

SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These financial statements, in all material aspects, have been prepared in accordance with International Financial Reporting Standards. The accounting policies used in the preparation of the financial statements are the same as were followed in the financial statements as at October 31, 2005.

TO OUR SHAREHOLDERS

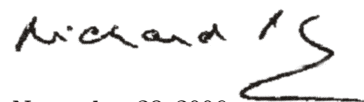
The Scotiabank Trinidad and Tobago Group recorded its fourteenth consecutive year of increased profitability with income after tax of \$315 million representing a 38.65% growth from \$227 million earned in 2005.

In September 2006, we recognised the loyalty of our valued shareholders with a bonus issue of one for every two shares in issue and we concurrently transferred \$150 million to Stated Capital. As a result of the bonus issue, all comparative information with respect to per share data has been restated.

This impressive growth was achieved by improved profitability in all our core lines of business via sound execution of our Key Strategic Initiatives.

Based on this year's performance, our Directors have approved a fourth interim dividend of 24 cents per Ordinary Share of which, 4 cents is as a direct consequence of the outstanding performance. This brings total dividends earned to 70 cents per Share, compared to 53.3 cents for 2005. This will be paid on December 27, 2006 to shareholders on record as at December 8, 2006. Total dividends paid for 2006 amount to \$123,440,625, an increase of \$29,390,625 over last year.

On behalf of the Board, Management and Staff, I thank all our customers and shareholders for their continued support and confidence displayed in Scotiabank and we look forward to another successful year ahead.



November 28, 2006
Richard P. Young
Managing Director

Consolidated Balance Sheet Highlights (Stated In \$'000)

| | AUDITED as at October 31, 2006 | AUDITED as at October 31, 2005 |
|---|--------------------------------------|--------------------------------------|
| ASSETS | | |
| CASH RESOURCES | | |
| Cash | \$ 70,387 | \$ 47,681 |
| Other cash resources | 273,883 | 445,083 |
| Deposits with Central Bank | 962,118 | 583,675 |
| Treasury bills | 17,394 | 265,129 |
| | 1,323,782 | 1,341,568 |
| NET LOANS TO CUSTOMERS | 6,982,560 | 5,536,564 |
| INVESTMENTS | 549,554 | 647,460 |
| OTHER ASSETS | | |
| Property, plant and equipment | 185,886 | 182,933 |
| Miscellaneous assets | 39,031 | 44,186 |
| Retirement benefit asset | 111,528 | 107,761 |
| | 336,445 | 334,880 |
| TOTAL ASSETS | \$ 9,192,341 | \$ 7,860,472 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| LIABILITIES | | |
| Deposits | \$ 6,772,531 | \$ 5,992,884 |
| Other fund raising instruments | - | 7,511 |
| Other deposit liabilities | 492,899 | 166,684 |
| Other liabilities | 65,662 | 45,595 |
| Securities sold under repurchase agreement | 78,275 | 94,000 |
| Provision for taxation | 23,556 | 32,534 |
| Policyholders' liabilities | 124,032 | 81,812 |
| Debt security in issue | 200,000 | 200,000 |
| Retirement benefit obligations | 57,830 | 50,738 |
| | 7,814,785 | 6,671,758 |
| DEFERRED TAX LIABILITY | 24,232 | 26,374 |
| SHAREHOLDERS' EQUITY | | |
| Stated capital | 267,563 | 117,563 |
| Statutory reserve fund | 272,778 | 222,748 |
| Investment revaluation reserve | 4,619 | 20,537 |
| Retained earnings | 808,364 | 801,492 |
| | 1,353,324 | 1,162,340 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | \$ 9,192,341 | \$ 7,860,472 |

Consolidated Income Statement (Stated In \$'000)

| | AUDITED Year ended October 31, 2006 | AUDITED Year ended October 31, 2005 |
|--|---|---|
| NET INTEREST AND OTHER INCOME | | |
| Net Interest Income | \$ 520,546 | \$ 418,980 |
| Other Income | 193,939 | 162,900 |
| | 714,485 | 581,880 |
| NON-INTEREST EXPENSES | | |
| Salaries and staff benefits | 140,132 | 133,597 |
| Premises and technology | 62,979 | 58,528 |
| Communications and marketing | 28,960 | 20,635 |
| Loan loss expense | 5,908 | 5,165 |
| Other | 67,499 | 52,259 |
| | 305,478 | 270,184 |
| INCOME BEFORE TAXATION | 409,007 | 311,696 |
| Provision for taxation | (93,947) | (84,463) |
| INCOME AFTER TAXATION | \$ 315,060 | \$ 227,233 |
| Dividends Paid & Proposed for financial year | \$ 123,441 | \$ 94,049 |
| Dividends per share* | 70.0 c | 53.3 c |
| Earnings per share* | 178.7 c | 128.9 c |
| Return on Equity | 25.05 % | 20.72 % |
| Return on Total Assets | 3.52 % | 3.16 % |
| Market Value | \$ 25.30 | \$ 26.33 |

