



Scotiabank

SCOTIABANK TRINIDAD AND TOBAGO LIMITED

Balance Sheet As at October 31, 2005 (\$ thousands)

PARENT		Notes	GROUP	
2004	2005		2005	2004
ASSETS				
CASH RESOURCES				
\$ 61,914	47,681		\$ 47,681	62,256
432,651	443,204	3	445,083	443,272
427,057	581,763	4	583,675	437,052
93,213	230,983		265,129	101,205
<u>1,014,835</u>	<u>1,303,631</u>		<u>1,341,568</u>	<u>1,043,785</u>
4,557,234	5,454,723	5	5,536,564	4,598,168
<u>119,957</u>	<u>97,530</u>		-	-
INVESTMENTS				
326,007	227,997	6	-	-
300,760	379,413	7	647,460	583,330
<u>626,767</u>	<u>607,410</u>		<u>647,460</u>	<u>583,330</u>
OTHER ASSETS				
990,192	852,341	8	834,341	972,192
151,189	174,602	9	182,933	168,194
16,423	21,826		44,186	29,362
107,862	107,761	10	107,761	107,862
<u>1,265,666</u>	<u>1,156,530</u>		<u>1,169,221</u>	<u>1,277,610</u>
\$ 7,584,459	8,619,824		\$ 8,694,813	7,502,893
LIABILITIES AND SHAREHOLDERS' EQUITY				
LIABILITIES				
\$ 5,215,229	5,984,880	11	\$ 5,992,884	5,282,149
-	-	12	7,511	25,031
204,428	179,906		-	-
2,767	2,921	13	166,684	10,431
50,863	37,135		45,595	56,904
-	94,000	14	94,000	-
990,192	852,341	8	834,341	972,192
18,630	32,180		32,534	19,111
-	-		81,812	32,546
-	200,000	15	200,000	-
42,750	50,738	10	50,738	42,750
<u>6,524,859</u>	<u>7,434,101</u>		<u>7,506,099</u>	<u>6,441,114</u>
28,376	23,383	16	26,374	30,555
SHAREHOLDERS' EQUITY				
117,563	117,563	17	117,563	117,563
192,035	222,748	18	222,748	192,035
23,513	27,039	19	27,039	23,513
28,943	20,537		20,537	28,943
669,170	774,453		774,453	669,170
<u>1,031,224</u>	<u>1,162,340</u>		<u>1,162,340</u>	<u>1,031,224</u>
\$ 7,584,459	8,619,824		\$ 8,694,813	7,502,893

See accompanying notes to financial statements.

These financial statements have been approved for issue by the Board of Directors on November 28, 2005 and signed on its behalf:

Robert H. Pitfield
Chairman

Richard P. Young
Managing Director

Trevor Farrell
Director

George Janoura
Director

Statement of Income

Year ended October 31, 2005 (\$ thousands, except per share data)

PARENT		Notes	GROUP	
2004	2005		2005	2004
\$ 391,867	473,755		\$ 478,645	449,878
49,788	43,759		62,108	63,960
<u>441,655</u>	<u>517,514</u>		<u>540,753</u>	<u>513,838</u>
102,476	109,420		110,679	121,297
6,094	12,326		11,094	11,991
<u>108,570</u>	<u>121,746</u>		<u>121,773</u>	<u>133,288</u>
333,085	395,768		418,980	380,550
134,508	149,140	20	162,900	162,643
<u>467,593</u>	<u>544,908</u>		<u>581,880</u>	<u>543,193</u>
122,879	127,480		133,597	127,917
49,229	54,625		58,528	55,213
18,919	20,549		20,635	19,361
7,057	5,166	5	5,165	7,630
45,143	42,647	21	52,259	52,315
<u>243,227</u>	<u>250,467</u>		<u>270,184</u>	<u>262,436</u>
224,366	294,441		311,696	280,757
(65,498)	(81,860)	22	(84,463)	(77,231)
<u>158,868</u>	<u>212,581</u>		<u>227,233</u>	<u>203,526</u>
44,658	14,652		-	-
\$ 203,526	227,233		\$ 227,233	203,526
173.1¢	193.3¢		193.3¢	173.1¢

See accompanying notes to financial statements.

