

2008 ANNUAL REPORT





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Mission Statement

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

Core Purpose

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

Core Values

INTEGRITY

Interact with others ethically and honourably.

RESPECT

Empathise and fully consider the diverse needs of others.

COMMITMENT

Achieve success for customers, team and self.

INSIGHT

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

SPIRIT

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

2008 Annual Report

Consolidated Financial Highlights

October 31, 2008 (\$ thousands, except per share data)

	2008	2007
TOTAL ASSETS	14,329,347	11,555,205
DEPOSITS	9,671,628	8,435,711
NET LOANS TO CUSTOMERS	10,476,303	8,825,206
INCOME BEFORE TAXATION	557,610	476,478
NET INCOME	431,843	371,072
RISK ADJUSTED CAPITAL RATIO	16.18%	19.02%
NUMBER OF SHARES OUTSTANDING	176,343,750	176,343,750
NUMBER OF SHAREHOLDERS	7,859	7,810
EARNINGS PER SHARE	244.9¢	210.4¢
MARKET VALUE PER SHARE	\$31.00	\$28.55
NET BOOK VALUE PER SHARE	\$10.39	\$8.90

RETURN ON EQUITY (ROE)

2008	2007
25.38%	25.39%

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)

2008	2007
244.9 cents	210.4 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)

2008	2007
3.34%	3.58%

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

2008	2007
41.61%	42.46%

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, Trinre Building, 69-71 Edward Street, Port of Spain
 ATTORNEYS : Fitzwilliam, Stone, Furness-Smith and Morgan, 48-50 Sackville Street, Port of Spain

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

Chairman's Letter to Shareholders

“ At Scotiabank, we constantly seek new ways to exceed our customers' expectations, serve our communities with pride and deliver a stronger performance with each passing year. This approach has won us the trust, respect and appreciation of over 12.5 million customers around the world. We are the leading Bank in the Caribbean and Latin American region, serving more than 2 million customers, with 593 branches, kiosks and other offices, and some 932 automated banking machines. ”



Financial Performance

Scotiabank Trinidad and Tobago Limited delivered yet another impressive performance for 2008, due to the teamwork displayed and adherence to strategic objectives by the entire Group. As at October 31, 2008, the share price of Scotiabank Trinidad and Tobago Limited was \$31.00, compared with \$28.55 as at October 31, 2007, representing an increase of 8.6%. Shareholders have a great deal to celebrate, as the Scotiabank Group has continued to return capital to shareholders, with a total dividend payment for the year of 96 cents per share, an increase of 14.3% over 2007.

Furthermore, total return to shareholders, including dividends and appreciation in the price of common shares, was 11.9% in 2008. At Scotiabank, we pride ourselves on delivering shareholder value,

so we are pleased to report that total shareholders' equity jumped to \$1.8 billion, which is in fact \$262.5 million higher than it was in 2007.

The capital adequacy ratio, a measure of the amount of the Bank's capital expressed as a percentage of its risk-weighted credit exposures, came in at 16.2%, more than twice the minimum capital adequacy ratio of 8% specified by regulators, and in keeping with international standards. I invite you to delve further into our exceptional financial performance by reviewing the detailed account of the Group's financials in the Management's Discussion and Analysis section to follow.

Trinidad and Tobago's Economic Outlook

The ongoing international financial crisis has caused financial markets around the globe to experience high levels of volatility. Given the interconnectivity in the marketplace, Trinidad and Tobago is not completely immune to these challenges. Our overall strong performance can be clearly validated by Trinidad and Tobago's macroeconomic indicators.

The 2009 budget price of oil was originally set at US\$70 per barrel, but has since been adjusted to US\$55 per barrel, which will have a direct impact on the government's earnings from the energy sector. Real GDP growth has already begun to slow and economic activity is estimated to expand by 3.5% for 2008, down from 5.5% in 2007.

Unemployment now stands at an unprecedented and historic low of 4.2%. In 2009, real GDP growth will slow further as consumer confidence weakens and global economic conditions worsen.

Against this backdrop, the government has increased its focus on economic diversification, which was exemplified by the increase in investment in the agri-business sector, from approximately \$1.2 billion to an unprecedented \$1.7 billion for 2009. Infrastructure has been placed as the number one priority for the 2009 budget, with several projects implemented to improve the overall quality of life for citizens.

Inflation risks will continue to grow, especially in an environment characterized by high energy and global food prices together with increased government expenditure. As at October 2008, annual headline inflation stood at 15.4%, while core inflation, which excludes the impact of food prices, rose to 7.4% year over year. However, as more liquidity enters the financial system, the Central Bank of Trinidad and Tobago will maintain its efforts to reduce excess liquidity and control the expansion of bank credit, with the aim of reducing inflation. The measures adopted thus far have resulted in the repo rate being raised to 8.75 % and the cash reserve requirement to 17% as at October 2008.

The government has also indicated that it will continue to monitor and review budget expenditures in light of continuous changes in the global environment.

Chairman's Letter to Shareholders

Adjustments are already being made to deal with expected shortfalls, including cuts to both recurrent and capital expenditure.

It should be noted that Trinidad and Tobago's stock of foreign reserves currently provides around 11 months of import cover of goods and services, with the Central Bank continuing to adhere to conservative reserve management principles and conforming to international best practices. The economy also shows strength, as seen through our low external debt and a strong, well-capitalized banking system. Trinidad and Tobago will therefore be in a much stronger position than in the past to shield against the ongoing turmoil in the global economy. Additionally, we will be able to further strengthen our economic and diplomatic ties with both the Western Hemisphere and the Commonwealth from hosting the

Summit of the Americas and the Commonwealth Heads of Government Meeting.

Board of Directors

In September 2008, we bade farewell to Mr. Richard Waugh, President and Chief Executive Officer of Scotiabank, as he resigned from the Board of Directors of Scotiabank Trinidad and Tobago Limited due to his heavy work commitments. His contribution was invaluable, and we take this opportunity to express our sincere appreciation for his pursuit of excellence in his capacity as a Director over the last five years.

Acknowledgment

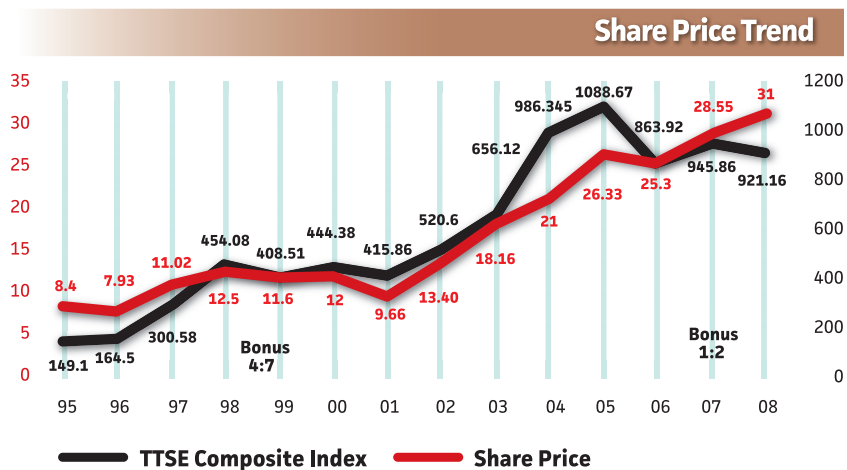
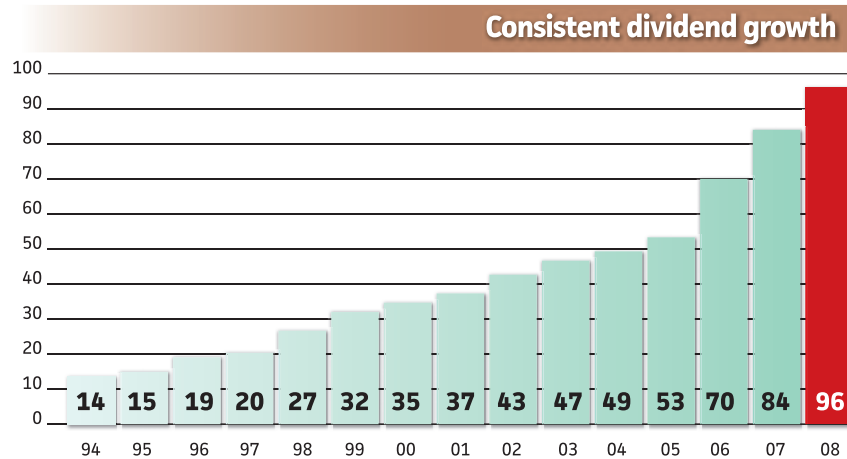
To our shareholders, please accept our gratitude for supporting us during the past fiscal year. We would not achieve as much

as we have without your steadfast loyalty, as your investment goes a long way in allowing us to maintain our presence as a solid and dependable financial institution.

On behalf of the executive team, special thanks go out to the Board of Directors for their guidance and input, which played a pivotal role in ensuring another consecutive year of shareholder value. Despite your demanding schedules, you diligently gave your time, energy and, of course, your keen oversight, to the Bank with an eye to ensuring that we fulfill our organizational objectives.

Finally, our sincere thanks go out to the management and staff of Scotiabank Trinidad and Tobago Limited, who continue to exemplify our One Team, One Goal philosophy through their day-to-day interactions with the public. Indeed, we can be proud of our dedicated and professional team, who consistently work toward building a progressive organization. Our productivity ratio of 41.6%, the best in the industry, is a testimony to their role in delivering solid results year after year.

Our strategy of diversification, by business line, by geography and by product, has given us a firm foundation for long-term sustainable growth. We have a solid capital base and a robust culture of both risk and expense management. And, of course, we have the best team in the business, focused on serving our customers and meeting our goals. These factors give me great confidence that Scotiabank Trinidad and Tobago Limited will overcome the current market difficulties and continue to succeed for all of its stakeholders in the years to come.



Chairman

Mr. Robert Pitfield is the Group Head, International Banking, Scotiabank Group, responsible for all of the Scotiabank Group's retail and commercial operations outside of Canada.

Managing Director's Review

“ In 1954, Scotiabank began its journey in Trinidad and Tobago and it is a journey that has been purposeful and fruitful. The Scotiabank Group has since developed a well-deserved reputation for delivering a customer experience second to none, yielding outstanding shareholder value and exemplifying excellent corporate citizenship through the community efforts of our hard working and dedicated employees. We intend to build on our standing in the Financial Services industry by continuously monitoring our performance and striving to enhance our day-to-day operations to satisfy the expanding needs of our sophisticated customer base. ”



Financial Highlights of the Scotiabank Group's Performance

The last fiscal has been a positive one for the Scotiabank Group and I am pleased to share some of our significant accomplishments over the last year, from the perspective of our financial operations. Scotiabank Trinidad and Tobago Limited and its Subsidiaries reported a Profit after Tax of \$431.8 million for the year ended October 31, 2008 giving shareholders an Earnings per share (EPS) of 244.9 cents. This represents increased earnings of 16.4% year over year and the Group's sixteenth consecutive year of record profitability. The Bank's Return on equity (ROE) was on par with the previous year

coming in at 25.38%, while the Return on assets (ROA) dipped slightly from 3.58% to 3.45%.

ScotiaLife Trinidad and Tobago Limited continues to play a significant role in the overall success of the Scotiabank Group. This banc assurance business line performed admirably and maintained its solid performance by contributing to approximately 8.42% of the Group's profits and delivering after-tax profits of \$36.4 million. As at 31 October 2008, the total assets of ScotiaLife Trinidad and Tobago Limited stood at \$419.2 million, compared with \$293.2 million as at 31 October 2007, representing an increase of \$126 million year over year.

The continued prosperity of the Scotiabank Group is in fact due to our focus on three key priorities, namely:

- Driving sustainable revenue growth, both organically and through development of complementary business lines.
- Prudent Capital Management, as our solid capital base ensures we have a sound foundation to weather uncertain times.
- Leadership, as we continue to focus on developing new leaders who will sustain the organisation in years to come and provide a competitive advantage.

While we continue to maintain our cost management strategies, Non Interest Expenses increased by 21.43%. The main cost drivers were increased Salary and staff benefit costs, which were necessary to maintain a competitive compensation market position and additional Premises expenditure spent to upgrade the security systems within our branch network. This became necessary due to increased security risk and our commitment to provide a safe and secure environment for our customers and staff.

For the year to October 31, 2008 Total Assets grew by a record \$2.8 billion closing the year at \$14.3 billion. This was driven by aggressive growth in the Bank's loan portfolio, which increased by 18.7% to \$10.5 billion.

Deposits at the Central Bank increased moving from \$1.4 billion to \$1.6 billion at the end of the year. This 15% growth was due to additional statutory requirements placed on Commercial Banks as the Central Bank continued with its tight monetary policy stance.