* Restated to account for the effect of the issue of bonus shares to shareholders on September 28, 2006



Scotiabank

SCOTIABANK TRINIDAD AND TOBAGO LIMITED

Consolidated Statement Of Changes In Shareholders' Equity FOR THE PERIOD ENDING OCTOBER 31, 2006 (Stated In \$'000)

| | Stated Capital | Statutory Reserve | Investment Revaluation Reserve | Retained Earnings | Total Shareholders' Equity |
|---|----------------|-------------------|--------------------------------|-------------------|----------------------------|
| YEAR ENDED OCTOBER 31, 2006 | | | | | |
| Balance as at October 31, 2005 | \$ 117,563 | 222,748 | 20,537 | 801,492 | 1,162,340 |
| Changes in fair value, net of tax | - | - | (15,844) | - | (15,844) |
| Gains transferred to net profit, net of tax | - | - | (74) | - | (74) |
| Net profit for the period | - | - | - | 315,060 | 315,060 |
| Transfer to statutory reserve | - | 50,030 | - | (50,030) | - |
| Issue of Bonus Shares | 150,000 | - | - | (150,000) | - |
| Dividends paid | - | - | - | (108,158) | (108,158) |
| Balance as at October 31, 2006 | \$ 267,563 | 272,778 | 4,619 | 808,364 | 1,353,324 |
| YEAR ENDED OCTOBER 31, 2005 | | | | | |
| Balance as at October 31, 2004 | \$ 117,563 | 192,035 | 28,943 | 692,683 | 1,031,224 |
| Changes in fair value, net of tax | - | - | (7,606) | - | (7,606) |
| Gains transferred to net profit, net of tax | - | - | (800) | - | (800) |
| Net profit for the period | - | - | - | 227,233 | 227,233 |
| Adjustment to deferred tax provisions through retained earnings | - | - | - | 2,812 | 2,812 |
| Transfer to statutory reserve | - | 30,713 | - | (30,713) | - |
| Dividends paid | - | - | - | (90,523) | (90,523) |
| Balance as at October 31, 2005 | \$ 117,563 | 222,748 | 20,537 | 801,492 | 1,162,340 |

Consolidated Cash Flow (Stated In \$'000)

| | AUDITED Year ended October 31, 2006 | AUDITED Year ended October 31, 2005 |
|---|---|---|
| Cash flows from operating activities | | |
| Net income before taxes | \$ 409,007 | \$ 311,696 |
| Increase in loans | (1,445,996) | (938,396) |
| Increase in deposits | 756,411 | 787,215 |
| Taxation paid | (102,987) | (72,137) |
| Other adjustments to reconcile income before taxation to net cash from operating activities | 91,392 | 49,819 |
| Net cash from (used in) operating activities | \$ (292,173) | \$ 138,197 |
| Cash flows used in investing activities | | |
| (Increase) / decrease in investments | \$ 80,863 | \$ (71,956) |
| Purchase of fixed assets | (25,934) | (38,264) |
| Proceeds from disposal of fixed assets | 1,401 | 4,076 |
| Net cash (used in) / from investing activities | \$ 56,330 | \$ (106,144) |
| Cash flows used in financing activities | | |
| Dividends paid | \$ (108,158) | \$ (90,523) |
| Increase in debt security in issue | - | 200,000 |
| Net cash from / (used in) financing activities | \$ (108,158) | \$ 109,477 |
| Increase / (decrease) in cash and cash equivalents | \$ (344,001) | \$ 141,530 |
| Cash and cash equivalents, beginning of period | 1,174,884 | 1,033,354 |
| Cash and cash equivalents, end of period | \$ 830,883 | \$ 1,174,884 |
| Cash and cash equivalents | | |
| Cash resources | \$ 1,323,782 | \$ 1,341,568 |
| Other deposit liabilities | (492,899) | (166,684) |
| Cash and cash equivalents | \$ 830,883 | \$ 1,174,884 |