



Saint Lucia **GOVERNMENT GAZETTE**

EXTRAORDINARY

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The Bank of Nova Scotia - Saint Lucia Branches

2019 Summary Financial Statements

Summary Statement of Financial Position

As at close of sale on October 31, 2019

(Expressed in thousands of Eastern Caribbean dollars)

	2019	2018
	\$	\$
Assets		
Cash and cash equivalents	81,697	68,959
Due from banks	199,756	367,267
Loans and advances to customers	894,265	987,889
Property and equipment	3,507	3,561
Deferred tax assets	-	3
Other assets	113	65
Total assets	1,179,338	1,427,744
Liabilities		
Customers' deposits	874,871	857,487
Due to banks	288,005	550,302
Other liabilities	14,175	9,049
Current tax liabilities	157	8,850
Total liabilities	1,177,208	1,425,688
Equity		
Reserves	-	3,437
Retained Earnings/(Accumulated Deficit)	2,130	(1,381)
Total equity	2,130	2,056
Total liabilities and equity	1,179,338	1,427,744

Approved by:

David Parks (Mr.)
Managing Director
Caribbean East Regional District

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

The Bank of Nova Scotia - Saint Lucia Branches

2019 Summary Financial Statements

Summary Statement of Profit or Loss and Other Comprehensive Income

For the period from November 1, 2018 to close of sale on October 31, 2019

(Expressed in thousands of Eastern Caribbean dollars)

	2019 \$	2018 \$
Interest income	74,259	80,495
Interest expense	(22,909)	(24,224)
Net interest income	51,350	56,271
Non-interest income	23,644	24,115
Total Revenue	74,994	80,386
Non-interest expenses	(33,038)	(28,773)
Provision for credit losses	(18,392)	(15,742)
Total Expenses	(51,430)	(44,515)
Profit before tax	23,564	35,871
Income tax expense	(7,643)	(11,051)
Net profit for the period, being total comprehensive income	15,921	24,820

Board of Directors

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

Summary Statement of Changes in Equity

For the period from November 1, 2018 to close of sale on October 31, 2019

(Expressed in thousands of Eastern Caribbean dollars)

	Reserves \$	(Accumulated Deficit)/ Retained Earnings \$	Total \$
Balance at October 31, 2017	3,437	24,601	28,038
Net profit for the year	-	24,820	24,820
Remittances to Head Office	-	(50,802)	(50,802)
Balance at October 31, 2018	3,437	(1,381)	2,056
Cumulative effect of adopting IFRS 9	-	(5,470)	(5,470)
Restated Balance at November 1, 2018	3,437	(6,851)	(3,414)
Net profit for the period	-	15,921	15,921
Transfer from reserves	(3,437)	3,437	-
Net remittance to Head Office	-	(10,377)	(10,377)
Balance as at October 31, 2019	-	2,130	2,130

The Bank of Nova Scotia - Saint Lucia Branches

2019 Summary Financial Statements



Summary Statement of Cash Flows

For the period from November 1, 2018 to close of sale on October 31, 2019
(Expressed in thousands of Eastern Caribbean dollars)

	2019	2018
	\$	\$
Cash flows from operating activities		
Net profit for the period	15,921	24,820
Adjustments for:		
Provision for credit losses	18,392	15,742
Depreciation	843	805
Net (gain) loss on disposal of property and equipment	(52)	77
Net interest income	(51,350)	(56,271)
Income tax expense	7,643	11,051
	<u>(8,603)</u>	<u>(3,776)</u>
Changes in operating assets and liabilities		
Decrease (increase) in loans, net	69,182	(6,272)
(Increase) decrease in other assets	(48)	8
Increase in mandatory reserve deposits with Eastern Caribbean Central Bank	(1,557)	(8,179)
Increase (decrease) in other liabilities	5,126	(6,489)
Increase in customers' deposits	17,711	54,574
Cash (used in) from operations	<u>(81,811)</u>	<u>29,866</u>
Corporation tax paid	(16,333)	(2,647)
Interest received	74,840	79,662
Interest paid	<u>(23,237)</u>	<u>(23,819)</u>
Net cash from operating activities	<u>117,081</u>	<u>83,062</u>
Cash flows from investing activities		
Purchase of property and equipment	(819)	(724)
Proceeds on disposal of property and equipment	82	-
Net cash used in investing activities	<u>(737)</u>	<u>(724)</u>
Cash flows from financing activities		
Profits remitted to Head Office	(10,377)	(50,802)
Net cash used in financing activities	<u>(10,377)</u>	<u>(50,802)</u>
Net increase in cash for the period	105,967	31,536
Cash and cash equivalents, net – beginning of period	<u>(165,609)</u>	<u>(197,145)</u>
Cash and cash equivalents, net – end of period	<u>(59,642)</u>	<u>(165,609)</u>
Cash and cash equivalents, net comprise:		
Cash and balances with Eastern Caribbean Central Bank	81,697	68,959
Due from banks	199,756	367,267
Due to banks	<u>(288,005)</u>	<u>(550,302)</u>
	(6,552)	(114,076)
Mandatory reserve deposits with Eastern Caribbean Central Bank	<u>(53,090)</u>	<u>(51,533)</u>
	<u>(59,642)</u>	<u>(165,609)</u>

The Bank of Nova Scotia - Saint Lucia Branches

2019 Summary Financial Statements



On November 27, 2018, the Bank's ultimate parent company announced that it entered into an agreement to sell its banking operations in 9 countries in the Caribbean, including the Bank in Saint Lucia. With all relevant approvals in place, the parent company completed the sale of all the assets and liabilities of the Bank effective October 31, 2019. The summary financial statements reflect the financial position and performance of the Bank immediately prior to close of the sale and derecognition of the assets and liabilities. The comparative figures are for the year ended October 31, 2018.

Independent Auditors' Report on the Summary Financial Statements

To the Managing Director of
The Bank of Nova Scotia - Saint Lucia Branches

Opinion

The summary financial statements, which comprise the summary statement of financial position as at close of sale on October 31, 2019, and the summary statements of profit or loss and other comprehensive income, changes in equity and cash flows for the period from November 1, 2018 to close of sale on October 31, 2019, are derived from the audited financial statements of The Bank of Nova Scotia – Saint Lucia Branches ("the Bank") for the period from November 1, 2018 to close of sale on October 31, 2019.

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 9, 2020.

Emphasis of Matter - Restriction on Use and Distribution

Our auditors' report dated January 9, 2020 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. 3 of 2015 of the Laws of Saint Lucia. 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.

Emphasis of Matter – Going Concern

Our auditors' report dated January 9, 2020 on the audited financial statements included an Emphasis of Matter paragraph, drawing attention to the fact that the going concern basis of preparing the financial statements has not been used as the net assets of the Bank have been sold effective October 31, 2019. 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
Saint Lucia
January 9, 2020

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