Customer deposits grew by 15% to \$9.7 billion for the year to October 31, 2008 representative of the market's confidence in our continued performance. Total liabilities increased by 25.2% to \$12.5 billion compared to \$10 billion in 2007.

Managing Director's Review

In addition to growth in Customer deposits, other deposit liabilities also contributed to growth in Total Liabilities.

New Initiatives

Over the last year, we have been strengthening our position in the marketplace with the rollout of several new initiatives at the Scotiabank Trinidad and Tobago Group.

We were pleased to welcome on board the Scotia Private Client Group (SPCG), which focuses on offering high net worth clientele access to specialized and tailored wealth management solutions. In today's global environment, it is important for us to be able to serve more complex financial needs on an international level, and now, with the addition of Scotia Private Client Group, we can do just that. The initiative is paramount to deepening our customer relationships and an important extension to our mix of financial services.

Another addition was the acquisition of Dehring Bunting & Golding Limited, which offers securities brokerage services. Our highly specialized financial advisory team follows a practical and proven approach to reviewing one's life cycle and developing an investment strategy that meets the unique needs of the consumer. We pride ourselves on our ability to deliver knowledge based guidance and customizing investment solutions to offer peace of mind.

We were also excited to introduce our innovative Small Business Banking offering. Our dedicated team of small business specialists has been assiduously working with our entrepreneurial customers to help them prosper and grow. We view Small Business as the engine that drives our economy, creates employment opportunities and provides a cushion against external economic shocks. It is for this reason that we saw the need to cater to their financial needs in a concentrated and focused manner.

Our Merchant Banking Unit also underwent some restructuring changes.

This arm of the Scotiabank Group is a fully licensed merchant banking operation, which offers underwriting, syndication, structured finance, advisory services and derivative strategies to its customers. The Merchant Banking Unit also offers access to Scotiabank's wholesale capital markets business, providing global client solutions in a wide forum of debt placement and risk management capabilities.

Our segmentation strategy was further enhanced with the launch of Scotiabank Be, a three-tiered product that was designed to serve the growing needs of full time or part time students and young

the year. Our human resource strategies and policies are a reflection of our genuine appreciation of their efforts and our work is certainly paying off.

To support this, I must make reference to the Champion Employer of Choice (Large Category) Award which was bestowed upon us by the Employers' Consultative Association. With a total of 25 companies in Trinidad and Tobago vying for this Award, Scotiabank Trinidad and Tobago Limited outshone the competition. The judging was based on the organization's implementation of Management Systems as well as policies

“We have been strengthening our position in the marketplace with the rollout of several new initiatives at the Scotiabank Trinidad and Tobago Group over the last year.”

working adults between the ages of 18 – 30 years. The product offers a high-interest yielding deposit account, access to attractive discounts at selected merchants throughout Trinidad and Tobago and the opportunity to be part of an online social networking site at www.scotiabankbe.com

The introduction of these new initiatives reflects Scotiabank's growing retail footprint in Trinidad and Tobago as we continue to take stock of the changing dynamics of the local market in an effort to stay true to our core purpose of **being the best at helping customers become financially better off by providing relevant solutions to their unique needs.**

Recognising the Value of our People

Without hesitation, I can attest to the strength of our people, who diligently, consistently and enthusiastically support the organization's operations throughout

governing Human Resources, Industrial Relations, Occupational Health and Safety, Corporate Social Responsibility and Employment Creation.

Another major accolade was our standing among the top three companies for Corporate Social Responsibility in the category “Recognising the Value of People”. This was based on the results of a survey carried out by the South Trinidad Chamber of Industry & Commerce and true to form, we were the only financial institution to rank among the top three.

Focus on 2009

Scotiabank has long supported the well-being of communities around the world in some 50 countries in which it operates. To date, the organization has contributed more than Canadian \$42 million worldwide to community causes focused on health, education, social services and arts and culture. In addition

Managing Director's Review

to Scotiabank's corporate efforts, its employees at all levels volunteer their time, skills and money, individually or through teamwork, to support community causes that are important to them.

In 2009, our community presence will be heightened as our staff members bring to fruition our Bright Future Program. This is a philanthropic initiative that allows us to share our commitment to a better

Foundation and its scope of works in our Corporate Social Responsibility section of this Annual Report.

With an increasingly sophisticated customer base, we certainly recognise the need to be in tune with their growing needs, which is why in 2009, we will be branching out in several new communities as we seek to expand our network presence locally. We will also make

will have to be nimble responding to the market as things change with speed. Leadership must be demonstrated as the country positions itself and surmounts forthcoming challenges.

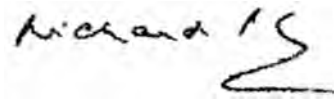
In closing, I wish to reiterate the Bank's commitment to its shareholders, customers and employees. It is through the exceptional leadership and direction of our Board of Directors and the cumulative efforts of the Scotiabank Team that we have been able to enjoy this, our 16th consecutive year of profits. For this, I would like to express my gratitude and look forward to the future, with the confidence that we will continue to perform admirably in fulfilling our financial, community and human resource obligations.

“With an increasingly sophisticated customer base, we certainly recognise the need to be in tune with their growing needs”

future for our communities by volunteering our time and donations to children's initiatives in an effort to provide them with better opportunities and to enhance their quality of life. This initiative will be funded by the Scotiabank Trinidad and Tobago Foundation, a separate entity which will oversee the disbursement of charitable donations on behalf of Scotiabank Trinidad and Tobago Limited. I invite you to learn more about the

resources available to aggressively drive the new initiatives that were launched in the last fiscal to ensure that we maintain awareness of these new brands and to grow these portfolios so that they may contribute significantly to the Scotiabank Group.

There is no doubt in my mind that 2009 will be a very challenging year with all that is going on the world today. As a Bank we



Richard P. Young
Managing Director



Board of Directors



Robert H. Pitfield
Chairman



Dr. Trevor Farrell * †
Deputy Chairman

* Members of the Audit Committee (Chairman - Dr. Trevor Farrell)
▲ Members of the Corporate Governance and Conduct Review Committee (Chairman - Daniel J. Fitzwilliam)
† Human Resources Advisory Committee (Chairman - Robert Riley)



Richard P. Young
Managing Director



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



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



Michael Anthony Fifi ▲
Managing Director and
Chief Executive Officer
The Home Construction Group
of Companies



Craig Reynald *
Consultant

2008 Annual Report

Directors' Report

Your Directors have pleasure in submitting their Annual Report for the fiscal year ended October 31, 2008:-

Financial Results And Dividends

Your Directors report that the Group's profit after taxation for the year ended October 31, 2008, was \$431.8 million. Dividends of 23 cents per share were paid to shareholders on March 24, 2008 and June 27, 2008, and dividends of 25 cents per share were paid to shareholders on September 29, 2008, and December 29, 2008, respectively, making a total distribution of 96 cents on each share for the year ended October 31, 2008.

Directors

In accordance with paragraph 4.5 of the Company's By-Law No. 1, the terms of office of Messrs. Michael Anthony Fifi, George Janoura, Robert Riley and Mrs. Gisele Marfleet expire at the close of the Annual Meeting to be held on February 27, 2009. Messrs. Fifi, Janoura, Riley and Mrs. Marfleet, 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.

On September 12, 2008, Mr. Richard E. Waugh resigned from the Company's Board of Directors. To fill the vacancy created by Mr. Waugh's resignation, your Directors have recommended to the Shareholders in general meeting, a resolution to appoint Ms. Roxane De Freitas, a Director of the Company. Ms. De Freitas is the Managing Director of Unilever Caribbean Limited.

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, 2008. 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
Gisele Marfleet	7,425
Pasquale Minicucci	750
Robert H. Pitfield	825
Craig Reynald	Nil
Robert Riley	4,500
Richard P. Young	8,485

There has been no change in these interests between the end of the Company's financial year and January 02, 2009, being one (1) month prior to the date of the notice convening the Company's Annual Meeting.

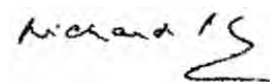
In accordance with the requirements of Section 8(f) of our listing agreement with The Trinidad and Tobago Stock Exchange Limited, we also list substantial interests in the share capital of the Company as at January 02, 2009, being one (1) month prior to the date of the notice convening the Company's Annual Meeting.

SUBSTANTIAL INTERESTS	ORDINARY SHARES FULLY PAID
The Bank of Nova Scotia	89,761,887 (50.9%)
The National Insurance Board	11,970,742 (6.79%)
RBTT Trust Limited	10,687,929 (6.06%)
Republic Bank Limited	9,921,754 (5.63%)

ON BEHALF OF THE BOARD



Robert H. Pitfield
Chairman



Richard P. Young
Managing Director

February 02, 2009
Port of Spain, Trinidad

Management Discussion and Analysis

Introduction

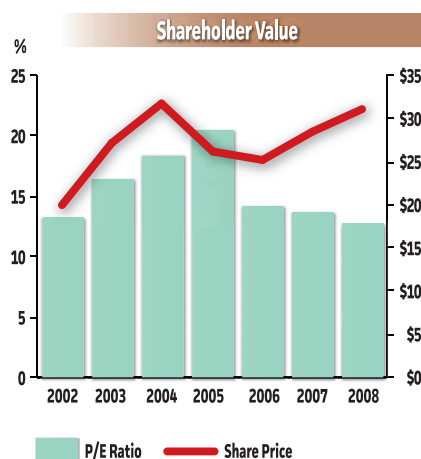
The following discussion and analysis is provided to facilitate reader's assessment of the Group's results for the fiscal year ended October 31st, 2008.

The Group, comprising of Scotiabank Trinidad and Tobago Limited and its wholly owned subsidiaries is engaged in banking and financial services with a total asset base of \$ 14.3 billion. The Bank of Nova Scotia, which is incorporated and domiciled in Canada, is our parent company.

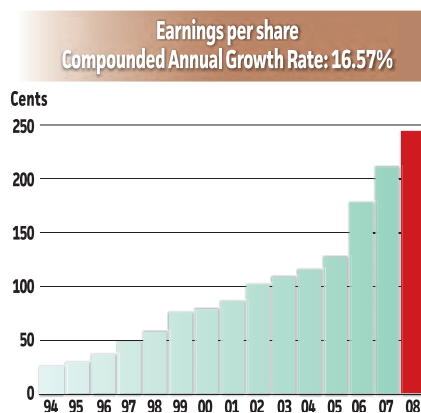
This discussion should be read in conjunction with our consolidated financial statements and accompanying notes provided in this annual report. All amounts referred to hereunder are stated in Trinidad & Tobago dollars.

Overall Performance

The Scotiabank Group delivered its sixteenth consecutive year of increased profitability. The Group recorded Profit after Tax of \$431.8 million, an impressive year over year growth of 16.4%.



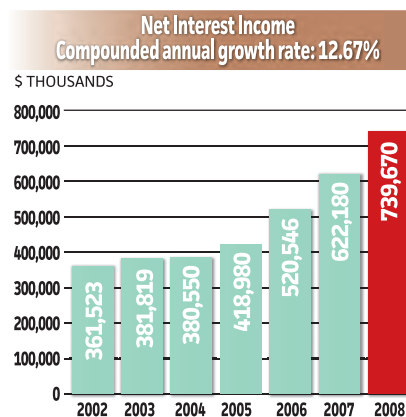
Earnings per share for the period was 244.9 cents compared to 210.4 cents for the prior period.



Return on equity for the period was 25.38%, whilst Return on assets measured 3.34%.

Net interest and other income

Net Interest Income grew by 18.89% year over year to \$740.0 million (2007: \$622.2 million). Such a note-worthy performance from the Group's core operations was



achieved in a highly competitive and challenging environment characterised by tightening liquidity as the Central Bank sought to curb inflation through the use of various monetary policy tools.

Growth in interest income was driven by the increase in the Loan Portfolio. In 2008

Net Loans to Customers increased by \$1.7 billion, an 18.71% year over year growth propelling interest income from loans to grow from \$808.6 million in 2007 to \$995.4 million in 2008, a 23.1% growth.

Other Income grew 19.0% to \$253.2 million (2007: \$212.8 million). Fees, commissions and net premium contributed 65.0% to other income, while foreign exchange earnings accounts for another 29%. Net premium income is derived from our wholly owned subsidiary Scotialife Trinidad & Tobago Limited.

Operating Expenses

Year over year operating expenses, excluding loan loss expenses, grew by \$58.6 million or 16.5%. The management of expenses and ensuring the Bank receives value for money continues to be the focus of the management team. The following are the major contributors to the increase.

Salaries and staff benefits were up \$17.5 million or 10.4%. This increase is as a result of the Group's continued recognition of its employees' contribution to its continued success by awarding performance based bonuses during the year, annual market level salary increases and increased employee training to better satisfy our customers' varied needs.

