



Financial Statements of

**SCOTIABANK (BAHAMAS) LIMITED**

Year ended October 31, 2016

# SCOTIABANK (BAHAMAS) LIMITED

## Financial Statements

Year ended October 31, 2016

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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, 2016, 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, 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

**KPMG**

February 22, 2017

# SCOTIABANK (BAHAMAS) LIMITED

## Statement of Financial Position

October 31, 2016, with corresponding figures for 2015  
(Expressed in thousands of Bahamian dollars)

	2016 (\$'000s)	2015 (\$'000s)
<b>Assets</b>		
Cash, Treasuries and balances with Central Bank	366,257	364,644
Due from banks	428,498	367,540
Other assets	20,153	21,803
Investment securities	120,144	124,279
Loans and advances to customers	1,219,514	1,213,240
Property and equipment	27,038	26,808
<b>Total Assets</b>	<b>2,181,604</b>	<b>2,118,314</b>
<b>Liabilities</b>		
Deposits	1,460,748	1,377,641
Other liabilities	60,108	31,190
<b>Total Liabilities</b>	<b>1,520,856</b>	<b>1,408,831</b>
<b>Equity</b>		
Share capital	25,000	25,000
Share premium	40,000	40,000
Retained earnings	595,748	644,483
<b>Total Equity</b>	<b>660,748</b>	<b>709,483</b>
<b>Total Liabilities and Equity</b>	<b>2,181,604</b>	<b>2,118,314</b>

See accompanying notes to financial statements.

These financial statements were approved on behalf of the Board of Directors on February 22, 2017 by the following:



Director



Director

## SCOTIABANK (BAHAMAS) LIMITED

### Statement of Comprehensive Income

Year ended October 31, 2016, with corresponding figures for 2015  
(Expressed in thousands of Bahamian dollars)

	2016 (\$'000s)	2015 (\$'000s)
Net interest income	94,259	95,171
Non-interest income	40,860	38,358
<b>Total Income</b>	<b>135,119</b>	<b>133,529</b>
Loan loss impairment	18,569	41,502
Non-interest expenses	85,774	83,620
<b>Operating Expenses</b>	<b>104,343</b>	<b>125,122</b>
Net and total comprehensive income for the year	30,776	8,407

See accompanying notes to financial statements.

## SCOTIABANK (BAHAMAS) LIMITED

### Statement of Changes in Equity

Year ended October 31, 2016, with corresponding figures for 2015  
(Expressed in thousands of Bahamian dollars)

	Share Capital (\$'000s)	Share Premium (\$'000s)	Retained Earnings (\$'000s)	Total (\$'000s)
<b>Balance at October 31, 2014</b>	<b>25,000</b>	<b>40,000</b>	<b>636,076</b>	<b>701,076</b>
Total comprehensive income for the year:				
Net income for the year	–	–	8,407	8,407
	–	–	8,407	8,407
<b>Balance at October 31, 2015</b>	<b>25,000</b>	<b>40,000</b>	<b>644,483</b>	<b>709,483</b>
Total comprehensive income for the year:				
Net income for the year	–	–	30,776	30,776
	–	–	30,776	30,776
Transactions with the owners of the Bank recognized directly in equity:				
Dividends	–	–	(79,511)	(79,511)
	–	–	(79,511)	(79,511)
<b>Balance at October 31, 2016</b>	<b>25,000</b>	<b>40,000</b>	<b>595,748</b>	<b>660,748</b>

See accompanying notes to financial statements.

# SCOTIABANK (BAHAMAS) LIMITED

## Statement of Cash Flows

Year ended October 31, 2016, with corresponding figures for 2015  
(Expressed in thousands of Bahamian dollars)

	2016 (\$'000s)	2015 (\$'000s)
<b>Cash flows from operating activities:</b>		
Net income for the year	30,776	8,407
Adjustments for:		
Interest income	(97,850)	(98,510)
Interest expense	3,591	3,339
Loan loss impairment	18,569	41,502
Depreciation	2,564	2,919
Net loss from other financial instruments at fair value through profit & loss	121	725
(Gain)/loss on disposal of property and equipment	(19)	1,259
Net cash used in operations before changes in operating assets and liabilities	(42,248)	(40,359)
Increase in restricted balances with Central Bank	(694)	(1,504)
Decrease in Treasury Bills with original maturities greater than three months	21,950	94,000
Decrease/(increase) in due from banks with original maturities greater than three months	78,077	(33,114)
(Increase)/decrease in loans and advances to customers	(22,289)	31,402
Decrease in other assets	532	114
Increase/(decrease) in deposits	83,107	(20,659)
Increase/(decrease) in other liabilities	28,785	(161,035)
Interest received	96,414	97,671
Interest paid	(3,458)	(3,610)
Net cash provided by/(used in) operating activities	240,176	(37,094)
<b>Cash flows from investing activities:</b>		
Net proceeds from maturity of investment securities	4,014	4,511
Acquisition of property and equipment	(2,908)	(8,877)
Proceeds from the disposal of property and equipment	133	150
Net cash provided by/(used in) investing activities	1,239	(4,216)
<b>Cash flows from financing activities:</b>		
Dividends paid	(79,511)	(79,760)
Net cash used in financing activities	(79,511)	(79,760)
Net increase/(decrease) in cash and cash equivalents	161,904	(121,070)
Cash and cash equivalents, beginning of year	534,550	655,620
Cash and cash equivalents, end of year	696,454	534,550
<b>Composition:</b>		
Cash, Treasuries and balances with Central Bank	279,246	256,377
Due from banks	417,208	278,173
Cash and cash equivalents, end of the year	696,454	534,550

See accompanying notes to financial statements.

# **SCOTIABANK (BAHAMAS) LIMITED**

Notes to Financial Statements

Year ended October 31, 2016, with corresponding figures for 2015

(Expressed in thousands of Bahamian dollars)

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## **1. General information**

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, Rawson Square.