Statement of Changes in Shareholders' Equity

Year ended October 31, 2005 (\$ thousands)

	Notes	Stated Capital	Statutory Reserve	Proposed Dividends	Investment Revaluation Reserve	Retained Earnings	Total Shareholders' Equity
Balance as at October 31, 2003		\$ 117,563	158,004	22,337	27,551	586,672	912,127
Changes in fair value, net of tax		-	-	-	1,392	-	1,392
Net income for the year		-	-	-	-	203,526	203,526
Transfer to statutory reserve	18	-	34,031	-	-	(34,031)	-
Dividends paid and proposed	19	-	-	86,997	-	(86,997)	-
Dividends paid	19	-	-	(85,821)	-	-	(85,821)
Balance as at October 31, 2004		\$ 117,563	192,035	23,513	28,943	669,170	1,031,224
Balance as at October 31, 2004		\$ 117,563	192,035	23,513	28,943	669,170	1,031,224
Changes in fair value, net of tax		-	-	-	(7,606)	-	(7,606)
Gains transferred to net profit, net of tax		-	-	-	(800)	-	(800)
Net income for the year		-	-	-	-	227,233	227,233
Adjustment to deferred tax provision through retained earnings		-	-	-	-	2,812	2,812
Transfer to statutory reserve	18	-	30,713	-	-	(30,713)	-
Dividends paid and proposed	19	-	-	94,049	-	(94,049)	-
Dividends paid	19	-	-	(90,523)	-	-	(90,523)
Balance as at October 31, 2005		\$ 117,563	222,748	27,039	20,537	774,453	1,162,340

See accompanying notes to financial statements.

Statement of Cash Flows

Year ended October 31, 2005 (\$ thousands)

PARENT			GROUP	
2004	2005		2005	2004
\$ 224,366	294,441	CASH FLOWS FROM OPERATING ACTIVITIES	\$ 311,696	280,757
		Income before taxation		
(441,655)	(517,514)	Adjustments to reconcile income before taxation to net cash from operating activities:	(540,753)	(513,838)
108,570	121,746	Interest income	121,773	133,288
10,982	12,834	Interest expense	15,718	15,749
15	(853)	Depreciation and amortisation	(853)	15
		Share of (profit) loss of associated company		
2,212	703	Loss on disposal of property, plant and equipment	3,733	4,289
8,286	8,392	Net decrease in retirement benefit obligations	8,392	8,286
-	-	Increase in policyholders' funds	49,266	32,546
309	(6,655)	Net (decrease) increase in loan loss provision	(6,655)	(1,180)
(1,322,577)	(867,813)	Increase in loans	(931,046)	(340,101)
4,341	(5,403)	(Increase) decrease in miscellaneous assets	(14,824)	1,873
512,292	765,189	Increase (decrease) in deposits	708,334	(176,335)
-	-	Decrease in other fund raising instruments	(16,825)	(150,757)
		Increase in assets sold under repurchase agreement	94,000	-
204,428	(24,522)	(Decrease) increase in deposits from subsidiaries	-	-
7,128	(13,728)	(Decrease) increase in other liabilities	(11,308)	10,624
430,980	516,920	Interest received	540,057	508,699
(107,840)	(117,284)	Interest paid	(120,068)	(147,549)
(389)	(303)	Contributions paid	(303)	(389)
(60,954)	(70,326)	Taxation paid	(72,137)	(81,687)
(419,506)	189,824	Net cash from (used in) operating activities	138,197	(415,710)
		CASH FLOWS FROM INVESTING ACTIVITIES		
261,509	(78,710)	Net decrease (increase) in investments	(71,956)	124,864
(17,292)	(37,152)	Purchase of property, plant and equipment	(38,264)	(17,318)
(107,000)	-	Investment in subsidiaries	-	-
		Proceeds from disposal of property, plant and equipment	4,076	1,242
357	203	Net cash (used in) from investing activities	(106,144)	108,788
137,574	(115,659)			
		CASH FLOWS USED IN FINANCING ACTIVITIES		
\$ 60,000	105,000	Dividend received from subsidiary	\$ -	-
(85,821)	(90,523)	Dividends paid	(90,523)	(85,821)
-	200,000	Debt security in issue	200,000	-
(25,821)	214,477	Net cash from (used in) financing activities	109,477	(85,821)
(307,753)	288,642	Increase (decrease) in cash and cash equivalents	141,530	(392,743)
1,319,821	1,012,068	CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,033,354	1,426,097
\$ 1,012,068	1,300,710	CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 1,174,884	1,033,354
		CASH AND CASH EQUIVALENTS REPRESENTED BY		
\$ 1,014,835	1,303,631	Cash resources	\$ 1,341,568	1,043,785
(2,767)	(2,921)	Other deposit liabilities	(166,684)	(10,431)
\$ 1,012,068	1,300,710	Cash and cash equivalents	\$ 1,174,884	1,033,354

See accompanying notes to financial statements.

