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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.

OUR CORE PURPOSE

To be the best at helping customers become financially better off by providing relevant solutions to their unique needs.

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

SPIRIT

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

Consolidated Financial Highlights

October 31, 2006 (\$ thousands, except per share data)

	2006	2005
TOTAL ASSETS	9,192,341	7,860,472
DEPOSITS	6,772,531	5,992,884
NET LOANS TO CUSTOMERS	6,982,560	5,536,564
INCOME BEFORE TAXATION	409,007	311,696
NET INCOME	315,060	227,233
RISK ADJUSTED CAPITAL RATIO	19.23%	18.20%
NUMBERS OF SHARES OUTSTANDING *	176,343,750	176,343,750
NUMBER OF SHAREHOLDERS	7,683	7,666
EARNINGS PER SHARE *	178.7¢	128.9¢
MARKET VALUE PER SHARE *	\$25.30	\$26.33
NET BOOK VALUE PER SHARE *	\$7.67	\$6.59

RETURN ON EQUITY (ROE)

2006	2005
25.05%	20.72%

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)*

2006	2005
178.7 cents	128.9 cents

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)

2006	2005
3.70%	3.16%

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

2006	2005
41.93%	45.55%

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, 56-58 Richmond Street, Port of Spain
 AUDITORS : KPMG, 4th Floor, Scotia Centre, 56-58 Richmond 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.

* Amounts have been retroactively adjusted to reflect the one for two bonus issue paid on September 28, 2006.



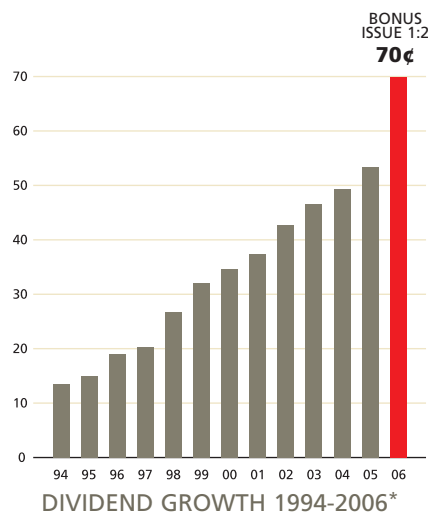
Chairman's Letter to Shareholders

Dear Shareholders,

2006 was a record-breaking year for Scotiabank Trinidad and Tobago Limited, as we continued to demonstrate our ability to grow in a number of ways in this highly competitive banking industry. We accelerated growth by attracting, retaining and deepening more customer relationships in the markets we serve. We launched a number of initiatives that will create value by integrating our capabilities across the Group.

Our view is that there are many paths to growth, and the best companies pursue multiple strategies as market conditions change and opportunities arise. I invite you to read more about the work we're doing for customers and shareholders in the Managing Director's address that follows.

Scotiabank is the acknowledged leader in the retail banking industry and continues to outperform industry peers in virtually all criteria on the financial front. Let me now undertake a review of our key 2006 financial accomplishments and provide a brief economic outlook for Trinidad and Tobago.



*Amounts have been retroactively adjusted to reflect the one for two bonus issue paid on September 28, 2006.

Strong financial performance

In 2006, we again set new records with a record net income of \$315.1 million being reflected, representing growth of 39% over last year. Our strong performance has enabled us to continue our record of returning capital to shareholders with a total dividend payment for the year of 70 cents per share, after adjusting for the bonus issue of shares.

We have one of the best teams in the business at managing shareholder value, and I believe we will continue to perform well relative to our peers. The Group continues to strengthen its capital

Chairman's Letter to Shareholders

through growth in earnings as total shareholders' equity grew to \$1.4 billion, 16.4% or \$191 million higher than the previous year.

The Total Asset Base grew by an extraordinary \$1.3 billion, driven by aggressive growth in the loan portfolio, which increased by 26% from \$5.5 billion in 2005 to \$6.9 billion. Total revenue, comprising net interest income and other income, was \$714.5 million, an increase of 22.8% or \$132.6 million compared to \$581.9 million achieved in the prior period.

The Bank's Share Capital increased by \$150 million representing the bonus shares issued in September 2006. The Bank's capital adequacy ratio remains strong, measuring 19.23% as at October 31, 2006 (2005: 18.20%). This is above the minimum capital adequacy ratio of 8% specified by regulators and is consistent with international standards. A more detailed commentary of the Group's financial performance can be viewed in the Management Discussion and Analysis section to follow.

Trinidad and Tobago economic outlook

In 2006, Trinidad and Tobago continued to experience favourable movements in economic indicators and strong reserve accumulations. Real GDP rose by 8% in 2005 and is projected to increase yet again in 2006 by 12%. The main impetus for the economic expansion is the increased activity in the energy sector, which is forecasted to grow by 20.6%

and account for 41.2% of total GDP. Strong growth is expected to continue in both the energy and petrochemical sectors in the future.

The non-energy sector is expected to decelerate to 6.5% in 2006, down from 8.7% in 2005, due largely to the dampening of activity in the services sector; however, the manufacturing sector is expected to continue to expand.

Per capita income, which is an indicator of average incomes in the society, rose from US\$6,900 in 2001 to US\$13,942 in 2006, putting Trinidad and Tobago among the high-income emerging countries in the world.

The Central Bank continues to introduce tight monetary policies in light of increasing private sector credit, rising U.S. interest rates and high inflation. Controlling inflation, which the government targeted at 7%, is a major challenge but, due to circumstances such as the global issue of high international oil and food prices, this rate has risen to 10%. The government is determined to control and reduce inflation over the next year as it seeks to manage the economy to promote sustainability.

Keeping in mind the increased activity in the financial services sector and the buoyancy of the local economy, we can expect to be in a position to capitalize on significant business opportunities in the coming year

Acknowledgement

I would like to extend my personal appreciation to our Board of Directors for their strong sense of commitment and valuable governance over the past year, which is essential for the long-term success of the Bank. I would also like to thank the Management and Staff for their continued hard work and tremendous dedication to deliver fourteen consecutive years of income growth for our shareholders and to achieve our goal to deliver improved shareholder value. I am confident that we are moving well down the path to realize our true potential.

I would also like to express my appreciation to you, the shareholders, for your ongoing loyalty and support.



Robert H. Pitfield

CHAIRMAN

Mr. Robert Pitfield is the Executive Vice-President (EVP), International Banking, Scotiabank Group, responsible for all of the Scotiabank Group's retail and commercial operations outside of Canada.



Managing Director's Review

The Scotiabank Group has once again enjoyed another year of successful operations, driven by our focus on the development of our core strengths: Customer Satisfaction, Sales & Service Excellence, Expense Management and Risk Management. It was also a year of record performance and we continue to make a concerted effort to impact positively on our shareholders, customers, employees and the communities in which we serve through our day to day interaction and emphasis on customer-centric operations.

Highlights of the Group's Performance

We are pleased to report on another year of exceptional financial performance. The Bank recorded its fourteenth consecutive year of increased profitability with consolidated profits after tax increasing to \$315.1 million, a significant rise of 39% when compared to 2005. Net interest income increased 24% from \$418.9 million in 2005 to \$520.5 million in 2006, driven by aggressive portfolio growth coupled with focused treasury management, while non-interest expense increased by 13%.

A new financial ratio called the Operating Leverage Ratio has been introduced. This ratio is the difference in percentage increase year over year between the increase in Net Income and the increase in Expenses. If the Net Income increase exceeds the Expenses

increase, that's a positive. The international benchmark is around 3%. We are very pleased to report that our Operating Leverage Ratio for 2006 was 9.7% compared to 4.2% in 2005. The Group's consolidated assets stood at \$9.2 billion, up from \$7.9 billion in 2005, which represents an increase of \$1.3 billion or 16.9%. Return on total assets was 3.70% compared with 3.16% in 2005, whilst earnings per share increased to 178.7 cents from 128.9 cents in 2005. Shareholders' equity was \$ 1.4 billion, a rise of 16% from 2005. The Return on Equity stood at 25.05%, compared with 20.72% in 2005. Our Productivity ratio improved to 41.9% this year from 45.6% in 2005.

Sales & Service Excellence

At Scotiabank, we are constantly working towards achieving our mission and in so doing have transformed the

culture of the Bank into a fully integrated Sales and Service organization. Our business lines are focused on executing business strategies to achieve our objectives and continue to reward our shareholders.

This robust sales culture provides our employees with the requisite knowledge and skills to deliver the highest service standards. The end result is an enhanced delivery network which assists our customers in becoming financially better off. We have strengthened and deepened our relationships with key retail segments by increasing our product offering, and have focused on diversification, specifically in the area of investments such as life insurance and by introducing our new ScotiaLink account, which enables customers to access their accounts through alternative channels rather than the traditional means of visiting a branch.

Managing Director's Review



Our Kiddy Cricket Programme, while teaching children the rudiments of cricket, celebrates a sport which is integral to our Caribbean history, culture and identity.



Scotiabank assists countless women throughout Trinidad and Tobago by providing breast cancer screening, mammograms and ultrasounds free of charge annually.

This transformation has taken us to new heights and our forward thinking has made us the envy of our competitors, who are only now trying to implement the changes we started five years ago. These changes have allowed us to remain strong and this is capped off by the tremendous work that is done by all of our dedicated staff.

In Commercial Banking, we are redefining our approach to be a major player and refocusing our business to better deliver customer service by segmenting our clients into distinct groups based on the complexity of their needs.

Products & Services

We continue to develop our business lines utilizing the concept of the four cornerstones: Day-to-Day Banking, Borrowing, Savings and Investments, and Protection. Supporting our various customer-centric strategies is our emphasis on Product Development: Electronic banking (ScotiaLink), Internet Banking, Vehicle cost tracking (Fleet Card), and The Internet Merchant Account (E-Scotia). The mortgage product continues to be our "anchor product" to build a lifelong relationship with our customers.

Our well established Home Financing Centre (HFC) with its mobile sales officers, specifically trained to meet the needs of potential homeowners, allows customers the convenience of the branch network for both current and future mortgage needs. This revolutionary step provides customers the flexibility to conduct their financial transactions with minimal complexity.

We will continue to promote a holistic approach to Financial Planning for our customers through our trained specialists using customized technology-driven desktop tools.

Business Efficiencies

One of the Bank's strategic initiatives is to achieve "productivity gains through efficient platforms and support structures." The introduction of the Shared Services concept is the bringing together of support functions/services under common management to pool expertise, skills and experience to create 'areas of excellence'. The net effect is the creation of greater efficiencies within the Bank and an enhanced ability to handle higher volumes without incurring additional costs.

The Shared Services methodology is designed to:

- Continue the process of removing administrative processing functions from the branches
- Provide the infrastructure to support the strategic growth of the various business lines
- Continue the transformation of the Bank to a multi-dimension Sales & Service organization.

Developing our Human Resources

We accelerated our efforts to become an Employer of Choice, and in 2006, the Association of Female Executives of Trinidad and Tobago recognized Scotiabank Trinidad and Tobago Limited, when the Bank placed among the top five companies for female executives in the nation. Indeed, we were the only bank to make the cut among the top five. In April 2006, our local chapter of the Scotiabank International Women's Network hosted yet another successful Breakfast and Panel Discussion entitled "Negotiating Your Worth", which was well attended by female executives from organizations throughout Trinidad and Tobago.

Continuous training was also the order of the day, as 26 management officers

Managing Director's Review



Mr. Clive Pantin of the Foundation for the Enhancement and Enrichment of Life accepts a \$200,000 contribution from Mr. Gilbert Sankar, Manager of our Maraval Branch.



