

THE BANK OF NOVA SCOTIA - BARBADOS BRANCHES

2010 FINANCIAL STATEMENTS



Statement of Financial Position

As at October 31, 2010

(expressed in Barbados dollars)

	2010	2009
	\$	\$
Assets		
Cash resources		
Cash	13,436,560	14,807,110
Deposits with Central Bank of Barbados	86,979,309	141,795,432
Due from other banks	100,426,082	66,790,656
	<u>200,841,951</u>	<u>223,393,198</u>
Securities	<u>245,313,896</u>	<u>254,686,522</u>
Loans	<u>1,665,175,908</u>	<u>1,615,432,361</u>
Other		
Property, plant and equipment	30,889,229	30,086,693
Assets classified as held for sale	254,068	254,068
Cheques and other items in transit, net	17,559,278	-
Other assets	3,611,232	2,854,429
	<u>52,313,807</u>	<u>33,195,190</u>
	<u>2,163,645,562</u>	<u>2,126,707,271</u>
Liabilities		
Deposits	<u>1,436,612,275</u>	<u>1,415,318,642</u>
Other		
Cheques and other items in transit, net	-	5,348,704
Taxation payable	14,661,932	14,526,066
Other liabilities	9,101,748	7,902,958
Due to other banks	132,520,198	133,136,290
Deferred taxation	593,328	621,057
	<u>156,877,206</u>	<u>161,535,075</u>
Head Office Account		
Assigned capital	4,000,000	4,000,000
Revaluation surplus	7,283,479	7,283,479
Due to Head Office	360,416,415	367,587,304
General banking reserve	24,505,243	-
Retained earnings	173,950,944	170,982,771
	<u>570,156,081</u>	<u>549,853,554</u>
	<u>2,163,645,562</u>	<u>2,126,707,271</u>

Approved on February 24, 2011 by

Managing Director
 Caribbean East

Senior Manager Finance

Statement of Cash Flows

For the year ended October 31, 2010

(expressed in Barbados dollars)

	2010	2009
	\$	\$
Cash flows from operating activities		
Profit before taxation	69,668,628	67,134,699
Provision for credit losses	8,239,605	6,044,770
Depreciation	2,405,679	3,103,960
Gain on disposal of securities	(550,695)	-
Loss on disposal of fixed assets	168,002	-
Interest income	(140,596,043)	(140,535,698)
Interest expense	37,943,340	46,886,415
	<u>(22,721,484)</u>	<u>(17,365,854)</u>
Changes in operating assets and liabilities		
Increase in loans, net	(56,778,834)	(92,814,528)
Increase in other assets	(24,276,785)	(4,623,124)
Increase in other liabilities	1,198,790	-
Increase in deposits	23,365,548	81,322,556
	<u>(79,212,765)</u>	<u>(33,480,950)</u>
Cash used in operations	(79,212,765)	(33,480,950)
Corporation tax paid	(15,458,324)	(15,278,414)
Interest received	140,606,829	143,107,834
Interest paid	(40,015,255)	(45,278,433)
Net cash from operating activities	<u>5,920,485</u>	<u>49,070,037</u>
Cash flows from investing activities		
(Purchase) sales of securities, net	(74,257,864)	42,021,333
Purchase of property, plant and equipment, net	(3,376,217)	(1,492,500)
Net cash (used in) from investing activities	<u>(77,634,081)</u>	<u>40,528,833</u>
Cash flows from financing activities		
Profits remitted to Head Office	(26,628,751)	(36,248,535)
Net financing (to) from Head Office	(7,170,889)	1,543,421
Net cash used in financing activities	<u>(33,799,640)</u>	<u>(34,705,114)</u>
Net (decrease) increase for year	<u>(105,513,236)</u>	<u>54,893,756</u>
Cash and cash equivalents - beginning of year	<u>188,638,609</u>	<u>133,744,853</u>
Cash and cash equivalents - end of year	<u>83,125,373</u>	<u>188,638,609</u>
Cash and cash equivalents comprise:		
Cash	13,436,560	14,807,110
Deposits with Central Bank of Barbados	86,979,309	141,795,432
Due from other banks	100,426,082	66,790,656
Securities	84,798,620	167,764,701
Due to other banks	(132,520,198)	(133,136,290)
	<u>153,120,373</u>	<u>258,021,609</u>
Mandatory reserve deposits with Central Bank of Barbados	(69,995,000)	(69,383,000)
	<u>83,125,373</u>	<u>188,638,609</u>

