

THE BANK OF NOVA SCOTIA

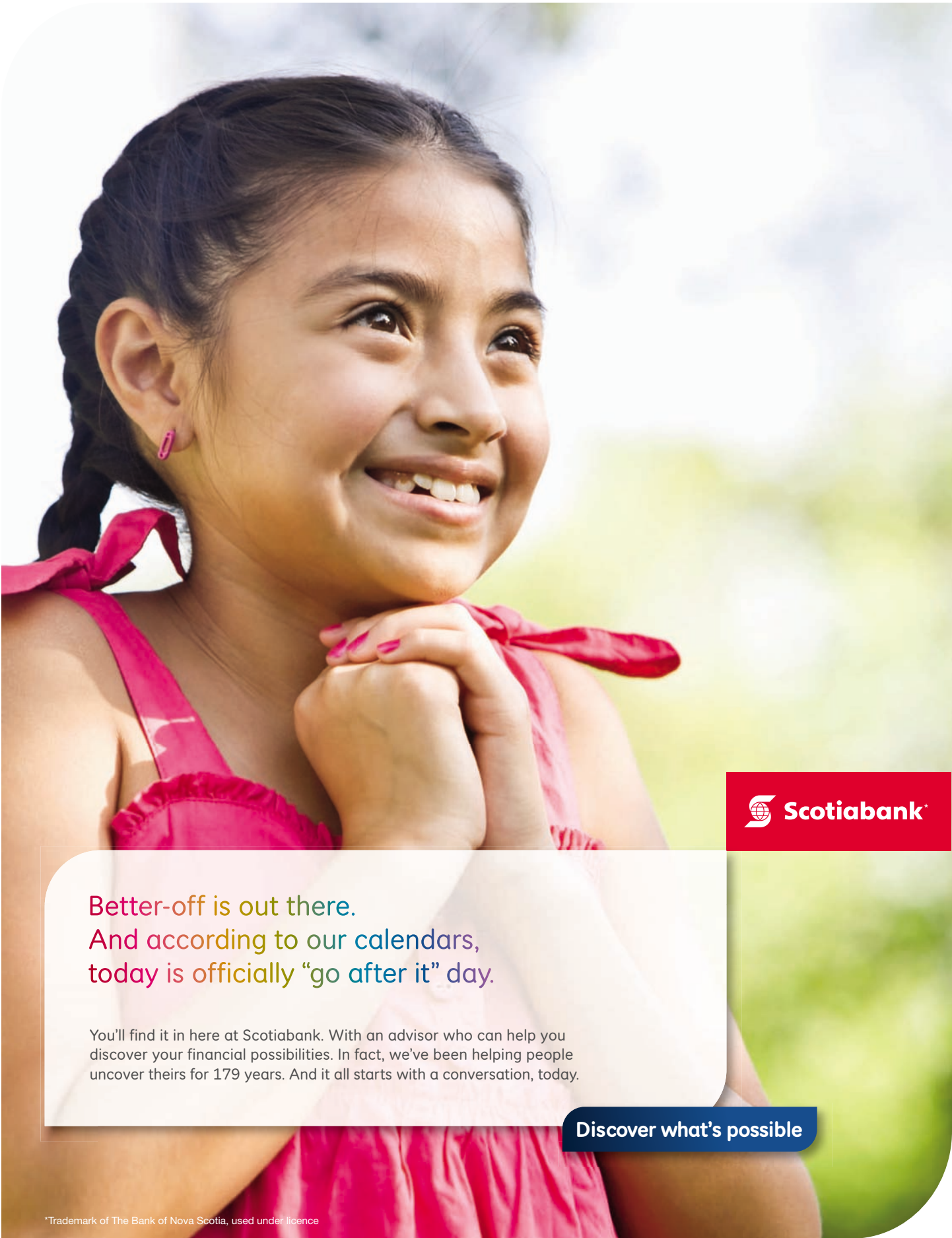


Scotiabank in the community

ANNUAL REPORT 2011

Discover what's possible

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Better-off is out there.
And according to our calendars,
today is officially “go after it” day.

You'll find it in here at Scotiabank. With an advisor who can help you discover your financial possibilities. In fact, we've been helping people uncover theirs for 179 years. And it all starts with a conversation, today.

Discover what's possible

*Trademark of The Bank of Nova Scotia, used under licence

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Mission Statement

We are committed to being the leader in providing the highest quality financial products and services and to sustaining exceptional levels of customer satisfaction, employee dedication, shareholder confidence and a reputation for corporate integrity in every community we serve.

Core Purpose

To be the best at helping our customers become financially better off.

Core Values

INTEGRITY

Interact with others ethically and honourably.

RESPECT

Empathise and fully consider the diverse needs of others.

COMMITMENT

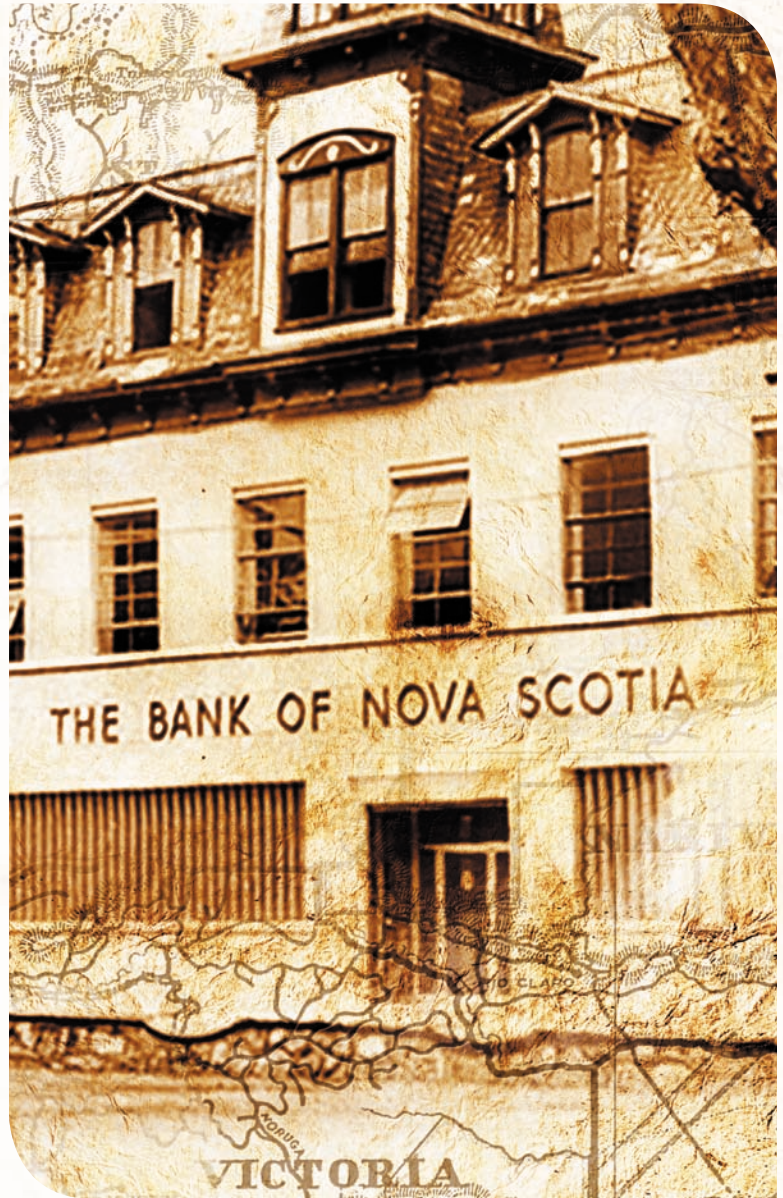
Achieve success for customers, team and self.

INSIGHT

Use a high level of knowledge to proactively respond with the right solutions.

SPIRIT

Enrich the work environment with teamwork, contagious enthusiasm and a “can-do” spirit.



Our Service Promise

I am proud to be a Scotiabanker and I ...

- 1** **Make every customer feel welcome.**
Proactively acknowledge every customer with a warm and friendly greeting.
- 2** **Take the time to understand and anticipate customer needs.**
Listen attentively and ask thoughtful questions that will help you uncover customer needs.
- 3** **Provide advice and solutions that are right for each customer.**
Proactively provide advice and solutions that help my customer become financially better off.

- 4** **Follow-through and keep my promises.**
Focus on 'doing it right the first time'. If something goes wrong, take personal ownership of a customer's concerns.
- 5** **Sincerely thank every customer, every time.**
A customer honours us by choosing Scotiabank and we are privileged to serve them.

Consolidated Financial Highlights

October 31, 2011 (\$ thousands, except per share data)

	2011	2010
TOTAL ASSETS	16,998,858	16,147,562
DEPOSITS	12,423,682	11,512,489
NET LOANS TO CUSTOMERS	10,666,965	10,364,772
INCOME BEFORE TAXATION	698,240	657,952
NET INCOME	544,313	509,225
RISK ADJUSTED CAPITAL RATIO	29.25%	27.42%
NUMBER OF SHARES OUTSTANDING	176,343,750	176,343,750
NUMBER OF SHAREHOLDERS	7,699	7,762
EARNINGS PER SHARE	308.7	288.8
MARKET VALUE PER SHARE	\$50.00	\$36.60
NET BOOK VALUE PER SHARE	\$15.83	\$14.02

RETURN ON EQUITY (ROE)

2011
20.68%
2010
22.04%

ROE measures how well the Bank is using common shareholders' invested money. It is calculated by dividing Net Income available to common shareholders by average common shareholders' equity.

EARNINGS PER SHARE (EPS)

2011
308.7¢
2010
288.8¢

EPS is the Net Income a company has generated per common share. It is calculated by dividing Net Income available to shareholders by the average number of common shares outstanding.

RETURN ON ASSETS (ROA)

2011
3.28%
2010
3.17%

ROA measures how effectively we utilise our assets to generate a rate of return. It is calculated by dividing the Net Income by the Total average assets.

PRODUCTIVITY

2011
41.69%
2010
42.21%

The Productivity ratio measures the overall efficiency of the Group. It expresses non-interest expenses as a percentage of the sum of the Net Interest Income and Other Income. A lower ratio indicates improved productivity.

THE ORDINARY SHARES OF THE BANK ARE LISTED FOR TRADING ON THE TRINIDAD AND TOBAGO STOCK EXCHANGE.

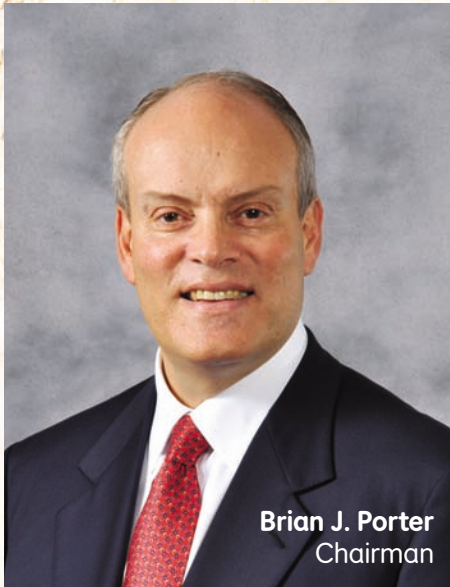
SECRETARY: Belinda James, Scotia Centre, 56-58 Richmond Street, Port of Spain

AUDITORS: KPMG, Trinre Building, 69-71 Edward Street, Port of Spain

ATTORNEYS: Fitzwilliam, Stone, Furness-Smith and Morgan, 48-50 Sackville Street, Port of Spain

Note: All monetary amounts are stated in Trinidad and Tobago dollars, unless explicitly stated otherwise.

Chairman's Letter to Shareholders



Brian J. Porter
Chairman

In 2011, Scotiabank Trinidad and Tobago Limited once again demonstrated its strength, as well as its commitment to customers and shareholders, with solid financial results. The Bank reported net income of \$544.3 million, compared to the \$509 million in 2010. Basic earnings per share were \$3.09, which is a 6.9% increase compared to the previous year. Total dividends paid for the year were \$1.28, and the dividend payout ratio for 2011 stood at 41.4%, consistent with the Bank's five-year average of 40%.

Uncertainties in the global marketplace continue to pose challenges, and I expect they will continue for the next few years. Of course, Scotiabank is not immune to these forces and it has had an impact on credit demand locally.

ECONOMIC OUTLOOK

Economic recovery across the Caribbean is still constrained by limited fiscal flexibility and a relatively high public debt burden. The Central Bank of Trinidad and Tobago recorded GDP growth of 0.6% as at the second quarter of 2011, and the Central Statistical Office (CSO) has projected an overall decline in GDP of 1.4% for 2011.

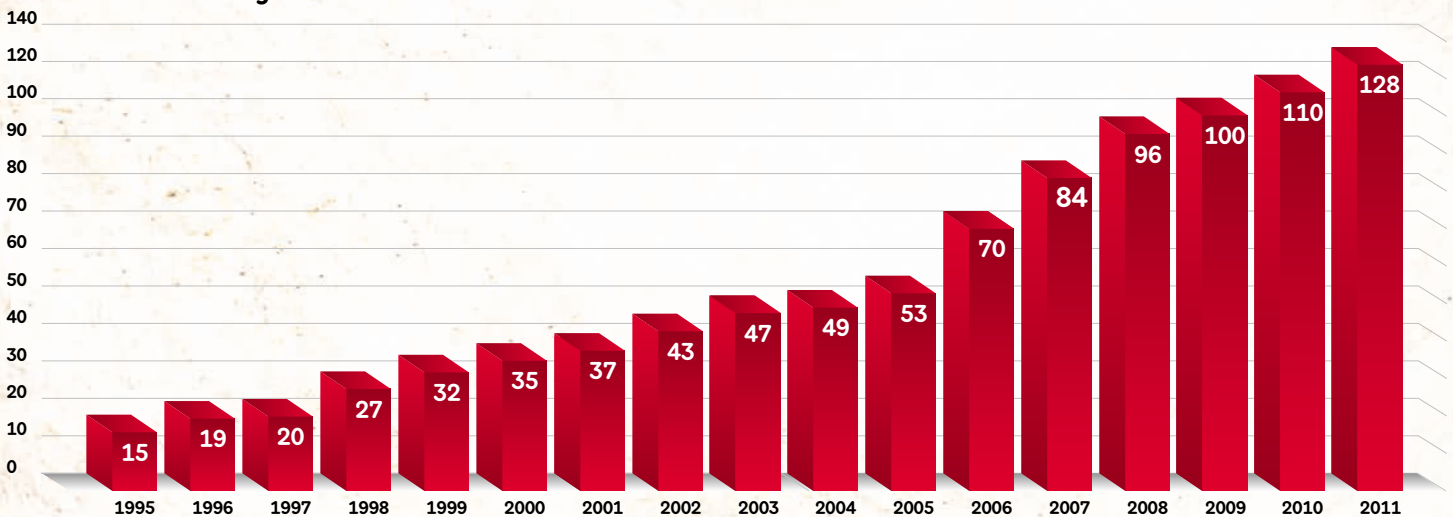
The Banking sector managed slow credit demand as most indicators showed growth of less than 10%. The latest Economic Survey Indicators from the Central Bank of Trinidad and Tobago illustrate the slow growth in domestic demand, evidenced by an increase in retail sales by 5.5% year-over-year in the second quarter and 4.3% in the previous quarter. Bank credit grew by 5% year-over-year in the second quarter. Headline inflation rose to 3.7% by October 2011 and core inflation (not including the impact of food prices) stood at 1.6%.

STRENGTH AND STABILITY

Our results this year show that Scotiabank Trinidad and Tobago continues to be strong, stable and successful. The Bank's unique business model, prudent approach and consistent execution of our five-point business strategy continue to serve us well, and will continue to do so in the future.

At the heart of Scotiabank's success is our people – a team that is now more than 1,255 strong in Trinidad and Tobago. I have every confidence that they will continue to drive the Bank's success for years to come by staying focused on our customers and continuing to maintain a culture of accountability, openness and integrity.

Consistent dividend growth



“At the heart of Scotiabank’s success is our people — a team that is now more than 1,255 strong in Trinidad and Tobago. I have every confidence that they will continue to drive the Bank’s success for years to come by staying focused on our customers and continuing to maintain a culture of accountability, openness and integrity.”

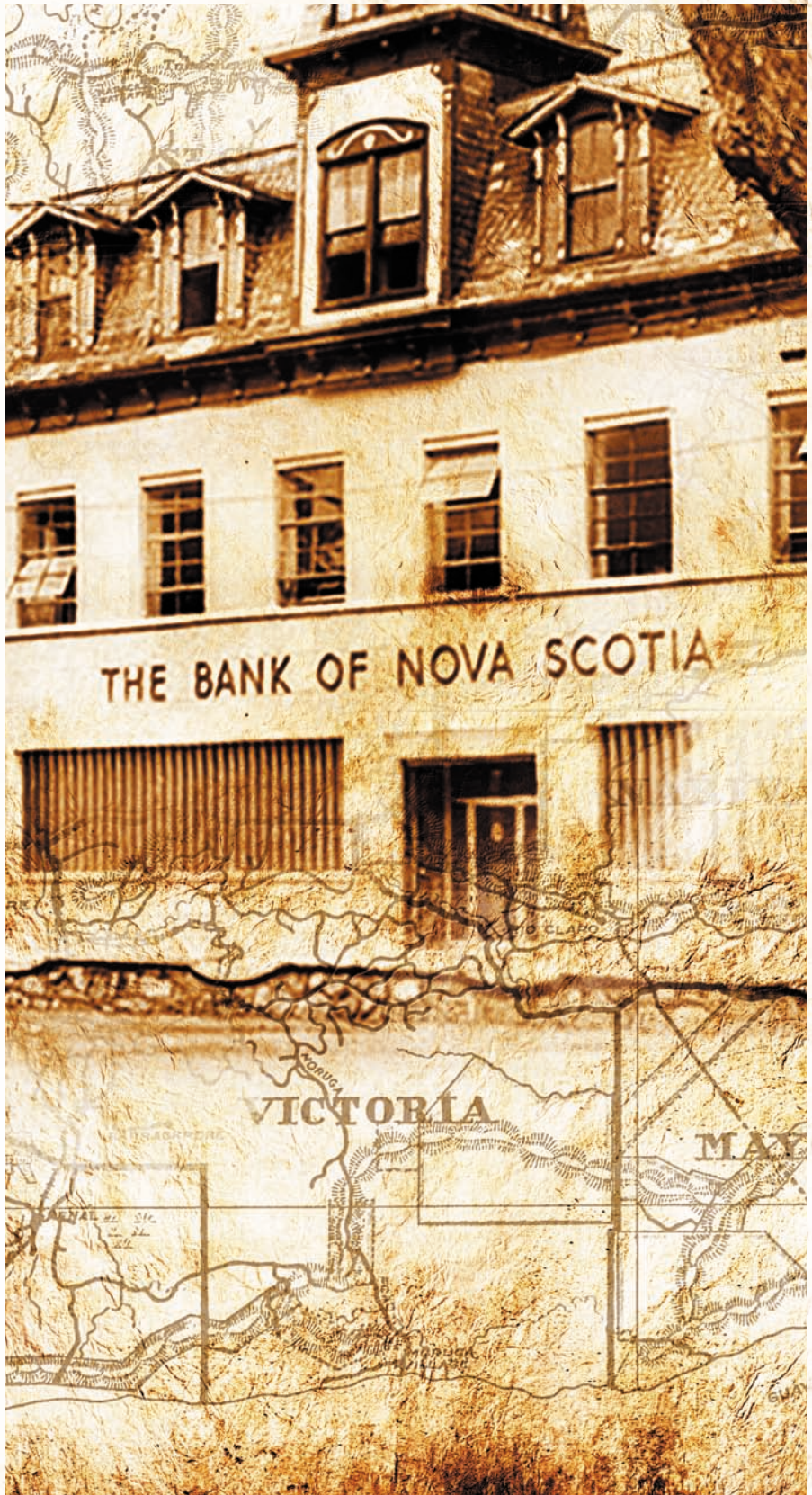
LOOKING AHEAD TO 2012

We will continue to live by our vision to create, encourage and maintain a truly customer-centric, relationship-focused sales and service organisation. Scotiabank’s five-point strategy: Sustainable and Profitable Revenue Growth, Capital and Balance Sheet Management; Leadership, Prudent Risk Management and Appetite and Efficiency and Expense Management, will continue to drive our commitment to customers. By staying this course, we will successfully navigate the challenges of the year to come.

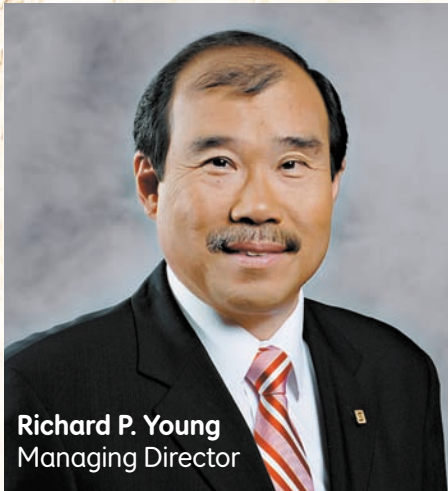
ACKNOWLEDGEMENTS

On behalf of the Board, I would like to congratulate the management of Scotiabank Trinidad and Tobago Limited on their success over the past year. I am particularly grateful to our employees, whose deep commitment has been instrumental to our success in a very challenging time. As always, you have my support and I look forward to an even better 2012.

Brian J. Porter
Chairman



Managing Director's Review



Richard P. Young
Managing Director

The Scotiabank Trinidad and Tobago Limited Group has been in operation locally for the last 56 years. These years of experience certainly contributed to our ability to meet the challenges of the local and global economic climate this fiscal. We achieved an after tax profit of \$544.3 million for the year ending October 31, 2011, which represents a year-on-year increase of 6.9%. We also achieved Net Interest and Other Income of over \$1.26 billion for the year ending October 31, 2011 up \$7.28 million or 0.6% from the same period last year. Earnings per share closed at \$3.09, an increase of 6.9% on 2010.

FINANCIAL HIGHLIGHTS OF THE SCOTIABANK GROUP'S PERFORMANCE

The last fiscal was challenging in terms of the flat economy and the socio-political climate. In spite of these factors, the Scotiabank Group performed admirably and I am pleased to share some of our significant financial accomplishments.

Scotiabank Trinidad and Tobago Limited and its Subsidiaries reported as at the end of October 2011, Total Assets of \$17 billion, having grown by about 5.5% or \$851.3 million. To put this in context, in 2010 we increased by less than 1%. Dividend growth was up by 18 cents to 128 cents and the market capitalisation of the Group now stands at over \$8.8 billion.

Shareholder equity remained strong at \$2.8 billion in 2011, an increase of 12% when compared to \$2.5 billion in 2010. When we observe the Group's financial ratios, our Return on Total Assets (ROA) for 2011 was at 3.28% versus 3.17% last year, while our Return on Equity decreased to 20.68% from 22% and our Productivity Ratio came in at 41.69%. The Bank's Capital Adequacy Ratio remained strong at 29.25%, an improvement on the 2010 figure of 27.4%.

I am pleased to report a reduction in Non-Interest Expenses to \$559.5 million, approximately 5.57% lower than last year. This decrease was as a result of a strong focus on management of our risk portfolio and the creation of efficiencies throughout the Group.