As a gold sponsor of the Trinidad and Tobago Music Festival, Scotiabank assists the nation's youth in the development of their musical talent.

successfully completed and graduated with Executive Diplomas in Business Management at the Arthur Lok Jack Graduate School of Business. All in all, there were 105 internal training programmes, 52 external programmes, a total of 1,547 employees trained and 6,744 training days. This year, the trainee programme reached new heights with 73 trainees on the programme in eight functional areas.

The Bank operates in a highly competitive job environment and we are pleased to announce that we were able to maintain employee turnover to a single digit.

Corporate Social Responsibility

In defining our corporate social responsibility, we interact with our stakeholders to meet social, economic, environmental and ethical responsibilities, and to be seen as a positive influence in the communities that we serve. Our community giving consists of donations, sponsorships, and community involvement programs, supported by our staff. Our corporate social responsibility centers around five areas: Health, Sport, Education, Music and Philanthropy.

Our Women Against Breast Cancer programme continues to grow from strength to strength and this year, over 3,000 women participated in our Women Against Breast Cancer 5k Classic. During the month of October, over 1,000 women from regions throughout Trinidad and Tobago benefited from our Breast Cancer Screening Clinics held in Woodbrook, Sangre Grande, Point Fortin, Couva and Tobago.

We continue our scholarship program at the University of the West Indies, where students pursuing degrees in Social Sciences are provided with the opportunity to vie for a Scotiabank scholarship based on academic performance and financial need.

In the area of sport, the sponsorship of the Kiddy Cricket program has assisted children to develop self-confidence, and self-discipline while learning the rudiments of the sport of cricket. We also proudly co-sponsored the biennial National Music Festival, contributing to the development of budding musicians and songsters.

Focus on 2007

It is our intention to continue to focus on our core purpose for 2007: "To be the best at helping customers become financially better off by providing relevant solutions to their unique needs". To achieve this, we will continue with ongoing training and development of staff which will be critical in keeping the organization abreast of international service standards, risk management, technological advancements, and exemplifying the Bank's core values of Insight, Respect, Commitment, Integrity and Spirit. We shall also concentrate our efforts on growing market share, becoming a more dominant in the market and introducing new processes with the aim of increasing business efficiencies.

Richard P. Young
MANAGING DIRECTOR

Corporate Governance Overview

CORPORATE GOVERNANCE OVERVIEW

Sound and 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 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 the Board in fulfilling its mandate and ensure that the Scotiabank Group is governed effectively. At fiscal year end there were two committees.

THE AUDIT COMMITTEE

This committee fulfills oversight responsibilities for the integrity of the Bank’s annual consolidated financial statements, compliance with legal and regulatory requirements, the hiring, assessment and compensation of the external auditors, the performance of the Bank’s internal audit function and internal controls over financial reporting.

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 is the annual evaluation of the Board and Board committees. The Committee scrutinizes Bank procedures and practices regarding transactions with related parties of the Bank and oversees compliance with certain legislative requirements.

Board of Directors

Robert H. Pitfield



Chairman

Dr. Trevor Farrell *



Deputy Chairman

Richard P. Young



Managing Director

Richard Waugh



President and CEO
The Bank of Nova Scotia

George Janoura * ▲



Chairman
and Managing Director
Janouras Limited

Robert Riley* ▲



Chairman and CEO
BP Trinidad and Tobago Llc

Gisele del V Marfleet*



Director, Operations
Industrial Chemical Supply
(1995) Company Limited

Pasquale Minicucci *



Senior Vice President
The Bank of Nova Scotia

Daniel J. Fitzwilliam ▲



Partner
Messrs. Fitzwilliam, Stone,
Furness-Smith and Morgan

Keith Lutchmansingh



Chairman and Joint Managing
Director, The Paramount
Transport and Trading Company
Limited

Michael Anthony Fifi



Managing Director and
Chief Executive Officer of the
Home Construction Group of
Companies

* Members of the Audit Committee (Chairman - Dr. Trevor Farrell) ▲ Members of the Corporate Governance and Conduct Review Committee (Chairman - Daniel J. Fitzwilliam)

Directors' Report

Your Directors have pleasure in submitting their Annual Report for the fiscal year ended October 31, 2006:-

FINANCIAL RESULTS AND DIVIDENDS

Your Directors report that the Group's profit after taxation for the year ended October 31, 2006, was \$315.1 million. Interim dividends were paid to shareholders on April 05, 2006, June 23, 2006 and September 26, 2006 of 15.3 cents per share, respectively (restated for the bonus issue on September 28, 2006 of one share for every two fully paid shares). Your Directors have resolved that the Bank pay a Fourth Interim Dividend of 24 cents per share, payable on December 27, 2006. As this Fourth Interim Dividend was paid on an increased shareholding, shareholders who benefited from the bonus issue would have earned an additional 12 cents per share in respect thereof. The total dividends paid for the year ended October 31, 2006, amounted to 70 cents per share, on a restated basis.

DIRECTORS

In accordance with paragraph 4.5 of the Company's By-Law No. 1, the terms of office of Dr. Trevor Farrell, Mr. Robert Pitfield and Mr. Richard Waugh expire at the close of the Annual Meeting to be held on February 26, 2007. Dr. Farrell, Messrs. Pitfield and Waugh, being eligible, offer themselves for re-election for the term from the date of their election until the close of the third Annual Meeting following their 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 AND SUBSTANTIAL INTERESTS

In accordance with the requirements of Section 8(f) of our Listing Agreement with The Trinidad and Tobago Stock Exchange Limited, we record hereunder details of the beneficial interests of each Director of the Company as at the end of the Company's financial year, October 31, 2006. There are no non-beneficial interests held by the Directors.

DIRECTORS	ORDINARY SHARES FULLY PAID
Trevor Farrell	30,109
Michael Anthony Fifi	2,394
Daniel J. Fitzwilliam	10,441
George Janoura	18,026
Keith Lutchmansingh	8,598
Gisele Marfleet	7,425
Pasquale Minicucci	750
Robert H. Pitfield	825
Robert Riley	4,500
Richard Waugh	Nil
Richard P. Young	11,431

There has been no change in these interests between the end of the Company's financial year and December 29, 2006, being one (1) month prior to the date of the notice convening the Company's Annual Meeting.

In accordance with the requirements of Section 8(f) of our Listing Agreement with

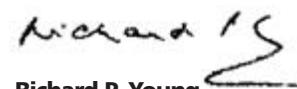
the Trinidad and Tobago Stock Exchange Limited, we also list substantial interests in the share capital of the Company as at December 29, 2006, being one month prior to the date of the notice of the convening of the Company's Annual Meeting.

SUBSTANTIAL INTERESTS	ORDINARY SHARES FULLY PAID
The Bank of Nova Scotia	89,761,887 (50.9%)
RBTT Trust Limited	10,830,320 (6.1%)
Republic Bank Limited	10,008,950 (5.7%)
The National Insurance Board	11,970,742 (6.8%)

ON BEHALF OF THE BOARD



Robert H. Pitfield
CHAIRMAN



Richard P. Young
MANAGING DIRECTOR

December 29, 2006,
Port of Spain, Trinidad

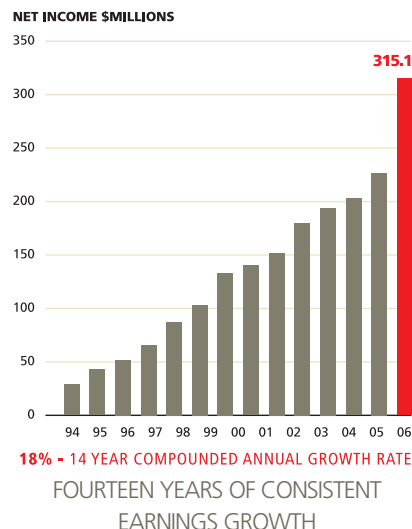
Management Discussion and Analysis

Introduction

The following management discussion and analysis (MD&A) is provided to facilitate readers to appropriately assess the bank's results for the fiscal year ended October 31, 2006. This MD&A should be read in conjunction with our consolidated financial statements and accompanying notes provided in this annual report.

All amounts in this MD&A are stated in Trinidad & Tobago dollars.

Scotiabank Trinidad and Tobago Limited is engaged in banking and financial services with its three wholly owned subsidiaries using an asset base of \$9.2 billion. The Group's parent company is The Bank of Nova Scotia incorporated and domiciled in Canada.



Financial Performance

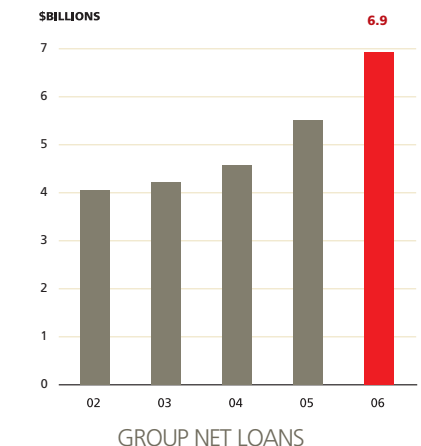
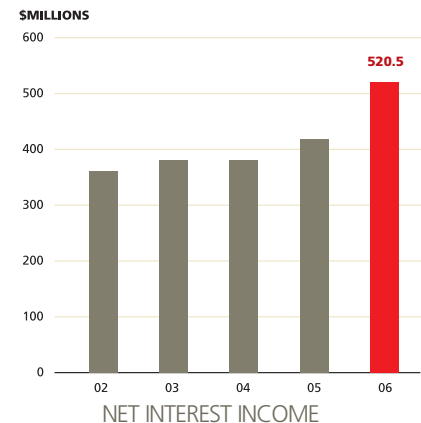
The Group recorded its fourteenth successive year of record profitability as Profit after Tax grew 39% year over year to \$315.1 million bringing Earnings per Share to 178.7 cents. All of the Group's performance ratios showed notable improvement as Return on Equity (ROE) for the period was 25.05%, Return on Assets measured 3.70% and the Productivity Ratio of 41.93% remains the best in the Sector. As noted by our Managing Director, this impressive growth was achieved by improved profitability in all our core lines of business.

Net interest and other income

Interest Income is as a result of the Group's core operations and continued to be our major contributor to overall income. The Group achieved a 24% growth in Net Interest Income from \$418.9 million in 2005 to \$520.5 million in 2006. This resulted from record growth in Net Loans to Customers, which increased by \$1.4 billion. Strong growth in the areas of Retail, Commercial and Corporate lending, 26% year over year contributed to the overall increases for the period. As a consequence of solid contributions from both retail and commercial business lines growth, interest income from loans grew from \$478.6 million in 2005 to \$619.7 million in 2006, a 29% growth.

This record growth showed the bank's ability to manage its interest margins in a competitive and challenging environment characterised by increasing interest rates.

Other Income grew 19% to \$193.9 million (2005: \$162.9 million). Fees, commission and net premium income account for 65% of other income, while foreign exchange earnings accounts for another 29%. Net premium income is derived from our wholly own subsidiary Scotialife Trinidad & Tobago Limited.



Management Discussion and Analysis

Operating Expenses and Productivity

The best benchmark to measure a bank's efficiency is the productivity ratio, which measures the expenses incurred to earn a dollar of revenue - the lower the ratio, the better the efficiency. With a productivity ratio of 41.93% for 2006 the Group was once again amongst the leaders in the industry. This is reflective of our enhanced customer service, improved technology and increased efficiency delivered by our well-trained staff.

