

THE BANK OF NOVA SCOTIA - BARBADOS BRANCHES

2011 FINANCIAL STATEMENTS



Summary Statement of Financial Position

As at October 31, 2011

(expressed in Barbados dollars)

	2011	2010
	\$	\$
Assets		
Cash resources		
Cash	13,250,771	13,436,560
Deposits with Central Bank of Barbados	113,686,287	86,979,309
Due from other banks	109,765,909	100,426,082
	<u>236,702,967</u>	<u>200,841,951</u>
Securities	<u>206,921,487</u>	<u>245,313,896</u>
Loans	<u>1,773,357,569</u>	<u>1,665,175,908</u>
Other		
Property, plant and equipment	40,048,933	30,889,229
Assets classified as held for sale	254,068	254,068
Cheques and other items in transit, net	-	17,559,278
Other assets	13,062,448	3,611,232
	<u>53,365,449</u>	<u>52,313,807</u>
	<u>2,270,347,472</u>	<u>2,163,645,562</u>
Liabilities		
Deposits	<u>1,505,022,992</u>	<u>1,436,612,275</u>
Other		
Cheques and other items in transit, net	11,742,238	-
Taxation payable	14,525,213	14,661,932
Other liabilities	9,722,134	9,101,748
Due to other banks	115,810,328	132,520,198
Deferred taxation	1,285,268	593,328
	<u>153,085,181</u>	<u>156,877,206</u>
	<u>1,658,108,173</u>	<u>1,593,489,481</u>
Head Office Account		
Assigned capital	4,000,000	4,000,000
Due to Head Office	376,495,878	360,416,415
General banking reserve	-	24,505,243
Fair value gains	16,074,258	7,283,479
Retained earnings	215,669,163	173,950,944
	<u>612,239,299</u>	<u>570,156,081</u>
	<u>2,270,347,472</u>	<u>2,163,645,562</u>

Approved on March 28, 2012 by

Managing Director
Caribbean East

Senior Manager Finance

Summary Statement of Changes in Head Office Account

For the year ended October 31, 2011

(expressed in Barbados dollars)

	Assigned capital	Fair value gains	Due to Head Office	General banking reserve	Retained earnings	Total
	\$	\$	\$	\$	\$	\$
Balance - October 31, 2009	4,000,000	7,283,479	367,587,304	-	170,982,771	549,853,554
Comprehensive income for the year	-	-	-	-	54,102,167	54,102,167
Net advances to Head Office	-	-	(7,170,889)	-	-	(7,170,889)
Transfer to general banking reserve	-	-	-	24,505,243	(24,505,243)	-
Profits remitted to Head Office	-	-	-	-	(26,628,751)	(26,628,751)
Balance - October 31, 2010	4,000,000	7,283,479	360,416,415	24,505,243	173,950,944	570,156,081
Net profit for the year	-	-	-	-	51,735,837	51,735,837
Other comprehensive income for the year	-	8,790,779	-	-	-	8,790,779
Net advances from Head Office	-	-	16,079,463	-	-	16,079,463
Transfer from general banking reserve	-	-	-	(24,505,243)	24,505,243	-
Profits remitted to Head Office	-	-	-	-	(34,522,861)	(34,522,861)
Balance - October 31, 2011	4,000,000	16,074,258	376,495,878	-	215,669,163	612,239,299

REPORT OF THE INDEPENDENT AUDITORS ON THE SUMMARY FINANCIAL STATEMENTS

To the Managing Director of
The Bank of Nova Scotia - Barbados Branches

The accompanying summary financial statements, which comprise the summary statement of financial position as at October 31, 2011, the summary statement of comprehensive income, summary statement of changes in Head Office Account and summary statement of cash flows for the year then ended, are derived from the audited financial statements of The Bank of Nova Scotia - Barbados Branches for the year ended October 31, 2011. We expressed an unmodified audit opinion on those financial statements in our report dated March 28, 2012.

The summary financial statements do not contain all the disclosures required by International Financial Reporting Standards applied in the preparation of the audited financial statements of The Bank of Nova Scotia - Barbados Branches. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of The Bank of Nova Scotia - Barbados Branches.

Management's Responsibility for the Summary Financial Statements

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

Auditors' Responsibility

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

Opinion

In our opinion, the summary financial statements derived from the audited financial statements of The Bank of Nova Scotia - Barbados Branches for the year ended October 31, 2011 are consistent, in all material respects, with those financial statements.