Premises and technology costs increased by \$4.1 million or 5.3% year over year as a consequence of the Group's efforts to ensure a safe and healthy environment for our customers and staff.

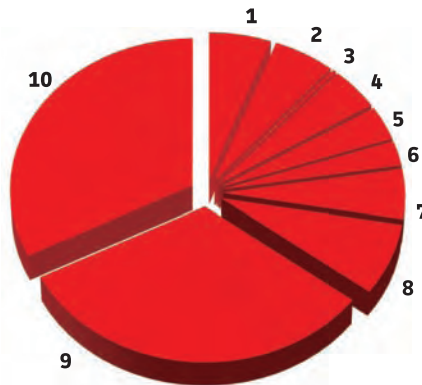
Other operating cost was the largest contributor to the year over year increase in Operating Expenses. This category increased by \$32.9 million or 43.56% due to several factors. The first being the out-sourcing of the Group's computing function, which provides the capacity for future expansion and expanded product offerings, and the second being increased customer loyalty rewards.

Management Discussion and Analysis

Loan Portfolio

Our largest asset, being Net Loans to customers of \$10.5 billion accounted for 73.1% of the Group's asset base of \$14.3 billion.

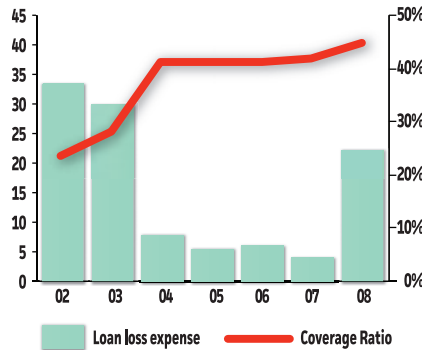
Group Concentration of Credit



1	Financial Services/Agriculture	6%
2	Communications/Transport	6%
3	Hospitality	0%
4	Distributive Trades	5%
5	Construction Engineering	4%
6	Manufacturing/Assembly	3%
7	Energy Petrochemical	5%
8	Business/Personal Services	8%
9	Consumer	31%
10	Mortgages	32%

Loan loss expense increased year over year as the Group continued to adhere to its prudent loan loss provisioning policies. Group loan loss charge for the year was \$22.1 million, whilst the coverage ratio improved to 45.0% (2007: 42.0%)

Superb Credit Quality



The Group continues to be conservative in its lending practices as demonstrated by the ratio of non-performing loans to total loans which represent 0.84% of the total portfolio. Total loan loss provisions stood at \$39.4 million and represent specific provisions against facilities for which the Group anticipates potential write-offs. The Group's provisioning policy complies with regulatory requirements, in addition to Scotiabank's policy of best practices as an international bank.

Provision for Taxation

Taxation expense for fiscal 2008 amounted to \$125.8 million an increase of 19.3% over the corresponding period one year ago.

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 Central Bank of Trinidad and Tobago sets the capital adequacy standard for Trinidad and Tobago banks. 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 16.18%.

Corporate Social Responsibility

Scotiabank Trinidad and Tobago Limited is committed to building customer satisfaction, focusing on employee engagement, supporting the communities we serve and tailoring our operational processes to minimize negative environmental effects.

We view our Corporate Social Responsibility as an opportunity to strengthen shareholder relationships, a fundamental part of the way we do business and an essential element of our success. Our Corporate Social Responsibility philosophy is to integrate environmental, social and governance practices in our business lines and to act with integrity in our day-to-day operations.

When we examine our operations from a Corporate Social Responsibility perspective, we focus on 5 main areas, namely:

- Corporate Governance
- Customer Satisfaction
- Employee Relations
- Community Involvement
- Environmental Considerations

Corporate Governance

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.

At fiscal year end, there were three committees operating out of the Board of Directors, which assist the Board in fulfilling its mandate and ensure that the Scotiabank Group is governed effectively.



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

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

Customer Satisfaction

At Scotiabank, we take pride in the quality of service we provide which in turn has shaped a very positive customer experience and further enhanced our reputation. We have recognized that we must continue to ensure a consistently excellent customer experience no matter where that interaction occurs - at the Teller wicket, on the phone, applying for credit, savings or investments. We are operating in a highly competitive environment and the principal way in which we can differentiate ourselves going forward is by the quality of service we provide.

Corporate Social Responsibility

A Customer Experience model was implemented in 2008 that focused on our core purpose which builds on the collective passion of Scotiabankers to enhance the financial lives of our customers. We also embarked on a journey in establishing a Sales and Service model for all Branches and Non-Branch centers including our External Sales Force and support centers. The long term, overarching objective of this initiative is to champion and encourage behavioral change around customer service among our Sales and Service staff.

One method used in anchoring this key strategy in the minds and hearts of all employees was the use of Root Map Learning. “Our Evolving World” Customer Experience Root Map implemented in June 2008 was the first of a series of deliverables on how our employees can play a significant role in enhancing the customer experience.

Service workshops were completed for Sales and Service personnel equipping them with the necessary dialogue skills to maximize the value of every customer interaction. Other initiatives implemented during the year comprised a Customer Care Package – a one stop service training resource and Scotia Applause – an on-line employee recognition program. Problem



resolution and complaints management continued to receive focus from all levels as there exists a strong call to action of delivering a consistently positive customer experience.

These comprehensive and synchronized strategies have improved our ability to help customers fulfill their needs as well as



Managers' Strategic Planning Session 2008.

created powerful customer experiences leading to mutually beneficial relationships with the bank.

Employee Relations

Training has always been a core strength at Scotiabank Trinidad and Tobago Limited. In the last fiscal, training programmes were expanded to include orientation, customer service, leadership, small business training and even Spanish classes. The Orientation Programme was enhanced to provide a more detailed and thorough experience to new staff within their probation period. Overall 25 workshops were held in 2008 with almost half of the employee population benefiting from one or more of these very exciting and rewarding sessions.

Additionally, the Bank implemented a Wellness Programme for staff, with a multi-pronged approach - educating staff on various topical issues, providing diagnostic medical services to staff such as blood pressure testing, vision testing,

blood glucose testing, cholesterol testing, health lectures and taking wellness to another level through programmes such as Defensive Driving.

To assist in the work-life balance of our employees, Scotiabank Trinidad and Tobago Limited has implemented a Flexible Working Arrangement Policy which allows persons to vary the times that they commence and end work where feasible. In some cases, accommodation is also made, where feasible, for persons to work off-site. The Bank also has an Employee Assistance Programme which we personalize as “Scotiicare” that provides free counseling services to staff members and their dependants.

In keeping with the Bank’s proactive approach, we remained committed to Occupational Safety and Health (OSH) compliance and creating a safe and healthy environment for all. Risk assessments have been actively done at all locations with favourable results. Everyone is in tune with the requirements

Corporate Social Responsibility

of OSH and this was illustrated in 100% of the locations assessed having improved their rating year over year. Our work in this area is indeed reaping rewards since at the National Safety Awards 2008, Scotiabank Trinidad and Tobago Limited was named as a Team Finalist – in the first award of its kind and the Bank's first entry. The nomination was based on the Bank's comprehensive and focused approach to adopting and implementing safety and health management systems and practices. Notably, Scotiabank Trinidad and Tobago Limited was the only financial institution to rank among the top finalists for this Award.

We remain on the cutting-edge in our approach to the work environment, having implemented a policy on HIV and AIDS to prevent discrimination of persons affected with the condition. The Bank has also committed to educating our staff on HIV/AIDS and the prevention of the disease. Furthermore, a Substance Abuse Policy was implemented which ensures that we provide a safe and substance free workplace for all our employees.

Scotiabank Trinidad and Tobago Limited has earmarked "Employer of Choice" as the label with which we want to be synonymous, and we have certainly done tremendous work to achieve that vision. The Bank engages in a range of proactive initiatives such as annual Town Hall Meetings at each location, ongoing HR visits to build rapport/communication, The Employees' Annual Meeting, the existence of the Staff Ombuds Office and Employee Action Teams. The management takes all employees' concerns seriously and addresses burning issues through the Chain of Communication.

Our emphasis on innovation was also highlighted in our re-launch of HR Passport – our employee website and resource for finding people, policies, news and personal data. As well, major upgrades were made to our International Learning Centre to support employee development and detailed career/learning path guidance and training.

Our View Point Survey provides our employees with the opportunity to provide feedback in a confidential manner. The Bank achieved a score of 85% in the Employee Satisfaction Index, which measures the level of our employees' satisfaction with their working environment. We take it beyond that and measure diversity as well, which translates into our management's ability to work equitably and impartially with employees from diverse backgrounds. In this regard, we achieved a Diversity Index of 87%.

Community Involvement

At Scotiabank, we work hard to impact positively on the communities in which we operate. The Bank not only makes financial donations to the disadvantaged in society, but our employees volunteer their time and energy to various non-governmental organizations, schools and clubs throughout Trinidad and Tobago. This dedication of personal time is what distinguishes us from others in the industry.



Our Scotiabank Trinidad and Tobago Foundation was established in February 2008 as a separate entity to oversee the disbursement of charitable donations on behalf of Scotiabank Trinidad and Tobago Limited. The Foundation is chaired by Gisele del V Marfleet, with other Directors including Ronald Chan, Gordon Cressy, Teresa Thompson Beard and Richard P. Young. The Foundation will focus its resources on four key areas, namely:

- **The Scotiabank Bright Future Program** – The Scotiabank Bright Future Program was established to unite all Scotiabank philanthropic efforts under one program. Its formation grants every Scotiabanker the ability to be more

strategic and focused in charitable efforts, ultimately making a bigger impact on the causes we wish to support — opportunities for helping children.

- **Scotiabank Women Against Breast Cancer Program** –

Established in 1999, this long-standing community involvement initiative takes a three pronged approach. The Bank undertakes mass media education campaigns and hosts public education seminars – the focus on which is to alert women of the need to practice breast self-awareness in order to allow for early detection of this illness. In addition, various fundraising events are undertaken on an annual basis, including our flagship Scotiabank Women Against Breast Cancer 5k Classic and the Ladies Golf Tournament. Finally, all funds raised are utilized in a transparent manner to fund our annual screening clinics in October and have been used to pay those hard-working doctors, nurses and clerks who so efficiently conduct our screening clinics in Health Centres and Specialist Clinics both in Trinidad and Tobago. For this exercise, the Bank obtains the permission of the Regional Health Authorities which arranges a schedule of screening at the different locations throughout the month.

- **Sport and Culture** –

As part of its commitment to support sport and culture in Trinidad and Tobago, Scotiabank Trinidad and Tobago Limited undertakes several funding drives on an annual basis. We sponsor several unsponsored steel orchestras as they prepare for the Carnival season, commit as a Gold sponsor of the Biennial Trinidad and Tobago Music Festival, provide sponsorship for the Annual Schools' Table Tennis Tournament, held in collaboration with the Trinidad and Tobago Table Tennis Association and host our Kiddy Cricket skills display at cricket matches held locally.

Corporate Social Responsibility

- **General Philanthropy** – Non-governmental organizations, schools and clubs approach the Bank on a daily basis with requests on behalf of the socially disadvantaged in our society. Scotiabank Trinidad and Tobago Limited is committed to doing its part to alleviate social disparity in our society and works closely with registered non-governmental organizations, schools and clubs to assist where necessary.



Environmental Considerations

Environmental risk refers to the possibility that environmental concerns involving the Scotiabank Group or its customers could affect the Bank's financial performance. The environmental policy guides our day-to-day operations, lending practices, supplier agreements and the management of our real estate holdings. It is supplemented by specific policies and practices relating to individual business lines. Environmental risks associated with the business operations of each borrower and any real property offered as security are considered in the Bank's credit evaluation procedures. Credit Risk Management has primary responsibility for establishing the related policies, processes and standards associated with

mitigating environmental risk in the Bank's lending activities.

Recently, the Bank's environmental risk practices in the area of project finance were further enhanced with the adoption of the revised Equator Principles. These are environmental and social guidelines for project finance transactions with a capital cost of US\$10 million or higher, based on the policies of the International Finance Corporation, the private sector arm of the World Bank. The Equator Principles provide safeguards for sensitive projects to ensure protection of natural habitats and the rights of indigenous peoples, as well as safeguards against child and forced labor. The revised principles have been integrated into the Bank's internal policies and procedures. Environmental concerns also play a prominent role in shaping our real estate practices.

Furthermore, as purchasers of products and services, we believe that it is our responsibility to incorporate environmental considerations into our purchasing and subsequent usage processes. Some examples include:

ENERGY CONSERVATION:

Machinery & Equipment

The major supplier of photocopying machines to our branches and departments pays particular attention to the environmental impact of their products. All of these carry the Energy Star symbol, which identifies items that are among the most energy-efficient on the market.

