



Scotiabank

SCOTIABANK TRINIDAD AND TOBAGO LIMITED

Balance Sheet

As at October 31, 2004 (\$ thousands)

PARENT		Notes	GROUP	
2003	2004		2004	2003
ASSETS				
CASH RESOURCES				
\$ 59,830	61,914		\$ 62,256	59,830
341,761	432,651	3	443,272	354,763
678,063	427,057	4	437,052	765,710
287,790	93,213		101,205	287,790
<u>1,367,444</u>	<u>1,014,835</u>		<u>1,043,785</u>	<u>1,468,093</u>
3,344,247	4,557,234	5	4,598,168	4,251,748
-	119,957		-	-
LOANS TO SUBSIDIARIES				
206,111	326,007	6	-	-
600,635	300,760	7	583,330	718,322
<u>806,746</u>	<u>626,767</u>		<u>583,330</u>	<u>718,322</u>
OTHER ASSETS				
771,484	990,192	8	972,192	753,484
147,448	151,189	9	168,194	172,156
107,552	107,862	10	107,862	107,552
20,763	16,423		29,362	27,995
<u>1,047,247</u>	<u>1,265,666</u>		<u>1,277,610</u>	<u>1,061,187</u>
\$ 6,565,684	7,584,459		\$ 7,502,893	7,499,350
LIABILITIES AND SHAREHOLDERS' EQUITY				
LIABILITIES				
\$ 4,702,207	5,215,229	11	\$ 5,282,149	5,471,004
-	-	12	25,031	177,529
47,623	204,428		-	-
771,484	2,767	13	10,431	41,996
12,962	771,484	8	972,192	753,484
-	18,630		19,111	19,235
34,543	-		32,546	-
43,733	42,750	10	42,750	34,543
	50,863		56,904	46,280
<u>5,612,552</u>	<u>6,524,859</u>		<u>6,441,114</u>	<u>6,544,071</u>
41,005	28,376	14	30,555	43,152
SHAREHOLDERS' EQUITY				
117,563	117,563	15	117,563	117,563
158,004	192,035	16	192,035	158,004
22,337	23,513	17	23,513	22,337
27,551	28,943		28,943	27,551
586,672	669,170		669,170	586,672
<u>912,127</u>	<u>1,031,224</u>		<u>1,031,224</u>	<u>912,127</u>
\$ 6,565,684	7,584,459		\$ 7,502,893	7,499,350

See accompanying notes to financial statements.

These financial statements have been approved for issue by the Board of Directors on December 1, 2004 and signed on its behalf:

Robert H. Pitfield
Chairman

Richard P. Young
Managing Director

Trevor Farrell
Director

Gisele del V Marfleet
Director

Statement of Income

Year ended October 31, 2004 (\$ thousands, except per share data)

PARENT		Notes	GROUP	
2003	2004		2004	2003
\$ 374,895	391,867		\$ 448,608	478,248
64,967	49,788		65,230	77,749
<u>439,862</u>	<u>441,655</u>		<u>513,838</u>	<u>555,997</u>
118,167	102,476		121,297	163,931
2,582	6,094		11,991	10,247
<u>120,749</u>	<u>108,570</u>		<u>133,288</u>	<u>174,178</u>
319,113	333,085		380,550	381,819
127,482	134,508	18	162,643	149,295
<u>446,595</u>	<u>467,593</u>		<u>543,193</u>	<u>531,114</u>
NON-INTEREST EXPENSES				
105,642	122,879		127,917	110,364
45,164	49,229		55,213	53,052
18,161	18,919		19,361	18,604
28,532	7,057	5	7,630	29,598
42,379	45,143	19	52,315	46,260
<u>239,878</u>	<u>243,227</u>		<u>262,436</u>	<u>257,878</u>
206,717	224,366		280,757	273,236
(60,686)	(65,498)	20	(77,231)	(78,580)
<u>146,031</u>	<u>158,868</u>		<u>203,526</u>	<u>194,656</u>
48,625	44,658		-	-
<u>194,656</u>	<u>203,526</u>		<u>203,526</u>	<u>194,656</u>
165.6¢	173.1¢	21	173.1¢	165.6¢

See accompanying notes to financial statements.

