

Financial Statements of

SCOTIABANK (TURKS AND CAICOS) LTD.

Year ended October 31, 2016



KPMG Ltd.
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INDEPENDENT AUDITORS' REPORT

To the Directors
Scotiabank (Turks and Caicos) Ltd.:

Report on the Financial Statements

We have audited the accompanying financial statements of Scotiabank (Turks and Caicos) Ltd. (the Bank), which comprise the statement of financial position as at October 31, 2016, the statements of profit or loss, profit or loss and other comprehensive income, changes in shareholder's equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



Scotiabank (Turks and Caicos) Ltd.
Independent Auditors' Report
October 31, 2016

Auditors' Responsibility, continued

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements give a true and fair view of the financial position of the Bank as at October 31, 2016, and of its financial performance and its cash flows for the year then ended in accordance with IFRS.

Intended Use of Report

This report is intended solely for the information and use of the board of directors and shareholder of the Bank and the Financial Services Commission of the Turks and Caicos Islands and should not be used by anyone other than these specified parties.

KPMG LTD.

Chartered Accountants

Providenciales, Turks and Caicos Islands

January 31, 2017

SCOTIABANK (TURKS AND CAICOS) LTD.

Statement of Financial Position

At October 31, 2016
with comparative figures at October 31, 2015

	2016	2015
	US\$'000	US\$'000
Assets		
Cash and cash equivalents (note 6)	10,754	10,379
Short-term investments (note 7)	64,998	85,999
Loans to customers, net (notes 8 and 9)	358,117	383,540
Other assets (note 10)	1,515	1,974
Property and equipment (note 11)	3,412	3,737
	<u>438,796</u>	<u>485,629</u>
Liabilities and Shareholder's Equity		
Liabilities		
Deposits from banks (note 12)	1,356	1,410
Deposits from customers (note 13)	345,414	357,757
Loans from related party (note 14)	5,000	53,116
Other liabilities (note 15)	7,487	7,364
	<u>359,257</u>	<u>419,647</u>
Shareholder's equity		
Share capital (note 16)	20,000	20,000
Capital reserves (note 17)	7,120	7,120
Loan loss reserve (note 18)	3,721	3,721
Retained earnings	48,698	35,141
	<u>79,539</u>	<u>65,982</u>
	<u>438,796</u>	<u>485,629</u>

The accompanying notes are an integral part of these financial statements.

These financial statements were approved
on behalf of the Board of Directors
on January 31, 2017 by the following:

Patricia Adams Director

Sean Brathwaite Managing Director

SCOTIABANK (TURKS AND CAICOS) LTD.

Statement of Profit or Loss

Year ended October 31, 2016

with comparative figures for year ended October 31, 2015

	2016	2015
	US\$'000	US\$'000
Income		
Net interest income		
Interest income	20,098	20,699
Interest expense	(1,560)	(1,977)
	18,538	18,722
Other income		
Fee and commission income (note 19)	14,050	13,519
Net interest and other income	32,588	32,241
Expenses		
Other operating expenses (note 20)	(9,987)	(9,997)
Salaries and benefits (note 21)	(4,761)	(5,587)
Property expenses (note 22)	(1,897)	(2,031)
Allowances for impairment, net of recoveries (note 9)	(1,191)	(8,054)
Communication and marketing (note 23)	(763)	(1,044)
Depreciation (note 11)	(432)	(461)
	(19,031)	(27,174)
Net profit for year	13,557	5,067

The accompanying notes are an integral part of these financial statements.

SCOTIABANK (TURKS AND CAICOS) LTD.

Statement of Profit or Loss and Other Comprehensive Income

Year ended October 31, 2016

with comparative figures for year ended October 31, 2015

	2016	2015
	US\$'000	US\$'000
Net profit for year	13,557	5,067
Other comprehensive income	—	—
Total comprehensive income for year	13,557	5,067

The accompanying notes are an integral part of these financial statements.