Year over year operating expenses, excluding loan loss expenses, grew by \$34.6 million or 13%. Communications and marketing expenses had the largest increase in this category with a growth of \$8.3 million, representing a 40% increase year over year; this was due to increased marketing strategies done to promote growth.

Salaries and staff benefits were up by \$6.5 million or 4.9% due to the impact of merit increases during the year and increased employee training to better satisfy customer needs.

Premises and technology costs increased by \$4.5 million or 7.6% year over year. The increase can be attributed mainly to increased computer and software related expenses, which are anticipated to rebound to increased levels of customer service in the ensuing year.

Other operating costs increased by \$15.2 million or 29% over the previous year, due to increased advertising and public relations costs; the data processing consolidation and ongoing implementation of Customer Connect resulted in increased installation costs.

Loan Loss Expense and Credit Quality

Loan losses increased marginally by \$0.7 million year over year, and can be attributable to general portfolio increases. While there was an increase in the value of Non-performing loans of \$28.7 million the Group's conservative lending practices preserved the credit

quality of our loan portfolio, as non-performing loans now represent 1.3% of total portfolio. Total loan loss provisions stand at \$28.3 million and represent specific provisions against facilities for which the Group anticipates potential write-offs. The Group's provisioning policy complies with the regulatory requirements, in addition to Scotiabank's policy of best practices as an international bank.

Provision for Taxation

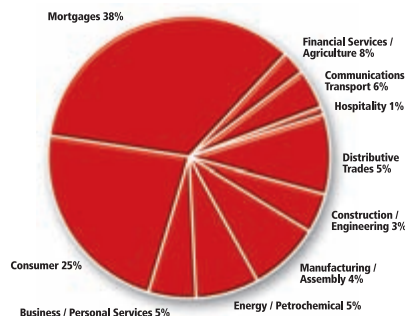
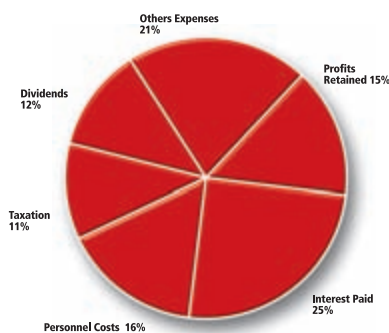
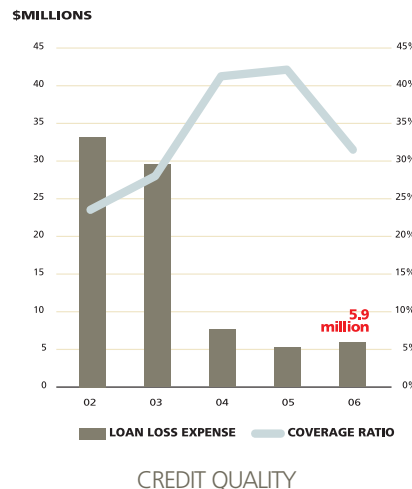
The Group is subject to a variety of taxes, which amounted to \$93.9 million for the year, an increase of \$9.5 million or 11% over the prior year. This increase was mitigated by a 5% reduction in the corporate taxation rate of 5%, from 30% to 25%.

Capital Management

Capital is one of the Group's most critical resources. A strong capital base contributes to the safety of the Group, supports its credit rating and ensures it can take advantage of potential growth opportunities as they arise. These factors must be balanced against the need to ensure that shareholders continue to earn excellent returns.

Management of the capital base must take into account expected changes in balance sheet and risk weighted assets, capital mix and shareholder returns, while also addressing the concerns of other stakeholders, such as the regulator, rating agencies and the depositors.

The capital adequacy standard for Trinidad and Tobago banks is set by the Central Bank of Trinidad and Tobago. This standard was developed in harmony with international standards set by the Bank of International Settlements (BIS). Under these standards, a minimum capital adequacy ratio of 8% must be maintained at all times. As at year's end, the Bank's capital adequacy ratio stood at 19.23%.



Management Discussion and Analysis

Risk Management Overview

Risk, to varying degrees and in different forms, is present in virtually all business activities of a financial services organization. In certain activities risk is assumed as a means of generating revenue, while in other activities, risk exists by virtue of engaging in the activity. The primary goals of risk management are to ensure that the outcomes of risk taking activities are within the Group's risk tolerance, and that there is an appropriate balance between risk and reward in order to maximize shareholder returns.

Risk management is guided by several key principles that form the foundation of the framework the Group has developed to control the risks in its diverse, global activities. The risk management framework is integrated with the Group's strategy and business planning processes. The effectiveness of this framework is enhanced by the active participation of executive and business line management in the risk management process. This process is continually reviewed and updated to ensure consistency with risk-taking activities.

In varying forms, these principles apply to all businesses and risk types:

- **Board Oversight:** - Risk strategies, policies and limits are subject to Board approval. The Board, directly or through its committees, receives regular updates on the key risks of the Group.
- **Decision-Making:** - Decision-making processes are designed to ensure alignment of business objectives, risk tolerance and resources.
- **Independent Review:** - All significant credit, market and liquidity risk taking activities are subject to independent review, separate from the business lines that generate the activity.

- **Diversification:** - Strategies, policies and limits, approved by an independent risk management are designed to ensure that risk is well diversified.

- **Audit Review:** - Internal Audit reports independently to the Audit Committee of the Board on the effectiveness of the risk management policies and on the extent to which internal controls are in place and being followed.

Risks are managed within the policies and limits approved by the Board of Directors and in accordance with the governance structure described below.

BOARD OF DIRECTORS

Reviews and approves risk management strategies, policies, standards and key limits.

RISK MANAGEMENT COMMITTEES

Asset Liability Committee: provides strategic direction in the management of interest rate risk, foreign exchange risk, liquidity risk and investment portfolio decisions.

Interest Rate Risk Committee: oversees and establishes standards for market and liquidity risk management processes within the Group, including the review and approval of new products, limits, practices and policies for the Group's treasury activities.

Credit Risk Committee: adjudicates non-retail credits within prescribed limits, and establishes the operating rules and guidelines for the implementation of credit policies.

Operational Risk Committee: oversees and supports business units in the control of operational risk, as it pertains to establishing appropriate policies and organizational and procedural controls.

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 credit risk. Limits are set for individual borrowers, particular industries, and certain types of lending. These various limits are determined by taking into account the relative risks of the borrower or industry.

Adjudication of corporate and commercial credits is highly centralized. Each credit request is submitted to the Credit Risk Management unit that is independent of the banking business line for analysis and recommendation. Credit decisions are taken in a manner that will ensure ongoing compliance with the credit policies and limits of the Group. Corporate and commercial credits once authorized are monitored regularly by both the banking business unit and credit risk management personnel for any signs of deterioration in a counter party's financial condition that could affect its ability to meet obligations to the Group. In addition, a full review and risk analysis of each

Management Discussion and Analysis

client relationship is conducted annually, or more frequently for higher-risk credits.

Decisions on retail credits and the smaller commercial loans are made through the use of sophisticated scoring models. These models are subject to ongoing review to assess their key parameters and 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 banking business line, and approval by the appropriate management credit committee.

A centralized collection unit utilizes 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 they represent a potential larger loss exposure to the Group. Individual Branch delinquency is monitored and any adverse trend is further investigated and analyzed, followed by appropriate corrective action being taken. Maximum delinquency target levels are set for each major retail product and the collection unit works towards ensuring delinquency levels are below these target levels. Close supervision and prompt action assist in ensuring weak accounts are kept to a minimum.

Operational Risk

Operational risk is the risk of loss, whether direct or indirect, to which the Group is exposed due to external events, human error, or the inadequacy or failure of processes, procedures or controls.

Operational risk is inherent in each of the Group's business and key support activities. Operational risk can result in financial loss, regulatory sanctions and damage to the Group's reputation.

Operational losses can be categorized into the following loss types:

- Errors or breakdowns in transaction processing, including compensation paid to customers, and disbursements made to incorrect parties and not recovered;
- Legal liability arising from failure to meet legislative or contractual requirements, including employment standards and health or safety laws;
- Fines and penalties incurred as a result of failure to comply with regulations or legislation;
- Losses due to fraud, theft and unauthorized activities; and
- Loss or damage to assets due to natural disasters, acts of terrorism or war, or other accidents.

Operational risks are managed and controlled within the individual business lines, and a wide variety of checks and balances to address operational risks have been developed as an important part of our risk management culture. They include the overall, group-wide standards established to ensure proper risk analysis and control, including risk management policies, a rigorous planning process, regular organizational review, through enforcement of the Group's Guidelines for Business Conduct, and clearly defined and documented approval authorities.

Examples of safeguards developed to minimize the potential for material adverse impact on the Group include:

- Continuous identification, measurement, assessment and management of operational risks faced by the Group;

- Trained and competent staff, including a knowledgeable and experienced management team committed to risk management;
- Segregation of duties and delegation of authority within business units; and
- A comprehensive business recovery planning process, including business resumption plans for all key operations areas, and extensive on and off-site back-up facilities to ensure the availability of service delivery.

As well, regular audits by an experienced independent internal audit department include comprehensive reviews of the design and operation of internal control systems in all business and support groups, new products and systems, and the reliability and integrity of data processing operations.

The Group's Operational Risk Management Committee is responsible for overseeing and supporting business management in identifying, measuring, assessing and managing operational risk. The Group has a self-assessment program whereby the management of all significant business units identify their most significant risks and assess the related control environment to ensure that those risks are being effectively managed. Results of these reviews are summarized and reported to executive management.

Market Risk

Market risk refers to the risk of loss resulting from changes in interest rates, foreign exchange market prices and volatilities. Market risk is an integral part of the Group's lending and deposit taking activities, as well as its funding, trading and investment activities.

Management Discussion and Analysis

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.

All market risk limits are reviewed at least annually. The key sources of market risk are described as follows:

Interest Rate Risk

Interest rate risk arises when there is a mismatch between positions, which are subject to interest rate adjustments within a specified period.

The Group's lending, funding and investment activities give rise to interest rate risk, which are controlled by Limit Control Sheets and are approved annually by the Board of Directors. These limits are designed to control the risk to revenue and economic value. Interest rate exposures in individual currencies are managed by gap limits.

Foreign Exchange Risk

Foreign exchange risk is the risk of loss due to changes in foreign exchange rates.

Foreign exchange risk arises from trading activities and foreign currency operations. In its trading activities, the Group buys and sells currencies in the spot market for its customers. Foreign exchange gains and losses from these activities are included in other income.

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 agreements, settlement of securities borrowing and repurchase transactions, and lending and investing commitments.

Liquidity risk arises from fluctuations in cash flows. The objectivity of the liquidity management process is to

ensure that the Group honours all of its financial commitments as they fall due. To fulfill this objective, the Group measures and forecasts its cash flow commitments, maintains diversified sources of funding, sets prudent limits and ensures immediate access to liquid assets. Maintaining a strong credit rating also ensures timely access to borrowing on favourable rates and terms.

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 clients 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.

The Group maintains large holdings of liquid assets, which can be used to sustain operations in the event of unexpected disruptions. As at October 31, 2006, liquid assets were \$1,873 billion (2005 - \$1,989 billion), equal to 20.4% (2005 - 22.9%) of total assets. These liquid assets comprise of 29% securities (2005 - 33%), and 71% cash, treasury bills and deposits with banks (2005 - 67%).

Management Responsibility for Financial Information

The management of Scotiabank is responsible for the integrity and fair presentation of the financial information contained in this Annual Report. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards.