Air Conditioning Systems

Through our contract with a Facility Management team, we ensure that our air conditioning units are serviced on a quarterly basis with ducts cleaned at least once per annum. The ongoing maintenance of these units coupled with the use of thermostats assist with energy conservation.

PROCUREMENT:

Machinery & Equipment

Our supplier of photocopying machines is not only mindful of energy consumption, but also of the materials used for production of the machines. All of the machines we purchase are made from 100% recycled material, and used machines are shipped abroad by the supplier to be recycled.

Janitorial Services

Our contracted service providers use environmentally friendly cleaning products, which are 90% water based. Other ingredients are consistent with the best standards in the industry, which ensure that the ingredients are not harmful to the environment.

Furniture

A major contractor in the industry supplies all of our office furniture. Their products are specifically designed with the environment in mind. Chairs that we purchase are 95%-100% recyclable, with up to 22% recycled content. Panels and other furnishings are 75% recyclable, and contain 32% recycled material. Other materials used, such as powder-coated paints and water based adhesives, are also environmentally friendly.

We continue to review our Corporate Social Responsibility criteria and include this in our standard supplier "Request For Proposal" documents. Additionally, we may also request applicants to describe their Corporate Social Responsibility and environmental management systems, policies and practices or provide us with their accreditations, disposal and recycling methods and their programs to deliver energy efficient products and services.

We make it clear that adherence to our Corporate Social Responsibility principles is a significant factor in the Bank's supplier sourcing process.

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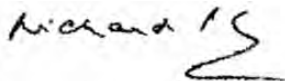
MANAGEMENT'S REPORT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING

The management of Scotiabank Trinidad and Tobago Limited and its subsidiaries (Scotiabank) is responsible for the integrity and fair presentation of the financial information presented in this Annual Report. The purpose of internal control over financial information is to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards.

Responsibility for the integrity and objectivity of financial information is reflected in the design, implementation and evaluation of adequate internal controls over financial reporting. Scotiabank maintains an effective internal control structure. It consists, in part, of an organizational structure with clearly defined lines of responsibility and delegation of authority, and comprehensive systems and control procedures. An important element of the control environment is an ongoing internal audit programme. Our system also contains self-monitoring mechanisms, and actions are taken to correct deficiencies as they are identified. Scotiabank believes that it is essential for the company to conduct its business affairs in accordance with the highest ethical standards, as set forth in Scotiabank's Business Conduct Guidelines.

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

As at October 31, 2008 Scotiabank's internal control mechanisms have been evaluated by management and found to be effective. KPMG, an independent registered public accounting firm, issued an unqualified audit opinion and reported no significant or material weaknesses in internal control in their management letter.



Richard P. Young
Managing Director



Adrian Lezama
Assistant General Manager, Finance

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INDEPENDENT AUDITORS' REPORT

to the Shareholders of Scotiabank Trinidad and Tobago Limited

Report on the Consolidated Financial Statements

We have audited the consolidated financial statements of Scotiabank Trinidad and Tobago Limited and its subsidiaries (the Group), set out on pages 19 to 58 which comprise the consolidated balance sheet as at October 31, 2008, and the consolidated statements of income, changes in equity and cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and consistently applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at October 31, 2008, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.



Chartered Accountants

November 26, 2008
Port of Spain
Trinidad, W.I.

2008 Annual Report

CONSOLIDATED BALANCE SHEET

Scotiabank Trinidad And Tobago Limited

October 31, 2008 (\$ thousands)	Notes	2008	2007
ASSETS			
Cash on hand and in transit		\$ 86,888	100,092
Due from banks and related companies	4	938,228	339,658
Treasury bills		279,539	105,096
Deposits with Central Bank	5	1,554,206	1,355,154
Net loans to customers	6	10,476,303	8,825,206
Investment securities	7	606,421	459,927
Investment in associate companies		9,684	7,924
Assets purchased under resale agreements		13,876	-
Goodwill		2,496	-
Property, plant and equipment	8	209,741	202,087
Miscellaneous assets		41,283	49,767
Retirement benefit asset	9	110,682	110,294
Total Assets		\$ 14,329,347	11,555,205
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Deposits	10	\$ 9,671,628	8,435,711
Due to banks and related companies	11	1,158,308	874,134
Other liabilities		90,125	87,176
Securities sold under repurchase agreement	12	167,979	78,546
Provision for taxation		42,420	35,565
Policyholders' funds	13	273,329	186,561
Debt security in issue	14	1,000,000	200,000
Retirement benefit obligations	9	74,551	66,152
Deferred tax liability	15	18,519	21,322
Total Liabilities		12,496,859	9,985,167
SHAREHOLDERS' EQUITY			
Stated capital	16	267,563	267,563
Statutory reserve fund	17	297,563	297,563
Investment revaluation reserve		(3,478)	3,680
Retained earnings		1,270,840	1,001,232
Total Shareholders' Equity		1,832,488	1,570,038
Total Liabilities and Shareholders' Equity		\$ 14,329,347	11,555,205

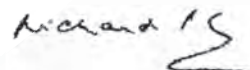
These financial statements have been approved for issue by the Board of Directors on November 26, 2008 and signed on its behalf:



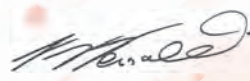
Robert H. Pitfield, Chairman



Trevor Farrell, Director



Richard P. Young, Managing Director



Craig Reynald, Director

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CONSOLIDATED STATEMENT OF INCOME

Scotiabank Trinidad And Tobago Limited

October 31, 2008 (\$ thousands)	Notes		2008	2007
NET INTEREST AND OTHER INCOME				
Total interest income	19	\$	1,110,497	901,298
Total interest expense	20		370,827	279,118
Net interest income			739,670	622,180
Other income	21		253,217	212,770
Net interest and other income			992,887	834,950
NON-INTEREST EXPENSES				
Salaries and staff benefits			186,281	168,750
Premises and technology			82,771	78,624
Communication and marketing			35,738	31,664
Loan loss expense	6		22,135	3,957
Other	22		108,352	75,477
Total non-interest expenses			435,277	358,472
Income before taxation			557,610	476,478
INCOME TAX EXPENSE	23		125,767	105,406
NET INCOME FOR THE YEAR		\$	431,843	371,072
Earnings per share	24		244.9¢	210.4¢

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CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Scotiabank Trinidad And Tobago Limited

October 31, 2008 (\$ thousands)	Notes	Stated Capital	Statutory Reserve	Investment Revaluation Reserve	Retained Earnings	Total Shareholders' Equity
Balance as at October 31, 2006	\$	267,563	272,778	4,619	808,364	1,353,324
Revaluation of available-for-sale investments		-	-	(939)	-	(939)
Net income for the year		-	-	-	371,072	371,072
Transfer to statutory reserve	17	-	24,785	-	(24,785)	-
Dividends paid	18	-	-	-	(153,419)	(153,419)
Balance as at October 31, 2007		267,563	297,563	3,680	1,001,232	1,570,038
Revaluation of available-for-sale investments		-	-	(7,092)	-	(7,092)
Gains transferred to net profit, net of tax		-	-	(66)	-	(66)
Net income for the year		-	-	-	431,843	431,843
Dividends paid	18	-	-	-	(162,235)	(162,235)
Balance as at October 31, 2008	\$	267,563	297,563	(3,478)	1,270,840	1,832,488

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CASH FLOWS FROM OPERATING ACTIVITIES

Scotiabank Trinidad And Tobago Limited

October 31, 2008 (\$ thousands)

2008

2007

CASH FLOWS FROM OPERATING ACTIVITIES

Income before taxation	\$	557,610	476,478
Adjustments to reconcile income before taxation to net cash from operating activities:			
Interest income		(1,110,497)	(901,298)
Interest expense		370,827	279,118
Depreciation and amortisation		14,763	13,730
Share of profit of associated company		(1,760)	(2,225)
(Gain) loss on disposal of property, plant and equipment		(595)	1,940
Net increase in deposits with Central Bank		(199,052)	(393,036)
Net increase in retirement benefit obligations		8,828	9,969
Increase in policyholders' funds		86,768	62,529
Net increase in loan loss provision		9,991	1,172
Net increase in loans		(1,644,834)	(1,822,893)
Decrease (increase) in miscellaneous assets		8,484	(10,736)
Increase in deposits		1,219,411	1,641,509
Increase in amounts due to banks and related companies		284,174	381,235
Increase in assets sold under repurchase agreement		89,433	271
Increase in assets purchased under resale agreement		(13,876)	-
Increase in other liabilities		2,949	21,513
Interest received		1,094,243	880,373
Interest paid		(354,321)	(257,447)
Medical and life contributions paid		(817)	(413)
Taxation paid		(120,403)	(95,510)
Net cash from operating activities		301,326	286,279
CASH FLOWS FROM INVESTING ACTIVITIES			
Net (increase) decrease in investments		(154,964)	82,193
Investment in subsidiary		(2,496)	-
Purchase of property, plant and equipment		(23,158)	(33,070)
Proceeds from disposal of property, plant and equipment		1,336	1,199
Net cash (used in) from investing activities		(179,282)	50,322
CASH FLOWS FROM FINANCING ACTIVITIES			
Debt security in issue		800,000	-
Dividends paid		(162,235)	(153,419)
Net cash from (used in) financing activities	\$	637,765	(153,419)
Increase in cash and cash equivalents	\$	759,809	183,182
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		544,846	361,664
CASH AND CASH EQUIVALENTS, END OF YEAR	\$	1,304,655	544,846
CASH AND CASH EQUIVALENTS REPRESENTED BY			
Cash on hand and in transit	\$	86,888	100,092
Due from banks and related companies		938,228	339,658
Treasury Bills		279,539	105,096
Cash and cash equivalents	\$	1,304,655	544,846

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS October 31, 2008

Scotiabank Trinidad And Tobago Limited

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.

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

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

Name of Companies	Country of Incorporation	Percentage of Equity Capital Held
Subsidiaries		
Scotiabank Trinidad and Tobago Limited	Republic of Trinidad and Tobago	100%
Scotiabank Trinidad and Tobago Limited	Republic of Trinidad and Tobago	100%
Scotiabank Trinidad and Tobago (Investments) Limited	Federation of St. Christopher & Nevis	100%
Dehring Bunting and Golding Trinidad Limited	Republic of Trinidad and Tobago	100%
Associated companies		
InfoLink Services Limited	Republic of Trinidad and Tobago	25%
Trinidad & Tobago Interbank Payment Systems Limited	Republic of Trinidad and Tobago	14%

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

Scotiabank Trinidad and Tobago (Investments) Limited was incorporated under the Companies Act, 1996 of the Federation of St. Christopher and Nevis. Its principal activity is the purchase and holding of investments.

Dehring Bunting and Golding Trinidad Limited was acquired in 2008 by Scotiabank and Merchant Bank Trinidad and Tobago Limited (see Note 30). Its principal activity is the provision of investment brokerage services to investors on the local market such as equity and bond trading.

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

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

2. Significant Accounting Policies

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

(a) Basis of preparation

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

The financial statements are prepared on the historical cost basis modified for the inclusion of investments at fair value through profit and loss, revaluation of 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 its subsidiary companies. All inter-group transactions and balances have been eliminated. The investments in the associated companies are accounted for by the equity method whereby their results are included in that of Scotiabank and added to the carrying value of the respective investments.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS October 31, 2008

Scotiabank Trinidad And Tobago Limited

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

2. Significant Accounting Policies (continued)

(c) Revenue recognition

Interest income

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

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

Fees and commissions

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

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

Premium income

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

(d) Foreign currency

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

(e) Financial assets and liabilities

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

(i) Recognition

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

(ii) Derecognition

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

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

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS October 31, 2008

Scotiabank Trinidad And Tobago Limited

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

2. Significant Accounting Policies (continued)

(e) Financial assets and liabilities (continued)

(iii) Classification

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

Financial assets at fair value through the statement of revenue and expenses

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

Loans and receivables

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

Held-to-maturity

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

Available-for-sale

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

(iv) Measurement

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

Subsequent to initial recognition all financial assets at fair value through profit 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.

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.

(f) Cash and cash equivalents

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

(g) Investment securities

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

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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS October 31, 2008

Scotiabank Trinidad And Tobago Limited

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

2. Significant Accounting Policies (continued)

(h) Loans

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

A loan is classified as non-accrual when principal or interest is past due or when, in the opinion of management, there is reasonable doubt as to the ultimate 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.

(i) 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(t)).

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour and any other cost directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to the functionality of the

related equipment is capitalised as part of that equipment. The Group has not incurred any significant expenditure on software that is not an integral part of related hardware as classified under property, plant and equipment.

ii) Subsequent Cost

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

iii) Depreciation

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

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

(j) Leases

i) Operating leases

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

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

ii) Finance leases

Leases which transfer substantially all the risks and rewards 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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS October 31, 2008

Scotiabank Trinidad And Tobago Limited

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

2. Significant Accounting Policies (continued)

(k) Taxation

Income tax expense comprises current tax and the change in deferred tax. Current tax comprises tax payable calculated on the basis of the expected taxable income for the year, using the tax rate enacted by the 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.