Statement of Changes in Shareholders' Equity

Year ended October 31, 2004 (\$ thousands)

	Notes	Stated Capital	Statutory Reserve	Proposed Dividends	Investment Revaluation Reserve	Retained Earnings	Total Shareholders' Equity
Balance as at October 31, 2002		\$ 117,563	153,142	23,512	25,437	479,172	798,826
Gains from changes in fair value, net of tax		-	-	-	2,114	-	2,114
Net income for the year		-	-	-	-	194,656	194,656
Transfer to statutory reserve	16	-	4,862	-	-	(4,862)	-
Dividends paid and proposed	17	-	-	82,294	-	(82,294)	-
Dividends paid	17	-	-	(83,469)	-	-	(83,469)
Balance as at October 31, 2003		\$ 117,563	158,004	22,337	27,551	586,672	912,127
Balance as at October 31, 2003		\$ 117,563	158,004	22,337	27,551	586,672	912,127
Gains from changes in fair value, net of tax		-	-	-	1,392	-	1,392
Net income for the year		-	-	-	-	203,526	203,526
Transfer to statutory reserve	16	-	34,031	-	-	(34,031)	-
Dividends paid and proposed	17	-	-	86,997	-	(86,997)	-
Dividends paid	17	-	-	(85,821)	-	-	(85,821)
Balance as at October 31, 2004		\$ 117,563	192,035	23,513	28,943	669,170	1,031,224

See accompanying notes to financial statements.

Statement of Cash Flows

Year ended October 31, 2004 (\$ thousands)

PARENT			GROUP	
2003	2004		2004	2003
\$ 206,717	224,366	CASH FLOWS FROM OPERATING ACTIVITIES	\$ 280,757	273,236
(439,862)	(441,655)	Income before taxation	(513,838)	(555,997)
120,749	108,570	Adjustments to reconcile income before taxation to net cash from operating activities:	133,288	174,178
11,337	10,982	Interest income	15,749	18,426
(115)	15	Interest expense	15	(115)
20	2,212	Depreciation and amortisation	4,289	1,176
2,089	8,286	Share of profit (loss) of associated company	8,286	2,089
-	-	Loss on disposal of property, plant and equipment	32,546	-
7,928	309	Net decrease in retirement benefit	(1,180)	8,995
(97,938)	(1,322,577)	Increase in policyholders' funds	(340,101)	(179,769)
(5,439)	4,341	Net increase (decrease) in loan loss provision	1,873	(3,103)
129,106	512,292	Increase in loans	(176,335)	85,126
-	-	Decrease (increase) in miscellaneous assets	(150,757)	67,526
-	204,428	Increase (decrease) in deposits	-	-
12,837	7,128	(Decrease) increase in other fund raising instruments	10,624	11,015
442,839	430,980	Increase in deposits from subsidiaries	508,699	560,044
(134,387)	(107,840)	Increase in other liabilities	(147,549)	(190,482)
(393)	(389)	Interest received	(389)	(393)
(77,930)	(60,954)	Interest paid	(81,687)	(94,992)
177,558	(419,506)	Contributions paid		
		Taxation paid		
		Net cash (used in) from operating activities	(415,710)	176,960
		CASH FLOWS FROM INVESTING ACTIVITIES		
(282,892)	261,509	Net decrease (increase) in investments	124,864	(264,824)
(28,719)	(17,292)	Purchase of property, plant and equipment	(17,318)	(25,735)
-	(107,000)	Investment in subsidiaries	-	-
1,898	357	Proceeds from disposal of property, plant and equipment	1,242	3,564
(309,713)	137,574	Net cash from (used in) investing activities	108,788	(286,995)
		CASH FLOWS USED IN FINANCING ACTIVITIES		
-	60,000	Dividend received from subsidiary	-	-
(83,469)	(85,821)	Dividends paid	(85,821)	(83,469)
(83,469)	(25,821)	Net cash used in financing activities	(85,821)	(83,469)
(215,624)	(307,753)	Decrease in cash and cash equivalents	(392,743)	(193,504)
1,535,445	1,319,821	CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,426,097	1,619,601
\$ 1,319,821	1,012,068	CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,033,354	1,426,097
		CASH AND CASH EQUIVALENTS REPRESENTED BY		
\$ 1,367,444	1,014,835	Cash resources	\$ 1,043,785	1,468,093
(47,623)	(2,767)	Other deposit liabilities	(10,431)	(41,996)
\$ 1,319,821	1,012,068	Cash and cash equivalents	\$ 1,033,354	1,426,097

Notes to the Financial Statements

Year ended October 31, 2004 (\$ thousands, except for per share data)

These notes are applicable to both the Group's and Parent's financial statements unless otherwise stated.

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.