The consolidated financial statements, where necessary, include amounts which are based on the best estimates and judgment of management. Financial information presented elsewhere in this Annual Report is consistent with that shown in the accompanying financial statements.

Management has always recognized the importance of the Group maintaining and reinforcing the highest possible standards of conduct in all of its actions, including the preparation and dissemination of statements fairly presenting the financial condition of the Bank. In this regard, management has developed and maintains a system of accounting and reporting which provides for the necessary internal controls to ensure that transactions are properly authorized and recorded, assets are safeguarded against unauthorized use or disposition and liabilities are recognized. The system is augmented by written

policies and procedures, the careful selection and training of qualified staff, the establishment of organizational structures providing an appropriate and well-defined division of responsibilities and the communication of policies and guidelines of business conduct throughout the Group.

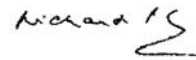
The system of internal control is further supported by a staff of internal auditors who conduct periodic audits of all aspects of the Group's operations. As well, the Bank's Chief Auditor has full and free access to, and meets periodically with the Audit Committee of the Board of Directors.

The Central Bank of Trinidad and Tobago examines and enquires into the business and affairs of the Group, to the extent deemed necessary, to satisfy themselves that the provisions of the Financial Institutions Act, having reference to the safety of the interests of depositors, creditors and shareholders of the Bank, are being duly observed and that the Group is in a sound financial condition.

The Audit Committee, composed entirely of outside directors, reviews the consolidated financial statements with both management and the independent auditors before such statements are

approved by the Board of Directors and submitted to the shareholders of the Bank.

KPMG, the independent auditors appointed by the shareholders of the Bank, have examined the consolidated financial statements of the Group in accordance with International Standards on Auditing and have expressed their opinion upon completion of such examination in the following report to shareholders. In order to provide their opinion on the financial statements, the Shareholders' Auditor reviews the system of internal controls and conducts their work to the extent that they consider appropriate. The Shareholders' Auditor has full and free access to, and meets periodically with, the Audit Committee to discuss their audit and findings as to the integrity of the Group's accounting, financial reporting and related matters.



Richard P. Young
Managing Director



Adrian Lezama
Assistant General Manager, Finance

Auditors' Report

to the Members of Scotiabank Trinidad and Tobago Limited

We have examined the consolidated balance sheet of Scotiabank Trinidad and Tobago Limited and its subsidiaries (the Group) as at October 31, 2006 and the related statement of income, statement of changes in shareholders' equity and statement of cash flows for the year then ended as set out on pages 19 to 48. These consolidated financial statements are the responsibility of the Group's management. 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Group as at October 31, 2006 and the results of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards.



Chartered Accountants

November 28, 2006
Port of Spain
Trinidad, W.I.

SCOTIABANK TRINIDAD AND TOBAGO LIMITED AND ITS WHOLLY-OWNED SUBSIDIARY COMPANIES

Consolidated Balance Sheet

Year ended October 31, 2006 (\$ thousands)	Notes	2006	2005
ASSETS			
CASH RESOURCES			
Cash		\$ 70,387	47,681
Other cash resources	4	273,883	445,083
Deposits with Central Bank	5	962,118	583,675
Treasury bills		17,394	265,129
		1,323,782	1,341,568
NET LOANS TO CUSTOMERS			
	6	6,982,560	5,536,564
INVESTMENTS			
	7	549,554	647,460
OTHER ASSETS			
Property, plant and equipment	8	185,886	182,933
Miscellaneous assets		39,031	44,186
Retirement benefit asset	9	111,528	107,761
		336,445	334,880
Total assets		\$ 9,192,341	7,860,472

SCOTIABANK TRINIDAD AND TOBAGO LIMITED AND ITS WHOLLY-OWNED SUBSIDIARY COMPANIES

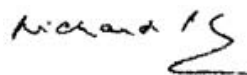
Consolidated Balance Sheet

October 31, 2006 (\$ thousands)	Notes	2006	2005
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Deposits	10	\$ 6,772,531	5,992,884
Other fund raising instruments	11	-	7,511
Other deposit liabilities	12	492,899	166,684
Other liabilities		65,662	45,595
Securities sold under repurchase agreement	13	78,275	94,000
Provision for taxation		23,556	32,534
Policyholders' funds		124,032	81,812
Debt security in issue	14	200,000	200,000
Retirement benefit obligations	9	57,830	50,738
		7,814,785	6,671,758
DEFERRED TAX LIABILITY	15	24,232	26,374
SHAREHOLDERS' EQUITY			
Stated capital	16	267,563	117,563
Statutory reserve fund	17	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

These financial statements have been approved for issue by the Board of Directors on November 28, 2006 and signed on its behalf:



Robert H. Pitfield
Chairman



Richard P. Young
Managing Director



Trevor Farrell
Director



Robert Riley
Director

SCOTIABANK TRINIDAD AND TOBAGO LIMITED AND ITS WHOLLY-OWNED SUBSIDIARY COMPANIES

Consolidated Statement of Income

Year ended October 31, 2006 (\$ thousands, except per share data)		Notes	2006	2005
NET INTEREST AND OTHER INCOME				
Loan			\$ 619,659	478,645
Other			76,782	62,108
Total interest income			696,441	540,753
Deposit			127,478	110,679
Other			48,417	11,094
Total interest expense			175,895	121,773
Net interest income			520,546	418,980
Other income		19	193,939	162,900
Net interest and other income			714,485	581,880
NON-INTEREST EXPENSES				
Salaries and staff benefits			140,132	133,597
Premises and technology			62,979	58,528
Communication and marketing			28,960	20,635
Loan loss expense		6	5,908	5,165
Other		20	67,499	52,259
Total non-interest expenses			305,478	270,184
INCOME BEFORE TAXATION			409,007	311,696
Provision for taxation		21	(93,947)	(84,463)
NET INCOME FOR THE YEAR			\$ 315,060	227,233
Earnings per share		22	178.7¢	128.9¢

SCOTIABANK TRINIDAD AND TOBAGO LIMITED AND ITS WHOLLY-OWNED SUBSIDIARY COMPANIES

Consolidated Statement of Changes in Shareholder's Equity

<i>Year ended October 31, 2006 (\$ thousands)</i>	<i>Notes</i>	Stated Capital	Statutory Reserve	Investment Revaluation Reserve	Retained Earnings	Total Shareholders' Equity
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 income for the year		-	-	-	227,233	227,233
Adjustment to deferred tax						
provision through						
retained earnings		-	-	-	2,812	2,812
Transfer to statutory						
reserve	17	-	30,713	-	(30,713)	-
Dividends paid	18	-	-	-	(90,523)	(90,523)
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 income for the year		-	-	-	315,060	315,060
Transfer to statutory						
reserve	17	-	50,030	-	(50,030)	-
Issue of bonus shares	16	150,000	-	-	(150,000)	-
Dividends paid	18	-	-	-	(108,158)	(108,158)
Balance as at October 31, 2006		\$ 267,563	272,778	4,619	808,364	1,353,324

SCOTIABANK TRINIDAD AND TOBAGO LIMITED AND ITS WHOLLY-OWNED SUBSIDIARY COMPANIES

Consolidated Statement of Cash Flows

Year ended October 31, 2006 (\$ thousands)	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before taxation	\$ 409,007	311,696
Adjustments to reconcile income before taxation to net cash from operating activities:		
Interest income	(696,441)	(540,753)
Interest expense	175,895	121,773
Depreciation and amortisation	14,782	15,718
Share of profit of associated company	(955)	(853)
Loss on disposal of property, plant and equipment	6,796	3,733
Net decrease in retirement benefit obligations	3,720	8,392
Increase in policyholders' funds	42,220	49,266
Net increase (decrease) in loan loss provision	2,623	(6,655)
Increase in loans	(1,431,130)	(931,046)
Decrease (increase) in miscellaneous assets	5,155	(14,824)
Increase in deposits	772,825	708,334
Decrease in other fund raising instruments	(7,150)	(16,825)
(Decrease) increase in assets sold under repurchase agreement	(15,726)	94,000
Increase (decrease) in other liabilities	20,067	(11,308)
Interest received	678,954	540,057
Interest paid	(169,433)	(120,068)
Contributions paid	(395)	(303)
Taxation paid	(102,987)	(72,137)
Net cash (used in) from operating activities	(292,173)	138,197
CASH FLOWS FROM INVESTING ACTIVITIES		
Net decrease (increase) in investments	80,863	(71,956)
Purchase of property, plant and equipment	(25,934)	(38,264)
Proceeds from disposal of property, plant and equipment	1,401	4,076
Net cash (used in) from investing activities	56,330	(106,144)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(108,158)	(90,523)
Debt security in issue	-	200,000
Net cash (used in) from financing activities	(108,158)	109,477
(Decrease) increase in cash and cash equivalents	(344,001)	141,530
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,174,884	1,033,354
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 830,883	1,174,884
CASH AND CASH EQUIVALENTS REPRESENTED BY		
Cash resources	\$ 1,323,782	1,341,568
Other deposit liabilities	(492,899)	(166,684)
Cash and cash equivalents	\$ 830,883	1,174,884

SCOTIABANK TRINIDAD AND TOBAGO LIMITED AND ITS WHOLLY-OWNED SUBSIDIARY COMPANIES

Notes to the Consolidated Financial Statements October 31, 2006

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, 1993. Scotiabank is domiciled in Trinidad and Tobago and its registered office is 56-58 Richmond Street, Port of Spain.

The Group's 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 Company	Country of Incorporation	Percentage of Equity Capital Held
Subsidiaries		
Scotiabank and Merchant Bank Trinidad and Tobago Limited	Republic of Trinidad and Tobago	100%
Scotiabank Life Trinidad and Tobago Limited	Republic of Trinidad and Tobago	100%
Scotiabank Trinidad and Tobago (Investments) Limited	Federation of St. Christopher & Nevis	100%
Associated companies		
InfoLink Services Limited	Republic of Trinidad and Tobago	25%
Trinidad & Tobago Interbank Payment Systems Limited	Republic of Trinidad and Tobago	14%

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

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

Scotiabank Trinidad and Tobago (Investments) Limited (Scotiabank Investment) 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 belonging to the Group.

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.

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 conform in all material respects to International Financial Reporting Standards (IFRS) and are set out below.

(a) Basis of preparation

The financial statements have been prepared in accordance with 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 and loss, property, plant and equipment and available for sale investments at fair value.

(b) Principles of consolidation

The Group's financial statements include the accounts of Scotiabank and the 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 result from operations for the year ended October 31, 2006 are included in that of Scotiabank and added to the carrying value of the respective investments.

SCOTIABANK TRINIDAD AND TOBAGO LIMITED AND ITS WHOLLY-OWNED SUBSIDIARY COMPANIES

Notes to the Consolidated Financial Statements October 31, 2006**2. Significant Accounting Policies** (continued)**(c) Loans**

Loans are stated net of any unearned income and of any specific provisions established to recognise anticipated losses.

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 collectibility 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 collectibility.

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.

(d) Revenue recognition*Loans and investments*

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.

(e) Other investments

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.

(f) 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 balance sheet date. Resulting translation differences and profits and losses from trading activities are included in the statement of income.

SCOTIABANK TRINIDAD AND TOBAGO LIMITED AND ITS WHOLLY-OWNED SUBSIDIARY COMPANIES

Notes to the Consolidated Financial Statements October 31, 2006**2. Significant Accounting Policies** (continued)**(g) Property, plant and equipment**

i) Recognition and Measurement

Scotiabank's properties were professionally valued during 1980 with land being recorded at 60% and buildings at 80% of their respective market values as approved by the Directors. Subsequent additions and all other assets are carried at cost less accumulated depreciation and impairment losses. (See accounting policy 2(r)).