Notes to the Financial Statements

Year ended October 31, 2005 (\$ 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. The address of its registered office is 56-58 Richmond Street, Port of Spain.

The Group's parent company is The Bank of Nova Scotia and is incorporated and domiciled in Canada.

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%
Scotiabank Trinidad and Tobago Limited	Republic of Trinidad and Tobago	100%
Scotiabank Trinidad and Tobago (Investments) Limited	Federation of St. Christopher & Nevis	100%
Associated companies		
InfoLink Services Limited	Republic of Trinidad and Tobago	25%
Trinidad & Tobago Interbank Payment Systems Limited	Republic of Trinidad and Tobago	14%

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

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

1. Incorporation and Business Activities (continued)

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

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

Trinidad and Tobago Interbank Payment Systems Limited 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 are set out below.

(a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards and its interpretation adopted 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 investments in the associated companies are accounted for by the equity method whereby their results from operations are included in that of Scotiabank and added to the carrying value of the respective investments.

ii) Parent

The investments in the subsidiary companies and in the associated companies 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 and investments

Interest income is accounted for on the accrual basis for investments and 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 incidental 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 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, 2005 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.

(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, 2005 totalled \$676,779 (2004 - \$492,061).

(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.

2. Significant Accounting Policies (continued)

(o) Debt security in issue

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

(p) Sale and Repurchase agreements

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

(q) Financial instruments

i) Classification

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

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.

(r) Impairment

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

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

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

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

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

PARENT		GROUP	
2004	2005	2005	2004
\$ 239,988	3,831	\$ 3,832	239,988
85,776	313,130	315,137	96,397
106,887	126,243	126,114	106,887
\$ 432,651	443,204	\$ 445,083	443,272

3. Other Cash Resources

Due from related companies
 Due from other banks
 Cheques and other instruments in the course of clearing

4. 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 11% and 9%, respectively, of total prescribed liabilities.

PARENT		GROUP	
2004	2005	2005	2004
\$ 4,481,776	5,389,513	\$ 5,471,015	4,522,473
78,216	60,719	60,719	78,216
(32,289)	(25,634)	(25,634)	(32,289)
4,527,703	5,424,598	5,506,100	4,568,400
29,531	30,125	30,464	29,768
\$ 4,557,234	5,454,723	\$ 5,536,564	4,598,168

5. Net Loans to Customers

5.1 Principal on which interest is accrued
 Principal on which interest is not accrued
 Loan loss provision

Interest receivable

PARENT		GROUP	
2004	2005	2005	2004
\$ 1,384,254	1,509,304	\$ 1,509,304	1,384,254
1,056,190	1,610,189	1,635,159	1,077,288
213,341	216,180	216,180	213,341
443,217	495,875	552,407	462,816
200,457	300,141	300,141	200,457
301,082	401,601	401,601	301,082
324,375	127,104	127,104	324,375
194,023	178,988	178,988	194,023
168,084	196,195	196,195	168,084
62,923	43,355	43,355	62,923
172,731	335,418	335,418	172,731
7,026	10,248	10,248	7,026
\$ 4,527,703	5,424,598	\$ 5,506,100	4,568,400

5.2 Concentration of Credit

Consumer
 Mortgages - residential
 Manufacturing and assembly
 Mortgages - commercial
 Business and personal services
 Distributive trades
 Energy and petrochemical
 Communication and transport
 Construction and engineering
 Hospitality industry
 Financial services
 Agriculture

PARENT		GROUP	
2004	2005	2005	2004
\$ 31,980	32,289	\$ 32,289	33,469
35,159	28,574	28,574	36,907
(19,210)	(15,292)	(15,292)	(20,385)
15,949	13,282	13,282	16,522
2,062	-	-	-
(17,702)	(19,937)	(19,937)	(17,702)
309	(6,655)	(6,655)	(1,180)
\$ 32,289	25,634	\$ 25,634	32,289