Name of Companies	Country of Incorporation	Percentage of Equity Capital Held
Subsidiaries		
Scotiabank and Merchant Bank Trinidad and Tobago Limited	Republic of Trinidad and Tobago	100%
ScotiaLife Trinidad and Tobago Limited	Republic of Trinidad and Tobago	100%
Scotia Trinidad and Tobago (Investments) Limited	Federation of St. Christopher & Nevis	100%
Associated company		
InfoLink Services Limited	Republic of Trinidad and Tobago	25%

Scotiabank and Merchant Bank Trinidad and Tobago Limited (Scotiabank) is a licensed merchant bank and mortgage institution. Its principal activities include arranging and underwriting issues of marketable securities, as well as registrars and paying agents for a number of public companies. In addition, Scotiabank provides a wide range of trustee services.

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

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

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

2. Significant Accounting Policies

The significant accounting policies adopted in the preparation of these financial statements are set out below.

(a) Basis of preparation

These financial statements have, in all material respects, been prepared in accordance with the accounting standards issued by the International Accounting Standards Board and are presented in Trinidad and Tobago dollars, rounded to the nearest thousand.

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

(b) Principles of consolidation

i) Group

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

ii) Parent

The investments in the subsidiary companies and in the associated company are accounted for by the equity method.

(c) Loans

Loans are stated net of any unearned income and of any specific provisions established to recognise anticipated losses. Individual loans are subject to ongoing reviews. Specific provisions for losses are determined as a result of these reviews.

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

(d) Revenue recognition

Loans

Interest income is accounted for on the accrual basis for all loans other than non-accrual loans. 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.

Fees and commissions

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

Premium income

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

(e) Other investments

On disposal or on maturity of an investment, the difference between the net proceeds and the carrying amount is included in the statement of income.

(f) Foreign currency

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

(g) Property, plant and equipment

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.

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

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

(h) Leases

i) Operating leases

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

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

ii) Finance leases

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

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

(i) Taxation

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

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

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

(j) Policyholders' funds

Provision for future policy benefits are calculated using the Policy Premium Method (PPM) of valuation. Under this method explicit allowance is made for all future benefits and expenses under the policies. The premiums, benefits and expenses for each policy are projected and the resultant future cash flows are discounted back to the valuation date to determine the reserves.

(k) Retirement benefit asset (Obligations)

Independent qualified actuaries carried out a valuation of the Group's significant post retirement benefits as at October 31, 2003. The results of that valuation were projected to October 31, 2004 and have been fully reflected in these financial statements.

i) 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.

ii) 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.

(l) Acceptances, guarantees and letters of credit

Scotiabank's commitments under acceptances, guarantees and letters of credit are reported as a liability in these financial statements. In the event of a call on these commitments, Scotiabank has equal and offsetting claims against its customers that are reported as an asset.

2. Significant Accounting Policies (continued)

(m) Assets under administration

Assets that are not beneficially owned by the Group, but are under its administration, have been excluded from these financial statements. Assets under administration as at October 31, 2004 totalled \$644,443 (2003 - \$664,683).

(n) Proposed dividends

Dividends that are proposed and declared after balance sheet date are not shown as a liability in the balance sheet, but are disclosed as a separate component of shareholders' equity.

(o) Financial instruments

i) Classification

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

Held-for-trading assets are securities, which are either acquired for generating a profit from short-term fluctuations in price, or are securities included in a portfolio in which a pattern of short-term profit taking exists.

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

Available-for-sale assets are financial assets that are not held-for-trading purposes, originated by the Group, or held-to-maturity. Available-for-sale instruments include certain debt and equity investments.

ii) Recognition

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

iii) Measurement

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

Subsequent to initial recognition all available-for-sale assets are measured at fair value, except that any instrument that does not have a quoted market price in an active market and whose 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 since that date are recognised as changes in the revaluation reserve.

Gains and losses, both realised and unrealised, arising from the change in the fair value of held-for-trading investments 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.

iv) Specific instruments

Cash and cash equivalents

Cash and cash equivalents comprise cash balances on hand, cash deposited with Central Bank, deposits with banks and short-term highly liquid investments with maturities of three months or less when purchased, including treasury bills and other bills eligible for rediscounting with the Central Bank.

Loans and advances to banks and customers

Loans and advances originated by the Group are classified as originated loans and receivables. Loans and advances are reported net of allowances to reflect the estimated recoverable amounts.

Investments

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

Deposit liabilities

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

	PARENT			GROUP	
	2003	2004		2004	2003
\$	315,999	239,988	\$	239,988	315,999
	25,762	85,776		96,397	38,764
	-	106,887		106,887	-
\$	341,761	432,651	\$	443,272	354,763

4. Deposits with Central Bank

In accordance with the Financial Institutions Act, 1993, Scotiabank and Scotiastream are required to hold and maintain, as a non-interest bearing deposit with the Central Bank of Trinidad and Tobago, a cash reserve balance equivalent to 11% (2003 - 14%) and 9%, respectively, of total prescribed liabilities.

