income	4,901	6,984
Operating Income	133,529	142,906
Net impairment loss on financial assets	(41,502)	(22,389)
Personnel expenses	(36,515)	(40,020)
Repairs, maintenance, and depreciation	(7,911)	(9,876)
Rent and property tax	(2,631)	(2,175)
Other expenses	(36,563)	(35,339)
Operating Expenses	(125,122)	(109,799)
Net income and total comprehensive income for the year	8,407	33,107

See accompanying notes to financial statements.

SCOTIABANK (BAHAMAS) LIMITED

Statement of Changes in Equity

Year ended October 31, 2015, with corresponding figures for 2014
(Expressed in Bahamian dollars)

	Share Capital (\$'000s)	Share Premium (\$'000s)	Retained Earnings (\$'000s)	Total (\$'000s)
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
Total comprehensive income for the year:				
Net income for the year	—	—	8,407	8,407
	—	—	8,407	8,407
Balance at October 31, 2015	25,000	40,000	644,483	709,483

See accompanying notes to financial statements.

SCOTIABANK (BAHAMAS) LIMITED

Statement of Cash Flows

Year ended October 31, 2015, with corresponding figures for 2014
(Expressed in Bahamian dollars)

	2015 (\$'000s)	2014 (\$'000s)
Cash flows from operating activities:		
Net income for the year	8,407	33,107
Adjustments for:		
Interest income	(98,510)	(107,794)
Net impairment loss on financial assets	41,502	22,389
Interest expense	3,339	4,934
Depreciation	2,919	2,759
Net loss from other financial instruments at Fair Value through Profit & Loss	725	—
Loss on disposal of property and equipment	1,259	1
Net cash used in operations before changes in operating assets and liabilities	(40,359)	(44,604)
Increase in restricted cash balances with The Central Bank of The Bahamas	(1,504)	(197)
Increase in treasury bills, net	(3,300)	(15,000)
(Increase)/decrease in loans and advances to banks	(33,114)	38,566
Decrease in loans and advances to customers	31,402	81,064
Decrease in receivables and other assets	114	5,133
Decrease in deposits	(20,659)	(445,603)
(Decrease)/increase in payables and other liabilities	(161,035)	126,587
Interest received	97,671	109,156
Interest paid	(3,610)	(5,440)
Net cash used in operating activities	(134,394)	(150,338)
Cash flows from investing activities:		
Net proceeds from maturity of investment securities	4,511	10,361
Acquisition of property and equipment	(8,877)	(2,832)
Proceeds from the disposal of property and equipment	150	63
Dividends paid	(79,760)	—
Net cash (used in)/provided by investing activities	(83,976)	7,592
Net decrease in cash and cash equivalents	(218,370)	(142,746)
Cash and cash equivalents, beginning of year	655,620	798,366
Cash and cash equivalents, end of year	437,250	655,620

See accompanying notes to financial statements.

SCOTIABANK (BAHAMAS) LIMITED

Notes to Financial Statements

Year ended October 31, 2015
(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.