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

(l) Policyholders' funds

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

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

(m) Employee benefits

(i) Short-term

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

such as pensions; and other long-term employee benefits such as termination benefits.

Employee benefits that are earned as a result of past or current service are recognised in the following manner: short-term employee benefits are recognised as a liability, net of payments made, and charged as 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, 2006. The results of that valuation were projected to October 31, 2008 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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS October 31, 2008

Scotiabank Trinidad And Tobago Limited

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

2. Significant Accounting Policies (continued)

(n) Acceptances, guarantees and letters of credit

Scotiabank's commitments under acceptances, guarantees and letters of credit have been excluded from these financial statements because they do not meet the criteria for recognition. These commitments as at October 31, 2008 totalled \$1,311,929,245 (2007 - \$917,049,383). In the event of a call on these commitments, Scotiabank has equal and offsetting claims against its customers.

(o) Assets under administration

Assets that are not beneficially owned by the Group, but are under its administration, have been excluded from these financial statements. Assets under administration as at October 31, 2008 totaled \$508,397,756 (2007 - \$486,494,339).

(p) 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.

(q) 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.

(r) 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.

(s) Deposit liabilities

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

(t) Impairment

The carrying amounts of the Group's assets, other than deferred tax assets (see note 2(k)) 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.

(u) Insurance and investment contracts – classification

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

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

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

(v) Goodwill

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS October 31, 2008

Scotiabank Trinidad And Tobago Limited

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

2. Significant Accounting Policies (continued)

(w) Amendments to published standards effective in 2008

IFRS 7, Financial Instruments: Disclosures, and a complementary Amendment to IAS 1, Presentation of Financial Statements – Capital Disclosures (effective for annual periods beginning on or after 1 January 2007). IFRS 7 introduces new disclosures relating to financial instruments. It requires the disclosure of qualitative and quantitative minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk. It replaces IAS 30, Disclosures in IAS 32, Financial Instruments: Disclosures and Presentation. The adoption of this standard did not have any impact on the classification and valuation of the Company's financial instruments. The amendment to IAS 1 introduces disclosures about the level of an entity's capital and how it manages capital.

(x) 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, 2008, and have not been applied in preparing these consolidated financial statements and are as follows:

IFRS 2	Share-based Payment — Amendment relating to vesting conditions and cancellations	January 1, 2009
IAS 1	Presentation of non-consolidated financial statements — Amendments resulting from May 2008 Annual Improvements to IFRSs	January 1, 2009
IAS 16	Property, Plant and Equipment — Amendments resulting from May 2008 Annual Improvements to IFRSs	January 1, 2009
IAS 19	Employee Benefits — Amendments resulting from May 2008 Annual Improvements to IFRSs	January 1, 2009
IAS 23	Borrowing Costs — Amendments resulting from May 2008 Annual Improvements to IFRSs	January 1, 2009
IAS 27	Consolidated and Separate Financial Statements — Amendments resulting from May 2008 Annual Improvements to IFRSs	January 1, 2009
IAS 28	Investments in Associates — Consequential amendments arising from amendments to IFRS 3	July 1, 2009
IAS 28	Investments in Associates — Amendments resulting from May 2008 Annual Improvements to IFRSs	January 1, 2009
IAS 36	Impairment of Assets — Amendments resulting from May 2008 Annual Improvements to IFRSs	January 1, 2009
IAS 39	Financial Instruments: Recognition and Measurement — Amendments resulting from May 2008 Annual Improvements to IFRSs	January 1, 2009
IAS 39	Financial Instruments: Recognition and Measurement — Amendments for eligible hedged items	July 1, 2009
IAS 40	Investment Property — Amendments resulting from May 2008 Annual Improvements to IFRSs	January 1, 2009
IFRIC 14	The limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction	January 1, 2008

The adoption of these standards and interpretations are not expected to have a material impact on the non-consolidated financial statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS October 31, 2008

Scotiabank Trinidad And Tobago Limited

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

2. Significant Accounting Policies (continued)

(y) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographic segment), which is subject to risk and rewards that are different from those of other segments. The Group's primary format for segment reporting is based on business segments. Geographical segments as the secondary reporting format is not applicable due to the Group's activities being concentrated within the geographic confines of Trinidad and Tobago.

(z) Comparative Information

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

3. Use of Accounting Estimates and Judgments

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

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

(a) Allowances for credit losses

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

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

recoverable are independently approved by the Credit Risk function.

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

(b) Determining fair values

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

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(e)(iii).

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS October 31, 2008 (\$ thousands)

Scotiabank Trinidad And Tobago Limited

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

		2008	2007
4. Due from Banks and Related Companies			
Due from related companies	\$	419,162	102,023
Due from other banks		360,016	237,635
Cheques and other instruments in the course of clearing		159,050	-
	\$	938,228	339,658

5. Deposits with Central Bank

In accordance with the Financial Institutions Act, 1993, Scotiabank and Scotiatrust are required to hold and maintain, as a non-interest bearing deposit with the Central Bank of Trinidad and Tobago, a cash reserve balance equivalent to 15% 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 and a non-tradable five year Special T-Note.

		2008	2007
Primary reserve	\$	976,070	820,965
Secondary reserve		155,756	136,889
Other reserves		422,380	397,300
	\$	1,554,206	1,355,154

6. Net Loans to Customers

6.1 Principal neither past due nor impaired	\$	9,272,399	7,771,379
Principal which is past due but not impaired		1,070,277	944,029
Principal which is impaired		87,916	70,351
Gross loans		10,430,592	8,785,759
Loan loss provision		(39,419)	(29,428)
Total loans net of provision		10,391,173	8,756,331
Interest receivable		85,130	68,875
	\$	10,476,303	8,825,206

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS October 31, 2008 (\$ thousands)

Scotiabank Trinidad And Tobago Limited

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

6. Net Loans to Customers (continued)

6.2 Financial assets past due but not impaired

		2008			
		Less than 30 days	30 - 60 days	61 - 90 days	Total
Loans and advances to customers					
Commercial loans	\$	235,952	30,421	6,839	273,212
Retail loans		497,019	240,216	59,830	797,065
	\$	<u>732,971</u>	<u>270,637</u>	<u>66,669</u>	<u>1,070,277</u>
		2007			
		Less than 30 days	30 - 60 days	61 - 90 days	Total
Loans and advances to customers					
Commercial loans	\$	188,624	119,529	5,307	313,460
Retail loans		510,954	96,146	23,469	630,569
	\$	<u>699,578</u>	<u>215,675</u>	<u>28,776</u>	<u>944,029</u>

6.3 Financial assets whose terms have been renegotiated

		2008	2007
Loans and advances	\$	<u>1,745</u>	3,576

6.4 Concentration of credit

Consumer	\$	3,334,606	2,581,950
Mortgages - residential		2,722,305	2,680,002
Manufacturing and assembly		275,931	249,978
Mortgages - commercial		661,208	669,746
Business and personal services		786,366	519,212
Distributive trades		469,679	446,623
Energy and petrochemical		554,426	264,634
Communication and transport		585,334	507,327
Construction and engineering		381,424	285,234
Hospitality industry		34,777	39,826
Financial services		577,408	503,958
Agriculture		7,709	7,841
	\$	<u>10,391,173</u>	<u>8,756,331</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS October 31, 2008 (\$ thousands)

Scotiabank Trinidad And Tobago Limited

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

6. Net Loans to Customers (continued)

		2008	2007
6.5 Analysis of movement of loan loss provision			
Provision, beginning of year	\$	29,428	28,256
Provision for the year		37,670	18,254
Reversal of provision no longer required		(6,809)	(5,146)
Loan loss charge for the year		30,861	13,108
Write-offs		(20,870)	(11,936)
Net increase in loan loss provision for the year		9,991	1,172
Provision, end of year	\$	39,419	29,428
6.6 Loan loss expense			
Loan loss charge for the year	\$	30,861	13,108
Recoveries		(8,726)	(9,151)
	\$	22,135	3,957
7. Investment Securities			
Securities available-for-sale			
- Equity securities		8,631	1,590
- Government debt securities		368,939	292,338
- Corporate debt securities		37,695	35,156
	\$	415,265	329,084
Securities at fair value through profit and loss			
- Equity securities		1,716	1,754
- Government debt securities		14,429	8,611
- Corporate debt securities		4,431	4,795
	\$	20,576	15,160
Securities held-to-maturity (Note 27)			
- Government debt securities		136,026	103,669
- Corporate debt securities		34,554	12,014
	\$	170,580	115,683
Total investment securities	\$	606,421	459,927
Pledged securities (Note 12)	\$	167,979	78,546
Provision for impairment loss	\$	-	-

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS October 31, 2008 (\$ thousands)

Scotiabank Trinidad And Tobago Limited

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

8. Property, Plant and Equipment

		Land	Buildings	Leasehold Improvements	Equipment & Furniture	Construction in progress	2008 Total	2007 Total
Cost								
At beginning of year	\$	19,200	99,311	38,263	151,243	16,795	324,812	302,194
Additions		-	2,245	5,018	11,656	4,239	23,158	33,070
Transfers		-	-	-	4,255	(4,255)	-	-
Disposals		-	-	-	(1,811)	-	(1,811)	(10,452)
At end of year		19,200	101,556	43,281	165,343	16,779	346,159	324,812
Accumulated depreciation and amortisation								
At beginning of year		-	31,120	12,437	79,168	-	122,725	116,308
Charge for year		-	1,715	839	12,209	-	14,763	13,730
Disposals		-	-	-	(1,070)	-	(1,070)	(7,313)
At end of year		-	32,835	13,276	90,307	-	136,418	122,725
Net book value	\$	19,200	68,721	30,005	75,036	16,779	209,741	202,087

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	
		2008	2007	2008	2007
Defined funded obligations	\$	(370,541)	(336,776)	(64,483)	(63,696)
Fair value of plan assets		477,865	450,038	-	-
		107,324	113,262	(64,483)	(63,696)
Unrecognised actuarial gain (loss)		3,358	(2,968)	(5,157)	(2,456)
Unrecognised past service cost		-	-	(4,911)	-
Net asset (liability)	\$	110,682	110,294	(74,551)	(66,152)

9.2 Reconciliation of change in Defined Benefit Obligation

		Defined Benefit Pension Fund		Post Retirement Medical and Life Benefits	
		2008	2007	2008	2007
Defined benefit obligation at beginning of year	\$	(336,776)	(322,093)	(63,696)	(63,532)
Current service cost		(15,068)	(14,065)	(3,913)	(3,194)
Interest cost		(29,057)	(27,848)	(5,472)	(5,541)
Benefits improvement		-	-	5,080	-
Actuarial loss		297	18,972	2,701	8,158
Benefits paid		9,587	7,814	817	413
Expenses paid		476	444	-	-
Defined benefit obligation at end of year	\$	(370,541)	(336,776)	(64,483)	(63,696)

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Scotiabank Trinidad And Tobago Limited

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

9. Retirement Benefit Assets (Obligations) (continued)

9.3 Reconciliation of the fair value of plan assets:

		Defined Benefit Pension Fund	
		2008	2007
Plan assets at beginning of year	\$	450,038	410,823
Expected return on plan assets		44,513	40,679
Actuarial (loss) gain		(6,623)	6,794
Benefits paid		(9,587)	(7,814)
Expenses paid		(476)	(444)
Plan assets at end of year	\$	477,865	450,038

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

9.4 The actual return on plan assets is as follows

		Defined Benefit Pension Fund	
		2008	2007
Expected return on plan assets	\$	44,513	40,679
Actuarial (loss) gain on plan assets		(6,623)	6,794
Actual return on plan assets	\$	37,890	47,473

9.5 The movement in the asset and liability recognised in the balance sheet as at October 31 comprised

		Defined Benefit Pension Fund		Post Retirement Medical and Life Benefits	
		2008	2007	2008	2007
Opening defined benefit asset	\$	110,294	111,528	(66,152)	(57,830)
Net pension costs		388	(1,234)	(9,216)	(8,735)
Medical and life contributions paid		-	-	817	413
Closing defined benefit asset (liability)	\$	110,682	110,294	(74,551)	(66,152)

9.6 The amount recognised in the statement of income comprised

		Defined Benefit Pension Fund		Post Retirement Medical and Life Benefits	
		2008	2007	2008	2007
Current service cost	\$	(15,068)	(14,065)	(3,913)	(3,194)
Interest cost on benefit obligation		(29,057)	(27,848)	(5,472)	(5,541)
Expected return on plan assets		44,513	40,679	-	-
Past service cost		-	-	169	-
Net pension cost	\$	388	(1,234)	(9,216)	(8,735)