	PARENT			GROUP	
	2003	2004		2004	2003
\$	3,275,851	4,481,776	\$	4,522,473	4,141,261
	81,521	78,216		78,216	119,327
	(31,980)	(32,289)		(32,289)	(33,469)
	3,325,392	4,527,703		4,568,400	4,227,119
	18,855	29,531		29,768	24,629
\$	3,344,247	4,557,234	\$	4,598,168	4,251,748

5. Net Loans to Customers

5.1 Principal on which interest is accrued

	2004	2003
Principal on which interest is accrued	4,522,473	4,141,261
Principal on which interest is not accrued	78,216	119,327
Loan loss provision	(32,289)	(33,469)
Interest receivable	4,568,400	4,227,119
	29,768	24,629
\$	4,598,168	4,251,748

5.2 Concentration of Credit

	2004	2003
Consumer	1,384,254	1,351,893
Mortgages - residential	1,077,288	778,064
Manufacturing and assembly	213,341	331,223
Mortgages - commercial	462,816	528,144
Business and personal services	200,457	215,542
Distributive trades	301,082	324,094
Energy and petrochemical	324,375	135,256
Communication and transport	194,023	202,480
Construction and engineering	168,084	188,717
Hospitality industry	62,923	63,160
Financial services	172,731	104,365
Agriculture	7,026	4,181
\$	4,568,400	4,227,119

5.3 Analysis of Movement of Loan Loss Provision

	2004	2003
Provision, beginning of year	33,469	24,474
Provision for the year	36,907	51,860
Reversal of provision no longer required	(20,385)	(14,049)
Loan loss charge for the year	16,522	37,811
Transfer of provision from subsidiary	(17,702)	(28,816)
Write-offs	(1,180)	8,995
Net increase (decrease) in loan loss provision for the year	32,289	33,469
Provision, end of year	32,289	33,469

5.4 Loan Loss Expense

	2004	2003
Loan loss charge for the year	16,522	37,811
Recoveries	(8,892)	(8,213)
\$	7,630	29,598

6. Investment in Subsidiaries

Investment in subsidiaries is analysed as follows:

	2004	2003
Balance at beginning of year	\$ 206,111	157,486
Investment in ScotiaLife	57,000	-
Investment in Scotia Investment	50,000	-
Investment revaluation reserve in Scotia Investment	28,238	-
Dividend received from Scotiastream	(60,000)	-
Profit after tax of subsidiaries	44,658	48,625
Balance at end of year	\$ 326,007	206,111

	PARENT			GROUP	
	2003	2004		2004	2003
\$	597,760	297,900	\$	433,871	597,760
	-	-		55,329	192,542
	2,875	2,860		91,270	117,687
	600,635	300,760		2,860	2,875
\$	600,635	300,760	\$	583,330	718,322
\$	-	-	\$	91,592	122,161

7. Other Investments

	2004	2003
Securities available-for-sale	\$ 433,871	597,760
Securities held-for-trading	55,329	192,542
Securities held-to-maturity	91,270	117,687
Associated company	2,860	2,875
	583,330	718,322
Fair value of security held-to-maturity	91,592	122,161

8. Customers' Liability under Acceptances, Guarantees and Letters of Credit, per contra

	2004	2003
Manufacturing and assembly	\$ 215,134	98,348
Energy and petrochemical	301,044	246,492
Distributive trades	229,516	192,542
Construction and engineering	66,141	70,655
Business and personal services	111,387	94,973
Financial services	13,917	15,759
Communication and transport	33,985	30,399
Agriculture	540	2,141
Other	528	2,175
\$	972,192	753,484

9. Property, Plant and Equipment

Parent

	Land	Buildings	Leasehold Improvements	Equipment & Furniture	Construction in progress	2004 Total	2003 Total
Cost							
At beginning of year	\$ 19,200	82,223	21,565	130,981	16,086	270,055	248,154
Additions	-	1,658	1,721	7,702	6,211	17,292	28,719
Transfers	-	47	207	13,604	(13,858)	-	-
Disposals	-	(51)	(472)	(19,088)	-	(19,611)	(6,818)
At end of year	19,200	83,877	23,021	133,199	8,439	267,736	270,055
Accumulated depreciation and amortisation							
At beginning of year	-	24,768	11,364	86,475	-	122,607	116,170
Charge for year	-	1,446	532	9,004	-	10,982	11,337
Disposals	-	(1)	(238)	(16,803)	-	(17,042)	(4,900)
At end of year	-	26,213	11,658	78,676	-	116,547	122,607
Net book value	\$ 19,200	57,664	11,363	54,523	8,439	151,189	147,448