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 and equipment are recognised in profit or loss 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.

(h) 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 and the assets subject to the leases are classified as property, plant and equipment and depreciated in accordance with note 2(g).

ii) Finance leases

Leases which transfer substantially all the risks and rewards incident to ownership in 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.

(i) Taxation

Tax on income 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 balance sheet date, green fund levy and any adjustment of tax payable for previous years.

Deferred tax is provided using the balance sheet liability 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.

SCOTIABANK TRINIDAD AND TOBAGO LIMITED AND ITS WHOLLY-OWNED SUBSIDIARY COMPANIES

Notes to the Consolidated Financial Statements October 31, 2006**2. Significant Accounting Policies** (continued)**(i) Taxation** (continued)

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.

(j) 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.

(k) 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 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, 2003. The results of that valuation were projected to October 31, 2006 and have been fully reflected in these financial statements.

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.

SCOTIABANK TRINIDAD AND TOBAGO LIMITED AND ITS WHOLLY-OWNED SUBSIDIARY COMPANIES

Notes to the Consolidated Financial Statements October 31, 2006**2. Significant Accounting Policies** (continued)**(l) 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, 2006 totaled \$1,036,156 (2005 - \$834,341). In the event of a call on these commitments, Scotiabank has equal and offsetting claims against its customers.

(m) 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, 2006 totaled \$694,988 (2005 - \$676,779).

(n) Dividends

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

(o) 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.

(p) 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.

(q) Financial instruments**i) Classification**

Originated loans and receivables are loans and receivables created by the Group providing money to a debtor other than those created with the intention of short-term profit taking. Originated loans and receivables comprise loans and advances to banks and customers other than purchased loans.

Financial assets at fair value through profit and loss are securities, which are either acquired for generating a profit from short-term fluctuations in price, or are securities included in a portfolio in which a pattern of short-term profit taking exists.

Held-to-maturity assets are financial assets with fixed or determinable payments and fixed maturity that the Group has the intent and ability to hold to maturity. These include certain debt investments.

Available-for-sale assets are financial assets that are not financial assets at fair value through profit and loss, loans and receivables originated by the Group, or held-to-maturity. Available-for-sale instruments include certain debt and equity investments.

ii) Recognition

The Group recognises financial assets on the date it commits to purchasing the assets or originating the loans and receivables. From this date, any gains and losses arising from changes in fair value of assets are recognised.

iii) Measurement

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

Subsequent to initial recognition all financial assets at fair value through profit and loss and available-for-sale assets are measured at fair value, based on their quoted market price at the balance sheet 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 balance sheet date for an instrument with similar terms and conditions.

SCOTIABANK TRINIDAD AND TOBAGO LIMITED AND ITS WHOLLY-OWNED SUBSIDIARY COMPANIES

Notes to the Consolidated Financial Statements October 31, 2006**2. Significant Accounting Policies** (continued)**(q) Financial instruments** (continued)

iii) Measurement (continued)

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 and 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.

iv) Specific instruments

Cash and cash equivalents

Cash and cash equivalents comprise cash balances on hand, cash deposited with Central Bank, deposits with banks 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. These are shown at cost.

Loans and advances to banks and customers

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

Investments

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.

Deposit liabilities

The fair value of deposit liabilities is equal to its carrying value. The estimated fair values of fixed rate deposits 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.

(r) Impairment

The carrying amounts of the Group's assets, other than deferred tax assets (see note 2(i)) are reviewed at each balance sheet date 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.

SCOTIABANK TRINIDAD AND TOBAGO LIMITED AND ITS WHOLLY-OWNED SUBSIDIARY COMPANIES

Notes to the Consolidated Financial Statements October 31, 2006**2. SIGNIFICANT ACCOUNTING POLICIES** (continued)**(s) Insurance and Investment contracts – classification**

ScotiaLife issues contracts that transfer insurance risk, as well as those that transfer both insurance risk and financial risk.

Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. As a general guideline, the company defines as significant insurance risk the possibility of having to pay benefits at the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur.

Investment contracts are those contracts that transfer financial risk with no significant insurance risk.

(t) New standards 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, 2006, and have not been applied in preparing these consolidated financial statements and are as follows:

- *IFRS 7 Financial Instruments: Disclosure and the Amendment to IAS 1 Presentation of Financial Statements: Capital Disclosures* require extensive disclosures about the significance of financial instruments for an entity's financial position and performance, and qualitative and quantitative disclosures on the nature and extent of risks. IFRS 7 and amended IAS 1, which become mandatory for the Group's 2007 financial statements, will require extensive additional disclosures with respect to Group's financial instruments and share capital.
- *IFRIC 7 Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies* addresses the application of IAS 29 when an economy first becomes hyperinflationary and in particular the accounting for deferred tax. IFRIC 7, which becomes mandatory for the Group's 2007 financial statements, is not expected to have any impact on the consolidated financial statements.
- *IFRIC 8 Scope of IFRS 2 Share-based Payment* addresses the accounting for share-based payment transactions in which some or all of goods or services received cannot be specifically identified. IFRIC 8, which will become mandatory for the Group's 2007 financial statement, is not expected to have any impact on the consolidated financial statements.
- *IFRIC 9 Reassessment of Embedded Derivatives* requires that a reassessment of whether embedded derivative should be separated from the underlying host contract, should be made only when there are changes to the contract. IFRIC 9, which becomes mandatory for the Group's 2007 financial statements, is not expected to have any impact on the consolidated financial statements.
- *IFRIC 10 Interim Financial Reporting and Impairment* prohibits the reversal of an impairment loss recognised in a previous interim period in respect of goodwill, an investment in an equity instrument or a financial asset carried at cost. IFRIC 10, which will become mandatory for the Group's 2007 financial statements, is not expected to have any impact on the consolidated financial statements.
- *IAS 19 Amendment: Actuarial Gains and Losses, Group Plans and Disclosures*

The adoption of IFRS 7 and IAS 19 Amendment is expected to result in additional disclosures for financial instruments and the defined benefit scheme. Except for these additional disclosures, the adoption of these standards, amendments to standards and interpretations are not expected to have a material impact on the financial statements.

SCOTIABANK TRINIDAD AND TOBAGO LIMITED AND ITS WHOLLY-OWNED SUBSIDIARY COMPANIES

Notes to the Consolidated Financial Statements October 31, 2006**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(c).

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 expected to be received. In estimating these cash flows, management makes judgments about a counter-party'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 modeled 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 estimated 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(q) (iii). For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, on 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(q) (i).
- In designating financial assets or liabilities at fair value through Statement of Changes in Equity, the Group has determined that it has met one of the criteria for this designation set out in accounting policy 2(q) (i).

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(q) (i).

(d) Estimate of future payments and premiums arising from long-term insurance contracts

The determination of the liabilities under long-term insurance contracts is dependent on estimates made by the Group. Estimates are made as to the expected number of deaths for each of the years in which the Group is exposed to risk. The Group bases these estimates on standard industry and international mortality tables that reflect recent historical mortality experience, adjusted where appropriate to reflect the Group's own experience. For contracts that insure the risk of longevity, appropriate but not excessively prudent allowance is made for expected mortality improvements. The estimated number of deaths determines the value of the benefit payments and the value of the valuation premiums.

The main source of uncertainty is that epidemics such as AIDS, and wide-ranging lifestyle changes, such as eating, smoking and exercise habits, could result in future mortality being significantly worse than in the past for the age groups in which the Group has significant exposure to mortality risk. However, continuing improvements in medical care and social conditions could result in improvements in longevity in excess of those allowed for in the estimates used to determine the liability for contracts where the Group is exposed to longevity risk.

SCOTIABANK TRINIDAD AND TOBAGO LIMITED AND ITS WHOLLY-OWNED SUBSIDIARY COMPANIES

Notes to the Consolidated Financial Statements October 31, 2006 (\$ thousands)**3. Use of Accounting Estimates and Judgments** (continued)**(d) Estimate of future payments and premiums arising from long-term insurance contracts (continued)**

The following shows the sensitivity of the liabilities to a change in assumptions:

		2006	2005
Interest rates decrease by 1%	\$	1,796,332	924,464
Interest rates increase by 1%	\$	(1,576,281)	(930,104)
Mortality increases by 10%	\$	550,871	354,368
Mortality decreases by 10%	\$	(554,801)	(325,272)
Expenses increase by 10%	\$	1,371,140	626,104
Expenses decrease by 10%	\$	(1,321,607)	(567,040)
Lapses and withdrawals increase by 10%	\$	646,189	371,176
Lapses and withdrawals decrease by 10%	\$	(756,911)	(422,128)

For contacts without fixed terms, it is assumed that the Group will be able to increase mortality risk charges in future years in line with emerging mortality experience.

Estimates are also made as to future investment income arising from the assets backing long-term insurance contracts. These estimates are based on current market returns as well as expectations about future economic and financial developments.

For long-term contracts with fixed and guaranteed terms, estimates are made in two stages. Estimates of future deaths, voluntary terminations and partial withdrawal of policy funds, investment returns and administration expenses are made at the inception of the contract and form the assumptions used for calculating the liabilities at the inception of the contract. A margin of risk and uncertainty is added to these assumptions. New estimates are made each subsequent year based on updated experience studies and updated economic forecasts. The valuation assumptions are altered to reflect these revised best estimate assumptions. The margins for risk and uncertainty may also be altered if the underlying level of uncertainty in the updated assumption has changed. The financial impact of revisions to best-estimate assumptions or the related margins is recognised in the accounting period in which the change is made.

4. Other Cash Resources

		2006	2005
Due from related companies	\$	1,067	3,832
Due from other banks		260,930	315,137
Cheques and other instruments in the course of clearing		11,886	126,114
	\$	273,883	445,083

SCOTIABANK TRINIDAD AND TOBAGO LIMITED AND ITS WHOLLY-OWNED SUBSIDIARY COMPANIES

Notes to the Consolidated Financial Statements October 31, 2006 (\$ thousands)**5. Deposits with Central Bank**

In accordance with the Financial Institutions Act, 1993, Scotiabank and Scotiabank Trust 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 11% and 9%, respectively, of total prescribed liabilities. Additionally, the Central Bank has mandated that the Bank maintain an interest bearing Secondary Reserve of 2% of total prescribed liabilities along with two fixed rate term deposits with tenors of one year each.