Notably, our Operating Leverage was 3.59% in fiscal 2011, a significant improvement from the negative 0.66% recorded in 2010; this meant that our income increased at a faster rate than our expenses. This increase is an excellent indicator of our growth.

Private sector credit demand increased modestly by 1% and credit to business fell by 1.4%, again

an indicator of slow recovery and economic factors in the country. Total Liabilities for 2011 measured \$14.2 billion, a 3.65% increase on 2010. Deposits remained the Bank's largest liability at \$12.4 billion, an increase of \$911.2 million that translates to 7.91%. This is a trend that is industry wide and again an indicator of the impact of market forces on customers' appetite for risk.

ScotiaLife Trinidad and Tobago Limited continues to play a significant role in the overall success of the Scotiabank Group. This Bancassurance business line performed extremely well, contributing to approximately 15% of the Group's after-tax profits.

THE PLATFORM FOR CUSTOMER CARE

The success of the Scotiabank Group can be attributed to our five strategic priorities:

1. Sustainable and Profitable Revenue Growth
2. Capital Management
3. Leadership
4. Prudent Risk Management and Appetite
5. Efficiency and Expense Management

In the area of Sustainable and Profitable Revenue Growth, a key element of our organic growth strategy is improving the customer experience. Over the past year, we extended our sales and service best practices to improve on our channel strategy. To meet our customers' retail, business or wealth needs, we instituted a referral strategy and our unique Bancassurance model gives us an edge in providing customers with options to insure their loans, as well as to save by purchasing an annuity and life insurance.

Our work on the second priority, Capital Management, is focused on ensuring the lowest cost of capital and increased profitability through the generation of fee income. In addition, doing a transaction that provides compensatory return so as to manage our Capital efficiently.

Execution against plans for Leadership has resulted in a professional and knowledgeable Scotiabank talent pool. Employees from Scotiabank Trinidad and Tobago Limited have advanced to positions throughout the Scotiabank network regionally and internationally.

Well known in the financial services sector for our Prudent Risk Management and Appetite, this continues to be a non-negotiable in our business and guides the evolution of our policies and processes. In this vein, our Legal Team has been responsible for a successful anchoring of key compliance policies and processes.

Successes in Efficiency and Expense Management last year include the completion of a Branch Capacity Optimisation Model initiative, which translated into reduced cost of sales and improved service delivery to the banking public. The Caribbean South Collections Unit, a hub of shared services, has also been an excellent contributor to cost reduction through which processing and collections is done regionally for 11 and 7 countries respectively.

Scotiabank also launched customer education programmes relative to alternate banking channels to encourage customers to use the low cost, self-service options available via the internet and mobile banking, Automated Banking Machines (ABMs) and telephone banking. Also a big win in this area was the replacement of 44 ABMs at 20 locations. This success was two-fold as the design done locally for the new ABM Surround was adopted by Scotiabank's International Banking as a model for the region.

INITIATIVES AT WORK

In 2011, we conducted four Small Business Seminars aimed at educating small business owners on various subjects, including managing cash flow, recruitment, marketing, business planning and success secrets. We also hosted four Mortgage Seminars to educate customers on the ins and outs of home ownership.

The Bank is committed to making a positive impact on the lives of stakeholders. Best practices in corporate governance, customer satisfaction, employee relations, community involvement and environmental concerns are key considerations in the day-to-day business decisions of the Bank.

The 'Your Voice' customer feedback programme was launched to encourage customers to actively provide the Bank with feedback on service. A Concerns Management Policy was also implemented, again toward enhancing the customer experience.

Critical to our operations was the completion of renovations on 11 Branches to create separate ScotiaLife offices in accordance with the FIA 2008. ScotiaLife will operate in 2012 with 19 stand-alone insurance offices.

INVESTING IN OUR HUMAN CAPITAL AND CELEBRATING SUCCESS

In 2011, approximately 73% of the Bank's staff participated in professional development programmes, some of which focused on the crucial aspects of our Legal and Compliance framework.

Survey results showed a strong Employee Engagement of 81% – up 1% from 2010, with 39% highly engaged. In addition, in 2011, various arms of the Bank's Trinidad and Tobago operations were recognised in Canada for outstanding performance.

The Bank was recognised externally during the year via the Employers' Consultative Association (the ECA), which shortlisted the Bank among Champion Employers in Trinidad and Tobago. We were also shortlisted by the Association of Female Executives of Trinidad and Tobago (AFETT) among the Top 10 companies for Female Executives in the country.

CORPORATE SOCIAL RESPONSIBILITY

Our Service Promise, mentioned earlier in the report, speaks not only to interactions we have with our customers on banking matters, but extends also to our service to the country. Through the continuing work of the Scotiabank Trinidad and Tobago Foundation, we are proud of the work we have done in 2011, touching lives and enabling sustainable growth and well-being, especially among young people.

The Foundation has been in existence for just about four years, under the patronage of the former First Lady of the Republic of Trinidad and Tobago,

Zalayhar Hassanali. Mrs. Hassanali also serves as the patron for the flagship programme, Scotiabank Women Against Breast Cancer and together with the other Board members, is fully committed to the work championed by the Foundation.

The Foundation's donation and sponsorship objectives are designed to assist worthy educational, health, cultural, charitable and community organisations. These initiatives should enhance the quality of life in their local communities and improve the level and quality of community services. The Foundation's funds are dedicated to the following areas through the following programmes:

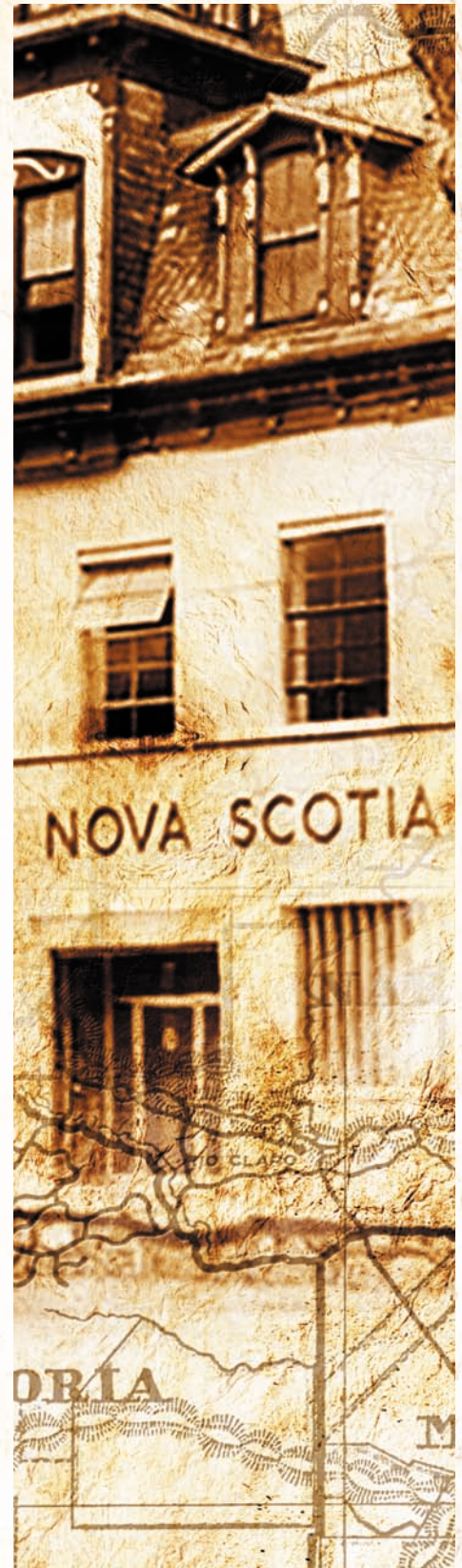
- Bright Future Program ®
- Women Against Breast Cancer Programme
- Ongoing Sports, Cultural & Strategic Partnerships
- Environmental Initiatives

As the Foundation's work becomes deeply engaged at the community level, Scotiabank recognises the need to share this good work with our key stakeholders. Further details of our work in this area are present later in this report.

FOCUS ON 2012

The global economy will, by all estimations, continue its slow recovery in 2012. For the Scotiabank Trinidad and Tobago Limited Group, this means that we will continue to operate with our Strategic Priorities as our guide.

It is the Bank's commitment to its shareholders, customers and employees, and the community that feeds our Vision. Our customers' needs will therefore continue to drive us to raise the bar on the best practices, to find solutions and provide sound financial advice. We will endeavour to provide exceptional leadership and direction from our Board of Directors right through the line, out our doors and into the community, to provide a Bright Future for Trinidad and Tobago.



Board of Directors



Brian J. Porter
Chairman



Dr. Trevor Farrell†
Deputy Chairman



Richard P. Young ♦
Managing Director



Claude Norfolk*†
Senior Vice President
International Banking
(Caribbean Region)
The Bank of Nova Scotia



Daniel J. Fitzwilliam ▲ ♦
Consultant
Messrs. Fitzwilliam, Stone,
Furness-Smith and Morgan



George Janoura ▲ ♦
Chairman and Managing
Director
Janouras Limited



Gisele del V Marfleet*†
Director, Operations
Industrial Chemical Supply
(1995) Company Limited



Roxane De Freitas*†
Managing Director
Unilever Caribbean Limited



Craig Reynald*▲
Consultant

- * **Members of the Audit Committee**
(Chairman - Craig Reynald)
- ▲ **Members of the Corporate Governance and Conduct Review Committee**
(Chairman - Daniel J. Fitzwilliam)
- † **Human Resources Advisory Committee**
(Chairman - Roxane De Freitas)
- ♦ **Members of the Credit Review Committee**
(Chairman - George Janoura)

Corporate Governance Overview

As part of their oversight responsibilities, directors are required to exercise sound, objective and independent judgment on all matters before them.

Effective corporate governance is a priority for Scotiabank – indeed, it is considered essential to the Bank's long-term success. Scotiabank's corporate governance policies are designed to ensure the independence of the Board and its ability to effectively supervise management's operation of the Bank.

Board independence ensures that the Bank is managed for the long-term benefit of its major stakeholders – shareholders, employees, customers and the communities in which the Bank operates. The Bank's directors are business and community leaders active at the national and international levels. Collectively, they provide an invaluable breadth of experience.

BOARD COMMITTEES

The committees of the Board assist in fulfilling its mandate and ensure that the Scotiabank Group is governed effectively. At fiscal year end, there were four Board committees.

The Audit Committee

This Committee assists the Board in fulfilling its oversight responsibilities for the integrity of the Bank's consolidated financial statements and related quarterly results press releases; compliance with legal and regulatory requirements; the system of internal control, including internal control over financial reporting and disclosure controls and procedures; the external auditors' qualifications and independence; and the performance of the Bank's internal audit function and internal controls over financial reporting.

The Credit Review Committee

This Committee was initially named the Connected Party Committee and was formed to assist the Board in ensuring compliance with the requirements of the Financial Institutions Act, 2008, viz the extension of credit exposures to the Bank's connected parties. During fiscal 2011, the Committee was renamed and its terms of reference expanded. The Board's functions relative to the administration of the Bank's credit portfolio have been delegated to the Credit Review Committee. These functions include

the review of large credit exposures; large non-performing loans; and applications for credit exposures by connected parties, confirming that the terms and conditions offered to the applicants are no less favourable to the Bank than the terms and conditions on which such credit exposures are offered to the public and approving same, subject to ratification by the Bank's Board of Directors.

The Corporate Governance and Conduct Review Committee

This Committee ensures that the Bank adheres to high corporate governance standards through continuous assessment and adjustment processes. Among the Committee's responsibilities are the establishment of qualities for and suitability of director nominees, and the proposal of agenda items and content for submission to the Board. The Committee scrutinises Bank procedures and practices regarding transactions with related parties of the Bank and oversees compliance with certain legislative requirements.

The Human Resources Advisory Committee

This Committee reviews the compensation to be paid to senior executives and senior officers and the general criteria and design of incentive bonuses. The Committee also assists the Board in succession planning by reviewing the senior level organisational structure, monitoring the development of individuals for key positions and assessing management's performance (quantitative and qualitative).

The Directors' Report

Your Directors have pleasure in submitting their Annual Report for the fiscal year ended October 31, 2011:-

FINANCIAL RESULTS AND DIVIDENDS

Your Directors report that the Group's profit after taxation for the year ended October 31, 2011, was \$544.2 million. Dividends of 32 cents per share were paid to shareholders on April 06, 2011, July 05, 2011, October 04, 2011 and January 06, 2012, making a total distribution of \$1.28 on each share for the year ended October 31, 2011.

DIRECTORS

In May 2011, Mr. Robert Riley resigned from the Board of Directors due to professional commitments overseas.

In accordance with paragraph 4.5 of the Company's By-Law No. 1, the terms of office of Mr. Brian J. Porter, Dr. Trevor Farrell, Mrs. Roxane De Freitas, Mr. Daniel J. Fitzwilliam, Mr. George Janoura, Mrs. Gisele del V Marfleet, Mr. Claude Norfolk, Mr. Craig Reynald and Mr. Richard P. Young expire at the close of the Annual Meeting to be held on February 24, 2012. Mr. Daniel J. Fitzwilliam, who has served on the Board of Directors for the last eighteen (18) years, has decided not to offer himself for re-election.

Mr. Brian J. Porter, Dr. Trevor Farrell, Mrs. Roxane De Freitas, Mr. George Janoura, Mrs. Gisele del V Marfleet, Mr. Claude Norfolk, Mr. Craig Reynald and Mr. Richard P. Young, being eligible, offer themselves for re-election for the term from the date of their election until the close of the first Annual Meeting following their election, subject always to earlier termination under paragraph 4.8.1 of the Company's By-Law No. 1.

The Corporate Governance and Conduct Review Committee has recommended the appointment of Mrs. Wendy Fae Thompson to the Board of Directors. At the Annual Meeting, scheduled for February 24, 2012, shareholders will be asked to elect Mrs. Wendy Fae Thompson to the Board of Directors for the term from the date of her election until the close of the first Annual Meeting following her election, subject always to earlier termination under paragraph 4.8.1 of the Company's By-Law No. 1.

AUDITORS

The retiring auditors, Messrs. KPMG have expressed their willingness to be re-appointed. Messrs. KPMG are practising members of the Institute of Chartered Accountants of Trinidad and Tobago and are eligible for appointment as auditors of the Company under the rules of the said Institute.

DIRECTORS, SENIOR OFFICERS, CONNECTED PERSONS AND SUBSTANTIAL INTERESTS

We record hereunder details of the shareholdings of each Director and Officer of the Company as at the end of the Company's financial year, October 31, 2011.

DIRECTORS

ORDINARY SHARES

Roxane De Freitas	2,000
Trevor Farrell	30,109
Daniel J. Fitzwilliam	10,441
George Janoura	18,026
Gisele del V Marfleet	7,425
Claude Norfolk	1,500

DIRECTORS (cont'd)

ORDINARY SHARES

Brian J. Porter	4,468
Craig Reynald	-
Richard P. Young	8,485

SENIOR OFFICERS*

ORDINARY SHARES

Gayle Pazos	-
Christopher Hosein	-
Belinda James	-
Adrian Lezama	-
Vanessa Mc Pherson	-
Dhanraj Persad	2,500
Savon Persad	1,000
Samanta Saugh	-
Mahadeo Sebarath	-
Salwa Zaki	-

*All Senior Officers of the Bank participate in employee share ownership plans and are shareholders of The Bank of Nova Scotia.

We record that as at the end of the Company's financial year, October 31, 2011, persons connected to the Directors and Officers of the Company held 15,521 shares in the Company.

There has been no change in these interests occurring between the end of the Company's year and one month prior to the date convening the Annual Meeting.

We also list below those persons holding the ten (10) largest blocks of shares in the Company, as at October 31, 2011.

SHAREHOLDERS

ORDINARY SHARES

The Bank of Nova Scotia	89,761,887
The National Insurance Board	11,970,742
Republic Bank Limited	10,906,924
RBTT Trust Limited	10,498,352
The Trinidad and Tobago Unit Trust Corporation	5,936,096
First Citizens Trust and Asset Management	4,641,511
Trintrust Limited	4,080,399
Tatil Life Assurance Limited	3,788,793
Guardian Life of the Caribbean Limited	2,569,580
Trustee Central Bank Pension Fund	1,856,248

ON BEHALF OF THE BOARD

Brian J. Porter Chairman	Richard P. Young Managing Director
January 25, 2012	
Port of Spain, Trinidad	

Management Discussion & Analysis

The following discussion and analysis is provided to facilitate the reader's assessment of the Group's results for the fiscal year ended October 31st, 2011. This discussion should be read in conjunction with our consolidated financial statements provided in this Annual Report. All amounts referred to hereunder are stated in Trinidad and Tobago dollars unless stated otherwise.

OVERVIEW

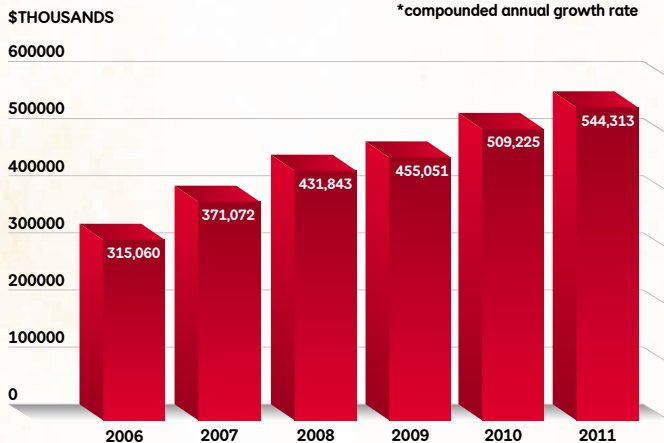
The SBTT Group ended fiscal 2011 with Net Income of \$544.3MM, an increase of 6.9% over the previous year. The results represent the Group's nineteenth consecutive year of profitable growth and underscores the resilience of our underlying earnings and the ability of the Group to generate consistent results.

Earnings per share amounted to 308.7 cents, compared to 288.8 cents in the previous year, whilst Return on Equity remains strong at 20.68%. Return on Assets improved to 3.28%, compared to 3.17% in fiscal 2010.

Net Interest and Other Income was maintained above the billion dollar mark at a record \$1.26 billion for the year ended October 31st, 2011.

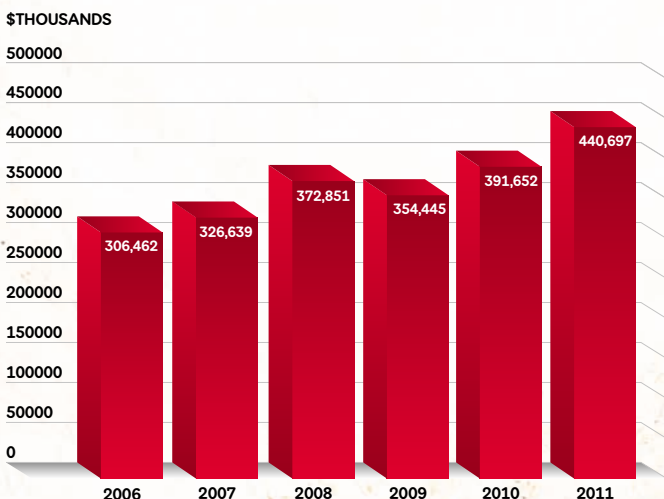
Net Income 5 Year CAGR* – 11.56%

*compounded annual growth rate

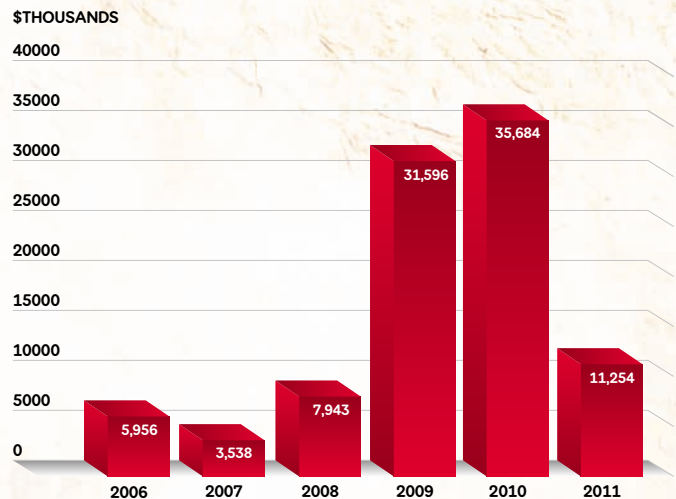


The Group's capital base remained strong with total shareholder's equity growing to \$2.8 billion; \$318.9 million more than the previous year, while the risk-based capital adequacy ratio measured 29.25% as at October 31st, 2011, which compared favourably to the 2010 figure of 27.4% and continues to be well above the minimum capital adequacy ratio of 8% specified by regulators.

Scotiabank Trinidad and Tobago – Net Income 5 Year CAGR – 7.54%

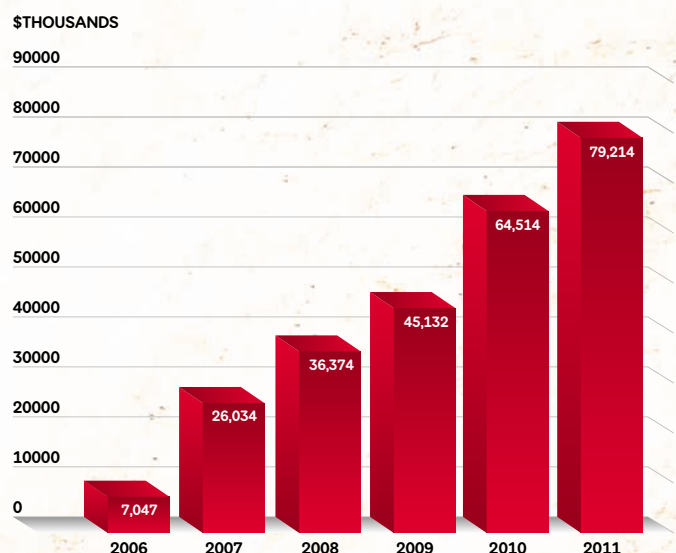


Scotia Trust and Merchant Bank – Net Income 5 Year CAGR – 13.57%



The SBTT Group delivered an improved financial performance and exceeded its key financial targets for 2011 in an economic environment that posed significant challenges both for the Group and its customers. Our strategy of diversification across business lines complemented with proactive risk management and astute cost management has served us well, especially in the Insurance and Banking business units. A decline in capital market activity caused a reduction in the contribution from the Merchant Banking Unit.

ScotiaLife – Net Income 5 Year CAGR – 62.24%



Management Discussion & Analysis cont'd

STRONG SHAREHOLDER RETURN

Our shareholders were handsomely rewarded year over year with a 16% increase in dividends, complemented with a 36% improvement in the share price of SBTT's issued equity. Dividends increased from \$1.10 in 2010 to \$1.28 in 2011, whilst the share price of one SBTT share as at October 31, 2010 was \$36.60, whereas at October 31, 2011 it was \$50.00. It has and will continue to be our philosophy to reward shareholders with sustainable, long-term growth in profits.