Group

	Land	Buildings	Leasehold Improvements	Equipment & Furniture	Construction in progress	2004 Total	2003 Total
Cost							
At beginning of year	\$ 19,200	82,223	22,182	174,105	16,086	313,796	301,033
Additions	-	1,658	1,721	7,728	6,211	17,318	25,735
Transfers	-	47	207	13,604	(13,858)	-	-
Disposals	-	(51)	(479)	(27,628)	-	(28,158)	(12,972)
At end of year	19,200	83,877	23,631	167,809	8,439	302,956	313,796
Accumulated depreciation and amortisation							
At beginning of year	-	24,768	11,639	105,233	-	141,640	131,446
Charge for year	-	1,446	566	13,737	-	15,749	18,426
Disposals	-	(1)	(243)	(22,383)	-	(22,627)	(8,232)
At end of year	-	26,213	11,962	96,587	-	134,762	141,640
Net book value	\$ 19,200	57,664	11,669	71,222	8,439	168,194	172,156

10. Retirement Benefit Assets (Obligations)

10.1 Amounts recognised in the Balance Sheet are as follows:

	Defined Benefit Pension Fund		Post Retirement Medical and Life Benefits	
	2004	2003	2004	2003
Defined funded obligations	\$ (307,701)	(265,506)	(63,236)	(60,166)
Fair value of plan assets	407,380	362,974	-	-
Unrecognised actuarial loss	99,679	97,468	(63,236)	(60,166)
	8,183	10,084	20,486	25,623
Net asset (liability)	\$ 107,862	107,552	(42,750)	(34,543)

10.2 Included in the plan's assets are properties occupied by, and financial instruments of, Scotiabank with an aggregate estimated market value as at October 31, 2004 of \$40,080 (2003 - \$37,801).

10.3 The movement in the asset and liability recognised in the balance sheet as at October 31, 2004 comprised:

	Defined Benefit Pension Fund		Post Retirement Medical and Life Benefits	
	2004	2003	2004	2003
Opening defined benefit asset	\$ 107,552	102,727	(34,543)	(28,022)
Net pension costs	310	4,825	(8,596)	(6,914)
Contributions paid	-	-	389	393
Closing defined benefit asset	\$ 107,862	107,552	(42,750)	(34,543)

10. Retirement Benefit Assets (Obligations) (continued)

10.4 The amount recognised in the statement of income comprised:

	Defined Benefit Pension Fund		Post Retirement Medical and Life Benefits	
	2004	2003	2004	2003
Current service cost	\$ (11,662)	(9,559)	(3,240)	(2,431)
Interest cost on benefit obligation	(17,745)	(16,110)	(4,049)	(3,621)
Expected return on plan assets	29,717	30,494	-	-
Amortised loss	-	-	(1,307)	(862)
Net pension cost	\$ 310	4,825	(8,596)	(6,914)

10.5 The actual return on plan assets is as follows:

	Defined Benefit Pension Fund	
	2004	2003
Expected return on plan assets	\$ 29,717	30,494
Actuarial gain on plan assets	20,329	29,694
Actual return on plan assets	\$ 50,046	60,188

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

	2004	2003
	% pa	% pa
Discount rate:		
- Active members and deferred pensioners	6.50	6.75
- Current pensioners	6.50	6.75
Expected return on plan assets	8.25	8.25
Future salary increases	4.50	4.50
Future pension increases	2.00	2.00
Medical expenses inflation	5.25	5.50

