

To Our Shareholders

The Directors are pleased to announce that the Scotiabank Group realised net income after tax of \$544.3 million for the year ended 31 October 2011, which was an increase of 6.9% over the comparative period, a year ago.

The results viewed in the context of the current economic environment within the industry, the country and the world can only be described as exceptional.

This performance represents the Group's nineteenth consecutive year of profitable growth and underscores the resilience of our underlying earnings and the ability of the Group to generate consistent results.

The Directors attribute this achievement to the Group's proactive Treasury management in addition to a strong contribution from its insurance subsidiary, Scotialife Trinidad and Tobago Ltd. The Group's traditional business lines of

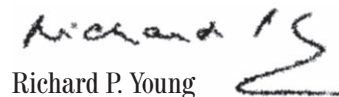
Corporate, Commercial, Retail Lending, Merchant Banking and Wealth Management continue to be challenged by lack of demand.

On the basis of performance to date, the Directors have resolved that the Bank pay a fourth interim dividend of 32 cents per ordinary share on 06 January 2012 to shareholders on record as at 12 December 2011. This brings the total dividend paid for the year to 128 cents (2010 - 110 cents) and represents a payout of 41.47% of after tax profits.

30 November 2011



Dr. Trevor Farrell
Deputy Chairman



Richard P. Young
Managing Director

Significant Accounting Policies

Basis of preparation

These financial statements, in all material aspects, have been prepared in accordance with International Financial Reporting Standards. The accounting policies used in the preparation of the financial statements are the same as were followed in the financial statements as at 31 October 2010.

Comparative information

Comparative amounts in the Consolidated Statement of Income have been restated to conform to presentation changes in the current financial period.

Consolidated Statement of Financial Position (Stated In \$'000)

	AUDITED As at 31 October 2011	AUDITED As at 31 October 2010
ASSETS		
Cash on hand and in transit	\$ 103,443	\$ 96,894
Due from banks and related companies	1,087,617	1,531,827
Treasury bills	1,245,234	520,766
Deposits with Central Bank	2,780,695	2,565,619
Net loans to customers	10,666,965	10,364,772
Investment securities	687,151	673,066
Investment in associate companies	16,118	14,173
Property, plant and equipment	279,675	264,588
Miscellaneous assets	51,958	19,311
Goodwill	2,951	2,951
Retirement benefit asset	77,051	93,595
TOTAL ASSETS	\$ 16,998,858	\$ 16,147,562
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Deposits	\$ 12,423,682	\$ 11,512,489
Due to banks and related companies	69,619	381,333
Other liabilities	188,546	158,903
Securities sold under repurchase agreement	46,124	41,617
Provision for taxation	30,524	34,478
Policyholders' funds	532,978	439,159
Debt security in issue	800,000	1,000,000
Retirement benefit obligation	96,866	88,390
Deferred tax liability	19,064	18,685
TOTAL LIABILITIES	14,207,403	13,675,054
SHAREHOLDERS' EQUITY		
Stated capital	267,563	267,563
Statutory reserve fund	397,563	377,563
Investment revaluation reserve	30,598	24,954
Retained earnings	2,095,731	1,802,428
Total Shareholders' Equity	2,791,455	2,472,508
Total liabilities and shareholders' equity	\$ 16,998,858	\$ 16,147,562

Consolidated Statement of Income (Stated In \$'000)

	UNAUDITED Three months ended 31 October 2011	UNAUDITED Three months ended 31 October 2010	AUDITED Year ended 31 October 2011	AUDITED Year ended 31 October 2010
NET INTEREST AND OTHER INCOME				
Net Interest Income	\$ 225,337	\$ 236,585	\$ 897,266	\$ 865,129
Other Income	84,656	114,989	360,432	385,271
Net Interest and Other Income	309,993	351,574	1,257,698	1,250,400
NON-INTEREST EXPENSES				
Loan loss expense	6,523	19,160	47,925	77,117
Other	115,396	141,009	511,533	515,331
Non-Interest Expenses	121,919	160,169	559,458	592,448
INCOME BEFORE TAXATION	188,074	191,405	698,240	657,952
Provision for taxation	(40,338)	(45,214)	(153,927)	(148,727)
INCOME AFTER TAXATION	\$ 147,736	\$ 146,191	\$ 544,313	\$ 509,225
Dividends Paid & Proposed for financial year	\$ 56,430	\$ 61,720	\$ 225,720	\$ 193,978
Dividends per share	32.0 c	35.0 c	128.0 c	110.0 c
Earnings per share	83.8 c	82.9 c	308.7 c	288.8 c
Return on Equity	21.38 %	23.78 %	20.68 %	22.04 %
Return on Total Assets	3.46 %	3.67 %	3.28 %	3.17 %
Market Value	\$ 50.00	\$ 36.60	\$ 50.00	\$ 36.60

Consolidated Statement Of Total Comprehensive Income (Stated In \$'000)

	UNAUDITED Three months ended 31 October 2011	UNAUDITED Three months ended 31 October 2010	AUDITED Year ended 31 October 2011	AUDITED Year ended 31 October 2010
NET INCOME:	\$ 147,735	\$ 146,191	\$ 544,313	\$ 509,225
OTHER COMPREHENSIVE INCOME				
Revaluation of available-for-sale investments, net of tax	9,620	(34,142)	5,644	(9,080)
TOTAL COMPREHENSIVE INCOME, NET OF TAX	\$ 157,355	\$ 112,049	\$ 549,957	\$ 500,145