Total Shareholder Return	For the year ended October 31				
	2011	2010	2009	2008	2007
Ordinary shares in issue	176,343,750	176,343,750	176,343,750	176,343,750	176,343,750
Closing market price (\$ per share)	\$50.00	\$36.60	\$30.02	\$31.00	\$28.55
Dividend paid (cents per share)	128.0	110.0	100.0	96	84
Earnings per share (cents)	308.7	288.8	258.0	244.9	210.4
Dividend Payout Ratio	44.7%	38.1%	38.8%	39.2%	39.9%

GROUP FINANCIAL PERFORMANCE

Total Revenue

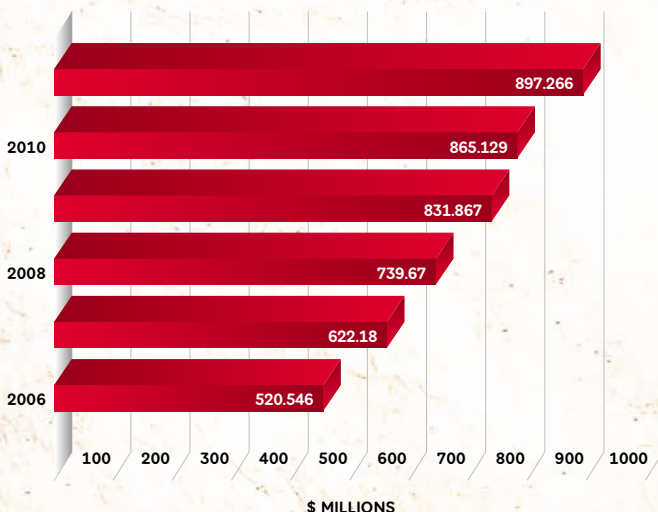
Total revenue, which comprises Net Interest Income and other non-interest income, recorded an increase in 2011 of \$7.3 million or 0.58% over the previous year, moving from \$1,250.4 million in 2010 to \$1,257.7 million in the current fiscal year. While this figure may appear marginal, it must be noted that this was achieved against a backdrop of economic stagnation, which was reflected in key economic indicators.

Net Interest Income

The Group closed fiscal 2011 with Net Interest profit of \$897.3 million, an increase of \$32.1 million or 3.7% despite declining interest rates across all product lines. This modest increase in Net Interest profits was achieved through the combined efforts of the treasury function and the Credit Origination team which sought to manage the effects of excess liquidity within the banking system and weak credit demand whilst offering customers competitive rates on deposit and lending products.

Net Interest Income

5 Year CAGR* – 11.50%
*compounded annual growth rate

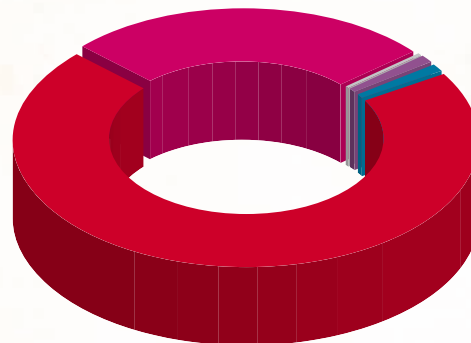


Other Income

Other Income for 2011 amounted to \$360.4 million. This performance resulted in a year on year decrease of \$24.8 million or 6.5%. Other Income comprised mainly of Fees, Commissions and Premium Income, which accounted for 71% of the total 2011 Other Income category, while earnings from foreign exchange trading accounted for 27%.

This decrease over the previous year can be attributed to the decline in fees earned by the Merchant Banking Unit of \$42.5 million or 86%, as previously stated, due to the decline in the capital market activity. The decline was partially affected by investments in the following:- firstly, an increase in fee revenues charged for the provision for banking services. This revenue stream grew as a result of an increase in volume transactions as the Group realised the benefits of its improved and expanded product offering complemented by the expansion of its presence within the local market. Secondly, the contribution of the insurance subsidiary, ScotiaLife. This unit surpassed expectations with an increase of \$18.4 million over the comparable period one year ago. Revenues from foreign exchange trading also increased. This is attributable to continued demand pressures on the US dollar and increases in sell volumes. This category realised an increase of \$11.5 million or 13.5% over the previous period.

Other Income



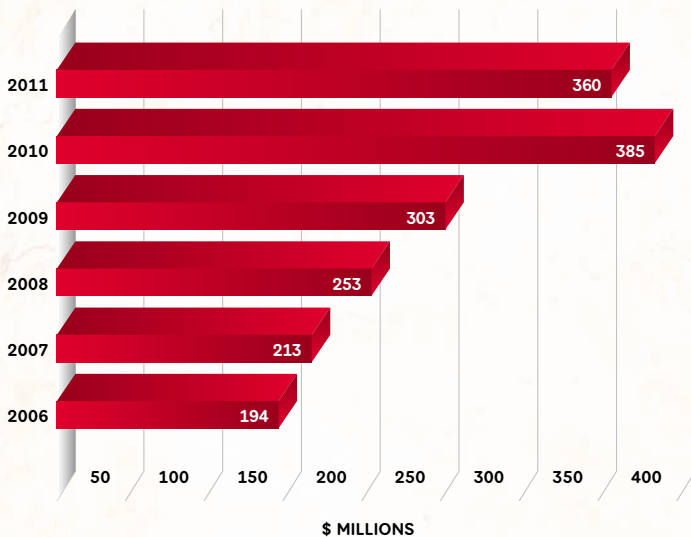
- Fees, Comm. & Net Premium Income: 71% (2010: 74%)
- Foreign Exchange: 27% (2010: 22%)
- Trustee & Other Fiduciary Fees: 1% (2010: 2%)
- Securities at fair Value: 1% (2010: 1%)
- Avl. For sale Investment Securities: 0% (2010: 1%)

The composition of the Group's other income has remained fairly stable year-on-year. The marginal decrease in fees, commissions and Net Premium Income was due to the decrease in merchant Banking fees, which was partially offset by increased Foreign Exchange earnings generated by the Group's Treasury

Management Discussion & Analysis cont'd

Other Income

CAGR* – 13.16%



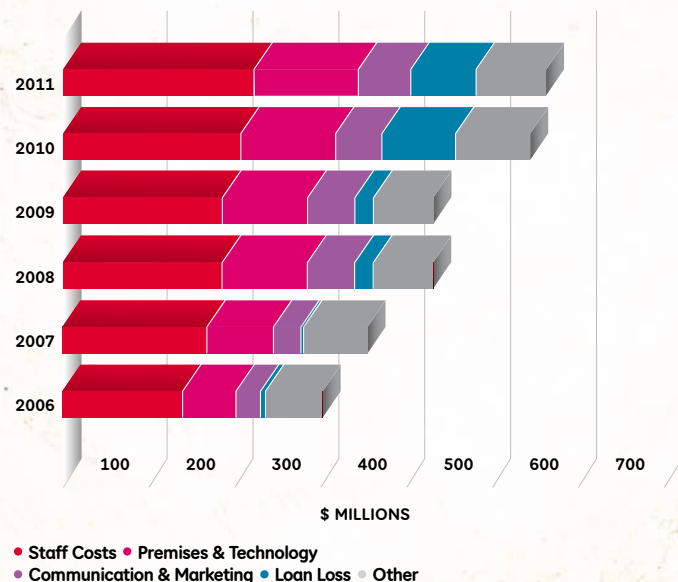
Non-Interest Expenses

Non-interest expense decreased in fiscal 2011 by \$33 million or 5.6% to \$559.5 million from its 2010 level of \$592.4 million. This was as a result of the combined effect of lower loan loss expenses and lower operating expenses as the Group's management continued its strategy of cost containment.

The major component of the year on year decrease was loan loss expenses, which fell to \$47.9 million from \$77.1 million in 2010. This was attributed to continued concentrated efforts on loan recoveries and continued tight management of the non-accrual loans portfolio.

Non Interest Expenses

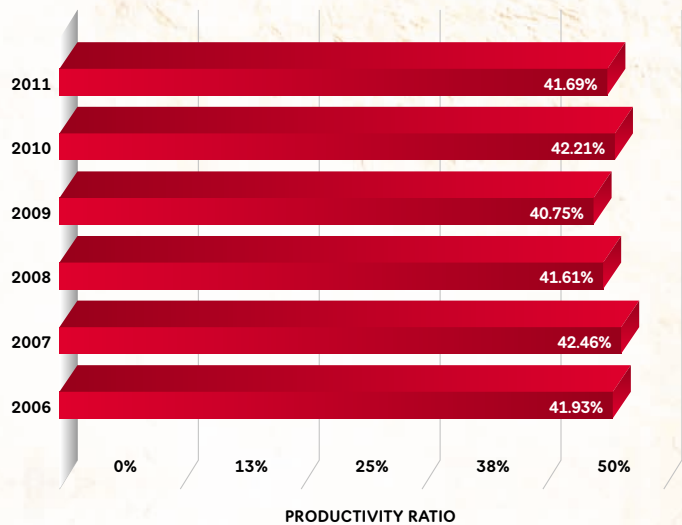
5 Year CAGR* – 12.86%
*compounded annual growth rate



Productivity

While the emphasis on revenue growth was unwavering, our focus on managing costs across the Group continued. Our productivity ratio, measured as non-interest expense as a percentage of total revenue, was testament to this at 41.69% (2010: 42.21%).

Group Efficiency



Taxes

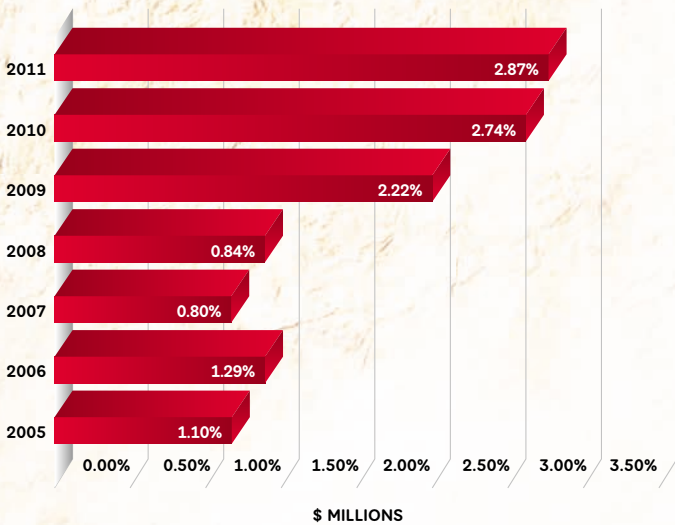
The 2011 tax provision was \$153.9 million, up \$5.2 million or 3.5% from 2010. This increase is purely due to growth in profits as the effective tax rate was maintained at approximately 22%.

Credit Quality

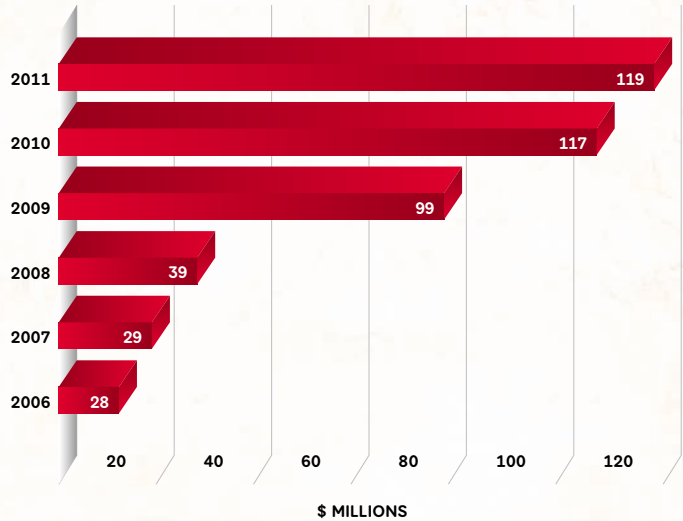
The Group's non-performing loans now represent 2.87% of gross loans compared to 2.74% in the prior year. Year over year, loan loss expense declined 37.9% to \$47.9 million from \$77.1 million in 2010. Loan loss provisions however increased to \$119.2 million in 2011 from \$117.3 million in 2010, an increase of 1.65%. Scotiabank is satisfied that its credit risk policies are adequate and provide the Bank with a sound risk management framework to achieve desired business and risk results.

Management Discussion & Analysis cont'd

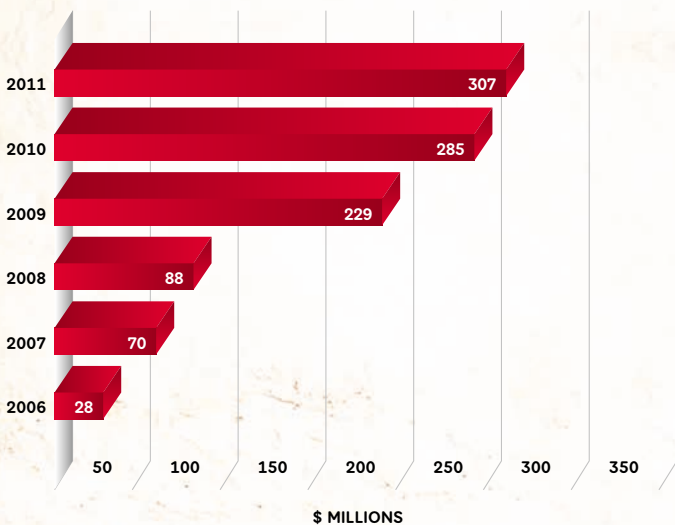
NAL as % of Gross Loans



Loan Loss Provisions



Impaired Loans



GROUP FINANCIAL CONDITION

Assets

Total assets of the Group at the close of fiscal 2011 stood at \$17 billion, an increase of \$851.3 million or 5.3% over the previous year. The growth in assets is fair considering the context of the current economic climate.

While credit demand continued to be weak, this was compounded by falling interest rates. Inflation has been in the single digits since March 2011. Liquidity within the financial system reached record highs in 2011. This led to the growth in assets being driven by non-core categories, such as Deposits with the Central Bank, Investment Securities and Treasury Bills.

Cash Resources

Regulatory cash deposits at the Central Bank of Trinidad and Tobago held to comply with statutory requirements amounted to \$2.8 billion, an increase over the previous year of \$215 million or 8.4%.

The commercial bank reserve requirement was maintained at the 2010 level; however, deposit liabilities upon which the reserve is calculated increased leading to the growth in deposits with the Central Bank.

While these funds are held at the Central Bank as part of its monetary policy action, as a consequence of excess market liquidity, these funds are held in a liquid form and are available to meet the bank's liquidity needs in severe consequences. As at October 31st, 2011 our reserves exceed the statutory minimum as the liquidity overhang in the financial system affected us as it did our counterparts with total commercial banks excess reserves reported at \$4.5 billion.

Management Discussion & Analysis cont'd

Securities

Growth in Investment Securities was \$14 million or 2.1% resulting in this category of asset closing the financial year at \$687.2 million compared to 2010 of \$673.1 million.

Treasury Bills increased to \$1.2 billion in 2011 from \$520.8 million in 2010, a growth of \$724.5 million or 139.12%. This increase was as a result of the continued high liquidity in the market and continued low credit demand, hence the Bank sought to deploy its excess funds and enhance profitability in short-term instruments.

Competition was fierce amongst market participants in the debt securities market, which effectively drove yield lower and resulted in all issues of debt instruments with suitable risk characteristics to the Group being over-subscribed.

Loans

Net loans to customers closed the financial year at \$10.7 billion, up \$302.2 million or 2.9% over 2010. This category continues to be the Group's main business line and accounts for 62.8% of total assets as at October 31, 2011.

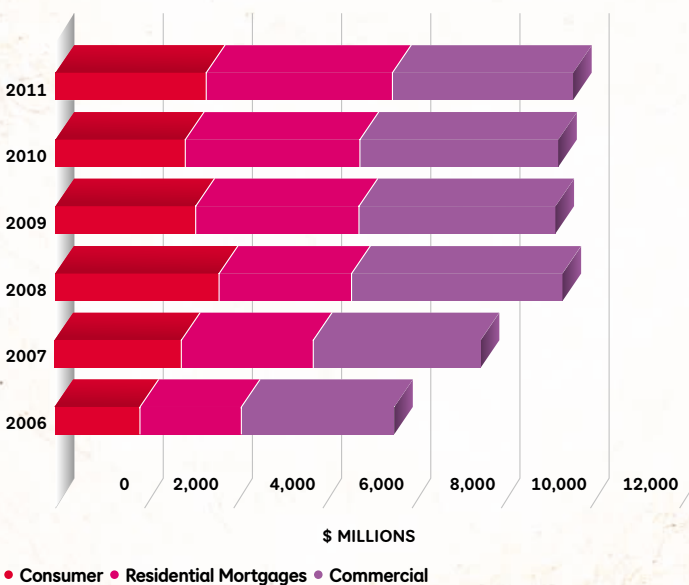
There was an increase in credit as consumer confidence began to show small signs of growth in 2011. The Group was able to successfully defend its market share in 2011 as new credit business underwritten by the Group was sufficient to offset payouts on existing facilities.

The Consumer Loan and Residential Mortgage portfolios continued to be the two largest concentration categories and when combined, represented 64.6% of net loans (2010: 60.1%)

The Loan loss provision as a percentage of gross loans decreased to 1.11% from 1.13% in 2010 and the Group considers this level of provisioning to be adequate.

Loan Portfolio

5 Year CAGR* – 8.86%
*compounded annual growth rate



LIABILITIES

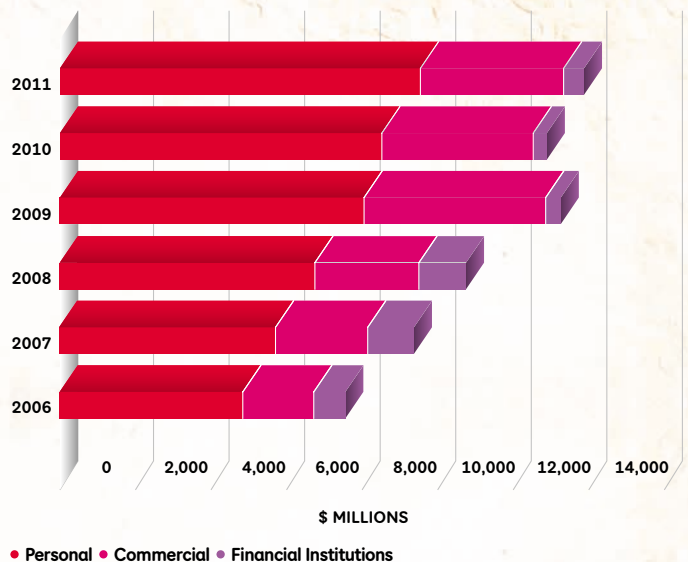
Total Liabilities were \$14.2 billion as at October 31st, 2011, an increase of \$532.3 million or 3.9% from last year.

Deposits

The Group experienced a growth in customer deposits of \$911.2 million or 7.9% compared to 2010. Deposits as at October 31, 2011 stood at \$12.4 billion, whereas in 2010 it was \$11.5 billion.

Deposit Portfolio

5 Year CAGR* – 9.80%
*compounded annual growth rate



Deposits from customers continue to be the main source of funding for the investment activities of the Group, with deposits accounting for 87.5% of total liabilities (2010: 84.2%).

Notwithstanding the downwards trend in deposit yields, our customers continue to demonstrate their confidence in the Scotiabank Group as a strong, well capitalised and stable financial institution.

Other funding

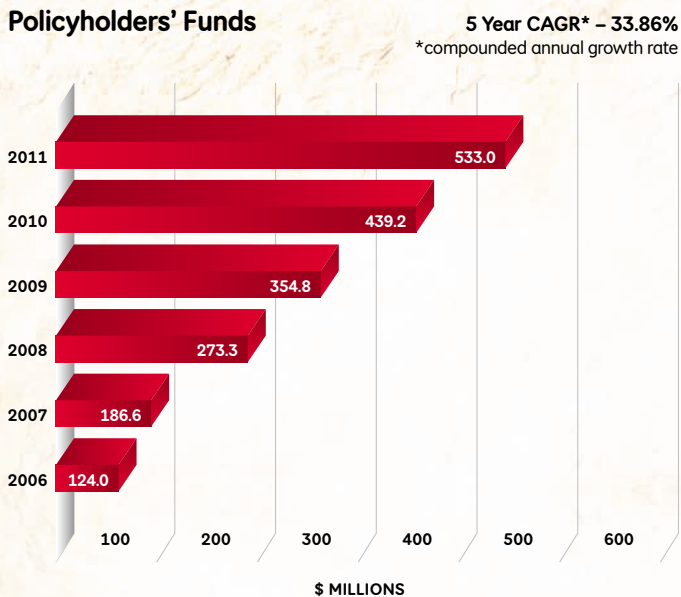
Other sources of funding recorded a net decline of 72.6% or \$307.2 million over the prior year. This comprised of decreases in amounts due to banks and related companies of \$311.7 million which closed the year at \$69.6 million down from \$381.3 million in 2010. Securities sold under repurchase agreements ended the financial year of 2011 at \$46.1 million, up by \$4.5 million or 10.8% from 2010 closing balance of \$41.6 million.

This category of funding grew as the Group decreased its foreign currency borrowing to better manage the associated risk of lending to customers in a currency other than the TT dollar.

Management Discussion & Analysis cont'd

Policyholders' Funds

ScotiaLife Trinidad and Tobago Limited, the insurance subsidiary of the Group, had another successful year with growth in policyholders' funds of \$93.8 million or 21.4% over the comparable period one year ago. Policyholders' funds stood, as at the close of fiscal 2011, at \$533 million compared to \$439.2 million in 2010. This increase was representative of increases in premium income from ordinary life policies of \$23 million and individual annuities payments of \$68.1 million.



Shareholders' Equity

Total assets of the Group at the close of fiscal 2011 stood at \$17 billion. As at October 31, 2011 shareholders equity continued to strengthen at \$2.8 billion, up by \$318.9 million from \$2.5 billion in 2010. The growth in shareholders equity was mainly due to increase in retained earnings as management sought to maintain a strong capital base for the forthcoming financial year.

Dividends

The Group's shareholders were rewarded with a 16.4% increase in dividends which resulted in total proposed and paid dividends for 2011 of \$1.28 compared to \$1.10 in 2010. The Group continues to subscribe to the philosophy of proactive risk management and steady, sustainable growth in profits in the discharge of its duty to its shareholders.

Corporate Social Responsibility

Living by the guiding principles of Corporate Social Responsibility (CSR) has become the way we work at Scotiabank Trinidad and Tobago Limited. The Bank is committed to making a positive impact on the lives of stakeholders in communities throughout Trinidad and Tobago. Best practices in corporate governance, customer satisfaction, employee relations, community involvement and environmental concerns are key considerations in the day-to-day business decisions of the Bank.

Scotiabank Trinidad and Tobago Foundation

Attaining charitable status in February 2008, the Scotiabank Trinidad and Tobago Foundation was established as a separate entity to oversee and administer all the philanthropic initiatives and activities of Scotiabank



Trinidad and Tobago Ltd. The former First Lady of the Republic of Trinidad and Tobago, Zalayhar Hassanali, serves as the patron for both the Foundation as well as the Scotiabank Women Against Breast Cancer Program. The Foundation Board of Directors comprises Gisele del V Marfleet as Chairman with Directors Theresa Thompson Beard, Yvonne Fakoory and Richard P. Young. A key strategic initiative of the Foundation is the Bank's Bright Future Program®, which supports sustainable youth-focused development initiatives.