PARENT		GROUP	
2003	2004	2004	2003
11. Deposits			
\$ 4,687,766	5,200,058	\$ 5,264,500	5,440,835
14,441	15,171	17,649	30,169
\$ 4,702,207	5,215,229	\$ 5,282,149	5,471,004
11.2 Concentration of Liabilities			
\$ 3,445,211	3,619,734	\$ 3,680,242	3,771,698
748,342	895,144	899,078	1,177,924
494,213	685,180	685,180	491,213
\$ 4,687,766	5,200,058	\$ 5,264,500	5,440,835
12. Other Fund Raising Instruments			
\$ -	-	\$ 23,975	174,732
-	-	1,056	2,797
\$ -	-	\$ 25,031	177,529
Other fund raising instruments are secured by net loans to customers and other investments.			
\$ -	-	\$ 16,030	51,719
-	-	7,945	123,013
\$ -	-	\$ 23,975	174,732
13. Other Deposit Liabilities			
\$ 9,166	2,088	\$ 9,712	3,539
496	679	719	496
37,961	-	-	37,961
\$ 47,623	2,767	\$ 10,431	41,996
14. Deferred Taxation			
14.1 The net deferred tax liability is attributable to the following items:			
\$ 32,266	32,359	\$ 32,359	32,266
7,295	8,540	10,719	9,442
11,807	302	302	11,807
51,368	41,201	43,380	53,515
(10,363)	(12,825)	(12,825)	(10,363)
\$ 41,005	28,376	\$ 30,555	43,152
Deferred tax asset			
\$ 39,269	41,005	\$ 43,152	41,352
905	(11,505)	(11,505)	905
831	(1,124)	(1,092)	895
\$ 41,005	28,376	\$ 30,555	43,152
14.2 The movement in the deferred tax account comprised:			
\$ 39,269	41,005	\$ 43,152	41,352
905	(11,505)	(11,505)	905
831	(1,124)	(1,092)	895
\$ 41,005	28,376	\$ 30,555	43,152

15. Stated Capital
Authorised
 Authorised capital consists of an unlimited number of ordinary shares.

	2004	2003
Issued and fully paid		
117,562,500 ordinary shares of no par value	\$ 117,563	117,563

16. Statutory Reserve Fund

In accordance with the Financial Institutions Act, 1993, Scotiabank and Scotiatrust 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 Scotiatrust as follows:

	2004			2003
	Scotiabank	Scotiatrust	Total	
Balance, beginning of year	\$ 132,778	25,226	158,004	153,142
Add amount transferred	30,000	4,031	34,031	4,862
Balance, end of year	\$ 162,778	29,257	192,035	158,004

17. Dividends

17.1 Subsequent to October 31, 2004, the Board of Directors, in a meeting on December 1, 2004, has resolved that the Bank pay a fourth interim dividend of \$0.20 per share.

17.2 Dividends paid and proposed are analysed as follows:

	2004		2003	
	¢ per share	\$	¢ per share	\$
Dividends Paid				
First interim dividend	18	21,161	17	19,985
Second interim dividend	18	21,161	17	19,986
Third interim dividend	18	21,162	17	19,986
	54	63,484	51	59,957
Dividends proposed				
Fourth interim dividend	20	23,513	19	22,337
Total dividends paid and proposed	74	86,997	70	82,294

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

	2004		2003	
	¢ per share	\$	¢ per share	\$
Total dividends paid and proposed	74	86,997	70	82,294
Less: dividends proposed	(20)	(23,513)	(19)	(22,337)
Add: dividends paid during the year in respect of prior year	19	22,337	20	23,512
Dividends paid during the year	73	85,821	71	83,469

PARENT		GROUP	
2003	2004	2004	2003
\$ 81,921	86,930	\$ 105,560	103,734
40,942	40,053	40,095	40,942
4,619	7,525	16,988	4,619
\$ 127,482	134,508	\$ 162,643	149,295
18. Other Income			
Fees, commission and net premium income			
Foreign exchange earnings			
Other operating income			
Net premium income comprises premium income of \$35,452 less related expenses of \$32,708.			
19. Other Expenses			
\$ 6,870	6,682	\$ 8,507	8,377
96	364	452	157
35,413	38,097	43,356	37,726
\$ 42,379	45,143	\$ 52,315	46,260
20. Taxation			
20.1 Provision for taxation			
\$ 59,285	66,068	\$ 77,642	76,979
831	(1,124)	(1,092)	895
570	554	681	706
\$ 60,686	65,498	\$ 77,231	78,580
20.2 Taxation reconciliation			
The following is a reconciliation of the application of the effective tax rate with the provision for taxation:			
\$ 206,717	224,366	\$ 280,757	273,236
Income before taxation			
\$ 62,015	67,310	\$ 84,227	81,971
Computed tax using the prima facie tax calculated at a rate of 30%			
Tax effect of items that are adjusted in determining taxable profit:			
Effect of different tax rate of life insurance companies			
-	-	(507)	-
Effect of different tax rates in other countries			
-	-	(427)	-
Tax effect of non-deductible costs and non-taxable income			
(1,467)	(3,176)	(7,553)	(3,602)
570	554	681	706
(432)	810	810	(495)
\$ 60,686	65,498	\$ 77,231	78,580

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.