		2006	2005
Primary Reserve	\$	572,304	397,825
Secondary Reserve		102,514	185,850
Other Reserves		287,300	-
	\$	962,118	583,675

6. Net Loans to Customers

6.1 Principal on which interest is accrued	\$	6,873,425	5,471,015
Principal on which interest is not accrued		89,440	60,719
Loan loss provision		(28,256)	(25,634)
		6,934,609	5,506,100
Interest receivable		47,951	30,464
	\$	6,982,560	5,536,564

6.2 Concentration of Credit

Consumer	\$	1,710,752	1,509,304
Mortgages - residential		2,084,028	1,635,159
Manufacturing and assembly		300,026	216,180
Mortgages - commercial		553,618	552,407
Business and personal services		345,644	300,141
Distributive trades		357,460	401,601
Energy and petrochemical		339,831	127,104
Communication and transport		419,300	178,988
Construction and engineering		205,640	196,195
Hospitality industry		40,293	43,355
Financial services		571,095	335,418
Agriculture		6,922	10,248
	\$	6,934,609	5,506,100

6.3 Analysis of Movement of Loan Loss Provision

Provision, beginning of year	\$	25,634	32,289
Provision for the year		17,655	28,574
Reversal of provision no longer required		(1,604)	(15,292)
Loan loss charge for the year		16,051	13,282
Write-offs		(13,429)	(19,937)
Net increase (decrease) in loan loss provision for the year		2,622	(6,655)
Provision, end of year	\$	28,256	25,634

6.4 Loan Loss Expense

Loan loss charge for the year	\$	16,051	13,282
Recoveries		(10,143)	(8,117)
	\$	5,908	5,165

SCOTIABANK TRINIDAD AND TOBAGO LIMITED AND ITS WHOLLY-OWNED SUBSIDIARY COMPANIES

Notes to the Consolidated Financial Statements October 31, 2006 (\$ thousands)

		2006	2005
7. Other Investments			
Securities available-for-sale	\$	426,642	506,897
Securities at fair value through profit and loss		4,932	26,085
Securities held-to-maturity		112,570	110,289
Associated companies		5,410	4,189
	\$	549,554	647,460
Fair value of security held-to-maturity	\$	103,319	106,765

8. Property, Plant and Equipment

		Land	Buildings	Leasehold Improvements	Equipment & Furniture	Construction in progress	2006 Total	2005 Total
Cost								
At beginning of year	\$	19,181	91,675	25,093	161,879	23,244	321,072	302,956
Additions		-	5,543	1,591	12,440	6,360	25,934	38,264
Transfers		19	-	-	6,625	(6,644)	-	-
Disposals		-	(6)	(652)	(44,154)	-	(44,812)	(20,148)
At end of year		19,200	97,212	26,032	136,790	22,960	302,194	321,072
Accumulated depreciation and amortisation								
At beginning of year		-	27,695	12,439	98,005	-	138,139	134,762
Charge for year		-	1,709	367	12,719	-	14,795	15,718
Disposals		-	(1)	(590)	(36,035)	-	(36,626)	(12,341)
At end of year		-	29,403	12,216	74,689	-	116,308	138,139
Net book value	\$	19,200	67,809	13,816	62,101	22,960	185,886	182,933

SCOTIABANK TRINIDAD AND TOBAGO LIMITED AND ITS WHOLLY-OWNED SUBSIDIARY COMPANIES

Notes to the Consolidated Financial Statements October 31, 2006 (\$ thousands)**9. Retirement Benefit Assets (Obligations)**

9.1 Amounts recognised in the balance sheet are as follows:

		Defined Benefit Pension Fund		Post-Retirement Medical and Life Benefits	
		2006	2005	2006	2005
Defined funded obligations	\$	(322,093)	(294,713)	(63,532)	(59,511)
Fair value of plan assets		410,823	433,366	-	-
		88,730	138,653	(63,532)	(59,511)
Unrecognised actuarial (gain) loss		22,798	(30,892)	5,702	8,773
Net asset (liability)	\$	111,528	107,761	(57,830)	(50,738)

9.2 Included in the plan's assets are properties occupied by, and financial instruments of, Scotiabank with an aggregate estimated market value as at October 31, 2006 of \$50,609 (2005 - \$52,117).

9.3 The movement in the asset and liability recognised in the balance sheet as at October 31, 2006 comprised:

		Defined Benefit Pension Fund		Post-Retirement Medical and Life Benefits	
		2006	2005	2006	2005
Opening defined benefit asset	\$	107,761	107,862	(50,738)	(42,750)
Net pension costs		3,767	(101)	(7,487)	(8,291)
Contributions paid		-	-	395	303
Closing defined benefit asset	\$	111,528	107,761	(57,830)	(50,738)

SCOTIABANK TRINIDAD AND TOBAGO LIMITED AND ITS WHOLLY-OWNED SUBSIDIARY COMPANIES

Notes to the Consolidated Financial Statements October 31, 2006 (\$ thousands)**9. Retirement Benefit Assets (Obligations)** (continued)

9.4 The amount recognised in the statement of income comprised:

		Defined Benefit Pension Fund		Post-Retirement Medical and Life Benefits	
		2006	2005	2006	2005
Current service cost	\$	(11,649)	(12,627)	(2,998)	(3,246)
Interest cost on benefit obligation		(21,139)	(19,782)	(4,301)	(4,101)
Expected return on plan assets		36,555	32,308	-	-
Amortised loss		-	-	(188)	(944)
Net pension cost	\$	3,767	(101)	(7,487)	(8,291)

9.5 The actual return on plan assets is as follows:

		Defined Benefit Pension Fund	
		2006	2005
Expected return on plan assets	\$	36,555	32,308
Actuarial gain on plan assets		(52,343)	872
Actual return on plan assets	\$	(15,788)	33,180

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

	2006	2005
	% pa	% pa
Discount rate:		
- Active members and deferred pensioners	8.75	7.25
- Current pensioners	8.75	7.25
Expected return on plan assets	10.00	8.50
Future salary increases	6.50	5.00
Future pension increases	3.50	2.00
Medical expenses inflation	7.00	5.50

10. Deposits

		2006	2005
10.1 Deposit balances	\$	6,745,659	5,972,834
Interest payable		26,872	20,050
	\$	6,772,531	5,992,884
10.2 Concentration of Liabilities			
Personal	\$	4,313,694	3,758,493
Commercial		1,728,678	1,629,888
Financial institutions		703,287	584,453
	\$	6,745,659	5,972,834

SCOTIABANK TRINIDAD AND TOBAGO LIMITED AND ITS WHOLLY-OWNED SUBSIDIARY COMPANIES

Notes to the Consolidated Financial Statements October 31, 2006 (\$ thousands)

		2006	2005
11. Other Fund Raising Instruments			
11.1 Other fund raising instruments balances	\$	-	7,150
Interest payable		-	361
	\$	-	7,511
Other fund raising instruments are secured by net loans to customers and other investments.			
11.2 Concentration of Liabilities			
Personal	\$	-	99
Commercial		-	7,051
	\$	-	7,150
12. Other Deposit Liabilities			
Due to related companies	\$	489,935	165,741
Due to banks		2,964	943
	\$	492,899	166,684
13. Securities Sold Under Repurchase Agreements			
In the ordinary course of business, securities comprising 6% Government of Trinidad and Tobago bonds were sold under repurchase agreements and are due within 3 months from the date of the Balance Sheet. These securities are included in investments.			
14. Debt Security In Issue			
In August 2005 a \$200 million bond was issued. The bond carries a fixed rate of interest 6.30% with a tenor of six (6) years. Interest is payable semi-annually in arrears. The bond will mature and principal will be repaid in a bullet payment in 2011.			
15. Deferred Taxation			
15.1 The net deferred tax liability is attributable to the following items:			
Deferred tax liability		2006	2005
Retirement benefit asset	\$	27,882	26,940
Property, plant and equipment		11,406	7,847
Net loans to customers		-	2,895
Miscellaneous assets		1,453	1,348
Available-for-sale securities		-	29
		40,741	39,059
Deferred tax asset			
Retirement benefit obligations		(14,458)	(12,685)
Available-for-sale securities		(2,051)	-
Net deferred tax liability	\$	24,232	26,374
15.2 The movement in the deferred tax account comprised:			
Balance at beginning of year	\$	26,374	30,555
Available-for-sale securities fair value remeasurement		(2,080)	(273)
Adjustment of deferred tax liability		-	(2,812)
Current year's deferred tax charge		(62)	(1,096)
Balance at end of year	\$	24,232	26,374

SCOTIABANK TRINIDAD AND TOBAGO LIMITED AND ITS WHOLLY-OWNED SUBSIDIARY COMPANIES

Notes to the Consolidated Financial Statements October 31, 2006 (\$ thousands)**16. Stated Capital****Authorised**

Authorised capital consists of an unlimited number of ordinary shares. On September 28, 2006 Scotiabank Trinidad And Tobago Limited issued one ordinary bonus share for every two shares issued and fully paid and concurrently transferred \$150,000,000 to Stated Capital.

		Number of Shares	Stated Capital
Number of Shares / Balance as at October 31, 2005	\$	117,562,500	117,562,500
Issue of Bonus Shares / Transfer to Stated Capital		58,781,250	150,000,000
Number of shares / Balance as at October 31, 2006	\$	176,343,750	267,562,500

17. Statutory Reserve Fund

In accordance with the Financial Institutions Act, 1993, Scotiabank and Scotiastart are required to transfer at the end of each financial year no less than 10 percent 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 Scotiastart as follows:

		Scotiabank	2006 Scotiastart	Total	2005 Total
Balance, beginning of year	\$	192,778	29,970	222,748	192,035
Add amount transferred		50,000	30	50,030	30,713
Balance, end of year	\$	242,778	30,000	272,778	222,748

18. Dividends

18.1 Subsequent to October 31, 2006, the Board of Directors, in a meeting on November 28, 2006, has resolved that the Bank pay a fourth interim dividend of \$0.24 per share, bringing the total dividends in respect of the current year to \$0.70 per share (2005 - \$0.533 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, 2007.

18.2 Dividends paid and proposed are analysed as follows:

	2006		2005	
	¢ per share	\$	¢ per share	\$
Dividends paid				
First interim dividend	15.3	27,039	12.6	22,336
Second interim dividend	15.3	27,039	12.7	22,337
Third interim dividend	15.4	27,040	12.7	22,337
	46	81,118	38	67,010
Dividends proposed				
Fourth interim dividend	24	42,324	15.3	27,039
Total dividends paid and proposed	70	123,442	53.3	94,049

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

	2006		2005	
Total dividends paid and proposed	70	123,442	53.3	94,049
Less: dividends proposed	(24)	(42,323)	(15.3)	(27,039)
Add: dividends paid during the year in respect of prior year	15.3	27,039	13.3	23,513
Dividends paid during the year	61.3	108,158	51.3	90,523

SCOTIABANK TRINIDAD AND TOBAGO LIMITED AND ITS WHOLLY-OWNED SUBSIDIARY COMPANIES

Notes to the Consolidated Financial Statements October 31, 2006 (\$ thousands)

		2006	2005
19. Other Income			
Fees, commission and net premium income	\$	127,281	119,488
Foreign exchange earnings		56,156	47,305
Other operating income		10,502	(3,893)
	\$	193,939	162,900
Net premium income comprises premium income of \$64,088 (2005: \$66,906) less related expenses of \$48,358 (2005: \$53,225).			
20. Other Expenses			
Deposit insurance premium	\$	8,856	8,208
Directors' fees		736	447
Other operating expenses		57,907	43,604
	\$	67,499	52,259
21. Taxation			
21.1 Provision for taxation			
Current tax provision	\$	93,121	84,878
Deferred tax provision		(62)	(1,096)
Green fund levy		888	681
	\$	93,947	84,463
21.2 Taxation reconciliation			
The following is a reconciliation of the application of the effective tax rate with the provision for taxation:			
Income before taxation	\$	409,007	311,696
Computed tax using the prima facie tax calculated at a rate of 25% (2005 – 30%)	\$	102,252	93,509
Tax effect of items that are adjusted in determining taxable profit:			
Effect of different tax rate of life insurance companies		(805)	(833)
Effect of different tax rates in other countries		(3,119)	(3,050)
Tax effect of non-deductible costs and non-taxable income		(5,882)	(2,858)
Green fund levy		888	681
Deferred tax income resulting from reduction in tax rate		-	(2,457)
Other		613	(529)
Current tax provision	\$	93,947	84,463
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.			

22. Earnings per Share

The calculation of basic earnings per share is based on:

- Net income for the year attributable to ordinary shareholders of \$315,060 (2005 -\$227,233).
- Weighted average number of ordinary shares outstanding during the year of 176,343,750 shares (2005 – 176,343,750 shares, restated for bonus issue).