Statement of Changes in Head Office Account

For the year ended October 31, 2010

(expressed in Barbados dollars)

	Assigned capital	Revaluation surplus	Due to Head Office	General banking reserve	Retained earnings	Total
	\$	\$	\$	\$	\$	\$
Balance - October 31, 2008	4,000,000	7,283,479	366,043,883	-	155,340,423	532,667,785
Comprehensive income for the year	-	-	-	-	51,890,883	51,890,883
Net advances from Head Office	-	-	1,543,421	-	-	1,543,421
Profits remitted to Head Office	-	-	-	-	(36,248,535)	(36,248,535)
Balance - October 31, 2009	<u>4,000,000</u>	<u>7,283,479</u>	<u>367,587,304</u>	<u>-</u>	<u>170,982,771</u>	<u>549,853,554</u>
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	<u>4,000,000</u>	<u>7,283,479</u>	<u>360,416,415</u>	<u>24,505,243</u>	<u>173,950,944</u>	<u>570,156,081</u>

Statement of Comprehensive Income

For the year ended October 31, 2010

(expressed in Barbados dollars)

	2010	2009
	\$	\$
Interest income		
Loans	128,705,148	128,801,001
Securities	10,807,728	11,441,937
Head Office and other branches	1,083,167	292,760
Total interest income	<u>140,596,043</u>	<u>140,535,698</u>
Interest expense	<u>37,943,340</u>	<u>46,886,415</u>
Net interest income	<u>102,652,703</u>	<u>93,649,283</u>
Other income	<u>49,894,218</u>	<u>43,072,767</u>
Net interest and other income	<u>152,546,921</u>	<u>136,722,050</u>
Non-interest expenses		
Salaries and staff benefits	32,453,499	30,802,833
Other expenses	22,067,829	14,257,346
Premises and equipment	13,862,363	12,323,355
Provision for credit losses	8,239,605	6,044,770
Head Office expenses	3,849,318	3,055,087
Depreciation	2,405,679	3,103,960
Total non-interest expenses	<u>82,878,293</u>	<u>69,587,351</u>
Profit before taxation	<u>69,668,628</u>	<u>67,134,699</u>
Taxation	<u>15,566,461</u>	<u>15,243,816</u>
Total net income and comprehensive income for the year	<u>54,102,167</u>	<u>51,890,883</u>

SCOTIABANK BOARD OF DIRECTORS

Ronald A. Brenneman	Thomas C. O'Neill
C.J. Chen	Alexis E. Rovzar de la Torre
David A. Dodge, O.C.	Indira V. Samarasekera, O.C., Ph.D.
N. Ashleigh Everett	Allan C. Shaw, C.M., LL.D.
John C. Kerr, C.M., O.B.C., LL.D.	Paul D. Sobey
The Honourable Michael J.L. Kirby	Barbara S. Thomas
John T. Mayberry, C.M.	Richard E. Waugh

INDEPENDENT AUDITORS' REPORT

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

Report on the Abridged Financial Statements

We have audited the financial statements of The Bank of Nova Scotia - Barbados 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 February 24, 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 - Barbados 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
 Bridgetown, Barbados
 February 24, 2011

THE BANK OF NOVA SCOTIA

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

THE ABOVE INFORMATION IS AN EXTRACT FROM THE FULL FINANCIAL STATEMENTS WITHIN THE MEANING OF SECTION 45 OF THE FINANCIAL INSTITUTIONS ACT, 1996. FULL FINANCIAL STATEMENTS MAY BE INSPECTED ON REQUEST

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