

# THE BANK OF NOVA SCOTIA - GRENADA BRANCHES

## 2010 FINANCIAL STATEMENTS



### Statement of Financial Position

As at October 31, 2010

(expressed in Eastern Caribbean dollars)

	2010	2009
	\$	\$
<b>Assets</b>		
<b>Cash resources</b>		
Cash	4,027,316	3,594,520
Deposits with Eastern Caribbean Central Bank	29,358,582	27,105,251
Due from other banks	58,690,802	55,492,358
	<u>92,076,700</u>	<u>86,192,129</u>
<b>Securities</b>	-	69,245
<b>Loans</b>	509,594,510	503,504,927
<b>Other</b>		
Cheques and other items in transit, net	2,683,300	5,186,064
Taxation recoverable	280,260	597,719
Other assets	418,139	477,316
Property and equipment	11,106,739	11,341,037
	<u>14,488,438</u>	<u>17,602,136</u>
	<u>616,159,648</u>	<u>607,368,437</u>
<b>Liabilities</b>		
<b>Deposits</b>		
Other	519,150,277	504,408,611
Due to other banks	-	16,934,165
Other liabilities	7,865,334	5,545,087
	<u>7,865,334</u>	<u>22,479,252</u>
<b>Total liabilities</b>	7,865,334	22,479,252
<b>Shareholder's equity</b>		
Due to Head Office	85,144,037	76,480,574
General banking reserve	4,000,000	4,000,000
	<u>89,144,037</u>	<u>80,480,574</u>
<b>Total shareholder's equity</b>	89,144,037	80,480,574
<b>Total liabilities and shareholder's equity</b>	<u>616,159,648</u>	<u>607,368,437</u>

Approved by

Country Head

Manager, Business Support

### Statement of Cash Flows

For the year ended October 31, 2010

(expressed in Eastern Caribbean dollars)

	2010	2009
	\$	\$
<b>Cash flows from operating activities</b>		
Profit before taxation	14,670,840	13,216,859
Provision for credit losses	2,594,015	1,765,133
Depreciation	804,771	725,048
Gain on disposal of securities	(35,397)	-
Interest income	(38,762,979)	(39,542,784)
Interest expense	15,542,921	18,733,895
	<u>(5,185,829)</u>	<u>(5,101,849)</u>
Changes in operating assets and liabilities		
Increase in loans, net	(8,378,642)	(40,435,318)
Increase (decrease) in other assets and other liabilities	4,882,188	(4,015,574)
Increase (decrease) in deposits	14,967,862	(8,888,999)
Cash from (used in) operations	6,285,579	(58,441,740)
Corporation tax paid	(4,425,666)	(5,113,839)
Interest received	38,458,023	39,689,611
Interest paid	(15,769,117)	(18,838,219)
<b>Net cash from (used in) operating activities</b>	<u>24,548,819</u>	<u>(42,704,187)</u>
<b>Cash flows from investing activities</b>		
Disposal of securities, net	104,642	-
Purchase of property and equipment	(570,473)	(768,305)
<b>Net cash used in investing activities</b>	<u>(465,831)</u>	<u>(768,305)</u>
<b>Cash flows from financing activity</b>		
Net financing (to) from Head Office	(1,264,252)	25,080,433
<b>Net cash (used in) from financing activity</b>	<u>(1,264,252)</u>	<u>25,080,433</u>
<b>Net increase (decrease) in cash and cash equivalents for the year</b>	<u>22,818,736</u>	<u>(18,392,059)</u>
<b>Cash and cash equivalents – beginning of year</b>	<u>69,257,964</u>	<u>87,650,023</u>
<b>Cash and cash equivalents – end of year</b>	<u>92,076,700</u>	<u>69,257,964</u>
<b>Cash and cash equivalents comprise:</b>		
Cash	4,027,316	3,594,520
Deposits with Eastern Caribbean Central Bank	29,358,582	27,105,251
Due from other banks	58,690,802	55,492,358
Due to other banks	-	(16,934,165)
	<u>92,076,700</u>	<u>69,257,964</u>

