

THE BANK OF NOVA SCOTIA - ST. KITTS AND NEVIS BRANCHES

2018 SUMMARY FINANCIAL STATEMENTS



Summary Statement of Financial Position - As at October 31, 2018 (Expressed in thousands of Eastern Caribbean dollars)

	2018	2017*
Assets		
Cash and cash equivalents	270,591	206,764
Due from banks	1,315,845	1,228,180
Investment securities	1,527	1,527
Loans and advances to customers	386,845	385,937
Property and equipment	2,425	3,003
Deferred tax assets	453	851
Other assets	382	-
Total assets	1,978,068	1,826,262
Liabilities		
Customers' deposits	712,843	726,816
Due to banks	1,256,251	1,094,529
Other liabilities	4,168	8,154
Current tax liabilities	1,508	1,707
Total liabilities	1,974,770	1,831,206
Equity		
Retained earnings (accumulated deficit)	3,298	(4,944)
Total equity	3,298	(4,944)
Total liabilities and equity	1,978,068	1,826,262

Approved by:

Gordon Julien
Country Manager

Colleen Cyrus (Mrs.)
Director Finance
Caribbean East Regional District

Summary Statement of Profit or Loss and Other Comprehensive Income - For the year ended October 31, 2018 (Expressed in thousands of Eastern Caribbean dollars)

	2018	2017*
Interest income	42,341	39,806
Interest expense	9,151	10,596
Net interest income	33,190	29,210
Non-interest income	16,464	14,878
Total Revenue	49,654	44,088
Non-interest expenses	21,115	25,822
Provision for credit losses	1,591	3,199
Total Expenses	22,706	29,021
Profit before tax	26,948	15,067
Income tax expense	9,237	7,154
Net Profit for the year, being total comprehensive income	17,711	7,913

Scotiabank Board of Directors

Nora Anne Aufreiter
Guillermo Enrique Babatz
Scott Wayne Barclay Bonham
Charles Harry Dallara
Richard Tiffany (Tiff) Macklem
Thomas Charles O'Neill
Eduardo Pacheco Cortes
Brian Johnston Porter

Una Marie Power
Aaron William Regent
Indira Vasanti Samarasekera
Susan Louise Segal
Barbara Susan Thomas
Lawren Scott Thomson
Michael D. Penner
Benita Marie Warmbold

Independent Auditors' Report on the Summary Financial Statements

To the Country Manager of
The Bank of Nova Scotia - St. Kitts and Nevis Branches

Opinion

The summary financial statements, which comprise the summary statement of financial position as at October 31, 2018, the summary statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, are derived from the audited financial statements of The Bank of Nova Scotia - St. Kitts and Nevis Branches ("the Bank") for the year ended October 31, 2018.

In our opinion, the accompanying summary financial statements are consistent, in all material respects, with the audited financial statements.

Summary Financial Statements

The summary financial statements do not contain all the disclosures required by the basis of accounting applied in the preparation of the audited financial statements of the Bank. Reading the summary financial statements and our report thereon, therefore, is not a substitute for reading the audited financial statements and our report thereon.

The Audited Financial Statements and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial statements in our report dated January 11, 2019.

Summary Statement of Changes in Equity - For the year ended October 31, 2018 (Expressed in thousands of Eastern Caribbean dollars)

	(Accumulated Deficit)/ Retained Earnings
Balance at October 31, 2016	1,624
Net profit for the year	7,913
Remittances to Head Office	(14,481)
Balance at October 31, 2017	(4,944)
Net profit for the year	17,711
Remittances to Head Office	(9,469)
Balance at October 31, 2018	3,298

Summary Statement of Cash Flows - For the year ended October 31, 2018 (Expressed in thousands of Eastern Caribbean dollars)

	2018	2017*
Cash flows from operating activities		
Net Profit for the year	17,711	7,913
<i>Adjustments for:</i>		
Provision for credit losses	1,591	3,199
Depreciation	652	749
Net interest income	(33,190)	(29,210)
Income tax expense	9,237	7,154
	(3,999)	(10,195)
Changes in operating assets and liabilities		
(Increase) decrease in loans, net	(2,206)	6,750
(Increase) decrease in other assets	(382)	924
Decrease in mandatory reserve deposits with Eastern Caribbean Central Bank	125	3,440
(Decrease) increase in other liabilities	(3,986)	3,512
(Decrease) increase in customers' deposits	(13,894)	40,794
Cash (used in) from operations	(24,342)	45,225
Corporation tax paid	(9,038)	(8,851)
Interest received	42,048	39,567
Interest paid	(9,230)	(10,571)
Net cash (used in) from operating activities	(562)	65,370
Cash flows from investing activities		
Purchase of securities	-	(766)
Purchase of property and equipment	(74)	(371)
Net cash used in investing activities	(74)	(1,137)
Cash flows from financing activities		
Profits remitted to Head Office	(9,469)	(14,481)
Net cash used in financing activities	(9,469)	(14,481)
Net (decrease) increase in cash for the year	(10,105)	49,752
Cash and cash equivalents, net - beginning of year	296,849	247,097
Cash and cash equivalents, net - end of year	286,744	296,849
Cash and cash equivalents, net - comprise:		
Cash and cash equivalents	270,591	206,764
Due from banks	1,315,845	1,228,180
Due to banks	(1,256,251)	(1,094,529)
	330,185	340,415
Mandatory reserve deposits with Eastern Caribbean Central Bank	(43,441)	(43,566)
286,744	296,849	

* Certain comparative figures have been reclassified to conform to the current year's presentation.

Emphasis of Matter - Restriction on Use and Distribution

Our auditors' report dated January 11, 2019 on the audited financial statements included an Emphasis of Matter paragraph, drawing attention to the fact that the financial statements are prepared to assist the Bank to comply with the Banking Act No. 1 of 2015 of the Laws of St. Kitts and Nevis. As a result, the financial statements may not be suitable for another purpose. Our report thereon is intended solely for the Bank and its Regulators and should not be used by or distributed to parties other than the Bank or its Regulators. Our opinion is not modified in respect of this matter.

Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of the summary financial statements.

Auditors' Responsibility

Our responsibility is to express an opinion on whether the summary financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (ISA) 810 (Revised), "Engagements to Report on Summary Financial Statements."

Chartered Accountants
Antigua and Barbuda
January 11, 2019