The Scotiabank Bright Future Program®

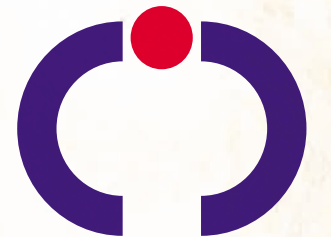


The Scotiabank Bright Future Program® was launched in Trinidad and Tobago four years ago. It is primarily aimed at supporting and investing in those initiatives that create opportunities for the sustainable development

of youth and communities in which the Bank operates. This programme helps the Bank focus on charitable activities, donations, sponsorships and employee volunteerism, all geared towards the enhancement of the well-being of youth – particularly in the key areas of education, health, the environment and community wellness. All these elements lend themselves to the provision of a brighter future for our young people.

Scotiabank Women Against Breast Cancer Programme

In 2011, Scotiabank Trinidad and Tobago celebrated the 13th year of its commitment and dedication to the fight against breast cancer through its annual Scotiabank Women Against Breast Cancer Golf Tournament and 5K Classic. The 2011 instalment of the annual 5K proved to be the largest ever for the Bank, attracting more than 5,000 women who came together to run, jog and walk at three venues across the country (the Queen's Park Savannah, Port of Spain; Skinner Park, San Fernando and Store Bay, Tobago). The objective of this event is to raise funds and spread awareness of breast cancer in Trinidad and Tobago and also to help promote a healthy lifestyle, a key factor in reducing the risk of breast cancer. The funds raised at these events are used to support free breast cancer screening clinics. To date, more than 14,000 women have had access to free breast cancer screening, mammograms and ultrasounds at public and private



WOMEN AGAINST BREAST CANCER



*Trademark of The Bank of Nova Scotia, used under licence.



“Scotiabank Trinidad and Tobago has renewed its commitment to the alleviation of poverty and the provision of assistance to disadvantaged persons and those in need in our society.”

health facilities throughout Trinidad and Tobago. The Scotiabank Women Against Breast Cancer screening programme has also begun to attract additional funding from other corporate entities and in 2011, two local distribution companies donated a portion of their October product sales to the cause.

Scotiabank in the Community

Volunteerism not only benefits the receiver, but it benefits the giver as well as it fosters a greater sense of community spirit and national togetherness. Scotiabank Trinidad and Tobago encourages volunteerism amongst staff, especially as the Bank strives to make a difference in the communities in which our employees live and work. Evidence of this integral part of our cultural fibre was the 2011 annual Bright Future Program® in which 24 branches and units throughout Trinidad and Tobago embarked on youth-focused projects. Staff at these branches undertook a variety of community building projects for children in schools, orphanages, social groups and children's homes.

Employees at Scotiabank raised funds to support their numerous enterprises and gave selflessly of their time and their hearts to ensure that these projects were a success. The projects ranged from painting schools, to building mathematics and science labs, upgrading playgrounds and recreational spaces to even the setting up of solar panels and aquaponics facilities at a children's home. The children were taught how to use this alternate form of energy to power their day to day activities as a money-saving initiative for the home – the result, thousands of dollars will be saved each year on electricity bills. Altogether, Scotiabank employees have given hundreds of man-hours to ensuring a bright future for our youth and the nation.

Scotiabank Trinidad and Tobago has renewed its commitment to the alleviation of poverty and the provision of assistance to disadvantaged persons and those in need in our society. Every year, the Bank commits funds through annual donations to a variety of deserving non-governmental organisations and charities which have shown their dedication to enhancing the lives of children, the socially displaced, people afflicted with debilitating diseases and others within the community through funding and the provision of services. The funds have assisted these organisations in extending their reach to the people who need it most and allow them to continue their charitable work. More than 25 organisations have received donations from the Scotiabank Trinidad and Tobago Foundation in the last fiscal year.

Sport, Culture and Philanthropy

The year 2011 has been a very busy and exciting one for Scotiabank Trinidad and Tobago with respect to sport, culture and philanthropy. This year, the Bank entered into three major strategic partnerships with a view to extending its support to creditable and commendable organisations that have already been deeply involved in social work in the community. The first partnership is with the non-profit, non-governmental organisation, Families in Action, which has established the Scotiabank Bright Future Ambassador's Program. The primary objective of the programme is to provide young people with assistance to properly develop their medium and long-term goals as early as possible. This programme has the ultimate objective of decreasing the levels of delinquency prevalent amongst our young people by providing them with the opportunity to set and achieve positive life goals. The young Ambassadors are also being equipped to coach their peers in setting and achieving their goals.



Corporate Social Responsibility cont'd

The second strategic partnership involves the Scout Association of Trinidad and Tobago, which has embarked on a programme focused on instilling a variety of everyday skills and capabilities in the young men in our society. This initiative also teaches young men to have respect for themselves and for those around them. Scotiabank understands that more focus needs to be put on assisting these young men with accomplishing their goals and motivating them towards leading fulfilling lives. This programme falls under the umbrella of the Scotiabank Advancement of the Caribbean Male project.

The Bank has also entered into a four-year, \$600,000 partnership with the Trinidad and Tobago Olympic Committee (TTOC), making Scotiabank Trinidad and Tobago the official bank of the TTOC. Fundamentally, this partnership was formed to promote lifestyle development through recreational sporting activities for children, including preventative health and fitness campaigns designed to encourage healthy lifestyles. This partnership will also allow the Bank to lend support to our local athletes who will be representing Trinidad and Tobago in the upcoming 2012 Olympic Games.

Scotiabank has been "The Official Bank of West Indies Cricket" for over a decade and continues to provide sponsorship support both at the regional and international levels of the sport. Scotiabank is also the exclusive sponsor of Kiddy Cricket, an extended training programme that provides schools and youth groups across the country with certified coaches who teach the fundamentals of the gentleman's game, thereby ensuring our sporting legacy for the future. Our support of youth in sport extends not only to cricket as Scotiabank consistently provides sponsorship for the Annual Schools' Table Tennis Tournament, held in collaboration with the Trinidad and Tobago Table Tennis Association.

On the side of culture, Scotiabank continues to be the gold sponsor of the Biennial Trinidad and Tobago Music Festival when it was held in March 2011. Scotiabank also lent its support again this year to more than 40 unsponsored steelbands for their participation in the National Panorama Championships. The Bank is proud to continue its support for the promotion of our national instrument.

The work of the Scotiabank Trinidad and Tobago Foundation extends beyond the projects and initiatives named above to many other individuals, associations and organisations. Contributions are made via sponsorship and donations for a range of events and activities aligned to the Foundation's mandate to create a bright future and give back to the national community.

Environmental Considerations

Scotiabank Trinidad and Tobago Limited ensures compliance to a strict environmental policy that guides its day-to-day operations. The policy is further enhanced by the adoption of the Equator Principles, which provide safeguards to ensure the protection of the natural environment and the rights of indigenous peoples, as well as safeguards against child and forced labour. These principles have been integrated into the Bank's internal policies and procedures and they play a major role in shaping our real estate practises. Furthermore, as purchasers of products and services, we believe that it is our responsibility to incorporate environmental considerations into our purchasing and usage processes.

Committed to Making a Difference

Scotiabank Trinidad and Tobago is dedicated to continuing to play its part as a socially responsible corporate citizen and assisting where it can to make a meaningful contribution to Trinidad and Tobago. In 2012, the Bank will continue to endeavour to find new ways of reaching out to people and organisations that are in need and new initiatives that will essentially enhance society. The Bank will also continue to do its part in supporting the many individuals and organisations engaged in addressing the social gaps existing in our society. Indeed, Corporate Social Responsibility is a fundamental part of the way Scotiabank does business and is an integral contributor to our overall success.

Management's Report On Internal Controls Over Financial Reporting

The management of Scotiabank Trinidad & Tobago Limited and its subsidiaries (Scotiabank) is responsible for the integrity and fair presentation of the financial information presented in this Annual Report.

The purpose of internal control over financial information is to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards.

Responsibility for the integrity and objectivity of financial information is reflected in the design, implementation and evaluation of adequate internal controls over financial reporting. Scotiabank maintains an effective internal control structure. It consists, in part, of an organisational structure with clearly defined lines of responsibility and delegation of authority, and comprehensive systems and control procedures. An important element of the control environment is an ongoing internal audit programme. Our system also contains self-monitoring mechanisms, and actions are taken to correct deficiencies as they are identified. Scotiabank believes that it is essential for

the company to conduct its business affairs in accordance with the highest ethical standards, as set forth in Scotiabank's Business Conduct Guidelines.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Additionally, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

As at October 31, 2011, Scotiabank's internal control mechanisms have been evaluated by management and found to be effective. KPMG, an independent registered public accounting firm, issued an unqualified audit opinion and reported no significant or material weaknesses in internal control in their management letter.

Richard P. Young
Managing Director

Adrian Lezama
Assistant General Manager,
Finance

Independent Auditors' Report

to the Shareholders of Scotiabank Trinidad and Tobago Limited

We have audited the accompanying consolidated financial statements of Scotiabank Trinidad and Tobago Limited and its subsidiaries (the Group) which comprise the consolidated statement of financial position as at October 31, 2011, and the consolidated statements of income, comprehensive income, changes in 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 CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated 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 consolidated 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 controls. 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 consolidated 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, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at October 31, 2011, its consolidated financial performance and consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards.

KPMG

November 30, 2011
Port of Spain
Trinidad and Tobago

Consolidated Statement of Financial Position

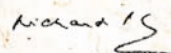
Scotiabank Trinidad and Tobago Limited

October 31, 2011 (\$ thousands)

	Notes	2011	2010
ASSETS			
Cash on hand and in transit		\$ 103,443	96,894
Due from banks and related companies	4	1,087,617	1,531,827
Treasury bills	5	1,245,234	520,766
Deposits with Central Bank	6	2,780,695	2,565,619
Net loans to customers	7	10,666,965	10,364,772
Investment securities	8	687,151	673,066
Investment in associate companies		16,118	14,173
Property, plant and equipment	9	279,675	264,588
Miscellaneous assets		51,958	19,311
Goodwill		2,951	2,951
Retirement benefit asset	10	77,051	93,595
Total Assets		\$ 16,998,858	16,147,562
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Deposits	11	\$ 12,423,682	11,512,489
Due to banks and related companies	12	69,619	381,333
Other liabilities		188,546	158,903
Securities sold under repurchase agreement	13	46,124	41,617
Provision for taxation		30,524	34,478
Policyholders' funds	14	532,978	439,159
Debt security in issue	15	800,000	1,000,000
Retirement benefit obligation	10	96,866	88,390
Deferred tax liability	16	19,064	18,685
Total Liabilities		14,207,403	13,675,054
SHAREHOLDERS' EQUITY			
Stated capital	17	267,563	267,563
Statutory reserve fund	18	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

See accompanying notes to consolidated financial statements.

These financial statements have been approved for issue by the Board of Directors on November 30, 2011 and signed on its behalf by:



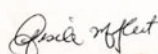
Richard P. Young, Managing Director



Craig Reynald, Director



Claude Norfolk, Director



Gisele del V. Marfleet, Director

Consolidated Statement of Income

Scotiabank Trinidad and Tobago Limited

Year ended October 31, 2011 (\$ thousands, except per share data)

	Notes		2011	2010
NET INTEREST AND OTHER INCOME				
Total interest income	20	\$	1,040,279	1,077,946
Total interest expense	21		143,013	212,817
Net interest income			897,266	865,129
Other income	22		360,432	385,271
Net interest and other income			1,257,698	1,250,400
NON-INTEREST EXPENSES				
Salaries and staff benefits			239,176	223,322
Premises and technology			114,650	123,092
Communication and marketing			48,841	62,058
Loan loss expense	7		47,925	77,117
Other	23		108,866	106,859
Total non-interest expenses			559,458	592,448
INCOME BEFORE TAXATION			698,240	657,952
INCOME TAX EXPENSE	24		153,927	148,727
NET INCOME FOR THE YEAR		\$	544,313	509,225
Earnings per share	25		308.7¢	288.8¢

See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

Scotiabank Trinidad and Tobago Limited

Year ended October 31, 2011 (\$ thousands)

		2011	2010
NET INCOME FOR THE YEAR, ATTRIBUTABLE TO EQUITY HOLDERS	\$	544,313	509,225
OTHER COMPREHENSIVE INCOME			
Revaluation of available-for-sale investments, net of tax		5,644	(9,080)
TOTAL COMPREHENSIVE INCOME, ATTRIBUTABLE TO EQUITY HOLDERS	\$	549,957	500,145

See accompanying notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

Scotiabank Trinidad and Tobago Limited

Year ended October 31, 2011 (\$ thousands)

	Notes	Stated Capital	Statutory Reserve	Investment Revaluation Reserve	Retained Earnings	Total Shareholders' Equity
Balance as at October 31, 2009		\$ 267,563	337,563	34,034	1,509,547	2,148,707
Net income for the year		-	-	-	509,225	509,225
Other comprehensive income, net of tax						
Revaluation of available-for-sale investments		-	-	(9,080)	-	(9,080)
Total comprehensive income		-	-	(9,080)	509,225	500,145
Transactions with owners, recorded directly into equity						
Transfer to statutory reserve		-	40,000	-	(40,000)	-
Dividends paid	19	-	-	-	(176,344)	(176,344)
		-	40,000	-	(216,344)	(176,344)
Balance as at October 31, 2010		267,563	377,563	24,954	1,802,428	2,472,508
Net income for the year		-	-	-	544,313	544,313
Other comprehensive income, net of tax						
Revaluation of available-for-sale investments		-	-	5,644	-	5,644
Total comprehensive income		-	-	5,644	544,313	549,957
Transactions with owners, recorded directly into equity						
Transfer to statutory reserve		-	20,000	-	(20,000)	-
Dividends paid	19	-	-	-	(231,010)	(231,010)
		-	20,000	-	(251,010)	(231,010)
Balance as at October 31, 2011		\$ 267,563	397,563	30,598	2,095,731	2,791,455

See accompanying notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Scotiabank Trinidad and Tobago Limited

Year ended October 31, 2011 (\$ thousands)

	Notes	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before taxation		\$ 698,240	657,952
Adjustments to reconcile income before taxation to net cash from operating activities:			
Interest income		(1,040,279)	(1,077,946)
Interest expense		143,013	212,817
Depreciation		19,539	17,348
Share of profit of associated company		(1,945)	(2,068)
(Gain) loss on disposal of property, plant and equipment		(2,525)	2,683
Change in deposits with Central Bank		(215,076)	83,004
Change in net retirement benefit obligation		26,794	23,756
Change in policyholders' funds		93,819	84,328
Change in loan loss provision		1,933	18,236
Change in loans		(306,962)	(75,777)
Change in miscellaneous assets		(32,647)	24,302
Change in deposits		925,674	(375,741)
Change in amounts due to banks and related companies		(311,714)	131,293
Change in assets sold under repurchase agreement		4,507	(38,700)
Change in assets purchased under resale agreement		-	8,271
Change in other liabilities		29,644	35,422
Interest received		1,043,115	1,096,008
Interest paid		(157,493)	(244,061)
Medical and life contributions paid		(1,774)	(2,420)
Taxation paid		(159,350)	(152,249)
Net cash from operating activities		<u>756,513</u>	<u>426,458</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Change in Treasury Bills with original maturity date due over 3 months		(747,528)	(396,897)
Change in investments		(6,595)	(25,199)
Purchase of property, plant and equipment		(35,351)	(41,534)
Proceeds from disposal of property, plant and equipment		3,250	-
Net cash used in investing activities		<u>(786,224)</u>	<u>(463,630)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Change in debt security in issue		\$ (200,000)	-
Dividends paid		(231,010)	(176,344)
Net cash used in financing activities		<u>(431,010)</u>	<u>(176,344)</u>
Decrease in cash and cash equivalents		(460,721)	(213,516)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		<u>1,752,590</u>	<u>1,966,106</u>
CASH AND CASH EQUIVALENTS, END OF YEAR		<u>\$ 1,291,869</u>	<u>1,752,590</u>
CASH AND CASH EQUIVALENTS REPRESENTED BY			
Cash on hand and in transit		\$ 103,443	96,894
Due from banks and related companies with original maturity date not exceeding 3 months	4	1,087,617	1,531,827
Treasury Bills with original maturity date not exceeding 3 months	5	100,809	123,869
		<u>\$ 1,291,869</u>	<u>1,752,590</u>

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Scotiabank Trinidad and Tobago Limited October 31, 2011
 These notes are applicable to the Group's financial statements.

1. Incorporation and Business Activities

Scotiabank Trinidad and Tobago Limited ("Scotiabank") is incorporated in the Republic of Trinidad and Tobago and offers a complete range of banking and financial services as permitted under the Financial Institutions Act, 2008. Scotiabank is domiciled in Trinidad and Tobago and its registered office is 56-58 Richmond Street, Port of Spain.

Scotiabank and its subsidiaries' ("the Group") ultimate parent company is The Bank of Nova Scotia, which is incorporated and domiciled in Canada.

Scotiabank's wholly-owned subsidiaries and associated companies and their principal activities are detailed below:

Name of Companies	Country of Incorporation	Percentage of Equity Capital Held
Subsidiaries		
Scotiastudent and Merchant Bank Trinidad and Tobago Limited	Republic of Trinidad and Tobago	100%
ScotiaLife Trinidad and Tobago Limited	Republic of Trinidad and Tobago	100%
Scotia SKN Limited	Federation of St. Christopher & Nevis	100%
Scotia Investments Trinidad and Tobago Limited	Republic of Trinidad and Tobago	100%
Associated companies		
InfoLink Services Limited	Republic of Trinidad and Tobago	25%
Trinidad & Tobago Interbank Payment Systems Limited	Republic of Trinidad and Tobago	14%

Scotiastudent and Merchant Bank Trinidad and Tobago Limited ("Scotiastudent") is a licensed merchant bank and mortgage institution. Its principal activity includes arranging and underwriting issues of marketable securities.

ScotiaLife Trinidad and Tobago Limited ("ScotiaLife") is registered to conduct ordinary long-term insurance business under the Insurance Act, 1980.

Scotia SKN Limited was incorporated under the Companies Act, 1996 of the Federation of St. Christopher and Nevis. Its principal activity is the purchase and holding of investments.

Scotia Investments Trinidad and Tobago Limited's principal activity is the provision of investment brokerage services to investors on the local market such as equity and bond trading.

InfoLink Services Limited offers clearing and switching facilities for the electronic transfer of funds.

Trinidad and Tobago Interbank Payment Systems Limited's principal activity is the operation of an automated clearing house that provides for collection, distribution and settlement of electronic credits and debits.

Notes to Consolidated Financial Statements

Scotiabank Trinidad and Tobago Limited October 31, 2011
These notes are applicable to the Group's financial statements.

2. Significant Accounting Policies

The significant accounting policies adopted in the preparation of these financial statements have been applied consistently to all periods presented in the financial statements and are set out below:

(a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and are presented in Trinidad and Tobago dollars, which is the functional currency, rounded to the nearest thousand.

The financial statements are prepared on the historical cost basis modified for the inclusion of investments at fair value through profit or loss and available-for-sale investments at fair value.

(b) Principles of consolidation

The Group's financial statements include the accounts of Scotiabank and its subsidiary companies. All inter-group transactions and balances have been eliminated. The investments in the associated companies are accounted for by the equity method whereby their results are included in that of Scotiabank and added to the carrying value of the respective investments.

(c) Revenue recognition

Interest income

Interest income is accounted for on the accrual basis for investments and all loans, other than non-accrual loans, using the effective interest method. When a loan is classified as non-accrual, accrued but uncollected interest is reversed against income of the current period unless the loan, including accrued interest, is fully secured and in the process of collection. Thereafter, interest income is recognised only after the loan reverts to performing status.

The Group's calculation of the effective interest rate includes all material fees received, transaction costs, discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset.

Fees and commissions

Fees and commissions income and expenses that are material to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Other fees and commissions are recognised in income when a binding obligation has been established. Where such obligations are continuing, income is recognised over the duration of the facility.

Premium income

Premiums are recognised as earned when received, net of refunds.

(d) Foreign currency

Transactions in foreign currencies are translated at the rate of exchange ruling at the transaction date. Foreign currency monetary assets and liabilities are translated at the rate of exchange ruling at the reporting date. Resulting translation differences and profits and losses from trading activities are included in the statement of income.

(e) Financial assets and liabilities

Financial instruments carried on the statement of financial position include cash resources, investments, securities purchased under resale agreements, loans and leases, other assets, deposits, debt security in issue, other liabilities and policyholders' funds. The standard treatment for recognition, derecognition, classification and measurement of the Group's financial instruments are noted below in notes (i) – (iv), whilst, additional information on specific categories of the Group's financial instruments are disclosed in notes 2(f) – 2(h) and 2(n) – 2(r).

(i) Recognition

The Group initially recognises loans and advances and deposits on the date that they originated. All other financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) are initially recognised on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

(ii) Derecognition

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

The Group enters into transactions whereby it transfers assets recognised on its statement of financial position but retains either all risks and rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised from the statement of financial position. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions.

(iii) Classification

The Group classifies its financial assets into the following categories: financial assets at fair value through profit or loss; loans and receivables; held-to-maturity; and available-for-sale financial assets. Management determines the classification of its investments at initial recognition.

Notes to Consolidated Financial Statements

Scotiabank Trinidad and Tobago Limited October 31, 2011
These notes are applicable to the Group's financial statements.

2. Significant Accounting Policies (cont'd)

(e) Financial assets and liabilities (cont'd)

(iii) Classification (cont'd)

Financial assets at fair value through profit or loss

This category includes financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or if so designated by management.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money or services directly to a debtor with no intention of trading the receivable.

Held-to-maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity assets, the entire category would be compromised and reclassified as available-for-sale.

Available-for-sale

Available-for-sale investments are those intended to be held for an indefinite period of time, and may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

(iv) Measurement

Financial instruments are measured initially at cost, including transaction costs.

Subsequent to initial recognition, all financial assets at fair value through profit or loss and available-for-sale assets are measured at fair value, based on their quoted market price at the reporting date without any deduction for transaction costs. Where the instrument is not actively traded or quoted on recognised exchanges, fair value is determined using discounted cash flow analysis. Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market-related rate at the date of the statement of financial position for an instrument with similar terms and conditions.

Any available-for-sale asset that does not have a quoted market price in an active market and where fair value cannot be reliably measured, is stated at cost, including transaction costs, less impairment losses.

Gains and losses arising from the change in the fair value of available-for-sale investments subsequent to initial recognition are accounted for as changes in the investment revaluation reserve.

Gains and losses, both realised and unrealised, arising from the change in the financial assets at fair value through profit or loss, are reported in other income.

All non-trading financial liabilities, originated loans and receivables and held-to-maturity assets are measured at amortised costs less impairment losses. Amortised cost is calculated on the effective interest rate method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument.

(f) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and in-transit, deposits with banks and related companies and short-term highly liquid investments with maturities of three months or less when purchased, including Treasury Bills and other bills eligible for rediscounting with the Central Bank. The carrying value approximates the fair value due to its highly liquid nature and the fact that it is readily converted to known amounts of cash at hand and is subject to insignificant risk of change in value.

