

# THE BANK OF NOVA SCOTIA - BARBADOS BRANCHES

## 2018 SUMMARY FINANCIAL STATEMENTS



### Summary Statement of Financial Position - As at October 31, 2018

(Expressed in thousands of Barbados dollars)

	2018	2017*
<b>Assets</b>		
Cash and balances with Central Bank	544,437	568,583
Due from banks	261,269	156,930
Investment securities	333,962	289,686
Loans and advances to customers	1,518,806	1,643,959
Property and equipment	41,827	43,191
Other assets	3,721	2,345
Assets held for sale	-	1,635
<b>Total assets</b>	<b>2,704,022</b>	<b>2,706,329</b>
<b>Liabilities</b>		
Customer deposits	1,912,593	1,916,791
Due to banks	356,355	330,586
Other liabilities	36,576	36,318
Current tax liabilities	12,286	17,767
Deferred tax liabilities	1,197	1,197
<b>Total liabilities</b>	<b>2,319,007</b>	<b>2,302,659</b>
<b>Equity</b>		
Assigned capital	4,000	4,000
Reserves	18,809	18,809
Retained earnings	362,206	380,861
<b>Total equity</b>	<b>385,015</b>	<b>403,670</b>
<b>Total liabilities and equity</b>	<b>2,704,022</b>	<b>2,706,329</b>

Approved by:

David Parks  
Managing Director  
Caribbean East

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 Barbados dollars)

	2018	2017*
Interest income	134,684	135,370
Interest expense	4,960	5,209
<b>Net interest income</b>	<b>129,724</b>	<b>130,161</b>
Non-interest income	49,140	45,975
<b>Total Revenue</b>	<b>178,864</b>	<b>176,136</b>
Impairment losses	86,184	-
Provision for credit losses	15,734	16,561
Non-interest expenses	95,601	97,304
<b>Total Expenses</b>	<b>197,519</b>	<b>113,865</b>
<b>(Loss) Profit before tax</b>	<b>(18,655)</b>	<b>62,271</b>
Income tax expense	-	14,994
<b>Net (loss) profit for the year, being total comprehensive (loss) income</b>	<b>(18,655)</b>	<b>47,277</b>

### Scotiabank Board of Directors

Nora Anne Aufreiter	Una Marie Power
Guillermo Enrique Babatz	Aaron William Regent
Scott Wayne Barclay Bonham	Indira Vasanti Samarasekera
Charles Harry Dallara	Susan Louise Segal
Richard Tiffany (Tiff) Macklem	Barbara Susan Thomas
Thomas Charles O'Neill	Lawren Scott Thomson
Eduardo Pacheco Cortes	Michael D. Penner
Brian Johnston Porter	Benita Marie Warmbold

### Independent Auditors' Report on the Summary Financial Statements

To the Managing Director of  
The Bank of Nova Scotia - Barbados 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 - Barbados 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 February 13, 2019.

### Summary Statement of Changes in Equity - For the year ended October 31, 2018

(Expressed in thousands of Barbados dollars)

	Assigned Capital	Reserves	Retained Earnings	Total
<b>Balance at October 31, 2016</b>	4,000	18,809	366,587	389,396
Net profit for the year	-	-	47,277	47,277
Remittances to Head Office	-	-	(33,003)	(33,003)
<b>Balance at October 31, 2017</b>	4,000	18,809	380,861	403,670
Net loss for the year	-	-	(18,655)	(18,655)
<b>Balance at October 31, 2018</b>	4,000	18,809	362,206	385,015

### Summary Statement of Cash Flows - For the year ended October 31, 2018

(Expressed in thousands of Barbados dollars)

	2018	2017*
<b>Cash flows from operating activities</b>		
Net (loss) profit	(18,655)	47,277
<i>Adjustments for:</i>		
Provision for credit losses	15,734	16,561
Depreciation	3,037	3,080
Net (gain) loss on disposal of property and equipment	(24)	22
Interest income	(134,684)	(135,370)
Interest expense	4,960	5,209
Income tax expense	-	14,994
	(129,632)	(48,227)
Changes in operating assets and liabilities		
Decrease in loans and advances to customers, net	109,589	62,589
(Increase) decrease in other assets	(1,376)	3,653
Decrease (increase) in mandatory reserve deposits with Central Bank	325	(5,910)
Increase (decrease) in other liabilities	258	(13,251)
(Decrease) increase in customer deposits	(4,129)	89,193
<b>Cash (used in) from operations</b>	<b>(24,965)</b>	<b>88,047</b>
Corporation tax paid	(5,481)	(16,517)
Interest received	134,514	135,520
Interest paid	(5,029)	(5,389)
<b>Net cash from operating activities</b>	<b>99,039</b>	<b>201,661</b>
<b>Cash flows from investing activities</b>		
Purchase of investment securities, net	(44,276)	(95,312)
Purchase of property and equipment	(2,014)	(6,351)
Proceeds on disposal of property and equipment	2,000	-
<b>Net cash used in investing activities</b>	<b>(44,290)</b>	<b>(101,663)</b>
<b>Cash flows from financing activities</b>		
Profits remitted to Head Office	-	(33,003)
<b>Net cash used in financing activities</b>	<b>-</b>	<b>(33,003)</b>
<b>Net increase in cash for year</b>	<b>54,749</b>	<b>66,995</b>
<b>Cash and cash equivalents - beginning of year</b>	<b>299,617</b>	<b>232,622</b>
<b>Cash and cash equivalents - end of year</b>	<b>354,366</b>	<b>299,617</b>
<b>Cash and cash equivalents comprise:</b>		
Cash and balances with Central Bank	544,437	568,583
Due from banks	261,269	156,930
Due to banks	(356,355)	(330,586)
	449,351	394,927
Mandatory reserve deposits with Central Bank	(94,985)	(95,310)
	354,366	299,617

\*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 February 13, 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 Financial Institutions Act CAP 324A section 45 of the Laws of Barbados. 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  
Bridgetown, Barbados  
February 13, 2019