21. Earnings per Share

The calculation of basic earnings per share is based on:

- Net income for the year attributable to ordinary shareholders of \$203,526 (2003 - \$194,656).
- Weighted average number of ordinary shares outstanding during the year of 117,562,500 shares (2003 - 117,562,500 shares).

22. 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, 2004, there were certain legal proceedings against the Group. Based upon legal advice, the Directors do not expect the outcome of those actions to have a material effect on the Group's financial position.

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

	2004	2003
Rental due within one year	\$ 7,026	5,547
Rental due between one and five years	16,684	10,785
Rental due after five years	8,874	9,766
	\$ 32,584	26,098

23. Financial Instruments

23.1 Fair Value of Financial Instruments

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

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

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

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

23.2 Credit Risk Management

The Group's credit processes include:

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

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

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

23.3 Currency Risk

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

Concentration of Assets and Liabilities

The Group has the following significant currency positions:

	2004			
	TT	US	Other	Total
Assets				
Cash resources	\$ 709,283	322,499	12,003	1,043,785
Net loans to customers	3,788,980	809,090	98	4,598,168
Investments	423,242	160,088	-	583,330
Customers' liability under acceptances, guarantees and letters of credit	784,604	187,588	-	972,192
Property, plant and equipment	168,194	-	-	168,194
Retirement benefit asset	107,862	-	-	107,862
Miscellaneous assets	24,897	2,080	2,385	29,362
Total assets	6,007,062	1,481,345	14,486	7,502,893
Liabilities				
Deposits	3,924,448	1,354,601	3,100	5,282,149
Other fund raising instruments	25,031	-	-	25,031
Other deposit liabilities	9,532	899	-	10,431
Acceptances, guarantees and letters of credit	784,604	187,588	-	972,192
Retirement benefit obligations	42,750	-	-	42,750
Policyholders' funds	32,546	-	-	32,546
Deferred tax liability	30,555	-	-	30,555
Other liabilities	75,030	985	-	76,015
Total liabilities	4,924,496	1,544,073	3,100	6,471,669
Net balance sheet position	\$ 1,082,566	(62,728)	11,386	1,031,224
Undrawn credit commitments	\$ 650,368	26,402	-	676,770

Concentration of Assets and Liabilities

	2003			
	TT	US	Other	Total
Assets				
Cash resources	\$ 1,115,287	339,272	13,534	1,468,093
Net loans to customers	3,522,938	728,730	80	4,251,748
Investments	645,300	73,022	-	718,322
Customers' liability under acceptances, guarantees and letters of credit	535,862	217,622	-	753,484
Property, plant and equipment	172,156	-	-	172,156
Retirement benefit asset	107,552	-	-	107,552
Miscellaneous assets	27,872	113	10	27,995
Total assets	6,126,967	1,358,759	13,624	7,499,350
Liabilities				
Deposits	4,327,477	1,142,530	997	5,471,004
Other fund raising instruments	177,529	-	-	177,529
Other deposit liabilities	12,993	16,727	12,276	41,996
Acceptances, guarantees and letters of credit	535,862	217,622	-	753,484
Retirement benefit obligations	34,543	-	-	34,543
Deferred tax liability	43,152	-	-	43,152
Other liabilities	64,976	539	-	65,515
Total liabilities	5,196,532	1,377,418	13,273	6,587,223
Net balance sheet position	\$ 930,435	(18,659)	351	912,127
Undrawn credit commitments	\$ 711,901	37,369	-	749,270

23.4 Interest Rate Risk

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

23.4 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:

	2004					Total
	Due on demand	Due in one year	Due in two to five years	Over five years	Non-interest bearing	
Assets						
Cash resources	\$ 443,272	101,205	-	-	499,308	1,043,785
Net loans	482,529	983,432	1,764,385	1,289,606	78,216	4,598,168
Investments	4,401	92,261	116,197	369,763	708	583,330
Retirement benefit asset	-	-	-	-	107,862	107,862
Other assets	-	-	-	-	1,169,748	1,169,748
Total assets	930,202	1,176,898	1,880,582	1,659,369	1,855,842	7,502,893
Liabilities and Shareholders' Equity						
Deposits	3,375,942	840,144	683,155	-	382,908	5,282,149
Other fund raising instruments	-	16,882	-	8,149	-	25,031
Other deposit liabilities	3,838	-	3,826	-	2,767	10,431
Retirement benefit obligation	-	-	-	-	42,750	42,750
Other liabilities	2,651	31,660	-	-	1,076,997	1,111,308
Shareholders' equity	-	-	-	-	1,031,224	1,031,224
Total liabilities	3,382,431	888,686	686,981	8,149	2,536,646	7,502,893
Net Gap	\$ (2,452,229)	288,212	1,193,601	1,651,220	(680,804)	-
Cumulative Gap	\$ (2,452,229)	(2,164,017)	(970,416)	680,804	-	-

