



KPMG Ltd.
KPMG Building
PO Box 357
The Village at Grace Bay
Providenciales
Turks and Caicos Islands, BWI

Telephone 649 946 4613
Fax 649 946 4619
Internet www.kpmg.tc

INDEPENDENT AUDITORS' REPORT

To the directors
Scotiabank (Turks and Caicos) Ltd.:

Report on the financial statements

We have audited the accompanying financial statements of Scotiabank (Turks and Caicos) Ltd. (the Bank), which comprise the statement of financial position as at October 31, 2013, the statements of operations, comprehensive income, changes in shareholder's 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 (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.

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 relevant 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 judgement, 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, these financial statements give a true and fair view of the financial position of the Bank as at October 31, 2013, and of its financial performance and its cash flows for the year then ended in accordance with IFRS.

Intended use of report

This report is intended solely for the information and use of the board of directors and shareholder of the Bank and the Financial Services Commission of the Turks and Caicos Islands and should not be used by anyone other than these specified parties.

KPMG Ltd.

Chartered Accountants
Providenciales, Turks and Caicos Islands
January 29, 2014

SCOTIABANK (TURKS AND CAICOS) LTD.

Statement of Financial Position

At October 31, 2013

with comparative figures at October 31, 2012

	2013	2012
	US\$'000	US\$'000
Assets		
Cash and cash equivalents (note 6)	17,241	10,933
Short-term investments (note 7)	26,265	22,043
Loans to customers, net (notes 8 and 9)	435,231	401,003
Other assets (note 10)	1,512	1,469
Property and equipment (note 11)	4,483	4,675
	<u>484,732</u>	<u>440,123</u>
Liabilities and Shareholder's Equity		
Liabilities		
Deposits from banks (note 12)	2,889	2,926
Deposits from customers (note 13)	275,346	210,821
Loans from related party (note 14)	112,780	142,663
Other liabilities (note 15)	4,690	3,981
	<u>395,705</u>	<u>360,391</u>
Shareholder's equity		
Share capital (note 16)	6,130	6,130
Capital reserves (note 17)	7,120	7,120
Retained earnings	75,777	66,482
	<u>89,027</u>	<u>79,732</u>
	<u>484,732</u>	<u>440,123</u>

See accompanying notes to financial statements.

These financial statements were approved
on behalf of the Board of Directors
on January 29, 2014 by the following:

Patricia Adams _____ Director

Cecil Arnold _____ Managing Director

SCOTIABANK (TURKS AND CAICOS) LTD.

Statement of Operations

Year ended October 31, 2013

with comparative figures for year ended October 31, 2012

	2013	2012
	US\$'000	US\$'000
Income		
Net interest income		
Interest income	22,395	22,919
Interest expense	(2,331)	(3,373)
	20,064	19,546
Other income		
Fee and commission income (note 18)	11,244	9,842
Investment income (note 19)	–	66
Net interest and other income	31,308	29,454
Expenses		
Allowances for impairment (note 9)	(3,709)	(8,362)
Other operating expenses (note 20)	(8,517)	(7,111)
Salaries and benefits (note 21)	(5,685)	(5,623)
Property expenses (note 22)	(1,959)	(2,070)
Communication and marketing (note 23)	(1,561)	(1,023)
Depreciation (note 11)	(582)	(650)
	(22,013)	(24,839)
Net profit for year	9,295	4,615

See accompanying notes to financial statements.