### Statement of Changes in Head Office Account

For the year ended October 31, 2010

(expressed in Eastern Caribbean dollars)

	General banking reserve	Head office account	Total
	\$	\$	\$
Balance – October 31, 2008	4,000,000	42,748,238	46,748,238
Total comprehensive income for the year	-	8,651,903	8,651,903
Net advances from head office	-	25,080,433	25,080,433
Balance – October 31, 2009	4,000,000	76,480,574	80,480,574
Total comprehensive income for the year	-	9,927,715	9,927,715
Net advances to head office	-	(1,264,252)	(1,264,252)
<b>Balance – October 31, 2010</b>	<u>4,000,000</u>	<u>85,144,037</u>	<u>89,144,037</u>

### Statement of Comprehensive Income

For the year ended October 31, 2010

(expressed in Eastern Caribbean dollars)

	2010	2009
	\$	\$
<b>Interest income</b>		
Loans	38,442,518	38,270,145
Head Office and other related banks	320,267	1,272,174
Securities	194	465
<b>Total interest income</b>	<u>38,762,979</u>	<u>39,542,784</u>
<b>Interest expense</b>	<u>15,542,921</u>	<u>18,733,895</u>
<b>Net interest income</b>	<u>23,220,058</u>	<u>20,808,889</u>
<b>Other income</b>	<u>8,555,943</u>	<u>8,537,896</u>
<b>Net interest and other income</b>	<u>31,776,001</u>	<u>29,346,785</u>
<b>Non-interest expenses</b>		
Other expenses	5,568,677	5,076,270
Salaries and staff benefits	5,093,131	5,226,621
Provision for credit losses	2,594,015	1,765,133
Premises and equipment expenses	2,527,705	2,366,921
Depreciation	804,771	725,048
Head Office expenses	516,862	969,933
<b>Total non-interest expenses</b>	<u>17,105,161</u>	<u>16,129,926</u>
<b>Profit before taxation</b>	<u>14,670,840</u>	<u>13,216,859</u>
<b>Taxation</b>	<u>4,743,125</u>	<u>4,564,956</u>
<b>Profit and total comprehensive income for the year</b>	<u>9,927,715</u>	<u>8,651,903</u>

### SCOTIABANK BOARD OF DIRECTORS

Ronald A. Brenneman  
C.J. Chen  
David A. Dodge, O.C.  
N. Ashleigh Everett  
John C. Kerr, C.M., O.B.C., LL.D.  
The Honourable Michael J.L. Kirby  
John T. Mayberry, C.M.

Thomas C. O'Neill  
Alexis E. Rovzar de la Torre  
Indira V. Samarasekera, O.C., Ph.D.  
Allan C. Shaw, C.M., LL.D.  
Paul D. Sobey  
Barbara S. Thomas  
Richard E. Waugh

### INDEPENDENT AUDITORS' REPORT

#### INDEPENDENT AUDITORS' REPORT TO THE COUNTRY HEAD

The Bank of Nova Scotia - Grenada Branches  
St. George's  
Grenada

#### Report on the Financial Statements

We have audited the financial statements of The Bank of Nova Scotia (Grenada Branches), for the year ended October 31, 2010, from which the accompanying abridged financial statements were derived, in accordance with International Standards on Auditing. In our report dated April 8, 2011, we expressed an unqualified opinion on the financial statements from which these abridged financial statements were derived.

#### Opinion

In our opinion, the accompanying abridged financial statements are consistent, in all material respects, with the financial statements from which they are derived.

For a better understanding of The Bank of Nova Scotia (Grenada Branches) financial position and the results of its operations for the year and of the scope of our audit, the abridged financial statements should be read in conjunction with the financial statements from which the abridged financial statements were derived and our audit report thereon.

Chartered Accountants  
Kingstown, St. Vincent and the Grenadines  
April 8, 2011

\* Trademark of The Bank of Nova Scotia.