The comparative number of shares has been amended to reflect the effects of the bonus issue.

SCOTIABANK TRINIDAD AND TOBAGO LIMITED AND ITS WHOLLY-OWNED SUBSIDIARY COMPANIES

Notes to the Consolidated Financial Statements October 31, 2006 (\$ thousands)**23. Commitments and Contingent Liabilities**

In the normal course of business, various commitments and contingent liabilities are outstanding 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, 2006, 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, are:

		2006	2005
Rental due within one year	\$	10,220	6,969
Rental due between one and five years		25,259	15,548
Rental due after five years		3,344	4,485
	\$	38,823	27,002

24. Financial Instruments**24.1 Fair Value of Financial Instruments**

The fair value of on and off-balance sheet financial instruments are based on the valuation methods and assumptions set out in the significant accounting policies note 2(q).

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.

Apart from securities held-to-maturity, the book value of all financial instruments is assumed to be equal to their fair value. The fair value of securities held-to-maturity is disclosed in note 7.

Due to the judgement 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.

24.2 Credit Risk Management

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.

24.3 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.

SCOTIABANK TRINIDAD AND TOBAGO LIMITED AND ITS WHOLLY-OWNED SUBSIDIARY COMPANIES

Notes to the Consolidated Financial Statements October 31, 2006 (\$ thousands)**24. Financial Instruments** (continued)**24.3 Currency Risk** (continued)**Concentration of Assets and Liabilities**

The Group has the following significant currency positions:

		2006			
		TT	US	Other	Total
Assets					
Cash resources	\$	1,083,626	212,812	27,344	1,323,782
Net loans to customers		5,671,823	1,310,737	-	6,982,560
Investments		427,770	121,784	-	549,554
Property, plant and equipment		185,886	-	-	185,886
Miscellaneous assets		30,373	8,658	-	39,031
Retirement benefit asset		111,528	-	-	111,528
Total assets		7,511,006	1,653,991	27,344	9,192,341
Liabilities					
Deposits		5,328,805	1,439,926	3,800	6,772,531
Other fund raising Instruments		-	-	-	-
Other deposit liabilities		9,844	466,378	16,677	492,899
Other liabilities		83,443	5,775	-	89,218
Securities sold under repurchase agreement		78,275	-	-	78,275
Policyholders' funds		124,032	-	-	124,032
Debt security in issue		200,000	-	-	200,000
Retirement benefit obligations		57,830	-	-	57,830
Deferred tax liability		24,232	-	-	24,232
Total liabilities		5,906,461	1,912,079	20,477	7,839,017
Net balance sheet position	\$	1,604,545	(258,088)	6,867	1,353,324
Undrawn credit commitments	\$	1,055,589	39,157	-	1,094,746

Concentration of Assets and Liabilities

		2005			
		TT	US	Other	Total
Assets					
Cash resources	\$	1,004,531	328,953	8,084	1,341,568
Net loans to customers		4,653,098	883,349	117	5,536,564
Investments		539,850	107,610	-	647,460
Property, plant and equipment		182,933	-	-	182,933
Miscellaneous assets		39,087	5,099	-	44,186
Retirement benefit asset		107,761	-	-	107,761
Total assets		6,527,260	1,325,011	8,201	7,860,472
Liabilities					
Deposits		4,546,723	1,440,277	5,884	5,992,884
Other fund raising Instruments		7,511	-	-	7,511
Other deposit liabilities		1,884	164,800	-	166,684
Other liabilities		77,011	1,118	-	78,129
Securities sold under repurchase agreement		94,000	-	-	94,000
Policyholders' funds		81,812	-	-	81,812
Debt security in issue		200,000	-	-	200,000
Retirement benefit obligations		50,738	-	-	50,738
Deferred tax liability		26,374	-	-	26,374
Total liabilities		5,086,053	1,606,195	5,884	6,698,132
Net balance sheet position	\$	1,441,207	(281,184)	2,317	1,162,340
Undrawn credit commitments	\$	951,630	25,565	-	977,195

SCOTIABANK TRINIDAD AND TOBAGO LIMITED AND ITS WHOLLY-OWNED SUBSIDIARY COMPANIES

Notes to the Consolidated Financial Statements October 31, 2006 (\$ thousands)**24. Financial Instruments** (continued)**24.4 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.

Interest Sensitivity of Assets, Liabilities and Equity

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

		2006				
		Due on demand	Due in one year	Due in two to five years	Over five years	Non-interest bearing
						Total
Assets						
Cash resources	\$	273,882	17,394	-	-	1,032,506
Net loans to customers		621,380	1,264,955	2,148,236	2,858,549	89,440
Investments		9,122	102,298	269,189	168,945	-
Other assets		-	-	-	-	224,917
Retirement benefit asset		-	-	-	-	111,528
Total assets		904,384	1,384,647	2,417,425	3,027,494	1,458,391
Liabilities and Shareholders' Equity						
Deposits		4,106,374	1,374,973	706,450	6,215	578,519
Other fund raising instruments		-	-	-	-	-
Other deposit liabilities		231,128	-	256,692	-	5,079
Securities sold under repurchase agreement		-	78,275	-	-	-
Debt security in issue		-	-	-	200,000	-
Retirement benefit obligation		-	-	-	-	57,830
Other liabilities		50,661	83,313	-	(9,943)	113,451
Shareholders' equity		-	-	-	-	1,353,324
Total liabilities		4,388,163	1,536,561	963,142	196,272	2,108,203
Net Gap	\$	(3,483,779)	(151,914)	1,454,283	2,831,222	(649,812)
Cumulative Gap	\$	(3,483,779)	(3,635,693)	(2,181,410)	649,812	-

SCOTIABANK TRINIDAD AND TOBAGO LIMITED AND ITS WHOLLY-OWNED SUBSIDIARY COMPANIES

Notes to the Consolidated Financial Statements October 31, 2006 (\$ thousands)**24. Financial Instruments** (continued)

24.4 Interest Rate Risk (continued)

		2005					
		Due on demand	Due in one year	Due in two to five years	Over five years	Non-interest bearing	Total
Assets							
Cash resource	\$	630,933	265,129	-	-	445,506	1,341,568
Net loans to customers		539,785	1,069,256	1,842,664	2,024,140	60,719	5,536,564
Investments		7,609	122,693	223,916	293,242	-	647,460
Other assets		-	-	-	-	227,119	227,119
Retirement benefit asset		-	-	-	-	107,761	107,761
Total assets		1,178,327	1,457,078	2,066,580	2,317,382	841,105	7,860,472
Liabilities and Shareholders' Equity							
Deposits		3,923,478	819,295	621,119	-	628,992	5,992,884
Other fund raising instruments		-	-	-	7,511	-	7,511
Other deposit liabilities		163,635	-	-	-	3,049	166,684
Securities sold under Repurchase agreement		-	94,000	-	-	-	94,000
Debt Security in issue		-	-	-	200,000	-	200,000
Retirement benefit obligations		-	-	-	-	50,738	50,738
Other liabilities		19,751	68,671	-	(6,610)	104,503	186,315
Shareholders' equity		-	-	-	-	1,162,340	1,162,340
Total liabilities		4,106,864	981,966	621,119	200,901	1,949,622	7,860,472
Net Gap	\$	(2,928,537)	475,112	1,445,461	2,116,481	(1,108,517)	-
Cumulative Gap	\$	(2,928,537)	(2,453,425)	(1,007,964)	1,108,517	-	-

SCOTIABANK TRINIDAD AND TOBAGO LIMITED AND ITS WHOLLY-OWNED SUBSIDIARY COMPANIES

Notes to the Consolidated Financial Statements October 31, 2006 (\$ thousands)**24. Financial Instruments** (continued)

24.5 Liquidity Risk (continued)

Liquidity risk arises from fluctuations in cash flows. The liquidity risk management process ensures that the Group is able to honour all of its financial commitments as they fall due. The Group's liquidity strategy includes measuring and forecasting cash commitments, building a large and stable base of core deposits from retail and commercial customers, ensuring sufficient cash and marketable instruments such as treasury bills and government securities are available to meet short-term requirements, diversifying funding sources and maintaining the ability to securitise Group's assets. 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:

		2006			
		Due on demand	Up to one year	Two to five years	Over five years
		Total			
Assets					
Cash resources	\$	1,306,388	17,394	-	-
Loans to customers		620,844	2,599,444	1,788,563	2,001,965
Investments		9,121	102,298	269,190	168,945
		1,936,353	2,719,136	2,057,753	2,170,910
					8,884,152
Liabilities					
Deposits		4,684,893	1,374,973	706,450	6,215
Other fund raising instruments		-	-	-	-
Other deposit liabilities		236,207	-	256,692	-
Securities sold under repurchase agreement		-	78,275	-	-
Policyholders' funds		46,970	77,062	-	-
Debt security in issue		-	-	-	200,000
		4,968,070	1,530,310	963,142	206,215
					7,667,737
Net Gap	\$	(3,031,717)	1,188,826	1,094,611	1,964,695
Cumulative Gap	\$	(3,031,717)	(1,842,891)	(748,280)	1,216,415
					-
		2005			
		Due on demand	Up to one year	Two to five years	Over five years
		Total			
Assets					
Cash resources	\$	1,076,439	265,129	-	-
Investments		7,609	122,693	223,916	293,242
Loans to customers		538,955	2,107,338	1,556,023	1,359,882
		1,623,003	2,495,160	1,779,939	1,653,124
					7,551,226
Liabilities					
Deposits		4,552,470	819,295	621,119	-
Other fund raising instruments		-	-	-	7,511
Other deposit liabilities		166,684	-	-	-
Securities sold under repurchase agreement		-	94,000	-	-
Policyholders' funds		18,401	63,411	-	-
Debt security in issue		-	-	-	200,000
		4,737,555	976,706	621,119	207,511
					6,542,891
Net Gap	\$	(3,114,552)	1,518,454	1,158,820	1,445,613
Cumulative Gap	\$	(3,114,552)	(1,596,098)	(437,278)	1,008,335
					-

SCOTIABANK TRINIDAD AND TOBAGO LIMITED AND ITS WHOLLY-OWNED SUBSIDIARY COMPANIES

Notes to the Consolidated Financial Statements October 31, 2006 (\$ thousands)**25. 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 Group 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 conditions, 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.

Outstanding Balances	2006	2005
Loans, Investments and Other Assets		
Associates	\$ -	-
Directors and key management personnel	9,141	7,588
Bank of Nova Scotia and its related entities	-	-
	\$ 9,141	7,588
Provisions for amounts due from related parties	\$ -	-
Deposits and other liabilities		
Associates	\$ -	-
Directors and key management personnel	2,221	1,949
Bank of Nova Scotia and its related entities	492,601	163,817
	\$ 494,822	165,766
Interest and other income		
Associates	\$ -	-
Directors and key management personnel	457	379
Bank of Nova Scotia and its related entities	2,027	1,122
	\$ 2,484	1,501
Interest and expenses		
Associates	\$ -	-
Directors and key management personnel	803	505
Bank of Nova Scotia and its related entities	31,417	16,072
	\$ 32,220	16,577

SCOTIABANK TRINIDAD AND TOBAGO LIMITED AND ITS WHOLLY-OWNED SUBSIDIARY COMPANIES

Notes to the Consolidated Financial Statements October 31, 2006 (\$ thousands)**25. Related Party Balances and Transactions** (continued)

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

	2006	2005
Key management compensation		
Short-term benefits	\$ 12,302	11,283
Post employment benefits	3,027	3,089
Share based payment	127	119
	\$ 15,456	14,491

26. Comparative Figures

In accordance with IAS 10 *Events after Balance Sheet Date*, dividends declared after balance sheet date are not recognised as a liability. The adoption of this amendment to IAS 10 has resulted in a reversal of dividends declared at balance sheet date which was previously shown as an appropriation of reserves.