(g) Investment securities

Debt investments that the Group has the intent and ability to hold to maturity are classified as held-to-maturity assets. All other investments are classified as available-for-sale and fair value through profit and loss.

On disposal or on maturity of an investment, the difference between the net proceeds and the carrying amount is included in the statement of income. When available-for-sale assets are sold, converted or otherwise disposed of, the cumulative gain or loss recognised in equity is transferred to the statement of income.

(h) Loans

Loans and advances originated by the Group are classified as loans and receivables. Loans and advances are stated at cost (amortised cost) net of allowances to reflect the estimated recoverable amounts.

A loan is classified as non-accrual when principal or interest is past due or when, in the opinion of management, there is reasonable doubt as to the ultimate collectability of principal or interest. Non-accrual loans may revert to performing status when all payments become fully current or when management has determined there is no reasonable doubt of ultimate collectability.

Loans are written off after all the necessary legal procedures have been completed and the amount of the loss is finally determined.

The Group maintains a loan loss provision, which in management's opinion, is adequate to absorb all incurred credit-related losses in its loan portfolio. The loan loss provision, except those relating to certain retail loans, is determined on an item by item basis and reflects the associated estimated loss. Provisions for certain retail loans are calculated using a formula method taking into account recent loss experience.

The provision for the year, less recoveries of amounts previously written off and the reversal of provisions no longer required, is disclosed in the statement of income as loan loss expense.

Notes to Consolidated Financial Statements

Scotiabank Trinidad and Tobago Limited October 31, 2011
These notes are applicable to the Group's financial statements.

(i) Property, plant and equipment

(i) Recognition and Measurement

Premises and equipment are carried at cost less accumulated depreciation and impairment losses. (See accounting policy 2(t)).

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour and any other cost directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. The Group has not incurred any significant expenditure on software that is not an integral part of related hardware as classified under property, plant and equipment.

(ii) Subsequent Cost

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The cost of the day-to-day servicing of property, plant and equipment are recognised in the statement of income as incurred.

(iii) Depreciation

Depreciation and amortisation are provided over the estimated useful lives of the respective assets at the following rates and methods:

Buildings	2 1/2% declining balance
Equipment and furniture	10 - 25% declining balance
Leasehold improvements	Over the term of the respective leases.

(j) Leases

(i) Operating leases

The Group has entered into leasing arrangements in which the risk and rewards incidental to ownership remain with the Group during the lease term.

These leases are accounted for as operating leases whereby rents due are accrued and included in the statement of income. The assets subject to the leases are classified as property, plant and equipment and depreciated in accordance with note 2(i) (iii).

(ii) Finance leases

Leases which transfer substantially all the risks and rewards incidental to ownership of the asset to the lessee are classified as finance leases. A receivable at an amount equal to the present value of the lease payments, including any guaranteed residual value, is recognised.

The difference between the gross receivable and the present value of the receivable is unearned finance income and is recognised over the term of the lease using the effective interest rate method. Finance lease receivables are included in loans and advances to customers.

(k) Taxation

Income tax expense comprises current tax and the change in deferred tax. Current tax comprises tax payable calculated on the basis of the expected taxable income for the year, using the tax rate enacted by the reporting date, green fund levy and any adjustment of tax payable for previous years.

Deferred tax is provided using the balance sheet method on all temporary differences between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes, except differences relating to the initial recognition of assets or liabilities which affect neither accounting nor taxable income (loss). Net deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is calculated on the basis of the tax rate that is expected to apply to the period when the asset is realised or the liability is settled. The effect on deferred tax of any changes in the tax rate is charged to the statement of income, except to the extent that it relates to items previously charged or credited directly to equity.

(l) Policyholders' funds

Provision for future policy benefits are calculated using the Policy Premium Method of valuation. Under this method explicit allowance is made for all future benefits and expenses under the policies. The premiums, benefits and expenses for each policy are projected and the resultant future cash flows are discounted back to the valuation date to determine the reserves. The process of calculating policy reserves necessarily involves the use of estimates concerning such factors as mortality and morbidity rates, future investment yields and future expense levels. Consequently, these liabilities include reasonable provisions for adverse deviations from the estimates.

An actuarial valuation is prepared annually. Any adjustment to the reserve is reflected in the year to which it relates.

(m) Employee benefits

(i) Short-term

Employee benefits are all forms of consideration given by the Group in exchange for service rendered by employees. These include current or short-term benefits such as salaries, bonuses, NIS contributions, annual leave, and non-monetary benefits such as medical care and loans, post-employment benefits such as pensions, and other long-term employee benefits such as termination benefits.

Employee benefits that are earned as a result of past or current service are recognised in the following manner: short-term employee benefits are recognised as a liability, net of payments made, and charged as an expense. Post-employment benefits are accounted for as described below.

(ii) Post-employment

Independent qualified actuaries carried out a valuation of the Group's significant post-retirement benefits as at October 31, 2009. The results of that valuation were projected to October 31, 2011 and have been fully reflected in these financial statements.

Notes to Consolidated Financial Statements

Scotiabank Trinidad and Tobago Limited October 31, 2011
These notes are applicable to the Group's financial statements.

2. Significant Accounting Policies (cont'd)

(m) Employee benefits (cont'd)

(ii) Post-employment (cont'd)

Pension obligations

Scotiabank operates a non-contributory defined benefit pension plan covering the majority of its employees. The funds of the plan are administered by fund managers appointed by the trustees of the plan. The pension plan is generally funded by payments from Scotiabank, taking account of the recommendations of independent qualified actuaries. Scotiabank is currently on a contribution holiday based on the actuaries' advice.

Pension accounting costs are assessed using the projected unit credit method. Under this method, the cost of providing pension benefits is included in the statement of income so as to spread the regular cost over the service lives of employees in accordance with the advice of qualified actuaries, who carry out a full valuation of the plan at least every three years. The pension obligations are measured as the present value of the estimated future cash outflows using interest rates of long-term government securities. Actuarial gains and losses are only recognised when they fall outside a corridor equal to 10% of the larger of the value of the plan's assets and the value of the plan's liabilities. These gains and losses are recognised over the average remaining service lives of employees.

Other post-retirement benefits

Scotiabank provides post-employment medical and life assurance benefits for retirees. The entitlement to this benefit is usually based on the employees remaining in service up to retirement age and the completion of a minimum service period. The method of accounting used to recognise the liability is similar to that for the defined benefit plan.

(n) Acceptances, guarantees and letters of credit

Scotiabank's commitments under acceptances, guarantees and letters of credit have been excluded from these financial statements because they do not meet the criteria for recognition. These commitments as at October 31, 2011 totalled \$674 million (2010 - \$1,371 million). In the event of a call on these commitments, Scotiabank has equal and offsetting claims against its customers.

(o) Assets under administration

Assets that are not beneficially owned by the Group, but are under its administration, have been excluded from these financial statements. Assets under administration as at October 31, 2011 totalled \$535 million (2010 - \$518 million).

(p) Debt security in issue

Debt security is recognised initially at fair value, being its issue proceeds (fair value of consideration received) net of transaction costs incurred. Subsequently, it is stated at amortised cost; any difference between proceeds net of transaction costs and the redemption value is recognised in the statement of income over the period of the borrowings using the effective interest method.

(q) Sale and repurchase agreements

The purchase and sale of securities under resale and repurchase agreements are treated as collateralised lending and borrowing transactions and are recorded at cost. The related interest income and interest expense are recorded on an accrual basis.

(r) Deposit liabilities

The estimated fair values of deposit liabilities are assumed to be equal to their carrying values, since the rates are not materially different from current market rates and discounting the contractual cash flows would approximate the carrying values.

(s) Dividends

Dividends that are proposed and declared after the date of the statement of financial position are not shown as a liability on the statement of financial position but are disclosed as a note to the financial statements.

(t) Impairment

The carrying amounts of the Group's assets, other than deferred tax assets (see Note 2(k)) are reviewed at each date of the statement of financial position to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of income.

The recoverable amount of other assets is the greater of their net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(u) Insurance and investment contracts – classification

These contracts insure human life events (for example, death or permanent disability) over a long duration. The accounting treatment differs according to whether the contract bears investment options or not. Under contracts that do not bear investment options, premiums are recognised as income when they become payable by the contract holder and benefits are recorded as an expense when they are incurred.

Under contracts that bear an investment option, insurance premiums received are initially recognised directly as liabilities. These liabilities are increased by credited interest and are decreased by policy administration fees, mortality and surrender charges and any withdrawals. The resulting liability is called the Life Assurance Fund. Income consists of fees deducted for mortality,

Notes to Consolidated Financial Statements

Scotiabank Trinidad and Tobago Limited October 31, 2011
These notes are applicable to the Group's financial statements.

policy administration, and surrenders.

Insurance contract liabilities are determined by an independent actuary using the Policy Premium Method of valuation as discussed in accounting policy 2(l). These liabilities are, on valuation, adjusted through the statement of income to reflect the valuation determined under the Policy Premium Method.

(v) Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(w) New standards, amendments and interpretation adopted

IFRS 1, First-Time Adoption of IFRS – Amendment became effective for annual periods beginning on or after January 1, 2010. This amendment introduced additional exemptions for first time adopters of IFRS and had no effect on the Group's financial statements.

IFRS 2, Share-Based Payments – Amendment became effective for annual periods beginning on or after January 1, 2010. This amendment related to group cash-settled share-based

payment transaction and had no effect on the Group's financial statements.

IFRS 3, Business Combinations – Amendments became effective for annual periods beginning on or after July 1, 2010. The amendments pertained to measurement of non-controlling interest, unreplaced and voluntarily replaced share-based payment awards and transition requirements for contingent consideration from a business combination that occurred before the effective date of the revised IFRS. These amendments had no effect on the Group's financial statements.

IAS 32, Financial Instruments: Presentation – Amendment became effective for annual periods beginning on or after February 1, 2010. The amendment related to the classification of Rights Issues and had no effect on the Group's financial statements.

IFRIC 14, The Limit on a Defined Benefit Asset, Minimum Funding Requirement and their Interaction – Amendment became effective for annual periods beginning on or after July 1, 2010. This amendment related to prepayment of a minimum funding requirement and had no effect on the Group's financial statements.

IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments – Became effective for annual periods beginning on or after July 1, 2010. This interpretation seeks to address the issues of measurement and whether the issuance of equity instruments was "consideration paid" in accordance with IAS 39, paragraph 41. This interpretation had no effect on the Group's financial statements.

(x) New standards, amendments and interpretations not yet adopted

At the date of authorisation of the financial statements there were new standards, amendments to standards and interpretations which were in issue but were not yet effective for the year ended October 31, 2011. The Group did not early adopt as permitted, nor applied the following standards, amendments and interpretation in preparing these consolidated financial statements:

IFRS 1	First-Time Adoption of IFRS – Amendments relating to accounting policy changes in the year of adoption, revaluation basis as deemed cost and the use of deemed cost for operations subject to rate regulation	January 1, 2011
IFRS 1	First-Time Adoption of IFRS – Amendments relating to severe hyperinflation and removal of fixed dates for first-time adopters	July 1, 2011
IFRS 7	Financial Instruments: Disclosure – amendment provided clarification of disclosure requirements	January 1, 2011
IFRS 7	Financial Instruments – amendment introducing additional disclosure relating to derecognised financial assets	July 1, 2011
IFRS 9	Financial Instruments (including amendments) – First phase of the replacement of IAS 39 – Financial Instruments: Recognition and Measurement. The new standard would result in significant changes to the Group's classification and presentation of financial instruments	January 1, 2013
IAS 1	Presentation of Financial Statements amendment provided clarification of the statement of change in equity	January 1, 2011
IAS 12	Income Taxes – amendment introduced relating to Deferred Tax: Recovery of Underlying Assets	January 1, 2012
IAS 24	Related Party Disclosures – Revised version introduces additional related party disclosures	January 1, 2011
IAS 34	Interim Financial Reporting – Amendment introduced regarding disclosure of significant events and transaction	January 1, 2011

The adoption of these standards and interpretations are not expected to have a material impact on the financial statements except for IFRS 9, which is expected to significantly change the Group's classification and presentation of financial instruments.

Notes to Consolidated Financial Statements

Scotiabank Trinidad and Tobago Limited October 31, 2011
These notes are applicable to the Group's financial statements.

2. Significant Accounting Policies (cont'd)

(y) Segment Reporting

An operating segment is a distinguishable component of the Group that is engaged in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by management to make decisions about resource allocation to each segment and assesses its performance, and for which discrete financial information is available.

(z) Comparative information

Where necessary, comparatives have been adjusted to conform with changes in presentation in the current year.

3. Use of Accounting Estimates and Judgments

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, contingent assets and contingent liabilities at the date of the financial statements and income and expenses during the reporting period. Actual results could differ from these estimates.

Judgments made by management in the application of IFRS that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next financial year are discussed below:

(a) Allowances for credit losses

Loans accounted for at amortised cost are evaluated for impairment on a basis described in accounting policy 2(h).

The specific counter-party component of total allowances for impairment applies to claims evaluated individually for impairment and is based upon management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgments about a counterparty's financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently approved by the Credit Risk function.

Collectively assessed impairment allowances cover credit losses inherent in portfolios of claims with similar economic characteristics when there is objective evidence to suggest that they contain impaired claims, but the individual impaired items cannot yet be identified. A component of collectively assessed allowances is for country risks. In assessing the need for collective loan loss allowances, management considers factors such as credit quality, portfolio size, concentrations, and economic factors. In order to estimate the required allowance, assumptions are made to define the way inherent losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowances depends on how well these estimate future cash flows for specific counter-party allowances and the model assumptions and parameters are used in determining collective allowances.

(b) Determining fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in accounting policy 2(e) (iv). For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgment depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

(c) Financial asset and liability classification

The Group's accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances:

In classifying financial assets or liabilities as "fair value through profit or loss", the Group has determined that it meets the description of trading assets and liabilities set out in accounting policy 2(e) (iii).

In designating financial assets or liabilities as available for sale, the Group has determined that it has met one of the criteria for this designation set out in accounting policy 2(e) (ii).

In classifying financial assets as held-to-maturity, the Group has determined that it has both the positive intention and ability to hold the assets until maturity date as required by accounting policy 2(e) (iii).

Notes to Consolidated Financial Statements

Scotiabank Trinidad and Tobago Limited October 31, 2011
 These notes are applicable to the Group's financial statements.

4. Due from Banks and Related Companies

		<u>2011</u>	<u>2010</u>
Due from related companies	\$	216,705	3,481
Due from other banks		825,569	1,513,271
Cheques and other instruments in the course of clearing		45,343	15,075
	\$	<u>1,087,617</u>	<u>1,531,827</u>

Maturity of Assets

Assets with original maturity date due within 3 months	\$	<u>1,087,617</u>	<u>1,531,827</u>
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5. Treasury Bills

Government of Trinidad and Tobago	\$	861,056	362,226
Government of United States of America		384,178	158,540
	\$	<u>1,245,234</u>	<u>520,766</u>

Maturity of Assets

Assets with original maturity date due within 3 months	\$	100,809	123,869
Assets with original maturity date due over 3 months		1,144,425	396,897
	\$	<u>1,245,234</u>	<u>520,766</u>

6. Deposits with Central Bank

In accordance with the Financial Institutions Act, 2008, Scotiabank and Scotiatrust are required to hold and maintain, as a non-interest bearing deposit with the Central Bank of Trinidad and Tobago, a cash reserve balance equivalent to 17% and 9% (2010: 17% and 9%), respectively, of total prescribed liabilities. Additionally, Scotiabank is required to maintain several other interest-bearing reserves as detailed below:

		<u>2011</u>	<u>2010</u>
Primary reserve	\$	1,654,194	1,565,900
Secondary reserve		194,601	184,200
Other reserves		931,900	815,519
	\$	<u>2,780,695</u>	<u>2,565,619</u>

Notes to Consolidated Financial Statements

Scotiabank Trinidad and Tobago Limited October 31, 2011
 These notes are applicable to the Group's financial statements.

7. Net Loans to Customers

		<u>2011</u>	<u>2010</u>
7.1	Principal neither past due nor impaired	\$ 8,445,493	8,234,790
	Principal which is past due but not impaired	1,969,715	1,895,519
	Principal which is impaired	307,260	285,197
	Gross loans	<u>10,722,468</u>	<u>10,415,506</u>
	Loan loss provision	<u>(119,230)</u>	<u>(117,297)</u>
	Total loans net of provision	10,603,238	10,298,209
	Interest receivable	<u>63,727</u>	<u>66,563</u>
		\$ <u>10,666,965</u>	<u>10,364,772</u>

7.2 Financial assets past due but not impaired

		<u>2011</u>			
		<u>Less than 30 days</u>	<u>30 - 60 days</u>	<u>61 - 90 days</u>	<u>Total</u>
Loans and advances to customers					
Commercial loans	\$	72,567	25,034	10,602	108,203
Retail loans	\$	837,027	697,667	326,818	1,861,512
	\$	<u>909,594</u>	<u>722,701</u>	<u>337,420</u>	<u>1,969,715</u>
		<u>2010</u>			
		<u>Less than 30 days</u>	<u>30 - 60 days</u>	<u>61 - 90 days</u>	<u>Total</u>
Loans and advances to customers					
Commercial loans	\$	100,647	94,989	4,037	199,673
Retail loans	\$	1,388,908	213,557	93,381	1,695,846
	\$	<u>1,489,555</u>	<u>308,546</u>	<u>97,418</u>	<u>1,895,519</u>

7.3 Financial assets whose terms have been renegotiated

		<u>2011</u>	<u>2010</u>
Loans and advances	\$	<u>62,331</u>	<u>86,696</u>

Notes to Consolidated Financial Statements

Scotiabank Trinidad and Tobago Limited October 31, 2011
 These notes are applicable to the Group's financial statements.

7. Net Loans to Customers (cont'd)

		2011	2010
7.4	Concentration of credit		
	Mortgages - residential	\$ 3,826,579	3,588,381
	Consumer	3,065,466	2,635,205
	Energy and petrochemical	1,187,096	841,994
	Construction and engineering	885,488	1,171,629
	Mortgages - commercial	455,029	539,036
	Distributive trades	447,329	482,024
	Communication and transport	181,687	228,195
	Manufacturing and assembly	216,774	204,524
	Financial services	165,185	225,079
	Business and personal services	148,224	293,653
	Hospitality industry	21,567	83,200
	Agriculture	2,814	5,289
		<u>\$ 10,603,238</u>	<u>10,298,209</u>
7.5	Analysis of movement of loan loss provision		
	Provision, beginning of year	\$ 117,297	99,061
	Provision for the year	80,450	107,203
	Reversal of provision no longer required	(7,235)	(13,456)
	Loan loss charge for the year	73,215	93,747
	Write-offs	(71,282)	(75,511)
	Net increase in loan loss provision for the year	<u>1,933</u>	<u>18,236</u>
	Provision, end of year	\$ <u>119,230</u>	<u>117,297</u>
7.6	Loan loss expense		
	Loan loss charge for the year	\$ 73,215	93,747
	Recoveries	(25,290)	(16,630)
		<u>\$ 47,925</u>	<u>77,117</u>

Notes to Consolidated Financial Statements

Scotiabank Trinidad and Tobago Limited October 31, 2011
These notes are applicable to the Group's financial statements.

8. Investment securities

	2011	2010
Securities available-for-sale		
- Equity securities	\$ 9,095	8,579
- Government debt securities	481,585	413,144
- Corporate debt securities	13,026	46,361
	<u>503,706</u>	<u>468,084</u>
Securities at fair value through profit or loss		
- Equity securities	1,715	1,466
- Government debt securities	6,938	10,322
- Corporate debt securities	-	105
	<u>8,653</u>	<u>11,893</u>
Securities held-to-maturity (Note 28)		
- Government debt securities	149,792	168,089
- Corporate debt securities	25,000	25,000
	<u>174,792</u>	<u>193,089</u>
Total investment securities	\$ <u>687,151</u>	673,066
Pledged securities (Note 13)	\$ <u>46,124</u>	41,617
Provision for impairment loss	\$ -	-

9. Property, Plant and Equipment

	Land	Buildings	Leasehold Improvements	Equipment & Furniture	Construction in Progress	2011 Total	2010 Total
Cost							
At beginning of year	\$ 19,200	134,931	59,930	191,412	18,927	424,400	392,117
Additions	-	6,339	1,434	24,133	3,445	35,351	41,534
Transfers	-	1,179	6,245	11,503	(18,927)	-	-
Disposals	(300)	(2)	-	(1,740)	-	(2,042)	(9,251)
At end of year	<u>18,900</u>	<u>142,447</u>	<u>67,609</u>	<u>225,308</u>	<u>3,445</u>	<u>457,709</u>	<u>424,400</u>
Accumulated depreciation and amortisation							
At beginning of year	-	39,143	14,152	106,517	-	159,812	149,032
Charge for year	-	46	702	18,791	-	19,539	17,348
Disposals	-	-	-	(1,317)	-	(1,317)	(6,568)
At end of year	<u>-</u>	<u>39,189</u>	<u>14,854</u>	<u>123,991</u>	<u>-</u>	<u>178,034</u>	<u>159,812</u>
Net book value	\$ <u>18,900</u>	<u>103,258</u>	<u>52,755</u>	<u>101,317</u>	<u>3,445</u>	<u>279,675</u>	<u>264,588</u>

Notes to Consolidated Financial Statements

Scotiabank Trinidad and Tobago Limited October 31, 2011
 These notes are applicable to the Group's financial statements.

10. Retirement Benefit Asset (Obligation)

10.1 Amounts recognised in the statement of financial position are as follows:

		Defined Benefit Pension Fund		Post-Retirement Medical and Life Benefits	
		2011	2010	2011	2010
Defined funded obligation	\$	(520,203)	(471,838)	(105,981)	(95,417)
Fair value of plan assets		549,692	508,045	-	-
		29,489	36,207	(105,981)	(95,417)
Unrecognised actuarial loss		47,562	57,388	13,009	11,260
Unrecognised past service cost		-	-	(3,894)	(4,233)
Net asset (liability)	\$	77,051	93,595	(96,866)	(88,390)

10.2 Reconciliation of change in Defined Benefit Obligation

		Defined Benefit Pension Fund		Post-Retirement Medical and Life Benefits	
		2011	2010	2011	2010
Defined benefit obligation at beginning of year	\$	(471,838)	(434,814)	(95,417)	(83,134)
Current service cost		(22,111)	(21,729)	(4,527)	(4,133)
Interest cost		(29,112)	(32,170)	(5,886)	(6,146)
Actuarial (loss) gain		(14,583)	4,276	(1,925)	(4,424)
Benefits paid		16,773	11,975	1,774	2,420
Expenses paid		668	624	-	-
Defined benefit obligation at end of year	\$	(520,203)	(471,838)	(105,981)	(95,417)

10.3 Reconciliation of the fair value of plan assets

		Defined Benefit Pension Fund	
		2011	2010
Plan assets at beginning of year	\$	508,045	485,390
Expected return on plan assets		35,118	40,734
Actuarial gain (loss)		23,970	(5,480)
Benefits paid		(16,773)	(11,975)
Expenses paid		(668)	(624)
Plan assets at end of year	\$	549,692	508,045

The post-medical and life benefits are funded by Scotiabank. There are no assets explicitly set aside for this plan.