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9. Retirement Benefit Assets (Obligations) (continued)

9.7 Experience History

		Defined Benefit Pension Fund	
		2008	2007
Defined benefit obligation	\$	(370,541)	(336,776)
Fair value of Plan assets		477,865	450,038
Surplus	\$	107,324	113,262
Experience adjustment on plan assets	\$	(6,623)	6,794
Experience adjustment on plan liabilities	\$	(297)	(18,972)

9.8 Experience History

		Post Retirement Medical and Life Benefits	
		2008	2007
Defined benefit obligation	\$	(64,483)	(63,696)
Fair value of Plan assets		-	-
Deficit	\$	(64,483)	(63,696)
Experience adjustment on plan assets	\$	-	-
Experience adjustment on plan liabilities	\$	2,701	8,158

9.9 Asset Allocation:

		Defined Benefit Pension Fund	
		2008	2007
Equity securities		32.2%	39.0%
Debt securities		52.1%	50.1%
Property		4.7%	3.1%
Other		11.0%	7.8%
Total		100.0%	100.0%

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

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

		2008	2007
Fair value of properties occupied by the Group	\$	22,300	13,900
Fair value of parent equities held by the Plan	\$	44,980	36,709

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9. Retirement Benefit Assets (Obligations) (continued)

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

	Increase	Decrease
Effect on aggregate current service cost and interest cost	\$ 2,220	(1,721)
Effect on defined benefit obligation	\$ 14,999	(11,515)

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

	2008	2007
	% pa	% pa
Discount rate:		
- Active members and deferred pensioners	8.75	8.75
- Current pensioners	8.75	8.75
Expected return on plan assets	10.00	10.00
Future salary increases	6.50	8.00
Future pension increases	0.00	0.00
Medical expenses increases	7.00	7.00

10. Deposits

	2008	2007
10.1 Deposit balances	\$ 9,606,579	8,387,168
Interest payable	65,049	48,543
	\$ 9,671,628	8,435,711

10.2 Concentration of liabilities

Personal	\$ 6,022,092	5,103,599
Commercial	2,511,294	2,232,291
Financial institutions	1,073,193	1,051,278
	\$ 9,606,579	8,387,168

11. Due to Banks and Related Companies

Due to related companies	\$ 868,541	817,870
Due to banks	289,296	55,047
Cheques and other instruments in the course of clearing	471	1,217
	\$ 1,158,308	874,134

12. Securities Sold Under Repurchase Agreements

Debt securities are pledged as collateral under repurchase agreements with other financial institutions. As of October 31, 2008 these pledged assets totaled \$167,979 (2007 - \$78,546).

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13. Policyholders' Funds

	2008	2007
Ordinary life – Non-participating policies	\$ 217,955	164,523
Individual annuities – Non-tax exempt	36,827	10,445
Individual annuities – Tax exempt	10,369	6,246
Group life – Creditor life	6,717	4,758
Other policy liabilities	1,461	589
	<u>\$ 273,329</u>	<u>186,561</u>

The movement in Provision for Future Policy Benefits is as follows

Balance at beginning of year	\$ 186,561	123,698
Increase in reserves	85,307	62,274
Increase in other policy liabilities	1,461	589
Balance at end of year	<u>\$ 273,329</u>	<u>186,561</u>

14. Debt Security in Issue

The Group has in issue the following bonds:

A \$200 million bond which was issued in August 2005. 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.

An \$800 million bond consisting of Series A - \$500 million and Series B - \$300 million which were both issued in August 2008 and carries an average fixed rate of 8.41% per annum. Interest is payable semi-annually in arrears. Series A has a tenor of five and one half years and will be repaid in a bullet payment at maturity. Series B however, will be repaid in three equal semi-annual installments commencing August 2014.

15. Deferred Taxation

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

Deferred tax liability

Retirement benefit asset	\$ 27,671	27,574
Property, plant and equipment	11,660	12,601
Miscellaneous assets	2,986	1,533
	<u>42,317</u>	<u>41,708</u>

Deferred tax asset

Retirement benefit obligations	(19,638)	(17,538)
Available-for-sale securities	(4,160)	(2,848)

Net deferred tax liability

	<u>\$ 18,519</u>	<u>21,322</u>
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15.2 The movement in the deferred tax account comprised:

Balance at beginning of year	\$ 21,322	24,232
Available-for-sale securities fair value re-measurement	(1,312)	(797)
Current year's deferred tax charge	(1,491)	(2,113)
Balance at end of year	<u>\$ 18,519</u>	<u>21,322</u>

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16. Stated Capital

	2008	2007
Authorised		
Authorised capital consists of an unlimited number of ordinary shares.		
Issued and fully paid		
176,343,750 ordinary shares of no par value	\$ 267,563	267,563

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:

	2008			2007
	Scotiabank	Scotiastart	Total	Total
Balance, beginning of year	\$ 267,563	30,000	297,563	272,778
Add amount transferred	-	-	-	24,785
Balance, end of year	\$ 267,563	30,000	297,563	297,563

18. Dividends

18.1 Subsequent to October 31, 2008, the Board of Directors, in a meeting on November 26, 2008, has resolved that the Bank pay a fourth interim dividend of \$0.25 per share, bringing the total dividends in respect of the current year to \$0.96 per share (2007 - \$0.84 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, 2009.

18.2 Dividends paid and proposed are analysed as follows:

	2008		2007	
	¢ per share	\$	¢ per share	\$
Dividends paid				
First interim dividend	23	40,558	21	37,032
Second interim dividend	23	40,558	21	37,032
Third interim dividend	25	44,086	21	37,031
	71	125,202	63	111,095
Dividends proposed				
Fourth interim dividend	25	44,086	21	37,033
Total dividends paid and proposed	96	169,288	84	148,128

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

Total dividends paid and proposed	96	169,288	84	148,128
Less: dividends proposed	(25)	(44,086)	(21)	(37,033)
Add: dividends paid during the year in respect of prior year	21	37,033	24	42,324
Dividends paid during the year	92	162,235	87	153,419

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	2008	2007
19. Total Interest Income		
Deposits with Central Bank	\$ 32,005	24,400
Loans and receivables	1,017,762	832,298
Investment securities	58,970	42,265
Other interest income	1,760	2,335
	\$ 1,110,497	901,298

20. Total Interest Expense		
Customer deposits	\$ 279,321	196,859
Due to banks	4,347	6,167
Securities sold under repurchase agreement	12,008	6,053
Debt security in issue	27,296	12,620
Other interest expense	47,855	57,419
	\$ 370,827	279,118

21. Other Income		
Fees, commission and net premium income	\$ 163,588	131,421
Available-for-sale investment securities	9,385	18,411
Securities at fair value through the statement of income	50	169
Trustee and other fiduciary fees	5,530	6,153
Foreign exchange earnings	73,805	54,259
Other operating income	859	2,357
	\$ 253,217	212,770

Net premium income comprises premium income of \$132,770 (2007: \$93,682) less related expenses of \$111,342 (2007: \$78,516).

22. Other Expenses		
Deposit insurance premium	\$ 13,089	10,255
Directors' fees	897	730
Other operating expenses	94,366	64,492
	\$ 108,352	75,477

23. Taxation		
23.1 Provision for taxation		
Current tax provision	\$ 125,796	106,378
Deferred tax provision	(1,491)	(2,113)
Green fund levy	1,462	1,141
	\$ 125,767	105,406

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23. Taxation (continued)

	2008	2007
23.2 Taxation reconciliation		
The following is a reconciliation of the application of the effective tax rate with the provision for taxation:		
Income before taxation	\$ 557,610	476,478
Computed tax using the prima facie tax calculated at a rate of 25%	\$ 139,403	119,120
Tax effect of items that are adjusted in determining taxable profit:		
Effect of different tax rate of life insurance companies	(3,976)	(2,823)
Effect of different tax rates in other countries	(4,851)	(3,090)
Tax effect of non-deductible costs and non-taxable income	(6,992)	(9,454)
Green fund levy	1,462	1,141
Other	721	512
Current tax provision	\$ 125,767	105,406

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.

24. Earnings Per Share

The calculation of basic earnings per share is based on:

- Net income for the year attributable to ordinary shareholders of \$431,843 (2007 - \$371,072).
- Weighted average number of ordinary shares outstanding during the year was 176,343,750 shares (2007 - 176,343,750 shares).

25. 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, 2008, there were certain legal proceedings against the Group. Based upon legal advice, the Directors do not expect the outcome of those actions to have a material effect on the Group's financial position.

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

	2008	2007
Rental due within one year	\$ 16,303	8,712
Rental due between one and five years	25,031	14,395
Rental due after five years	1,435	1,132
	\$ 42,769	24,239

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26. Financial Risk Management

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

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

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

Risk management framework

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

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

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

26.1 Credit Risk Management

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

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

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

The Group's credit processes include:

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

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

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

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26. Financial Risk Management (continued)

26.1 Credit Risk Management (continued)

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

A 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 that they represent a potential larger loss exposure to the Group. The centralized collections unit is also responsible for the monitoring and trending of delinquency by branch, business lines and any other parameters deemed appropriate. Adverse trends, when identified, are analysed and the appropriate corrective action implemented. Maximum delinquency targets are set for each major product line and the collections unit works towards ensuring delinquency levels are below these targets.

Collateral

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

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

Repossessed collateral

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

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

	2008	2007
On balance sheet credit risk		
Due from banks and related companies	\$ 938,228	339,658
Treasury bills	279,539	105,096
Deposits with Central Bank	1,554,206	1,355,154
Net loans to customers	10,476,303	8,825,206
Investment securities (excluding equities)		
- available for sale	406,634	327,494
- fair value through profit and loss	18,860	13,406
- held to maturity	170,580	115,683
Assets purchased under resale agreement	13,876	-
	13,858,226	11,081,697
Off balance sheet credit risk		
Acceptances, guarantees and letters of credit	1,329,929	917,049
Total credit risk exposure	\$ 15,188,155	11,998,746

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26. Financial Risk Management (continued)

26.1 Credit Risk Management (continued)

Credit Quality

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

Internal Rating	2008				
	Excellent	Very Good	Good	Acceptable	Total
Assets					
Due from banks and related companies	\$ 4,627	837,341	96,260	-	938,228
Treasury bills	-	279,539	-	-	279,539
Deposit with Central Banks	-	1,554,206	-	-	1,554,206
Loans and advances	362,152	2,530,824	4,494,399	1,885,024	9,272,399
Investment securities excluding equities	-	481,233	93,768	21,073	596,074
Assets purchased under resale agreement	-	-	13,876	-	13,876
	\$ 366,779	5,683,143	4,698,303	1,906,097	12,654,322
2007					
Internal Rating	Excellent	Very Good	Good	Acceptable	Total
Assets					
Due from banks and related companies	\$ 948	106,514	232,196	-	339,658
Treasury bills	-	105,096	-	-	105,096
Deposits with Central Bank	-	1,355,154	-	-	1,355,154
Loans and advances	324,952	2,246,103	3,626,981	1,573,343	7,771,379
Investment securities (excluding equities)	-	364,610	79,242	12,731	456,583
	\$ 325,900	4,177,477	3,938,419	1,586,074	10,027,870

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26. Financial Risk Management (continued)

26.1 Credit Risk Management (continued)

Credit Quality (continued)

The definitions of the internal ratings are as follows:

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

26.2 Market Risk

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

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

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

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26. Financial Risk Management (continued)

26.2 Market Risk (continued)

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

26.2.1 Currency Risk

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

The results of the sensitivity analyses conducted as at October 31, 2008 on the possible impact on net profits before tax and on equity of fluctuations of the US dollar foreign exchange rate relative to the TT dollar are presented below.