	2003					Total
	Due on demand	Due in one year	Due in two to five years	Over five years	Non-interest bearing	
Assets						
Cash resources	\$ 354,763	287,790	-	-	825,540	1,468,093
Net loans	456,599	1,024,707	1,323,377	1,327,738	119,327	4,251,748
Investments	4,416	281,971	107,155	324,780	-	718,322
Retirement benefit asset	-	-	-	-	107,552	107,552
Other assets	-	-	-	-	953,635	953,635
Total assets	815,778	1,594,468	1,430,532	1,652,518	2,006,054	7,499,350
Liabilities and Shareholders' Equity						
Deposits	3,176,226	1,807,529	84,967	-	402,282	5,471,004
Other fund raising instruments	-	165,134	3,861	8,534	-	177,529
Other deposit liabilities	19,678	-	-	-	22,318	41,996
Retirement benefit obligation	-	-	-	-	34,543	34,543
Other liabilities	-	-	-	-	862,151	862,151
Shareholders' equity	-	-	-	-	912,127	912,127
Total liabilities	3,195,904	1,972,663	88,828	8,534	2,233,421	7,499,350
Net Gap	\$ (2,380,126)	(378,195)	1,341,704	1,643,984	(227,367)	-
Cumulative Gap	\$ (2,380,126)	(2,758,321)	(1,416,617)	227,367	-	-

23.5 Liquidity Risk

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

The table below shows the maturities of financial instruments:

	2004					Total
	Due on demand	Up to one year	Two to five years	Over five years		
Assets						
Cash resources	\$ 942,580	101,205	-	-	-	1,043,785
Investments	5,109	92,261	116,197	369,763	-	583,330
Net loans and advances	482,511	1,837,823	1,336,929	973,194	-	4,630,457
Total Assets	1,430,200	2,031,289	1,453,126	1,342,957	-	6,257,572
Liabilities						
Deposits	3,758,850	840,144	683,155	-	-	5,282,149
Other fund raising instruments	-	16,882	-	8,149	-	25,031
Other deposit liabilities	6,605	-	3,826	-	-	10,431
Policyholders' funds	1,519	31,027	-	-	-	32,546
Total Liabilities	3,766,974	888,053	686,981	8,149	-	5,350,157
Net Gap	\$ (2,336,774)	1,143,236	766,145	1,334,808	-	907,415
Cumulative Gap	\$ (2,336,774)	(1,193,538)	(427,393)	907,415	-	-

	2003					Total
	Due on demand	Up to one year	Two to five years	Over five years		
Assets						
Cash resources	\$ 1,180,303	287,790	-	-	-	1,468,093
Investments	4,416	281,971	107,155	324,780	-	718,322
Net loans and advances	458,168	1,879,595	1,050,268	897,187	-	4,251,218
Total Assets	1,642,887	2,449,356	1,157,423	1,221,967	-	6,471,633
Liabilities						
Deposits	3,578,508	1,807,529	84,967	-	-	5,471,004
Other fund raising instruments	-	165,134	3,861	8,534	-	177,529
Other deposit liabilities	41,996	-	-	-	-	41,996
Total Liabilities	3,620,504	1,972,663	88,828	8,534	-	5,690,529
Net Gap	\$ (1,977,617)	476,693	1,068,595	1,213,433	-	781,104
Cumulative Gap	\$ (1,977,617)	(1,500,924)	(432,329)	781,104	-	-

24. Related Party Transactions

In the normal course of business Scotiabank maintains account relationships with the subsidiary companies in accordance with established commercial practice.

25. Employees

The average number of employees in the group during the year was 968 (2003 - 989).

Auditors' Report to the Members of Scotiabank Trinidad and Tobago Limited

We have examined the consolidated balance sheet of Scotiabank Trinidad and Tobago Limited and its subsidiaries (the Group) and the non-consolidated balance sheet of Scotiabank Trinidad and Tobago Limited (the Parent) as at October 31, 2004 and the related statements of income, changes in shareholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material mis-statement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, these financial statements present fairly, in all material respects, the financial positions of the Group and the Parent as at October 31, 2004 and the results of their operations and cash flows for the year then ended in accordance with International Financial Reporting Standards.



Chartered Accountants

December 1, 2004
 Port of Spain
 Trinidad, W.I.