Notes to Consolidated Financial Statements

Scotiabank Trinidad and Tobago Limited October 31, 2011
These notes are applicable to the Group's financial statements.

10. Retirement Benefit Asset (Obligation) (cont'd)

10.4 The actual return on plan assets is as follows:

		Defined Benefit Pension Fund	
		2011	2010
Expected return on plan assets	\$	35,118	40,734
Actuarial gain (loss) on plan assets		23,970	(5,480)
Actual return on plan assets	\$	59,088	35,254

10.5 The movement in the asset and liability recognised in the statement of financial position as at October 31 comprised:

	Defined Benefit Pension Fund		Post-Retirement Medical and Life Benefits		
	2011	2010	2011	2010	
Opening defined benefit asset (liability)	\$	93,595	107,306	(88,390)	(80,765)
Net pension costs		(16,544)	(13,711)	(10,250)	(10,045)
Medical and life contributions paid		-	-	1,774	2,420
Closing defined benefit asset (liability)	\$	77,051	93,595	(96,866)	(88,390)

10.6 The amount recognised in the statement of income comprised:

	Defined Benefit Pension Fund		Post-Retirement Medical and Life Benefits		
	2011	2010	2011	2010	
Current service cost	\$	(22,111)	(21,729)	(4,527)	(4,133)
Interest cost on benefit obligation		(29,112)	(32,170)	(5,886)	(6,146)
Expected return on plan assets		35,118	40,734	-	-
Amortised loss		(439)	(546)	(176)	(105)
Past service cost		-	-	339	339
Net pension cost	\$	(16,544)	(13,711)	(10,250)	(10,045)

Notes to Consolidated Financial Statements

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10. Retirement Benefit Asset (Obligation) (cont'd)

10.7 Experience History

		Defined Benefit Pension Fund	
		2011	2010
Defined benefit obligation	\$	(520,203)	(471,838)
Fair value of plan assets		549,692	508,045
Surplus	\$	29,489	36,207
Experience adjustment on plan assets	\$	(23,970)	5,480
Experience adjustment on plan liabilities	\$	7,279	871

10.8 Experience History

		Post-Retirement Medical and Life Benefits	
		2011	2010
Defined benefit obligation	\$	(105,981)	(95,417)
Fair value of plan assets		-	-
Deficit	\$	(105,981)	(95,417)
Experience adjustment on plan assets	\$	-	-
Experience adjustment on plan liabilities	\$	2,767	(3,924)

10.9 Asset allocation

		Defined Benefit Pension Fund	
		2011	2010
Equity securities		33.6%	29.9%
Debt securities		49.3%	53.8%
Property		4.0%	4.4%
Other		13.1%	11.9%
Total		100.0%	100.0%

The post-medical and life benefits are funded by Scotiabank. There are no assets explicitly set aside for this plan.

Notes to Consolidated Financial Statements

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10. Retirement Benefit Asset (Obligation) (cont'd)

10.10 Included in the plan's assets are properties occupied by, and financial instruments of, Scotiabank with an aggregate estimated market value as follows:

		<u>2011</u>	<u>2010</u>
Fair value of properties occupied by the Group	\$	<u>21,850</u>	22,300
Fair value of parent equities held by the plan	\$	<u>72,548</u>	53,105

10.11 The effect of a 1% movement in the medical cost trend rate was as follows:

		<u>Increase</u>	<u>Decrease</u>
Effect on aggregate current service cost and interest cost	\$	<u>3,732</u>	<u>(1,975)</u>
Effect on defined benefit obligation	\$	<u>21,294</u>	<u>(16,862)</u>

10.12 The principal actuarial assumptions of the Pension Plan and Post-Retirement benefits were:

		<u>2011</u>	<u>2010</u>
		<u>% pa</u>	<u>% pa</u>
Discount rate:			
- Active members and deferred pensioners		6.00	6.25
- Current pensioners		6.00	6.25
Expected return on plan assets		7.00	7.00
Future salary increases		4.25	4.25
Future pension increases		1.00	1.00
Medical expenses increases		4.75	4.75

11. Deposits

		<u>2011</u>	<u>2010</u>
11.1 Deposit balances	\$	<u>12,399,735</u>	11,474,062
Interest payable		<u>23,947</u>	38,427
	\$	<u>12,423,682</u>	11,512,489
11.2 Concentration of liabilities			
Personal	\$	<u>8,518,967</u>	7,605,007
Commercial		<u>3,398,125</u>	3,591,746
Financial institutions		<u>482,643</u>	277,308
	\$	<u>12,399,735</u>	11,474,061

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12. Due to Banks and Related Companies

		<u>2011</u>	<u>2010</u>
Due to related companies	\$	53,568	363,732
Due to banks		16,051	17,601
	\$	69,619	381,333

13. Securities Sold Under Repurchase Agreement

Debt securities are pledged as collateral under repurchase agreements with other financial institutions. As of October 31, 2011 these pledged assets totalled \$46,124 (2010: \$41,617).

14. Policyholders' Funds

		<u>2011</u>	<u>2010</u>
Ordinary life – Non-participating policies	\$	321,876	298,867
Individual annuities – Non-tax exempt		178,166	110,021
Individual annuities – Tax exempt		24,732	19,324
Group life – Creditor life		5,551	5,771
Other policyholders' liabilities		2,653	5,176
	\$	532,978	439,159

The movement in provision for future policy benefits is as follows:

Balance at beginning of year	\$	439,159	354,831
Change in reserves		96,342	82,246
Change in other policy liabilities		(2,523)	2,082
Balance at end of year	\$	532,978	439,159

15. Debt Security in Issue

The Group's portfolio of debt security comprises an \$800 million bond consisting of Series A - \$500 million and Series B - \$300 million which were both issued in August 2008 and carries an average fixed rate of 8.41% per annum. Interest is payable semi-annually in arrears.

The \$200 million bond which was issued in August 2005 matured in August 2011 and was settled. This bond carried a fixed interest rate of 6.30% with a tenor of six (6) years.

Notes to Consolidated Financial Statements

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16. Deferred Taxation

16.1 The net deferred tax liability is attributable to the following items:

	<u>2011</u>	<u>2010</u>
Deferred tax liability		
Retirement benefit asset	\$ 19,263	23,399
Property, plant and equipment	17,189	9,772
Available-for-sale securities	7,132	5,286
Miscellaneous assets	1,026	3,360
	<u>44,610</u>	41,817
Deferred tax asset		
Accumulated tax losses	(604)	-
Retirement benefit obligations	(24,942)	(23,132)
	<u>(24,942)</u>	<u>(23,132)</u>
Net deferred tax liability	\$ <u>19,064</u>	18,685

16.2 The movement in the deferred tax account comprised:

Balance at beginning of year	\$ 18,685	25,016
Available-for-sale securities fair value remeasurement	1,846	(1,108)
Current year's deferred tax charge	(1,467)	(5,223)
	<u>(1,467)</u>	<u>(5,223)</u>
Balance at end of year	\$ <u>19,064</u>	18,685

17. Stated Capital

	<u>2011</u>	<u>2010</u>
Authorised		
Authorised capital consists of an unlimited number of ordinary shares		
Issued and fully paid		
176,343,750 ordinary shares of no par value	\$ <u>267,563</u>	267,563

Notes to Consolidated Financial Statements

Scotiabank Trinidad and Tobago Limited October 31, 2011
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18. Statutory Reserve Fund

In accordance with the Financial Institutions Act, 2008, Scotiabank and Scotiitrust are required to transfer at the end of each financial year no less than 10 per cent of their net income after taxation to a statutory reserve fund until the amount standing to the credit of the statutory reserve fund is not less than their paid-up capital.

The balance shown for the statutory reserve fund includes the funds of both Scotiabank and Scotiitrust as follows:

		2011			2010
		Scotiabank	Scotiitrust	Total	Total
Balance, beginning of year	\$	347,563	30,000	377,563	337,563
Add amount transferred		20,000	-	20,000	40,000
Balance, end of year	\$	367,563	30,000	397,563	377,563

19. Dividends

19.1 Subsequent to October 31, 2011, the Board of Directors, in a meeting on November 30, 2011, resolved that the Bank pay a fourth interim dividend of \$0.32 per share, bringing the total dividends in respect of the current year to \$1.28 per share (2010 - \$1.10 per share). These financial statements do not reflect the final dividend, which will be accounted for as an appropriation of retained earnings in the year ending October 31, 2012.

19.2 Dividends paid and proposed are analysed as follows:

	2011		2010	
	¢ per share	\$	¢ per share	\$
Dividends paid				
First interim dividend	32	56,430	25	44,086
Second interim dividend	32	56,430	25	44,086
Third interim dividend	32	56,430	25	44,086
	96	169,290	75	132,258
Dividends proposed				
Fourth interim dividend	32	56,430	25	44,086
Special dividend	-	-	10	17,634
Total dividends paid and proposed	128	225,720	110	193,978

Notes to Consolidated Financial Statements

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19. Dividends (cont'd)

19.3 Reconciliation of dividends paid and proposed to dividends paid during the year:

	2011		2010	
	¢ per share	\$	¢ per share	\$
Total dividends paid and proposed	128	225,720	110	193,978
Less: dividends proposed	(32)	(56,430)	(35)	(61,720)
Add: dividends paid during the year in respect of prior year	35	61,720	25	44,086
Dividends paid during the year	131	231,010	100	176,344

20. Total Interest Income

	2011	2010
Deposits with Central Bank	\$ 12,594	19,959
Loans and receivables	977,502	998,390
Investment securities		
- Available for sale	34,556	42,503
- Held to maturity	13,682	15,026
Other interest income	1,945	2,068
	<u>\$ 1,040,279</u>	<u>1,077,946</u>

21. Total Interest Expense

	2011	2010
Customer deposits	\$ 55,860	115,118
Securities sold under repurchase agreement	645	1,585
Debt security in issue	81,280	89,757
Other interest expense	5,228	6,357
	<u>\$ 143,013</u>	<u>212,817</u>

Notes to Consolidated Financial Statements

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These notes are applicable to the Group's financial statements.

22. Other Income

	<u>2011</u>	<u>2010</u>
Fees, commission and net premium income	\$ 252,037	285,728
Gains on available-for-sale investment securities	645	2,888
Gains on securities at fair value through profit or loss	5,336	5,895
Trustee and other fiduciary fees	5,317	5,176
Foreign exchange earnings	97,097	85,584
	<u>\$ 360,432</u>	<u>385,271</u>

Net premium income comprises premium income of \$214.6 million (2010: \$181.2 million) less related expenses of \$168.1 million (2010: \$140.7 million).

23. Other Expenses

	<u>2011</u>	<u>2010</u>
Deposit insurance premium	\$ 19,049	18,399
Directors' fees	1,621	762
Other operating expenses	88,196	87,698
	<u>\$ 108,866</u>	<u>106,859</u>

24. Taxation

	<u>2011</u>	<u>2010</u>
24.1 Provision for taxation		
Current tax provision	\$ 151,798	154,058
Deferred tax provision	618	(6,957)
Green fund levy	1,511	1,626
	<u>\$ 153,927</u>	<u>148,727</u>

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24. Taxation (cont'd)

24.2 Taxation reconciliation

The tax on the operating profit differs from the theoretical amount that would arise using the basic tax rate of the home country of the parent company.

The following is a reconciliation of the application of the effective tax rate with the provision for taxation:

	<u>2011</u>	<u>2010</u>
Income before taxation	\$ 698,240	657,952
Computed tax using the prima facie tax calculated at a rate of 25%	\$ 174,560	164,488
Tax effect of items that are adjusted in determining taxable profit:		
Effect of different tax rate of life insurance companies	(4,449)	(7,155)
Effect of different tax rates in other countries	(1,936)	(2,492)
Tax effect of non-deductible costs and non-taxable income	(16,303)	(9,066)
Green fund levy	1,511	1,626
Other	544	1,326
Current tax provision	\$ 153,927	148,727

25. Earnings Per Share

The calculation of basic earnings per share is based on:

- Net income for the year attributable to ordinary shareholders of \$544.3 million (2010: \$509.2 million).
- Weighted average number of ordinary shares outstanding during the year was 176,343,750 shares (2010: 176,343,750 shares).

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26. Commitments and Contingent Liabilities

In the normal course of business, various commitments and contingent liabilities are outstanding (see Note 2(n)) which are not reflected in the financial statements. These include commitments to extend credit, which, in the opinion of management, do not represent unusual risk, and no material losses are anticipated as a result of these transactions.

As at October 31, 2011, there were certain legal proceedings against the Group. Based upon legal advice, the Directors do not expect the outcome of those actions to have a material effect on the Group's financial position.

Scotiabank's minimum commitment under the terms of various leases used primarily for banking purposes, exclusive of any related value-added tax, is:

		<u>2011</u>	<u>2010</u>
Rental due within one year	\$	10,967	14,215
Rental due between one and five years		13,770	22,618
Rental due after five years		4,277	5,973
	\$	29,014	42,806

27. Financial Risk Management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Market risk
- Liquidity risk
- Operational risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group has established the Group Asset and Liability (ALCO) Committee and Credit and Operational Risk Committee, which are responsible for developing and monitoring Group risk management policies in their specified areas.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Group Audit Committee is responsible for monitoring compliance with the Group's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in these functions by the Internal Audit function. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

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27. Financial Risk Management (cont'd)

27.1 Credit risk

Credit risk is the risk of loss resulting from the failure of a borrower or counterparty to honour its financial or contractual obligations to the Group. Credit risk is created in the Bank's direct lending operations and in its funding, investment and trading activities where counterparties have repayment, or other obligations to the Group.

Credit risk is managed through strategies, policies and limits that are approved by the Board of Directors, which routinely reviews the quality of the major portfolios and all the larger credits.

The Group's credit policies and limits are structured to ensure broad diversification across various types of credits. Limits are set for individual borrowers, particular industries and certain types of lending. These various limits are determined by taking into account the relative risk of the borrower or industry.

The Group's credit processes include:

- A centralised credit review system that is independent of the customer relationship function;
- Senior management which considers all major risk exposures; and
- An independent review by the Internal Audit Department.

Relationship managers develop and structure individual proposals at branches and commercial centres. Furthermore, they conduct a full financial review for each customer at least annually, so that the Group remains fully aware of customers' risk profiles. The Credit Risk Management department analyses and adjudicates on commercial and corporate credits over a certain size and exceptions to established credit policies. In assessing credit proposals, the Group is particularly sensitive to the risks posed to credit quality by environmental exposures.

Retail credits are normally authorised in branches within established criteria using a credit scoring system. The Credit Risk Management department adjudicates on those retail credits that do not conform to the established criteria. The retail portfolios are reviewed regularly for early signs of possible difficulties.

These credit scoring models are subject to ongoing review to assess their key parameters and to ensure that they are creating the desired business and risk results. Proposed changes to these models or their parameters require analysis and recommendation by the credit risk unit independent of the business line, and approval by the appropriate management credit committee.

A centralised collection unit utilises an automated system for the follow-up and collection of delinquent accounts. All delinquent accounts are aggressively managed with slightly greater emphasis being placed on the larger dollar accounts given that they represent a potential larger loss exposure to the Group. The centralised collections unit is also responsible for the monitoring and trending of delinquency by branch, business lines and any other parameters deemed appropriate. Adverse trends, when identified, are analysed and the appropriate corrective action implemented. Maximum delinquency targets are set for each major product line and the collections unit works towards ensuring delinquency levels are below these targets.

Collateral

The Group, as part of its credit risk management strategy, employs the practice of taking security in lieu of funds advanced to its clients. The Group through its ALCO and its Credit Risk department develops and review policies related to the categories of security and their valuation that are acceptable to the Group as collateral. The principal collateral types are as follows:

- Mortgages over residential property
- Charges over business assets such as premises, inventory and accounts receivable
- Charges over debt instruments and equity instruments

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27. Financial Risk Management (cont'd)

27.1 Credit risk (cont'd)

Repossessed collateral

The Group enforces its power of sale agreements over various types of collateral (as noted above) as a consequence of failure by borrowers or counter-parties to honour its financial obligations to the Group. The repossessed collateral is sold as soon as practicable. The proceeds net of disposal cost are applied to the outstanding debt.

The Group's maximum exposure to credit risk before collateral held or credit enhancements is detailed below:

	<u>2011</u>	<u>2010</u>
Credit risk recognised on the statement of financial position		
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 (excluding equities)		
- available for sale	494,611	459,505
- fair value through profit or loss	6,938	10,427
- held to maturity	174,792	193,089
	<u>16,456,852</u>	15,646,005
Credit risk not recognised on the statement of financial position		
Acceptances, guarantees and letters of credit	674,256	1,371,360
Total credit risk exposure	\$ <u>17,131,108</u>	<u>17,017,365</u>

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27. Financial Risk Management (cont'd)

27.1 Credit risk (cont'd)

Credit Quality

The table below presents an analysis of the Group's financial assets, which are not past due or impaired, based on its internal credit risk rating system.

Internal Rating	2011				Total
	Excellent	Very Good	Good	Acceptable	
Assets					
Due from banks and related companies	\$ -	700,501	341,774	45,342	1,087,617
Treasury bills	384,178	861,056	-	-	1,245,234
Deposit with Central Bank	-	2,780,695	-	-	2,780,695
Loans and advances	266,349	2,523,546	4,254,107	1,401,491	8,445,493
Investment securities (excluding equities)	-	570,431	94,428	11,482	676,341
	\$ 650,527	7,436,229	4,690,309	1,458,315	14,235,380

Internal Rating	2010				Total
	Excellent	Very Good	Good	Acceptable	
Assets					
Due from banks and related companies	\$ 709	1,263,089	252,954	15,075	1,531,827
Treasury bills	158,541	362,225	-	-	520,766
Deposit with Central Bank	-	2,565,619	-	-	2,565,619
Loans and advances	297,029	2,510,142	3,452,551	1,975,068	8,234,790
Investment securities (excluding equities)	-	331,975	226,237	104,809	663,021
	\$ 456,279	7,033,050	3,931,742	2,094,952	13,516,023

The definitions of the internal ratings are as follows:

- Excellent - An obligator rated as "Excellent" has an excellent financial position characterised by very high equity, liquidity and debt serviceability. These customers are only susceptible to extreme adverse changes in economic conditions or circumstances. These facilities are generally fully secured by readily realisable collateral or by a first mortgage on real estate of sufficient value to cover all amounts advanced.
- Very Good - An obligator rated as "Very Good" has a very strong financial position, characterised by high equity, liquidity and debt serviceability. These obligators have a high level of tolerance to adverse changes in economic conditions or circumstances. Facilities are generally well collateralised.
- Good - An obligator rated as "Good" has a strong financial position, characterised by adequate equity, liquidity and debt serviceability. These customers though susceptible to adverse changes in economic conditions or circumstances are generally able to tolerate moderate levels of changes. Facilities are generally collateralised.
- Acceptable - An obligator rated as "Acceptable" has a good financial position characterised by sufficient equity, liquidity and debt serviceability. These borrowers are susceptible to adverse changes in economic conditions or circumstances and can handle these changes with some level of difficulty. Facilities may or may not be secured by collateral.

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27. Financial Risk Management (cont'd)

27.2 Market risk

Market risk refers to the risk of loss resulting from changes in market prices such as interest rates, foreign exchange market prices and other price risks.

The Asset Liability Committee (ALCO) and Interest Rate Risk Committee (IRRCO) provide senior management oversight of the various activities that expose the Group to market risk. The ALCO is primarily focused on asset liability management, while also approving limits for funding and investment activities. The IRRCO is focused on reviewing the Group's interest rate strategies and performance against established limits.

The Group measures and controls market risk primarily through the use of risk sensitivity analyses. This method of stress testing provides an indication of the potential size of losses that could arise in extreme conditions. These tests are conducted by the market risk function, the results of which are reviewed by senior management.

All market risk limits are reviewed at least annually. The key sources of the Group's market risk are as follows:

27.2.1 Currency risk

The Group has no significant foreign exchange exposure since assets are funded by liabilities in the same currency. Foreign currency transactions have not required the use of interest rate swaps and foreign currency options and other derivative instruments which all carry inherent risks. Currency exposure resides mainly in trading activity where the Group buys and sells currencies in the spot and forward markets to assist customers in meeting their business needs. Trading portfolios are managed with the intent to buy and sell over short periods of time, rather than to hold positions for investment. Explicit limits are established by currency, position and term. Daily reports are independently reviewed for compliance.

The results of the sensitivity analyses conducted as at October 31, 2011 on the possible impact on net profits before tax and on equity of fluctuations of the US dollar foreign exchange rate relative to the TT dollar are presented below.

Change in currency rate		Effect on PBT		Effect on equity	
		2011	2010	2011	2010
1%	\$	(766)	(2,778)	(575)	(2,084)
(1%)	\$	766	2,778	575	2,084

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27. Financial Risk Management (cont'd)

27.2 Market risk (cont'd)

27.2.1 Currency risk (cont'd)

Concentration of Assets and Liabilities

The Group has the following significant currency positions:

	2011			
	TT	US	Other	Total
Assets				
Cash on hand and in transit	\$ 92,711	9,151	1,581	103,443
Due from banks and related companies	529,709	532,996	24,912	1,087,617
Treasury bills	861,056	384,178	-	1,245,234
Deposits with Central Bank	2,780,695	-	-	2,780,695
Net loans to customers	8,896,542	1,770,423	-	10,666,965
Investment securities	609,239	77,746	166	687,151
Investment in associate companies	16,118	-	-	16,118
Goodwill	2,951	-	-	2,951
Property, plant and equipment	279,675	-	-	279,675
Miscellaneous assets	40,782	9,061	2,115	51,958
Retirement benefit asset	77,051	-	-	77,051
Total assets	14,186,529	2,783,555	28,774	16,998,858
Liabilities				
Deposits	9,616,251	2,784,087	23,344	12,423,682
Due to banks and related companies	4,175	65,444	-	69,619
Other liabilities	206,305	10,636	2,129	219,070
Securities sold under repurchase agreement	46,124	-	-	46,124
Policyholders' funds	532,978	-	-	532,978
Debt security in issue	800,000	-	-	800,000
Retirement benefit obligation	96,866	-	-	96,866
Deferred tax liability	19,064	-	-	19,064
Total liabilities	11,321,763	2,860,167	25,473	14,207,403
Net financial position	\$ 2,864,766	(76,612)	3,301	2,791,455
Undrawn credit commitments	\$ 1,779,625	37,457	-	1,817,082

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27. Financial Risk Management (cont'd)

27.2 Market risk (cont'd)

27.2.1 Currency risk (cont'd)

Concentration of Assets and Liabilities

	2010			
	TT	US	Other	Total
Assets				
Cash on hand and in transit	\$ 86,042	8,118	2,734	96,894
Due from banks and related companies	1,283,964	231,612	16,251	1,531,827
Treasury bills	362,225	158,541	-	520,766
Deposits with Central Bank	2,565,619	-	-	2,565,619
Net loans to customers	8,637,094	1,727,678	-	10,364,772
Investment securities	548,563	124,325	178	673,066
Investment in associate companies	14,173	-	-	14,173
Goodwill	2,951	-	-	2,951
Property, plant and equipment	264,588	-	-	264,588
Miscellaneous assets	17,957	1,354	-	19,311
Retirement benefit asset	93,595	-	-	93,595
Total assets	13,876,771	2,251,628	19,163	16,147,562
Liabilities				
Deposits	9,345,885	2,151,405	15,199	11,512,489
Due to banks and related companies	3,242	378,024	67	381,333
Other liabilities	193,302	45	34	193,381
Securities sold under repurchase agreement	41,617	-	-	41,617
Policyholders' funds	439,159	-	-	439,159
Debt security in issue	1,000,000	-	-	1,000,000
Retirement benefit obligation	88,390	-	-	88,390
Deferred tax liability	18,685	-	-	18,685
Total liabilities	11,130,280	2,529,474	15,300	13,675,054
Net financial position	\$ 2,746,491	(277,846)	3,863	2,472,508
Undrawn credit commitments	\$ 1,721,285	72,899	-	1,794,184

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27. Financial Risk Management (cont'd)

27.2 Market risk (cont'd)

27.2.2 Interest rate risk

Interest rate risk arises when there is a mismatch between positions, which are subject to interest rate adjustment within a specific period. In the Group's funding, lending and investment activities, fluctuations in interest rates are reflected in interest rate margins and consequently its earnings. A negative gap, which is not unusual, occurs when more liabilities than assets are subject to rate changes during a prescribed period of time. Interest rate risk is managed through the matching of funding products with financing services, regular review of structural gaps, which may exist and monitoring market conditions through a centralised treasury operation. The interest rates on a material amount of the Group's assets can be repriced as and when required.