Change in currency rate		Effect on PBT		Effect on equity	
		2008	2007	2008	2007
1%	\$	(3,242)	(2,146)	(2,432)	(1,598)
(1%)	\$	3,242	2,146	2,432	1,598

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26. Financial Risk Management (continued)

26.2 Market Risk (continued)

26.2.1 Currency Risk (continued)

Concentration of Assets and Liabilities

The Group has the following significant currency positions:

	2008			
	TT	US	Other	Total
Assets				
Cash	\$ 79,082	6,042	1,764	86,888
Due from banks and related companies	214,595	712,236	11,397	938,228
Treasury bills	279,539	-	-	279,539
Deposits with Central Bank	1,554,206	-	-	1,554,206
Net loans to customers	8,698,300	1,778,003	-	10,476,303
Investment securities	529,655	76,766	-	606,421
Investment in associate companies	9,684	-	-	9,684
Assets purchased under resale agreement	13,876	-	-	13,876
Goodwill	2,496	-	-	2,496
Property, plant and equipment	209,741	-	-	209,741
Miscellaneous assets	29,807	11,465	11	41,283
Retirement benefit asset	110,682	-	-	110,682
Total assets	11,731,663	2,584,512	13,172	14,329,347
Liabilities				
Deposits	7,908,778	1,757,672	5,178	9,671,628
Due to bank and related companies	3,920	1,149,719	4,669	1,158,308
Other liabilities	131,218	1,327	-	132,545
Securities sold under repurchase agreement	167,979	-	-	167,979
Policyholders' funds	273,329	-	-	273,329
Debt security in issue	1,000,000	-	-	1,000,000
Retirement benefit obligations	74,551	-	-	74,551
Deferred tax liability	18,519	-	-	18,519
Total liabilities	9,578,294	2,908,718	9,847	12,496,859
Net balance sheet position	\$ 2,153,369	(324,206)	3,325	1,832,488
Undrawn credit commitments	\$ 1,311,812	48,812	-	1,360,624

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26. Financial Risk Management (continued)

26.2 Market Risk (continued)

26.2.1 Currency Risk (continued)

Concentration of Assets and Liabilities

		2007			
		TT	US	Other	Total
Assets					
Cash	\$	90,850	5,567	3,675	100,092
Due from banks and related companies		175,793	159,767	4,098	339,658
Treasury bills		105,096	-	-	105,096
Deposits with Central Bank		1,355,154	-	-	1,355,154
Net loans to customers		7,182,685	1,642,521	-	8,825,206
Investment securities		376,077	83,850	-	459,927
Investment in associate companies		7,924	-	-	7,924
Property, plant and equipment		202,087	-	-	202,087
Miscellaneous assets		46,528	3,239	-	49,767
Retirement benefit asset		110,294	-	-	110,294
Total assets		9,652,488	1,894,944	7,773	11,555,205
Liabilities					
Deposits		7,033,506	1,396,297	5,908	8,435,711
Due to banks and related companies		176,684	697,405	45	874,134
Other liabilities		118,722	4,019	-	122,741
Securities sold under repurchase agreement		78,546	-	-	78,546
Policyholders' funds		186,561	-	-	186,561
Debt security in issue		200,000	-	-	200,000
Retirement benefit obligations		66,152	-	-	66,152
Deferred tax liability		21,322	-	-	21,322
Total liabilities		7,881,493	2,097,721	5,953	9,985,167
Net balance sheet position	\$	1,770,995	(202,777)	1,820	1,570,038
Undrawn credit commitments	\$	1,299,076	32,270	-	1,331,346

26.2.2 Interest Rate Risk

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

The results of the sensitivity analyses conducted as at October 31, 2008 on the impact on net profits before tax and on equity as a consequence of changes in interest rates are presented below:

Change in interest rate		Effect on PBT		Effect on equity	
		2008	2007	2008	2007
1%	\$	(8,488)	(3,368)	(6,366)	(2,526)
(1%)	\$	8,488	3,368	6,366	2,526

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS October 31, 2008 (\$ thousands)

Scotiabank Trinidad And Tobago Limited

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

26. Financial Risk Management (continued)

26.2 Market Risk (continued)

26.2.2 Interest Rate Risk (continued)

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:

	2008					
	Due on demand	Due in one year	Due in two to five years	Over Five years	Non-interest bearing	Total
Assets						
Cash	\$ -	-	-	-	86,888	86,888
Due from banks and related companies	70,041	849,433	18,754	-	-	938,228
Treasury bills	-	279,539	-	-	-	279,539
Deposits with Central Bank	155,757	322,115	100,265	-	976,069	1,554,206
Net loans to customers	776,722	4,232,730	2,694,764	2,684,171	87,916	10,476,303
Investment securities	14,777	190,020	183,855	217,769	-	606,421
Investment in associate companies	-	-	-	-	9,684	9,684
Assets purchased under resale agreement	-	13,876	-	-	-	13,876
Goodwill	-	-	-	-	2,496	2,496
Miscellaneous assets	-	-	-	-	251,024	251,024
Retirement benefit asset	-	-	-	-	110,682	110,682
Total assets	1,017,297	5,887,713	2,997,638	2,901,940	1,524,759	14,329,347
Liabilities and Shareholders' Equity						
Deposits	4,868,012	2,665,286	1,200,441	-	937,889	9,671,628
Due to banks and related companies	287,156	849,433	18,754	-	2,965	1,158,308
Securities sold under repurchase agreement	-	167,979	-	-	-	167,979
Debt security in issue	-	-	200,000	800,000	-	1,000,000
Retirement benefit obligation	-	-	-	-	74,551	74,551
Other liabilities	273,329	-	-	-	151,064	424,393
Shareholders' equity	-	-	-	-	1,832,488	1,832,488
Total liabilities	5,428,497	3,682,698	1,419,195	800,000	2,998,957	14,329,347
Net Gap	\$ (4,411,200)	2,205,015	1,578,443	2,101,940	(1,474,198)	-
Cumulative Gap	\$ (4,411,200)	(2,206,185)	(627,742)	1,474,198	-	-

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS October 31, 2008 (\$ thousands)

Scotiabank Trinidad And Tobago Limited

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

26. Financial Risk Management (continued)

26.2 Market Risk (continued)

26.2.2 Interest Rate Risk (continued)

	2007					
	Due on demand	Due in one year	Due in two to five years	Over Five years	Non-interest bearing	Total
Assets						
Cash	\$ -	-	-	-	100,092	100,092
Due from banks and related companies	339,658	-	-	-	-	339,658
Treasury bills	-	105,096	-	-	-	105,096
Deposits with Central Bank	136,889	397,300	-	-	820,965	1,355,154
Net loans to customers	715,162	3,405,225	2,205,566	2,428,902	70,351	8,825,206
Investment securities	-	80,437	217,815	161,675	-	459,927
Investment in associate companies	-	-	-	-	7,924	7,924
Miscellaneous assets	-	-	-	-	251,854	251,854
Retirement benefit asset	-	-	-	-	110,294	110,294
Total assets	1,191,709	3,988,058	2,423,381	2,590,577	1,361,480	11,555,205
Liabilities and Shareholders' Equity						
Deposits	4,496,050	2,776,115	383,471	-	780,075	8,435,711
Due to banks and related companies	695,279	170,110	-	-	8,745	874,134
Securities sold under repurchase agreement	-	78,546	-	-	-	78,546
Debt security in issue	-	-	200,000	-	-	200,000
Retirement benefit obligation	-	-	-	-	66,152	66,152
Other liabilities	186,561	-	-	-	144,063	330,624
Shareholders' equity	-	-	-	-	1,570,038	1,570,038
Total liabilities	5,377,890	3,024,771	583,471	-	2,569,073	11,555,205
Net Gap	\$ (4,186,181)	963,287	1,839,910	2,590,577	(1,207,593)	-
Cumulative Gap	\$ (4,186,181)	(3,222,894)	(1,382,984)	1,207,593	-	-

26.2.3 Equity price risk

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

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

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS October 31, 2008 (\$ thousands)

Scotiabank Trinidad And Tobago Limited

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

26. Financial Risk Management (continued)

26.3 Liquidity Risk

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

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

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

The table below shows the maturities of financial instruments.

		2008				Total
		Due on demand	Up to one year	Two to five years	Over five years	
Assets						
Cash	\$	86,888	-	-	-	86,888
Due from banks and related companies		70,041	849,433	18,754	-	938,228
Treasury bills		-	279,539	-	-	279,539
Deposits with Central Bank		1,131,826	322,115	100,265	-	1,554,206
Loans to customers		864,638	4,232,730	2,694,764	2,684,171	10,476,303
Investment securities (excl. equities)		4,430	190,020	183,855	217,769	596,074
Assets purchased under resale agreement		-	13,876	-	-	13,876
		2,157,823	5,887,713	2,997,638	2,901,940	13,945,114
Liabilities						
Deposits		5,805,902	2,665,286	1,200,440	-	9,671,628
Due to banks and related companies		290,121	849,433	18,754	-	1,158,308
Securities sold under repurchase agreement		-	167,979	-	-	167,979
Policyholders' funds		190,828	82,501	-	-	273,329
Debt security in issue		-	-	200,000	800,000	1,000,000
		6,286,851	3,765,199	1,419,194	800,000	12,271,244
Net Gap	\$	(4,129,028)	2,122,514	1,578,444	2,101,940	1,673,870
Cumulative Gap	\$	(4,129,028)	(2,006,514)	(428,070)	1,673,870	-

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS October 31, 2008 (\$ thousands)

Scotiabank Trinidad And Tobago Limited

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

26. Financial Risk Management (continued)

26.3 Liquidity Risk (continued)

		2007				Total
		Due on demand	Up to one year	Two to five years	Over five years	
Assets						
Cash	\$	100,092	-	-	-	100,092
Due from banks and related companies		339,658	-	-	-	339,658
Treasury bills		-	105,096	-	-	105,096
Deposits with Central Bank		957,854	397,300	-	-	1,355,154
Loans to customers		785,513	3,405,225	2,205,566	2,428,902	8,825,206
Investment securities (excl. equities)		-	77,093	217,815	161,675	456,583
		2,183,117	3,984,714	2,423,381	2,590,577	11,181,789
Liabilities						
Deposits		5,276,125	2,776,115	383,471	-	8,435,711
Due to banks and related companies		704,024	170,110	-	-	874,134
Securities sold under repurchase agreement		-	78,546	-	-	78,546
Policyholders' funds		106,226	80,335	-	-	186,561
Debt security in issue		-	-	200,000	-	200,000
		6,086,375	3,105,106	583,471	-	9,774,952
Net Gap	\$	(3,903,258)	879,608	1,839,910	2,590,577	1,406,837
Cumulative Gap	\$	(3,903,258)	(3,023,658)	(1,183,740)	1,406,837	-

26.4 Capital Management

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

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

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS October 31, 2008 (\$ thousands) Scotiabank Trinidad And Tobago Limited

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

26. Financial Risk Management (continued)

26.4 Capital Management (continued)

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

	Qualifying Capital Ratios	2008	2007
Scotiabank Trinidad and Tobago Limited	8%	16.18%	19.02%
Scotiitrust and Merchant Bank Trinidad and Tobago Limited	8%	227.05%	125.91%

In January 2008, the Central Bank of Trinidad and Tobago introduced capital charges for market risk to complete its implementation of Basel I 1998 Capital Accord Guidelines.

26.5 Operational Risk

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

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

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

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

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS October 31, 2008 (\$ thousands)

Scotiabank Trinidad And Tobago Limited

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

27. Fair Value of Financial Assets and Liabilities

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(e).

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

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.

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

	Carrying Value		Fair Value	
	2008	2007	2008	2007
Financial Assets				
Held to maturity investment securities	\$ 170,580	115,683	169,551	115,456
Assets purchased under agreement	13,876	-	13,876	-
	<u>\$ 184,456</u>	<u>115,683</u>	<u>183,427</u>	<u>115,456</u>
Financial Liabilities				
Securities sold under repurchase agreement	\$ 167,979	78,546	167,979	78,546
Debt security in issue	1,000,000	200,000	929,920	192,460
	<u>\$ 1,167,979</u>	<u>278,546</u>	<u>1,097,899</u>	<u>271,006</u>

(a) Cash on hand and due to banks

These amounts are short term in nature and are taken to be equivalent to fair value.

(b) Net loans to customers

Loans and advances to customers are granted at market rates and their values are not adversely affected by unusual terms. The average portfolio rate approximate market conditions and yield discounted cash flow values are consistent with their carrying values.

(c) Held to maturity investment securities

The fair value of held to maturity investment securities was determined using discounted cash flow analysis. The estimated future cash flows are discounted using a discount rate based on quoted market prices for securities with similar credit, maturity and yield characteristics.

(d) Customer deposits and due to banks and related companies

Customer deposits and amounts due to banks and related companies are negotiated at market rates. Deposits that are fixed rate facilities are at rates that approximate market rates and are assumed to have discounted cash flow values that approximate the carrying values.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS October 31, 2008 (\$ thousands)

Scotiabank Trinidad And Tobago Limited

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

27. Fair Value of Financial Assets and Liabilities (continued)

(e) Securities sold under repurchase agreement

The fair value of securities sold under repurchase agreement is estimated using discounted cash flow analysis. The estimated future cash flows are discounted using a discount rate based on a current yield curve appropriate for the remaining term to maturity.

(f) Debt security in issue

The estimated fair value of debt security in issue was estimated using discounted cash flow analysis. The estimated future cash flows are discounted using a discount rate based on a current yield curve appropriate for the remaining term to maturity.

28. Related Party Balances and Transactions

A party is related to the Group if:

- (i) Directly or indirectly the party
 - controls, is controlled by, or is under common control with the Group;
 - has an interest in the Group that gives it significant influence over the Group; or
 - has joint control over the Group.
- (ii) The party is a member of the key management personnel of the Group.
- (iii) The party is a close member of the family of any individual referred to in (i) or (ii) above.
- (iv) The party is a post-employment benefit plan for the benefit of employees of the Group, or any company that is a related party of the Group.