In accordance with IAS 33 *Earnings Per Share*, the number of shares have been restated to reflect the bonus issue. See notes 17 and 22.

27. Subsequent Events

As at October 31, 2006 Scotiabank Trinidad and Tobago Limited had entered into negotiations for the partial sale of Scotiatrust and Merchant Bank of Trinidad and Tobago to its Parent (Bank of Nova Scotia). Negotiations are currently at a preliminary stage.

28. Segment Information

The operations of the Group are concentrated within the Republic of Trinidad and Tobago and are subject to the varied risks inherent with the provision of financial services within this geographical market. The Group evaluates and manages its risk (credit and market) by business segments as disclosed below:

- Retail and Commercial Banking – Includes loans, deposits, foreign exchange trading and other transactions and balances with retail and commercial customers.
- Other Financial Services - Includes Insurance services and the arranging and underwriting issues of marketable securities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets other than goodwill.

SCOTIABANK TRINIDAD AND TOBAGO LIMITED AND ITS WHOLLY-OWNED SUBSIDIARY COMPANIES

Notes to the Consolidated Financial Statements October 31, 2006 (\$ thousands)**28. Segment Information** (continued)

28.1 By Business Segment

	2006	
	Retail & Commercial Banking	Other Financial Services
Net Interest Income	490,334	30,212
Other Income	178,274	15,665
Net Interest and Other Income	668,608	45,877
Operating Expenses	282,831	16,739
Loan Loss Expenses	5,908	-
Profit Before Tax	379,869	29,138
Total Assets	8,256,379	935,962
Total Liabilities	7,129,790	709,227
Depreciation	13,644	1,151
Capital Expenditure	25,934	-
	2005	
	Retail & Commercial Banking	Other Financial Services
Net Interest Income	395,768	23,212
Other Income	140,887	22,013
Net Interest and Other Income	536,655	45,225
Operating Expenses	245,041	19,978
Loan Loss Expenses	5,165	-
Profit Before Tax	286,449	25,247
Total Assets	7,261,682	598,790
Total Liabilities	6,328,296	369,836
Depreciation	12,834	2,884
Capital Expenditure	37,152	1,112

Scotiabank Trinidad and Tobago Limited and its wholly-owned subsidiary companies

Five Year Review

October 31, 2006 (\$ thousands, except per share data)

CONSOLIDATED BALANCE SHEET

	2006	2005	2004	2003	2002
Assets					
Cash resources	\$ 1,323,782	1,341,568	1,043,785	1,468,093	1,755,753
Loans and Investments	7,532,114	6,184,024	5,181,498	4,970,070	4,535,384
Property, plant and equipment	185,886	182,933	168,194	172,156	169,587
Other assets	150,559	151,947	137,224	135,547	127,619
Total assets	\$ 9,192,341	7,860,472	6,530,701	6,745,866	6,588,343
Liabilities and shareholders' equity					
Deposits	\$ 6,772,531	5,992,884	5,282,149	5,471,004	5,403,577
Other liabilities	1,066,486	705,248	217,328	362,735	385,940
Shareholders' equity	1,353,324	1,162,340	1,031,224	912,127	798,826
Total liabilities and shareholders' equity	\$ 9,192,341	7,860,472	6,530,701	6,745,866	6,588,343

CONSOLIDATED STATEMENT OF INCOME

Interest income	\$ 696,441	540,753	513,838	555,997	621,777
Interest expense	(175,895)	(121,773)	(133,288)	(174,178)	(260,254)
Net interest income	520,546	418,980	380,550	381,819	361,523
Other income	193,939	162,900	162,643	149,295	145,687
Net interest and other income	714,485	581,880	543,193	531,114	507,210
Non-interest expenses	(305,478)	(270,184)	(262,436)	(257,878)	(238,529)
Income before taxation	409,007	311,696	280,757	273,236	268,681
Provision for taxation	(93,947)	(84,463)	(77,231)	(78,580)	(88,366)
Net income for the year	\$ 315,060	227,233	203,526	194,656	180,315

OTHER STATISTICS

Return on average assets	3.70%	3.16%	3.07%	2.92%	2.85%
Return on average equity	25.05%	20.72%	21.0%	22.8%	24.7%
Number of shares *	176,343,750	176,343,750	176,343,750	176,343,750	176,343,750
Dividends per share *	70.0	53.3	49.3	46.7	42.7
Earnings per share *	178.7	128.9	115.4	110.4	102.3
Number of offices (including subsidiary companies)	27	27	27	26	26

* Amounts have been retroactively adjusted to reflect the one for two bonus issue paid on September 28, 2006.

Corporate Information

BOARD OF DIRECTORS

Robert H. Pitfield
B.A., LL.B.
Chairman

Trevor Farrell,
B.A., M.A., Ph.D. (Economics)
Deputy Chairman

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

Richard E. Waugh
B.A., M.B.A., F.I.C.B.

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

George Janoura

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

Pasquale Minicucci
B. Comm.

Robert Riley
B.Sc. (Hons), LL.B. (Hons), L.E.C.

Keith Lutchmansingh

Michael Anthony Fifi

EXECUTIVE OFFICERS

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

Earl Gill
C.M.A., F.I.C.B.,
Senior General Manager
Retail and Commercial Banking

Heeralal Ramkrishna
District General Manager
Retail and Commercial Banking

Dave Ramsumir
F.I.C.B., M.B.A.
District General Manager, Retail and
Commercial Banking

Hassan Philip Rahaman, B.Comm.,
F.C.C.A., M.S.I., General Manager, Credit
Risk Management

David I. Gopaulsingh
B.Sc., M.B.A., General Manager
Corporate Banking Centre

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

Mahadeo Seebarith
A.C.C.A., C.A.
General Manager, Business Support

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

Martinez S. Garcia
Assistant General Manager,
Field Operations, Support Services

Mohan Ramjit
M.B.A.
Assistant General Manager, Sales and
Marketing

CORPORATE ADMINISTRATION / MANAGEMENT

Belinda James,
LL.B., L.E.C., A.C.I.S.
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and Legal Services

Adrian Lezama
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Assistant General Manager, Finance

Nicole De Freitas
B.Sc., P.G.D., M.I.S.
Regional Director, International Technical
Services

Valvie Hernandez
B.Sc.
Senior Manager
Security and Investigations

Christopher Hosein
Senior Manager, Treasury

Angelique Patience
Senior Manager, Regional Operations
Support, Support Services

Joanna Roque
Senior Manager
Credit Risk Management

Ian R.S. Harewood
Senior Manager
Credit Risk Management

Raymond Smith
B.A., Senior Manager
Scotiast and Merchant Bank

Mohammed Sulaman
Senior Manager
Field Operations, Support Services

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

Dhanraj Persad
Comptroller

Donna Latiff
B.Comm (Hons), M.B.A.,
Manager Alternate Delivery

Joseph Rajah
Senior Manager, Centralised Retail
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Frank Rampersad
Manager, Real Estate

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Doing Business Globally, Building Relationships Locally

Scotiabank... a truly international bank, shaped by its history, enterprising, expanding, always building for the future. We have been identifying opportunities, crossing oceans and borders, building new relationships since 1832. Today we are represented in over 50 countries, spanning five continents, bringing stability and experience to every economy in which we are present. Scotiabank's international network serves millions of customers, offering seamless service in a financial world that never sleeps.

We dominate the Caribbean and Central American region in 25 countries. We offer over a century of superior customer service, with dedicated employees delivering a fine range of retail and commercial services, personal banking, trade finance, cash management, corporate and investment services and trust and merchant banking. We help small, medium and corporate businesses to succeed, leveraging our international capabilities, driving forward the global vision. Our advantage in the Caribbean is not just size. Scotiabank people are the core of our strength, serving customers, achieving success, contributing to their communities.

At Scotiabank Trinidad and Tobago Limited, we combine our global strength with our local expertise to provide what customers want — a sustainable relationship which helps them to achieve their financial goals. By providing this we succeed — for our customers, shareholders, employees and business partners.

Notice of Annual Meeting

NOTICE IS HEREBY GIVEN that the THIRTY-SEVENTH ANNUAL MEETING OF SHAREHOLDERS OF SCOTIABANK TRINIDAD AND TOBAGO LIMITED ("the Company") will be held at The Ballroom, Hilton Trinidad and Conference Centre, Lady Young Road, Port of Spain, Trinidad, on Friday, February 23, 2007 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, 2006, together with the Reports of the Directors and the Auditors thereon.
2. 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 third 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 Mr. Robert Pitfield 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 third 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 Mr. Richard Waugh 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 third Annual Meeting of the Company following his election, subject always to earlier termination under paragraph 4.8.1 of By-Law No. 1.
5. 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 29, 2007

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.

REPUBLIC OF TRINIDAD AND TOBAGO
THE COMPANIES ACT, CH. 81:01 (Section 144)

Management Proxy Circular

1. **Name of Company:**
SCOTIABANK TRINIDAD AND TOBAGO LIMITED Company No.: S-2551(C)
2. **Particulars of Meeting:**
Thirty-seventh Annual Meeting of the Shareholders of the Company to be held on Friday, February 23, 2007, at 10.00 a.m at The Ballroom, Hilton Trinidad and Conference Centre, 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
January 29, 2007

Name and Title
Belinda James
Secretary

Signature


Notes

[illegible]

REPUBLIC OF TRINIDAD AND TOBAGO
THE COMPANIES ACT, CH. 81:01 (Section 143(1))

Form of Proxy

1. Name of Company: **SCOTIABANK TRINIDAD AND TOBAGO LIMITED** Company No. S-2551(C)
2. Particulars of Meeting: Thirty-seventh Annual Meeting of Shareholders to be held at The Ballroom, Hilton Trinidad and Conference Centre, Lady Young Road, Port of Spain, Trinidad on Friday, February 23, 2007, 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 _____, 2007.

(Signature(s) of Member(s)) _____

(Please indicate with an "X" in the spaces 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.

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.

		FOR	AGAINST
RESOLUTION 1	To adopt the Audited Financial Statements of the Company and its subsidiaries (the Group) for the financial year ended October 31, 2006, together with the Reports of the Directors and the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
RESOLUTION 2	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 third Annual Meeting of the Company following his election, subject always to earlier termination under paragraph 4.8.1 of By-Law No. 1.	<input type="checkbox"/>	<input type="checkbox"/>
RESOLUTION 3	To re-elect Mr. Robert Pitfield 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 third Annual Meeting of the Company following his election, subject always to earlier termination under paragraph 4.8.1 of By-Law No. 1.	<input type="checkbox"/>	<input type="checkbox"/>
RESOLUTION 4	To re-elect Mr. Richard Waugh 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 third Annual Meeting of the Company following his election, subject always to earlier termination under paragraph 4.8.1 of By-Law No. 1.	<input type="checkbox"/>	<input type="checkbox"/>
RESOLUTION 5	To appoint Messrs. KPMG as the Auditors of the Company to hold office until the close of the next Annual Meeting.	<input type="checkbox"/>	<input type="checkbox"/>

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 overleaf not less than 48 hours before the time for holding the Annual Meeting or adjourned Meeting.