The results of the sensitivity analysis conducted as at October 31, 2011 on the impact on net profits before tax and on equity as a consequence of changes in interest rates are presented below:

Change in interest rate		Effect on PBT		Effect on equity	
		2011	2010	2011	2010
1%	\$	(24,616)	(24,312)	(18,462)	(18,324)
(1%)	\$	24,616	24,312	18,462	18,324

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27. Financial Risk Management (cont'd)

27.2 Market risk (cont'd)

27.2.2 Interest rate risk (cont'd)

Interest Sensitivity of Assets, Liabilities and Equity

The following table summarises carrying amounts of assets, liabilities and equity on the statement of financial position, in order to arrive at the Group's interest rate gap on the earlier of contractual repricing or maturity dates:

		2011					
		Due on demand	Due in one year	Due in two to five years	Over five years	Non-interest bearing	Total
Assets							
Cash on hand and in transit	\$	-	-	-	-	103,443	103,443
Due from banks and related companies		442,014	-	-	-	645,603	1,087,617
Treasury bills		-	1,231,849	13,385	-	-	1,245,234
Deposits with Central Bank		193,601	932,900	-	-	1,654,194	2,780,695
Net loans to customers		753,115	4,474,330	2,470,010	2,662,250	307,260	10,666,965
Investment securities		-	13,100	394,993	268,247	10,811	687,151
Investment in associate companies		-	-	-	-	16,118	16,118
Goodwill		-	-	-	-	2,951	2,951
Miscellaneous assets		-	-	-	-	331,633	331,633
Retirement benefit asset		-	-	-	-	77,051	77,051
Total assets		1,388,730	6,652,179	2,878,388	2,930,497	3,149,064	16,998,858
Liabilities and Shareholders' Equity							
Deposits		8,002,003	2,293,952	1,127,176	-	1,000,551	12,423,682
Due to banks and related companies		67,201	-	-	-	2,418	69,619
Securities sold under repurchase agreement		-	46,124	-	-	-	46,124
Debt security in issue		-	-	800,000	-	-	800,000
Retirement benefit obligation		-	-	-	-	96,866	96,866
Other liabilities		532,978	-	-	-	238,134	771,112
Shareholders' equity		-	-	-	-	2,791,455	2,791,455
Total liabilities		8,602,182	2,340,076	1,927,176	-	4,129,424	16,998,858
Net Gap	\$	(7,213,452)	4,312,103	951,212	2,930,497	(980,360)	-
Cumulative Gap	\$	(7,213,452)	(2,901,349)	(1,950,137)	980,360	-	-

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27. Financial Risk Management (cont'd)

27.2 Market risk (cont'd)

27.2.2 Interest rate risk (cont'd)

		2010					
		Due on demand	Due in one year	Due in two to five years	Over five years	Non-interest bearing	Total
Assets							
Cash on hand and in transit	\$	-	-	-	-	96,894	96,894
Due from banks and related companies		274,940	4,500	-	-	1,252,387	1,531,827
Treasury bills		-	515,666	5,100	-	-	520,766
Deposits with Central Bank		184,230	715,386	100,265	-	1,565,738	2,565,619
Net loans to customers		620,087	4,692,260	2,416,033	2,351,195	285,197	10,364,772
Investment securities		2,953	128,041	269,381	262,646	10,045	673,066
Investment in associate companies		-	-	-	-	14,173	14,173
Goodwill		-	-	-	-	2,951	2,951
Miscellaneous assets		-	-	-	-	283,899	283,899
Retirement benefit asset		-	-	-	-	93,595	93,595
Total assets		1,082,210	6,055,853	2,790,779	2,613,841	3,604,879	16,147,562
Liabilities and Shareholders' Equity							
Deposits		6,922,089	2,943,922	610,141	-	1,036,337	11,512,489
Due to banks and related companies		14,830	362,773	-	-	3,730	381,333
Securities sold under repurchase agreement		-	41,206	-	-	411	41,617
Debt security in issue		-	200,000	800,000	-	-	1,000,000
Retirement benefit obligation		-	-	-	-	88,390	88,390
Other liabilities		439,159	-	-	-	212,066	651,225
Shareholders' equity		-	-	-	-	2,472,508	2,472,508
Total liabilities		7,376,078	3,547,901	1,410,141	-	3,813,442	16,147,562
Net Gap	\$	(6,293,868)	2,507,952	1,380,638	2,613,841	(208,563)	-
Cumulative Gap	\$	(6,293,868)	(3,785,916)	(2,405,278)	208,563	-	-

27.2.3 Equity price risk

Equity price risk is the risk that the fair value of equities decreases as a result of equity indices and/or the value of individual equities.

The effect on equity will arise from changes in stock prices from those stocks that are categorised as available for sale, whereas the impact on income will arise from those categorised as held for trading.

The Group is exposed to an insignificant amount of equity price risk.

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27. Financial Risk Management (cont'd)

27.3 Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its financial obligations in a timely manner at reasonable prices. Financial obligations include liabilities to depositors, payments due under contractual arrangements, settlement of securities, borrowing and repurchase transactions and lending and investing commitments.

Liquidity risk arises from fluctuations in cash flows. The objective of the liquidity management process is to ensure that the Group honours all of its financial commitments as they fall due. The Group, through its Treasury function, measures and forecasts its cash flow commitments and ensures that sufficient liquidity is available to meet its needs. The ALCO monitors the Group's liquidity management process, policies and strategies.

To fulfil this objective, the Group maintains diversified sources of funding, sets prudent limits and ensures immediate access to liquid assets. The Group relies on a broad range of funding sources and applies prudent limits to avoid undue concentration. The principal sources of funding are capital, core deposits from retail and commercial customers and wholesale deposits raised in the interbank and commercial markets. The Group's extensive branch network provides a strong foundation for diversifying its funding and raising the level of core deposits. Fallback techniques include access to local interbank and institutional markets and stand-by lines of credit with external parties.

The table below shows the maturities of financial instruments:

		2011				
		Due on demand	Up to one year	Two to five years	Over five years	Total
Assets						
Cash on hand and in transit	\$	103,443	-	-	-	103,443
Due from banks and related companies		1,087,617	-	-	-	1,087,617
Treasury bills		-	1,231,849	13,385	-	1,245,234
Deposits with Central Bank		1,848,795	931,900	-	-	2,780,695
Net loans to customers		1,060,374	4,474,330	2,470,011	2,662,250	10,666,965
Investment securities (excl. equities)		-	13,100	394,994	268,247	676,341
		4,100,229	6,651,179	2,878,390	2,930,497	16,560,295
Liabilities						
Deposits		9,002,555	2,293,952	1,127,175	-	12,423,682
Due to banks and related companies		69,619	-	-	-	69,619
Securities sold under repurchase agreement		-	46,124	-	-	46,124
Policyholders' funds		-	10,489	153,634	368,855	532,978
Debt security in issue		-	-	800,000	-	800,000
		9,072,174	2,350,565	2,080,809	368,855	13,872,403
Net Gap	\$	(4,971,945)	4,300,614	797,581	2,561,642	2,687,892
Cumulative Gap	\$	(4,971,945)	(671,331)	126,250	2,687,892	-

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27. Financial Risk Management (cont'd)

27.3 Liquidity risk (cont'd)

The table below shows the contractual maturities of financial guarantee contracts:

		2011				
		Due on demand	Up to one year	Two to five years	Over five years	Total
Financial guarantee contracts	\$	-	575,956	98,300	-	674,256
		2010				
		Due on demand	Up to one year	Two to five years	Over five years	Total
Assets						
Cash on hand and in transit	\$	96,894	-	-	-	96,894
Due from banks and related companies		1,527,327	4,500	-	-	1,531,827
Treasury bills		-	515,666	5,100	-	520,766
Deposits with Central Bank		1,749,968	715,386	100,265	-	2,565,619
Net loans to customers		905,284	4,692,260	2,416,033	2,351,195	10,364,772
Investment securities (excl. equities)		2,952	128,041	269,381	262,647	663,021
		4,282,425	6,055,853	2,790,779	2,613,842	15,742,899
Liabilities						
Deposits		7,958,426	2,943,922	610,141	-	11,512,489
Due to banks and related companies		18,560	362,773	-	-	381,333
Securities sold under repurchase agreement		-	41,617	-	-	41,617
Policyholders' funds		-	11,042	124,159	303,958	439,159
Debt security in issue		-	200,000	800,000	-	1,000,000
		7,976,986	3,559,354	1,534,300	303,958	13,374,598
Net Gap	\$	(3,694,561)	2,496,499	1,256,479	2,309,884	2,368,301
Cumulative Gap	\$	(3,694,561)	(1,198,062)	58,417	2,368,301	-

The table below shows the contractual maturities of financial guarantee contracts:

		2010				
		Due on demand	Up to one year	Two to five years	Over five years	Total
Financial guarantee contracts	\$	-	1,069,444	301,856	60	1,371,360

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27. Financial Risk Management (cont'd)

27.4 Capital Management

The Group's capital management policies seek to achieve several objectives:

- Compliance with capital requirements as set by the Central Bank of Trinidad and Tobago
- Ensure the Group's ability to continue as a going concern
- To maintain a strong capital base to support the development of its business

Capital adequacy and the use of regulatory capital are monitored daily by the Group's management. The Group employs techniques derived from the guidelines developed by the Basel Committee on Banking Supervision - Basel I 1998 Capital Accord as implemented by the Central Bank of Trinidad and Tobago. The required information is filed with the regulatory authority on a monthly basis.

The following table summarises the regulatory qualifying capital ratios of the applicable individual entities within the Group:

	Qualifying Capital Ratios	2011	2010
Scotiabank Trinidad and Tobago Limited	8%	29.25%	27.42%
Scotiabank and Merchant Bank Trinidad and Tobago Limited	8%	407.77%	387.85%

27.5 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risk arises from all of the Group's operations.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to the Operational Risk Committee. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions
- Reconciliation and monitoring of transactions
- Compliance with regulatory and other legal requirements
- Documentation of controls and procedures
- Periodic assessment of operational risks, the adequacy of controls and procedures to address the risks identified
- Reporting of operational losses and proposed remedial action
- Development of contingency plans
- Training and professional development
- Ethical and business standards
- Risk mitigation, including insurance where this is effective

Compliance with Group standards is supported by a programme of periodic review undertaken by Internal Audit. The results of Internal Audit reviews are discussed with management of the business unit to which they relate, with summaries submitted to the Audit Committee and senior management of the Group.

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28. Fair Value of Financial Assets and Liabilities

The fair value of financial instruments that are recognised on the statement of financial position and the fair value of financial instruments that are not recognised on the statement of financial position are based on the valuation methods and assumptions set out in the significant accounting policies Note 2(e).

Fair value represents the amount at which a financial instrument could be exchanged in an arm's length transaction between willing parties under no compulsion to act and is best evidenced by a quoted market price. If no quoted market prices are available, the fair values presented are estimates derived using present value or other valuation techniques and may not be indicative of net realisable value.

The Group measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1 - Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2 - Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3 - Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique included inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Due to the judgment used in applying a wide range of acceptable valuation techniques and estimations in the calculation of fair value amounts, fair values are not necessarily comparable among financial institutions. The calculation of estimated fair values is based upon market conditions at a specific point in time and may not be reflective of future fair values.

Notes to Consolidated Financial Statements

Scotiabank Trinidad and Tobago Limited October 31, 2011
These notes are applicable to the Group's financial statements.

28. Fair Value of Financial Assets and Liabilities (cont'd)

The table below is an analysis of financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorised:

		2011			
		Level 1	Level 2	Level 3	Total
Assets					
Treasury bills	\$	-	1,245,234	-	1,245,234
Investment securities		3,422	508,937	-	512,359
	\$	3,422	1,754,171	-	1,757,593

		2010			
		Level 1	Level 2	Level 3	Total
Assets					
Treasury bills	\$	-	520,766	-	520,766
Investment securities		1,466	478,511	-	479,977
	\$	1,466	999,277	-	1,000,743

The table below summarises the carrying amounts and fair values of those financial assets and liabilities that are not presented on the Group's statement of financial position at fair value.

		Carrying Value		Fair Value	
		2011	2010	2011	2010
Financial Assets					
Cash on hand and in transit	\$	103,443	96,894	103,443	96,894
Due from banks and related companies		1,087,617	1,531,827	1,087,617	1,531,827
Deposits with Central Bank		2,780,695	2,565,619	2,780,695	2,565,619
Net loans to customers		10,666,965	10,364,772	10,666,965	10,364,772
Held-to-maturity investment securities		174,792	193,089	204,268	217,599
	\$	14,813,512	14,752,201	14,842,988	14,776,711

Notes to Consolidated Financial Statements

Scotiabank Trinidad and Tobago Limited October 31, 2011
These notes are applicable to the Group's financial statements.

28. Fair Value of Financial Assets and Liabilities (cont'd)

	Carrying Value		Fair Value	
	2011	2010	2011	2010
Financial Liabilities				
Deposits	\$ 12,423,682	11,512,489	12,423,682	11,512,489
Due to banks and related companies	69,619	381,333	69,619	381,333
Securities sold under repurchase agreement	46,124	41,617	46,124	41,617
Debt security in issue	800,000	1,000,000	840,080	1,114,700
	\$ 13,339,425	12,935,439	13,379,505	13,050,139

- (a) Cash on hand and in transit
These amounts are short-term in nature and are taken to be equivalent to fair value.
- (b) Due from banks and related companies
Amounts due from banks and related companies are negotiated at market rates for relatively short tenors and are assumed to have discounted cash flow values that approximate the carrying values.
- (c) Deposits with Central Bank
The fair value of deposits with Central Bank are determined to approximate to their carrying value using discounted cash flow analysis. A significant portion of the deposits are receivable on demand.
- (d) Net loans to customers
Loans and advances to customers are granted at market rates and their values are not adversely affected by unusual terms. The estimated future cash flows are discounted using a discount rate based on market rates for similar type facilities.
- (e) Held-to-maturity investment securities
The fair value of held-to-maturity investment securities was determined using discounted cash flow analysis. The estimated future cash flows are discounted using a discount rate based on quoted market prices for securities with similar credit, maturity and yield characteristics.
- (f) Assets purchased under resale agreement
Assets purchased under resale agreements are negotiated at market rates for relatively short tenors and are assumed to have discounted cash flow values that approximate the carrying values.
- (g) Deposits and due to banks and related companies
Customer deposits and amounts due to banks and related companies are negotiated at market rates. Deposits that are fixed rate facilities are at rates that approximate market rates and are assumed to have discounted cash flow values that approximate the carrying values.
- (h) Securities sold under repurchase agreement
The fair value of securities sold under repurchase agreement is estimated using discounted cash flow analysis. The estimated future cash flows are discounted using a discount rate based on a current yield curve appropriate for the remaining term to maturity.
- (i) Debt security in issue
The estimated fair value of debt security in issue was estimated using discounted cash flow analysis. The estimated future cash flows are discounted using a discount rate based on a current yield curve appropriate for the remaining term to maturity. In instances where the debt security has a call option, the ability of the issuer to exercise this option will be taken into account in determining the fair value.

Notes to Consolidated Financial Statements

Scotiabank Trinidad and Tobago Limited October 31, 2011
These notes are applicable to the Group's financial statements.

29. Related Party Balances and Transactions

A party is related to the Group if:

- (i) Directly or indirectly the party
- controls, is controlled by, or is under common control with the Group;
 - has an interest in the Group that gives it significant influence over the Group; or
 - has joint control over the Group.

(ii) The party is a member of the key management personnel of the Group.

(iii) The party is a close member of the family of any individual referred to in (i) or (ii) above.

(iv) The party is a post-employment benefit plan for the benefit of employees of the Group, or any company that is a related party of the Group.

A number of banking transactions have been entered into with related parties in the normal course of business. These transactions were conducted at market rates, on commercial terms and condition, except for certain loans made available to officers. Loans deemed to be below market rates in accordance with personal income tax legislation are taxed as dictated for in law.

Related party transactions include but are not limited to the following:

- Data processing and information technology support
- Technical and management services
- Operations support
- Transaction processing support
- Delinquent account collection services

	<u>2011</u>	<u>2010</u>
Outstanding Balances		
Loans, investments and other assets		
Directors, key management personnel and close family members	\$ 26,232	8,856
Other related entities	<u>208,553</u>	<u>10,812</u>
	<u>\$ 234,785</u>	<u>19,668</u>
Provisions for amounts due from related parties	\$ -	-

Notes to Consolidated Financial Statements

Scotiabank Trinidad and Tobago Limited October 31, 2011
These notes are applicable to the Group's financial statements.

29. Related Party Balances and Transactions (cont'd)

	<u>2011</u>	<u>2010</u>
Deposits and other liabilities		
Directors, key management personnel and close family members	\$ 24,525	18,607
Other related entities	<u>441,707</u>	583,484
	\$ <u>466,232</u>	602,091
Interest and other income		
Directors, key management personnel and close family members	\$ 873	341
Other related entities	<u>15,566</u>	10,659
	\$ <u>16,439</u>	11,000
Interest and expenses		
Directors, key management personnel and close family members	\$ 51	122
Other related entities	<u>42,305</u>	41,170
	\$ <u>42,356</u>	41,292

Key management comprises individuals responsible for planning, directing and controlling the activities of the Group.

	<u>2011</u>	<u>2010</u>
Key management compensation		
Short-term benefits	\$ 17,250	14,803
Post-employment benefits	4,361	4,493
Share-based payment	<u>139</u>	261
	\$ <u>21,750</u>	19,557

30. Operating Segments

The operations of the Group are concentrated within the Republic of Trinidad and Tobago. The Group's operations are managed by strategic business units which offer different financial products and services to various market segments. The management function of the various business units reviews internal reports at least monthly, whilst the Group management does so at least quarterly.

The following summary describes the operations of each of the Group's reportable segments:

- Corporate, Commercial and Merchant Banking – Includes the provision of loans, deposits, trade financing and other financial services to businesses
- Retail Banking – Includes the provision of loans, deposits and other financial services to individuals
- Insurance Services – Includes the underwriting of long-term insurance risk and insurance brokerage services to individuals and businesses
- Other – Includes the functions of a centralised treasury unit and other centralised services

The results of the various operating segments are set out below. Performance is measured based on segment profits before tax as included in the internal management reports reviewed by senior management. Segment profitability is used by management to assess product pricing, productivity and hence the allocation of resources to the various operating segments.

Notes to Consolidated Financial Statements

Scotiabank Trinidad and Tobago Limited October 31, 2011
 These notes are applicable to the Group's financial statements.

30. Operating Segments

		2011				
		Corporate/ Commercial & Merchant Banking	Retail Banking	Insurance Services	Other	Total
Net interest income (expense)	\$	236,410	649,042	51,441	(46,021)	890,872
Fees and commissions		122,848	133,313	46,715	13,584	316,460
Other revenues		-	-	-	-	-
Inter-segment revenues		2,869	-	24	60	2,953
Net segment interest and other income	\$	362,127	782,355	98,180	(32,377)	1,210,285
Material non-cash items:						
Retirement benefit cost	\$	1,687	20,195	427	2,711	25,020
Depreciation		1,340	16,045	-	2,154	19,539
Net segment profit (loss) before taxes	\$	324,598	332,943	85,997	(92,710)	650,828
Segment assets	\$	4,781,630	6,090,128	874,277	6,132,955	17,878,990
Segment liabilities	\$	4,546,917	7,326,971	545,138	4,795,843	17,214,869

		2010				
		Corporate/ Commercial & Merchant Banking	Retail Banking	Insurance Services	Other	Total
Net interest income (expense)	\$	238,134	605,645	45,268	(36,759)	852,288
Fees and commissions		159,468	140,345	40,567	13,638	354,018
Other revenues		-	-	-	2,888	2,888
Inter-segment revenues		5,403	-	51	1,532	6,986
Net segment interest and other income	\$	403,005	745,990	85,886	(18,701)	1,216,180
Material non-cash items:						
Retirement benefit cost	\$	1,438	17,222	364	2,312	21,336
Depreciation		1,190	14,246	-	1,912	17,348
Net segment profit (loss) before taxes	\$	363,050	267,542	76,072	(82,932)	623,732
Segment assets	\$	5,331,195	5,970,322	699,759	6,457,673	18,458,949
Segment liabilities	\$	5,240,500	6,764,279	450,989	5,454,238	17,910,006

Notes to Consolidated Financial Statements

Scotiabank Trinidad and Tobago Limited October 31, 2011
 These notes are applicable to the Group's financial statements.