Chartered Accountants
Bridgetown, Barbados
March 28, 2012

Summary Statement of Cash Flows

For the year ended October 31, 2011

(expressed in Barbados dollars)

	2011	2010
	\$	\$
Cash flows from operating activities		
Profit before taxation	67,646,498	69,668,628
Provision for credit losses	12,737,133	8,239,605
Depreciation	2,493,832	2,405,679
Gain on disposal of securities	-	(550,695)
Loss on disposal of fixed assets	86,982	168,002
Interest income	(147,115,534)	(140,596,043)
Interest expense	37,339,124	37,943,340
	<u>(26,811,965)</u>	<u>(22,721,484)</u>
Changes in operating assets and liabilities		
Increase in loans, net	(125,168,985)	(56,778,834)
(Increase) decrease in other assets	15,423,300	(24,276,785)
Increase in other liabilities	620,386	1,198,790
Increase in deposits	68,612,273	23,365,548
	<u>(67,324,991)</u>	<u>(79,212,765)</u>
Cash used in operations	(67,324,991)	(79,212,765)
Corporation tax paid	(15,355,440)	(15,458,324)
Interest received	151,936,672	140,606,829
Interest paid	(37,540,680)	(40,015,255)
Net cash from operating activities	<u>31,715,561</u>	<u>5,920,485</u>
Cash flows from investing activities		
(Purchase) sale of securities, net	18,040,663	(74,257,864)
Purchase of property, plant and equipment, net	(3,515,060)	(3,376,217)
Net cash from (used in) investing activities	<u>14,525,603</u>	<u>(77,634,081)</u>
Cash flows from financing activities		
Profits remitted to Head Office	(34,522,861)	(26,628,751)
Net financing from (to) Head Office	16,079,463	(7,170,889)
Net cash used in financing activities	<u>(18,443,398)</u>	<u>(33,799,640)</u>
Net increase (decrease) in cash for year	<u>27,797,766</u>	<u>(105,513,236)</u>
Cash and cash equivalents - beginning of year	<u>83,125,373</u>	<u>188,638,609</u>
Cash and cash equivalents - end of year	<u>110,923,139</u>	<u>83,125,373</u>
Cash and cash equivalents comprise:		
Cash	13,250,771	13,436,560
Deposits with Central Bank of Barbados	113,686,287	86,979,309
Due from other banks	109,765,909	100,426,082
Securities	64,452,500	84,798,620
Due to other banks	(115,810,328)	(132,520,198)
	<u>185,345,139</u>	<u>153,120,373</u>
Mandatory reserve deposits with Central Bank of Barbados	(74,422,000)	(69,995,000)
	<u>110,923,139</u>	<u>83,125,373</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
Rick Waugh

Summary Statement of Comprehensive Income

For the year ended October 31, 2011

(expressed in Barbados dollars)

	2011	2010
	\$	\$
Interest income		
Loans	136,727,822	128,705,148
Securities	9,248,332	10,807,728
Head Office and other branches	1,139,380	1,083,167
Total interest income	<u>147,115,534</u>	<u>140,596,043</u>
Interest expense	<u>37,339,124</u>	<u>37,943,340</u>
Net interest income	<u>109,776,410</u>	<u>102,652,703</u>
Other income	<u>51,514,823</u>	<u>49,894,218</u>
Net interest and other income	<u>161,291,233</u>	<u>152,546,921</u>
Non-interest expenses		
Salaries and staff benefits	32,811,294	32,453,499
Other expenses	26,322,017	22,067,829
Premises and equipment	14,911,920	13,862,363
Provision for credit losses	12,737,133	8,239,605
Head Office expenses	4,368,539	3,849,318
Depreciation	2,493,832	2,405,679
Total non-interest expenses	<u>93,644,735</u>	<u>82,878,293</u>
Profit before taxation	<u>67,646,498</u>	<u>69,668,628</u>
Taxation	<u>15,910,661</u>	<u>15,566,461</u>
Net profit for the year	<u>51,735,837</u>	<u>54,102,167</u>
Other comprehensive income		
Revaluation surplus	8,225,458	-
Fair value gains on securities	565,321	-
	<u>8,790,779</u>	<u>-</u>
Total comprehensive income for the year	<u>60,526,616</u>	<u>54,102,167</u>

THE BANK OF NOVA SCOTIA

BROAD STREET, BLACK ROCK, ROCKLEY, WILDEY, WARRENS, HOLETOWN, HAGGATT HALL