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

	<u>2008</u>	<u>2007</u>
Outstanding Balances		
Loans, investments and other assets		
Associates	\$ -	-
Directors, key management personnel and close family members	14,569	13,034
Other related entities	406,328	94,530
	\$ 420,897	107,564
Provisions for amounts due from related parties	\$ -	-

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS October 31, 2008 (\$ thousands)

Scotiabank Trinidad And Tobago Limited

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

28. Related Party Balances and Transactions (continued)

	2008	2007
Outstanding Balances (continued)		
Deposits and other liabilities		
Associates	\$ -	-
Directors, key management personnel and close family members	15,960	14,758
Other related entities	1,393,123	814,073
	\$ 1,409,083	828,831
Interest and other income		
Associates	\$ -	-
Directors, key management personnel and close family members	826	955
Other related entities	13,912	8,337
	\$ 14,738	9,292
Interest and expenses		
Associates	\$ -	-
Directors, key management personnel and close family members	1,853	1,358
Other related entities	68,801	70,308
	\$ 70,654	71,666

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

	2008	2007
Key management compensation		
Short-term benefits	\$ 13,665	12,156
Post employment benefits	3,995	3,009
Share based payment	245	164
	\$ 17,905	15,329

29. 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. As a consequence it is impractical to provide geographical segment information.

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.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS October 31, 2008 (\$ thousands)

Scotiabank Trinidad And Tobago Limited

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

29. Segment Information (continued)

29.1 By business segment

		2008		
		Retail and Commercial Banking	Other Financial Services	Total
Net interest income	\$	689,434	50,236	739,670
Other income		220,549	32,668	253,217
Net interest and other income		909,983	82,904	992,887
Operating expenses		399,751	13,391	413,142
Loan loss expenses		22,135	-	22,135
Profit before tax		488,097	69,513	557,610
Total assets	\$	12,704,049	1,625,298	14,329,347
Total liabilities	\$	11,202,535	1,294,324	12,496,859
Depreciation	\$	14,668	95	14,763
Capital expenditure	\$	22,698	460	23,158
		2007		
		Retail and Commercial Banking	Other Financial Services	Total
Net interest income	\$	589,130	33,050	622,180
Other income		191,405	21,365	212,770
Net interest and other income		780,535	54,415	834,950
Operating expenses		345,287	9,228	354,515
Loan loss expenses		3,957	-	3,957
Profit before tax		431,291	45,187	476,478
Total assets	\$	10,180,789	1,374,416	11,555,205
Total liabilities	\$	8,880,871	1,104,296	9,985,167
Depreciation	\$	13,634	96	13,730
Capital expenditure	\$	32,508	22	32,530

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS October 31, 2008 (\$ thousands)

Scotiabank Trinidad And Tobago Limited

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

30. Acquisitions and Disposals

Dehring Bunting & Golding Trinidad Limited (DB&G) was fully acquired on October 1, 2008 by Scotiastart and Merchant Bank Trinidad and Tobago Limited.

Details of the fair value of assets and liabilities acquired and goodwill arising are as follows:

	Fair Value	Carrying Value prior to acquisition
ASSETS		
Cash resources	\$ 8,998	8,998
Investments	25,971	25,971
Securities purchased under resale agreement	8,876	8,876
Other assets	1,184	1,184
	<u>\$ 45,029</u>	<u>45,029</u>
LIABILITIES		
Securities sold under repurchase Agreement	\$ 31,633	31,633
Other liabilities	13,396	13,396
	<u>\$ 45,029</u>	<u>45,029</u>
NET ASSETS		
Purchase consideration	\$ 2,496	-
Goodwill	\$ 2,496	-

Fair value of assets and liabilities acquired were determined internally using current market values of similar assets and liabilities.

Goodwill is attributable to the future expected profits that DB&G is expected to generate and the synergies to be achieved by the inclusion of complementary business lines to the Group's financial services offered to customers.

31. Subsequent Events

Subsequent to October 31, 2008, Scotia Trinidad and Tobago (Investments) Limited's name was changed to Scotia SKN Limited. Additionally, Dehring Bunting and Golding Trinidad Limited's name was in the process of being changed to Scotia Investments Trinidad and Tobago Limited.

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FIVE YEAR REVIEW

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

October 31, 2008 (\$ thousands, except per share data)

CONSOLIDATED BALANCE SHEET

	2008	2007	2006	2005	2004
Assets					
Cash resources	\$ 2,858,861	1,904,079	1,323,782	1,341,568	1,043,785
Loans and Investments (includes Reverse Repos)	11,106,284	9,288,978	7,532,114	6,184,024	5,181,498
Property, plant and equipment	209,741	202,087	185,886	182,933	168,194
Other assets	154,461	160,061	150,559	151,947	137,224

Total assets	\$ 14,329,347	11,555,205	9,192,341	7,860,472	6,530,701
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Liabilities and shareholders' equity

Deposits	\$ 9,671,628	8,435,711	6,772,531	5,992,884	5,282,149
Other liabilities	2,825,231	1,549,456	1,066,486	705,248	217,328
Shareholders' equity	1,832,488	1,570,038	1,353,324	1,162,340	1,031,224

Total liabilities and shareholders' equity	\$ 14,329,347	11,555,205	9,192,341	7,860,472	6,530,701
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CONSOLIDATED STATEMENT OF INCOME

Interest income	\$ 1,110,497	901,298	696,441	540,753	513,838
Interest expense	(370,827)	(279,118)	(175,895)	(121,773)	(133,288)

Net interest income	739,670	622,180	520,546	418,980	380,550
Other income	253,217	212,770	193,939	162,900	162,643

Net interest and other income	992,887	834,950	714,485	581,880	543,193
Non-interest expenses	(435,277)	(358,472)	(305,478)	(270,184)	(262,436)

Income before taxation	557,610	476,478	409,007	311,696	280,757
Provision for taxation	(125,767)	(105,406)	(93,947)	(84,463)	(77,231)

Net income for the year	\$ 431,843	371,072	315,060	227,233	203,526
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OTHER STATISTICS

Return on average assets	3.34%	3.58%	3.70%	3.16%	3.07%
Return on average equity	25.38%	25.39%	25.05%	20.72%	21.0%

Number of shares	176,343,750	176,343,750	176,343,750	176,343,750	176,343,750
Dividends per share	96	84	70	53.3	49.3
Earnings per share	244.9	210.4	178.7	128.9	115.4
Number of offices (including subsidiary companies)	29	29	27	27	27

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CORPORATE INFORMATION

BOARD OF DIRECTORS

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

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

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

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

George Janoura

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

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

Pasquale Minicucci
B. Comm.

Michael Anthony Fifi
MA (Cantab)

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

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 Small Business

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

Dave Ramsumair
F.I.C.B, M.B.A.
District General Manager,
Retail and Small Business

Salwa Zaki
B. Comm.
General Manager,
Credit Risk Management

Savon Persad
B.Sc., A.C.C.A., M.B.A.
General Manager,
Corporate and Commercial Banking

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

Mahadeo Seebarath
A.C.C.A, CA,
General Manager,
Business Support

Gillian Benjamin
B.Sc. (Hons), M.B.A. (Reading)
General Manager,
Strategic Marketing,
Sales and Marketing

Ian Narine
F.C.C.A.
Centre Director,
Wealth Management,
Scotia Private Client Group

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

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

Lisa-Maria Alexander
B.Sc. (Hons), M.Sc (Reading)
General Manager,
Dehring Bunting and Golding
Trinidad Limited

Robert Soverall
CFA, B.Sc. (Hons), Dip. (Business Mgmt.)
General Manager,
ScotiaLife

CORPORATE ADMINISTRATION/MANAGEMENT

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

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

Mohan Ramjit
M.B.A
Assistant General Manager,
Customer Experience

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

Valvie Hernandez
B.Sc.
Senior Manager,
Security and Investigations

Christopher Hosein
Senior Manager, Treasury

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

Mohammed Sulaman
Senior Manager,
Systems Support Centre

Dhanraj Persad
A.C.C.A.
Comptroller

Raymond Smith
B.A.
Sales Leader,
Small Business

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

SHARED SERVICES

Martinez S. Garcia
Assistant General Manager,
Field Operations

Angelique Patience
Assistant General Manager,
Operations Support

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

Joseph Rajah
Senior Manager,
Centralised Retail Collections Unit,

Frank Rampersad
Manager,
Real Estate

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CONTACTS AT A GLANCE

MANAGING DIRECTOR'S OFFICE

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PRINCES TOWN SALES CENTRE

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SANGRE GRANDE

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SAN JUAN

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SCOTIA CENTRE BRANCH

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ST. JAMES

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TUNAPUNA

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CENTRALISED RETAIL COLLECTIONS UNIT (CRCU)

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DOING BUSINESS GLOBALLY, BUILDING RELATIONSHIPS LOCALLY

Scotiabank is a truly international bank. Shaped by our history, we are enterprising, expanding, and always building for the future. We have been identifying opportunities, crossing oceans and borders, and 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 regions 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, while driving forward the global vision. Our advantage in the Caribbean is not just size. Scotiabank's people are the core of our strength – serving customers, achieving success and 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.

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NOTICE OF ANNUAL MEETING

NOTICE IS HEREBY GIVEN that the THIRTY-NINTH 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 27, 2009 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, 2008, together with the Reports of the Directors and the Auditors thereon.
2. To re-elect Mr. Michael Anthony Fifi 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. George Janoura a Director of the Company in accordance with paragraph 4.5 of By-Law No. 1 of the Company for the term from the date of his election until the close of the 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 Mrs. Gisele Marfleet a Director of the Company in accordance with paragraph 4.5 of By-Law No. 1 of the Company for the term from the date of her election until the close of the third Annual Meeting of the Company following her election, subject always to earlier termination under paragraph 4.8.1 of By-Law No. 1.
5. To re-elect Mr. Robert Riley 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.
6. To elect Ms. Roxane De Freitas a Director of the Company in accordance with paragraph 4.4.1 of By-Law No. 1 of the Company for the term from the date of her election until the close of the third Annual Meeting of the Company following her election, subject always to earlier termination under paragraph 4.8.1 of By-Law No. 1.
7. To 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: February 02, 2009

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.

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MANAGEMENT PROXY CIRCULAR

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

- 1. Name of Company:**
SCOTIABANK TRINIDAD AND TOBAGO LIMITED Company No.: S-2551(C)
- 2. Particulars of Meeting:**
Thirty-ninth Annual Meeting of the Shareholders of the Company to be held on Friday, February 27, 2009, 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	Name and Title
February 02, 2009	Belinda James Secretary

Signature


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FORM OF PROXY

THE COMPANIES ACT, CH. 81:01
(Section 143(1))

1. Name of Company: **SCOTIABANK TRINIDAD AND TOBAGO LIMITED** Company No. S-2551(C)
2. Particulars of Meeting: Thirty-ninth 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 27, 2009, 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 _____ 2009.

(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.

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FORM OF PROXY

		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, 2008, together with the Reports of the Directors and the Auditors thereon.	<input type="checkbox"/>	<input type="checkbox"/>
RESOLUTION 2	To re-elect Mr. Michael Anthony Fifi 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. George Janoura a Director of the Company in accordance with paragraph 4.5 of By-Law No. 1 of the Company for the term from the date of his election until the close of the 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 Mrs. Gisele Marfleet a Director of the Company in accordance with paragraph 4.5 of By-Law No. 1 of the Company for the term from the date of her election until the close of the third Annual Meeting of the Company following her 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 re-elect Mr. Robert Riley 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 6	To elect Ms. Roxane De Freitas a Director of the Company in accordance with paragraph 4.4.1 of By-Law No. 1 of the Company for the term from the date of her election until the close of the third Annual Meeting of the Company following her election, subject always to earlier termination under paragraph 4.8.1 of By-Law No. 1.	<input type="checkbox"/>	<input type="checkbox"/>
RESOLUTION 7	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 below not less than 48 hours before the time for holding the Annual Meeting or adjourned Meeting.

Return to:

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



Naila Felice

A resident of San Juan all her life, she started writing and animating storybooks at the tender age of 9. In 1997, Naila's secondary school education began at Bishop Anstey High School throughout which she excelled in art and was eventually awarded for excellence in CXC and later being saluted for excellence in art for GCE.

The Leroy Clarke Trophy was later awarded to her in 2004.

In 2005 Naila was introduced to Horizons Art Gallery as a medium for displaying her undeniable talent and was contacted to participate in a group exhibition. Following this experience she has continued to exhibit her works at Horizons Gallery.



Being an environmentalist at heart, I use my work as a means of recycling non-biodegradable waste. This provides tremendous texture and versatility to the work while keeping some waste out of the landfill.