30. Operating Segments (cont'd)

Reconciliation of operating segments financial results

	<u>2011</u>	<u>2010</u>
Revenues		
Total segment revenues	\$ 1,210,285	1,216,180
Unallocated amounts	50,366	41,206
Elimination of inter-segment revenues	<u>(2,953)</u>	<u>(6,986)</u>
Consolidated revenues	\$ <u>1,257,698</u>	<u>1,250,400</u>
Profits		
Total segment profits before taxes	\$ 650,828	623,732
Eliminations/unallocated amounts	<u>47,412</u>	<u>34,220</u>
Consolidated profits before taxes	\$ <u>698,240</u>	<u>657,952</u>
Assets		
Total segment assets	\$ 17,878,990	18,458,949
Eliminations/unallocated amounts	<u>(880,132)</u>	<u>(2,311,387)</u>
Consolidated total assets	\$ <u>16,998,858</u>	<u>16,147,562</u>
Liabilities		
Total segment liabilities	\$ 17,214,869	17,910,006
Eliminations/unallocated amounts	<u>(3,007,466)</u>	<u>(4,234,952)</u>
Consolidated total liabilities	\$ <u>14,207,403</u>	<u>13,675,054</u>

Five Year Review

Scotiabank Trinidad and Tobago Limited and its wholly-owned subsidiary companies
October 31, 2011 (\$ thousands, except per share data)

CONSOLIDATED BALANCE SHEET		2011	2010	2009	2008	2007
Assets						
Cash resources	\$	5,216,989	4,715,106	4,614,729	2,858,861	1,904,079
Loans and Investments (includes Reverse Repos)		11,370,234	11,052,011	11,003,944	11,106,284	9,288,978
Property, plant and equipment		279,675	264,588	243,085	209,741	202,087
Other assets		131,960	115,857	153,869	154,461	160,061
Total assets	\$	16,998,858	16,147,562	16,015,627	14,329,347	11,555,205
Liabilities and shareholders' equity						
Deposits	\$	12,423,682	11,512,489	11,919,474	9,671,628	8,435,711
Other liabilities		1,783,721	2,162,565	1,947,446	2,825,231	1,549,456
Shareholders' equity		2,791,455	2,472,508	2,148,707	1,832,488	1,570,038
Total liabilities and shareholders' equity	\$	16,998,858	16,147,562	16,015,627	14,329,347	11,555,205

CONSOLIDATED STATEMENT OF INCOME		2011	2010	2009	2008	2007
Interest income	\$	1,040,279	1,077,946	1,211,477	1,110,497	901,298
Interest expense		(143,013)	(212,817)	(379,610)	(370,827)	(279,118)
Net interest income		897,266	865,129	831,867	739,670	622,180
Other income		360,432	385,271	303,111	253,217	212,770
Net interest and other income		1,257,698	1,250,400	1,134,978	992,887	834,950
Non-interest expenses		(559,458)	(592,448)	(549,483)	(435,277)	(358,472)
Income before taxation		698,240	657,952	585,495	557,610	476,478
Provision for taxation		(153,927)	(148,727)	(130,444)	(125,767)	(105,406)
Net income for the year	\$	544,313	509,225	455,051	431,843	371,072

OTHER STATISTICS		2011	2010	2009	2008	2007
Return on average assets		3.28%	3.17%	3.00%	3.34%	3.58%
Return on average equity		20.68%	22.04%	22.86%	25.38%	25.39%
Number of shares		176,343,750	176,343,750	176,343,750	176,343,750	176,343,750
Dividends per share		138	110	100	96	84
Earnings per share		308.7c	288.8c	258.0c	244.9c	210.4c
Number of offices (including subsidiary companies)		29	29	29	29	29

Corporate Information

Scotiabank Trinidad and Tobago Limited

BOARD OF DIRECTORS

Brian J. Porter
B.Com., LL.D.
Chairman

Trevor Farrell
B.A., M.A., Ph.D.
Deputy Chairman

Richard P. Young
F.C.C.A., C.A.
Managing Director

Claude Norfolk
ICD.D., M.B.A.

Craig Reynald
F.C.M.A., C.A.

Daniel J. Fitzwilliam
B.A. (Hons.), LL.B. (Hons.)

George Janoura

Gisele del V Marfleet
B.Sc., Dip.FM

Roxane De Freitas
B.A.

EXECUTIVE OFFICERS

Richard P. Young
F.C.C.A., C.A.
Managing Director

Savon Persad
B.Sc., A.C.C.A., M.B.A.
Senior General Manager,
Retail and Small Business
Managing Director,
ScotiaLife

Belinda James
LL.B. (Hons.), L.E.C., A.C.I.S.
General Manager,
Compliance and Legal Services

Gayle Pazos
B.A. (Hons.)
General Manager,
Corporate and Commercial Banking

Carlene Seudat
B.Sc. (Hons.), C.I.M.A.
General Manager,
Credit Risk Management

Gilbert Sankar
M.B.A.
District General Manager,
Retail and Small Business

Raymond Smith
B.A.
District General Manager,
Retail and Small Business

Martin de Gannes
B.Sc., M.Sc., F.I.C.B.
General Manager,
Human Resources

Mahadeo Sebarath
F.C.C.A., C.A., C.I.A.
General Manager,
Business Support

Faziah Khan
Centre Director,
Wealth Management
Scotia Private Client Group

Heidi Bason
P.G. Dip. M., A.C.I.M.
General Manager,
Marketing

Karrian Hepburn
B.Sc. (Hons), M.B.A.
General Manager
Scotia Investments Trinidad
and Tobago Limited

Mitchell de Silva
B.Sc. (Hons.), M.B.A.
General Manager,
Head Investment Banking/Origination

Fabien Keil
B.Sc., M.B.A., C.F.A.
General Manager,
Head Investment Banking/
Structuring and Syndication

Robert Soverall
C.F.A., B.Sc. (Hons.),
Dip. (Business Mgmt.)
General Manager,
ScotiaLife

CORPORATE ADMINISTRATION/ MANAGEMENT

Adrian Lezama
B.Sc., F.C.C.A.
Assistant General Manager,
Finance

Vanessa Mc Pherson
F.C.C.A., C.I.A.
Chief Auditor

Marc Anatol
B.Sc, C.F.A, M.B.A.
Group Treasurer,
Treasury

Katishé Serrette
LL.B. (Hons.), L.E.C., MICA
Senior Manager,
Compliance and Anti-Money Laundering

Mohammed Sulaman
Senior Manager,
Systems Support Centre

Donna-Mae Valentine
B.Sc.
Senior Manager,
Regional Contact Centre
Trinidad and Tobago

Dhanraj Persad
A.C.C.A.
Comptroller

OPERATIONS AND SHARED SERVICES

Garfield White
Director,
Operations Support and
Shared Services

Colin K. Hosein
B.Sc., M.Sc., M.B.A.
Assistant General Manager,
Lending Services

Denyse Bhikarrie-Khan
B.Sc.
Assistant General Manager,
Processing Support Centre

Larry Khan
Centre Director,
Caribbean South Collections Unit

Misty Dorman Hosein
B.Sc. (Hons). DHRM, A.C.S.
Team Leader,
Employee Relations

Contacts at a Glance

Contact all Scotiabank branches at 868-62-SCOTIA (627-2684)

MANAGING DIRECTOR'S OFFICE

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Port of Spain
Tel: 868-625-3566/Fax: 868-627-5278
Email: scotiainmain.tt@scotiabank.com
Website: www.tt.scotiabank.com

CORPORATE BANKING CENTRE

Scotia Centre
56-58 Richmond Street, Port of Spain
Tel: 868-625-3566/Fax: 868-625-5633

SCOTIA PRIVATE CLIENT GROUP

56-58 Richmond Street, Port of Spain
Tel: 868-625-3566/Fax: 868-625-4404

SCOTIA INVESTMENTS TRINIDAD AND TOBAGO LIMITED

56-58 Richmond Street, Port of Spain
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SCOTIATRUST AND MERCHANT BANK TRINIDAD AND TOBAGO LIMITED

56-58 Richmond Street, Port of Spain
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SCOTIALIFE TRINIDAD AND TOBAGO LIMITED

1 Frederick Street, Port of Spain
Tel: 868-623-6170/Fax: 868-623-0162

ARIMA CHAGUANAS CIPERO & RUSHWORTH STREETS

COUVA
CUNUPIA SALES CENTRE
DEBE SALES CENTRE
DIEGO MARTIN
MARABELLA
MARAVAL
MID CENTRE MALL
PARK & PEMBROKE STREETS
PENAL
PORT OF SPAIN
POINT FORTIN SALES CENTRE
PRINCES TOWN SALES CENTRE

RIO CLARO
SAN FERNANDO
SAN JUAN
SANGRE GRANDE
SCOTIA CENTRE
SIPARIA
ST. JAMES
LOWLANDS, TOBAGO
SCARBOROUGH, TOBAGO
TRINCITY
TUNAPUNA

ARIMA

5 Hollis Avenue
Fax: 868-667-2956

BUSINESS SUPPORT CENTRE

Nealco Building
61-63 Edward Street, Port of Spain
Fax: 868-624-3889

CENTRALISED RETAIL COLLECTIONS CENTRE (CRCC)

Centre Pointe Mall
Ramsaran Street, Chaguanas
Fax: 868-672-7105

CHAGUANAS

Main Road
Fax: 868-672-5747

CIPERO & RUSHWORTH STREETS

Cor. Ciperio and Rushworth Streets,
San Fernando
Fax: 868-652-0819

CONTACT CENTRE

Fax: 868-627-7315

COUVA

Southern Main Road
Fax: 868-679-2274

CUNUPIA

7 Southern Main Road
Fax: 868-665-1021

CUNUPIA SALES CENTRE

LP 225 Southern Main Road
Fax: 868-693-0579

DEBE SALES CENTRE

1096 SS Erin Road
Fax: 868-647-8098

DIEGO MARTIN

Starlite Shopping Plaza
Fax: 868-633-4441

MARABELLA

Allum's Shopping Centre
Southern Main Road
Fax: 868-658-4681

MARAVAL

Ellerslie Plaza
Fax: 868-628-0279

MID CENTRE MALL

Mid Centre Mall, Chaguanas
Fax: 868-671-7408

PARK & PEMBROKE STREETS

Cor. Park and Pembroke Streets,
Port of Spain
Fax: 868-623-8552

PENAL

4 Penal Junction
Fax: 868-647-3574

PORT OF SPAIN

1 Frederick Street
Fax: 868-623-4185

POINT FORTIN SALES CENTRE

48 Main Road
Fax: 868-648-2022

PRICEPLAZA

Endeavour Road, Chaguanas
Fax: 868-665-4222

PRINCES TOWN

High Street
Fax: 868-655-7039

PRINCES TOWN SALES CENTRE

Junction #1, Craignish Village
Fax: 868-655-9558

RIO CLARO

Naparima/Mayaro Road
Fax: 868-644-2217

SAN FERNANDO

49 High Street
Fax: 868-653-2227

SAN JUAN

Eastern Main Road
Fax: 868-674-6184

SANGRE GRANDE

Eastern Main Road
Fax: 868-668-0677

SCOTIA CENTRE BRANCH

Cor. Park and Richmond Streets,
Port of Spain
Fax: 868-625-4393

SIPARIA

55 High Street
Fax: 868-649-2996

ST. JAMES

Cor. Western Main Road and Bengal Street
Fax: 868-622-3944

LOWLANDS, TOBAGO

Gulf City Mall
Fax: 868-639-9997

SCARBOROUGH, TOBAGO

Milford Road
Fax: 868-639-5541

TRINCITY

Western Car Park, Trincity Mall
Fax: 868-640-5135

TUNAPUNA

Cor. Eastern Main Road and St. John's Road
Fax: 868-663-1894

Doing Business Globally, Building Relationships Locally

With operations in more than 50 countries, spanning 5 continents and many cultures, Scotiabank is a true international bank.

A stable and trusted brand in all of our markets, Scotiabank has been providing financial solutions for over 175 years.

A Scotiabank can be found in the English and Spanish speaking Caribbean, Mexico and Central America. We help boost local economies by providing relevant and meaningful retail, commercial, corporate, small business, investment, merchant banking, trade finance and cash management products and services. In addition, we support local charities and communities through various philanthropic and corporate social responsibility initiatives.

At Scotiabank Trinidad and Tobago Limited, we understand opportunities and help our customers discover what's possible by leveraging our inherent international connections and know how. Our purpose is to provide them with the best value added financial solutions.

Notice of Annual Meeting

NOTICE IS HEREBY GIVEN that the FORTY-SECOND ANNUAL MEETING OF SHAREHOLDERS OF SCOTIABANK TRINIDAD AND TOBAGO LIMITED ("the Company") will be held at The Ballroom, Hyatt Regency Trinidad, on Friday, February 24, 2012 at 10:00 a.m. for the following purposes:-

ORDINARY BUSINESS

- 1 To receive and consider the Audited Financial Statements of the Company and its subsidiaries (the Group) for the financial year ended October 31, 2011, together with the Reports of the Directors and the Auditors thereon.
- 2 To re-elect Mr. Brian J. Porter a Director of the Company in accordance with paragraph 4.5 of By-Law No. 1 of the Company for the term from the date of his election until the close of the first Annual Meeting of the Company following his election, subject always to earlier termination under paragraph 4.8.1 of By-Law No. 1.
- 3 To re-elect Dr. Trevor Farrell a Director of the Company in accordance with paragraph 4.5 of By-Law No. 1 of the Company for the term from the date of his election until the close of the first Annual Meeting of the Company following his election, subject always to earlier termination under paragraph 4.8.1 of By-Law No. 1.
- 4 To re-elect Mrs. Roxane De Freitas a Director of the Company in accordance with paragraph 4.5 of By-Law No. 1 of the Company for the term from the date of her election until the close of the first Annual Meeting of the Company following her election, subject always to earlier termination under paragraph 4.8.1 of By-Law No. 1.
- 5 To re-elect Mr. George Janoura a Director of the Company in accordance with paragraph 4.5 of By-Law No. 1 of the Company for the term from the date of his election until the close of the first Annual Meeting of the Company following his election, subject always to earlier termination under paragraph 4.8.1 of By-Law No. 1.
- 6 To re-elect Mrs. Gisele del V Marfleet a Director of the Company in accordance with paragraph 4.5 of By-Law No. 1 of the Company for the term from the date of her election until the close of the first Annual Meeting of the Company following her election, subject always to earlier termination under paragraph 4.8.1 of By-Law No. 1.
- 7 To re-elect Mr. Claude Norfolk a Director of the Company in accordance with paragraph 4.5 of By-Law No. 1 of the Company for the term from the date of his election until the close of the first Annual Meeting of the Company following his election, subject always to earlier termination under paragraph 4.8.1 of By-Law No. 1.
- 8 To re-elect Mr. Craig Reynald a Director of the Company in accordance with paragraph 4.5 of By-Law No. 1 of the Company for the term from the date of his election until the close of the first Annual Meeting of the Company following his election, subject always to earlier termination under paragraph 4.8.1 of By-Law No. 1.
- 9 To re-elect Mr. Richard P. Young a Director of the Company in accordance with paragraph 4.5 of By-Law No. 1 of the Company for the term from the date of his election until the close of the first Annual Meeting of the Company following his election, subject always to earlier termination under paragraph 4.8.1 of By-Law No. 1.
- 10 To elect Mrs. Wendy Fae Thompson a Director of the Company in accordance with paragraph 4.4.1 of By-Law No. 1 of the Company for the term from the date of her election until the close of the first Annual Meeting of the Company following her election, subject always to earlier termination under paragraph 4.8.1 of By-Law No. 1.
- 11 To appoint Messrs. KPMG as the Auditors of the Company to hold office until the close of the next Annual Meeting.

By Order of the Board
Belinda James - Secretary
Nos. 56-58 Richmond Street, Port of Spain,
Trinidad, West Indies
Date: January 25, 2012

Notice of Annual Meeting

NOTES:

- 1** No service contracts were entered into between the Company and any of its subsidiaries and their respective Directors.
- 2** The Directors of the Company have not fixed a record date for the determination of shareholders who are entitled to receive notice of the Annual Meeting. In accordance with Section 111(a)(i) of the Companies Act, Ch. 81:01, the statutory record date applies. Only shareholders on record at the close of business on the date immediately preceding the day on which the Notice is given, are therefore entitled to receive Notice of the Annual Meeting. A list of such shareholders will be available for examination by shareholders at the Company's Registered Office during usual business hours and at the Annual Meeting.
- 3** A shareholder entitled to attend and vote at the Annual Meeting is entitled to appoint one or more proxies to attend and vote instead of him/her. A proxy need not be a shareholder. Attached is a Proxy Form for your convenience, which must be completed and signed in accordance with the Notes on the Proxy Form and then deposited with The Registrar, The Trinidad and Tobago Central Depository Limited, 10th Floor, Nicholas Towers, 63-65 Independence Square, Port of Spain, Trinidad, at least 48 hours before the time appointed for the Meeting.
- 4** A shareholder that is a body corporate may, in lieu of appointing a proxy, authorise an individual by resolution of its directors or of its governing body to represent it at the Annual Meeting.

Management Proxy Circular

Republic of Trinidad and Tobago. The Companies Act, Ch. 81:01 (Section 144)

1 Name of Company:

Scotiabank Trinidad And Tobago Limited. **Company No.:** S-2551(C)

2 Particulars of Meeting:

Forty-second Annual Meeting of the Shareholders of the Company to be held on Friday, February 24, 2012, at 10:00 a.m. at The Ballroom, Hyatt Regency Trinidad, No. 1 Wrightson Road, Port of Spain, Trinidad.

3 Solicitation:

It is intended to vote the Proxy hereby solicited by the Management of the Company (unless the Shareholder directs otherwise) in favour of all resolutions specified in the Proxy Form sent to the Shareholders with this Circular; and, in the absence of a specific direction, in the discretion of the Proxy-holder in respect of any other resolution.

4 Any Director's statement submitted pursuant to Section 76(2):

No statement has been received from any Director pursuant to Section 76(2) of the Companies Act, Ch. 81:01.

5 Any Auditor's proposal submitted pursuant to Section 171(1):

No statement has been received from the Auditors of the Company pursuant to Section 171(1) of the Companies Act, Ch. 81:01.

6 Any Shareholder's proposal submitted pursuant to Sections 116(a) and 117(2):

No proposal has been received from any Shareholder pursuant to Sections 116(a) and 117(2) of the Companies Act, Ch. 81:01.

Date	Name and Title	Signature
January 25, 2012	Belinda James Secretary	

Form of Proxy

Republic of Trinidad and Tobago. The Companies Act, Ch. 81:01 (Section 143(1))

1 Name of Company:

Scotiabank Trinidad And Tobago Limited. **Company No.:** S-2551(C)

2 Particulars of Meeting:

Forty-second Annual Meeting of Shareholders to be held at The Ballroom, Hyatt Regency Trinidad, No. 1 Wrightson Road, Port of Spain, Trinidad on Friday, February 24, 2012, at 10:00 a.m.

I/We (Block Letters Please) _____

of _____
Shareholder(s) in the above Company, appoint the Chairman of the Meeting, or (see Note 1 overleaf)

failing him _____ of _____
to be my/our proxy to vote for me/us and on my/our behalf at the above Meeting and any adjournment thereof in the same manner, to the same extent and with the same powers as if I/we were present at the said Meeting or such adjournment or adjournments thereof, and in respect of the resolutions below to vote in accordance with my/our instructions below.

Dated this _____ day of _____ 2012.

(Signature(s) of Member(s))

(Please indicate with an "X" in the spaces below and overleaf your instructions on how you wish your votes to be cast. Unless otherwise instructed, the proxy may vote or abstain from voting as he/she thinks fit.)

Please consider the **Notes 1 to 6** overleaf for your assistance to complete and deposit this Proxy Form.

Resolution 1: FOR AGAINST

To adopt the Audited Financial Statements of the Company and its subsidiaries (the Group) for the financial year ended October 31, 2011, together with the Reports of the Directors and the Auditors thereon.

Resolution 2: FOR AGAINST

To re-elect Mr. Brian J. Porter a Director of the Company in accordance with paragraph 4.5 of By-Law No. 1 of the Company for the term from the date of his election until the close of the first Annual Meeting of the Company following his election, subject always to earlier termination under paragraph 4.8.1 of By-Law No. 1.

Resolution 3: FOR AGAINST

To re-elect Dr. Trevor Farrell a Director of the Company in accordance with paragraph 4.5 of By-Law No. 1 of the Company for the term from the date of his election until the close of the first Annual Meeting of the Company following his election, subject always to earlier termination under paragraph 4.8.1 of By-Law No. 1.

Resolution 4: FOR AGAINST

To re-elect Mrs. Roxane De Freitas a Director of the Company in accordance with paragraph 4.5 of By-Law No. 1 of the Company for the term from the date of her election until the close of the first Annual Meeting of the Company following her election, subject always to earlier termination under paragraph 4.8.1 of By-Law No. 1.

Resolution 5: FOR AGAINST

To re-elect Mr. George Janoura a Director of the Company in accordance with paragraph 4.5 of By-Law No. 1 of the Company for the term from the date of his election until the close of the first Annual Meeting of the Company following his election, subject always to earlier termination under paragraph 4.8.1 of By-Law No. 1.

Resolution 6: FOR AGAINST

To re-elect Mrs. Gisele del V Marfleet a Director of the Company in accordance with paragraph 4.5 of By-Law No. 1 of the Company for the term from the date of her election until the close of the first Annual Meeting of the Company following her election, subject always to earlier termination under paragraph 4.8.1 of By-Law No. 1.

Form of Proxy

Republic of Trinidad and Tobago. The Companies Act, Ch. 81:01 (Section 143(1))

Resolution 7:

FOR AGAINST

To re-elect Mr. Claude Norfolk a Director of the Company in accordance with paragraph 4.5 of By-Law No. 1 of the Company for the term from the date of his election until the close of the first Annual Meeting of the Company following his election, subject always to earlier termination under paragraph 4.8.1 of By-Law No. 1.

Resolution 8:

FOR AGAINST

To re-elect Mr. Craig Reynald a Director of the Company in accordance with paragraph 4.5 of By-Law No. 1 of the Company for the term from the date of his election until the close of the first Annual Meeting of the Company following his election, subject always to earlier termination under paragraph 4.8.1 of By-Law No. 1.

Resolution 9 :

FOR AGAINST

To re-elect Mr. Richard P. Young a Director of the Company in accordance with paragraph 4.5 of By-Law No. 1 of the Company for the term from the date of his election until the close of the first Annual Meeting of the Company following his election, subject always to earlier termination under paragraph 4.8.1 of By-Law No. 1.

Resolution 10:

FOR AGAINST

To elect Mrs. Wendy Fae Thompson a Director of the Company in accordance with paragraph 4.4.1 of By-Law No. 1 of the Company for the term from the date of her election until the close of the first Annual Meeting of the Company following her election, subject always to earlier termination under paragraph 4.8.1 of By-Law No. 1.

Resolution 11:

FOR AGAINST

To appoint Messrs. KPMG as the Auditors of the Company to hold office until the close of the next Annual Meeting.

Notes:

- 1 A Shareholder may appoint a proxy of his/her own choice. If such an appointment is made, delete the words "the Chairman of the Meeting" from the Proxy Form and insert the name and address of the person appointed proxy in the space provided and initial the alteration.
- 2 If the appointer is a corporation, this Proxy Form must be under its common seal or under the hand of some officer or attorney duly authorised in that behalf.
- 3 A Shareholder that is a body corporate may, in lieu of appointing a proxy, authorise an individual by resolution of its directors or of its governing body to represent it at the Annual Meeting.
- 4 In the case of joint Shareholders, the names of all joint Shareholders must be stated on the Proxy Form and all joint Shareholders must sign the Proxy Form.
- 5 If the Proxy Form is returned without any indication as to how the person appointed proxy shall vote, the proxy will exercise his/her discretion as to how he/she votes or whether he/she abstains from voting.
- 6 To be valid, this Proxy Form must be completed and deposited at the office of The Registrar, The Trinidad and Tobago Central Depository Limited, at the address below not less than 48 hours before the time for holding the Annual Meeting or adjourned Meeting.

Return to:

The Registrar
The Trinidad and Tobago Central Depository Limited
10th Floor, Nicholas Towers,
63-65 Independence Square,
Port of Spain,
Trinidad, West Indies