5.3 Analysis of Movement of Loan Loss Provision

Provision, beginning of year
 Provision for the year
 Reversal of provision no longer required

Loan loss charge for the year
 Transfer of provision from subsidiary
 Write-offs
 Net increase (decrease) in loan loss provision for the year

5.4 Loan Loss Expense

Loan loss charge for the year
 Recoveries

PARENT		GROUP	
2004	2005	2005	2004
\$ 7,057	5,166	\$ 5,165	7,630

6. Investment in Subsidiaries

Investment in subsidiaries is analysed as follows:

	2005	2004
Balance at beginning of year	\$ 326,007	206,111
Investment in ScotiLife	-	57,000
Investment in Scotia Investment	-	50,000
Decrease in investment revaluation reserve in Scotia Investment	(7,769)	28,238
Dividend received from Scotiatrust	(105,000)	(60,000)
Adjustment to deferred tax provision through retained earnings in Scotiatrust	107	-
Profit after tax of subsidiaries	14,652	44,658
Balance at end of year	\$ 227,997	326,007

PARENT		GROUP	
2004	2005	2005	2004
\$ 297,900	375,224	\$ 506,897	433,871
-	-	26,085	55,329
-	-	110,289	91,270
2,860	4,189	4,189	2,860
\$ 300,760	379,413	\$ 647,460	583,330
\$ -	-	\$ 106,765	91,592

7. Other Investments

Securities available-for-sale
 Securities held-for-trading
 Securities held-to-maturity
 Associated companies

Fair value of security held-to-maturity

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

Manufacturing and assembly
 Energy and petrochemical
 Distributive trades
 Construction and engineering
 Business and personal services
 Financial services
 Communication and transport
 Agriculture
 Other

PARENT		GROUP	
2004	2005	2005	2004
\$ 215,134	104,036	\$ 104,036	215,134
301,044	166,597	166,597	301,044
229,516	160,142	160,142	229,516
66,141	72,210	72,210	66,141
111,387	198,651	198,651	111,387
13,917	92,307	92,307	13,917
33,985	37,221	37,221	33,985
18,540	18,717	18,717	540
528	2,460	2,460	528
\$ 990,192	852,341	\$ 834,341	972,192

9. Property, Plant and Equipment

Parent

	Land	Buildings	Leasehold Improvements	Equipment & Furniture	Construction in progress	2005 Total	2004 Total
Cost							
At beginning of year	\$ 19,200	83,877	23,021	133,199	8,439	267,736	270,055
Additions	-	5,954	933	11,057	19,208	37,152	17,292
Transfers	(19)	1,844	156	2,422	(4,403)	-	-
Disposals	-	-	-	(3,025)	-	(3,025)	(19,611)
At end of year	19,181	91,675	24,110	143,653	23,244	301,863	267,736

Accumulated depreciation and amortisation

	Land	Buildings	Leasehold Improvements	Equipment & Furniture	Construction in progress	2005 Total	2004 Total
At beginning of year	-	26,213	11,658	78,676	-	116,547	122,607
Charge for year	-	1,482	434	10,918	-	12,834	10,982
Disposals	-	-	-	(2,120)	-	(2,120)	(17,042)
At end of year	-	27,695	12,092	87,474	-	127,261	116,547
Net book value	\$ 19,181	63,980	12,018	56,179	23,244	174,602	151,189

Group

	Land	Buildings	Leasehold Improvements	Equipment & Furniture	Construction in progress	2005 Total	2004 Total
Cost							
At beginning of year	\$ 19,200	83,877	23,631	167,809	8,439	302,956	313,796
Additions	-	5,954	1,306	11,796	19,208	38,264	17,318
Transfers	(19)	1,844	156	2,422	(4,403)	-	-
Disposals	-	-	-	(20,148)	-	(20,148)	(28,158)
At end of year	19,181	91,675	25,093	161,879	23,244	321,072	302,956

Accumulated depreciation and amortisation

	Land	Buildings	Leasehold Improvements	Equipment & Furniture	Construction in progress	2005 Total	2004 Total
At beginning of year	-	26,213	11,962	96,587	-	134,762	141,640
Charge for year	-	1,482	477	13,759	-	15,718	15,749
Disposals	-	-	-	(12,341)	-	(12,341)	(22,627)
At end of year	-	27,695	12,439	98,005	-	138,139	134,762
Net book value	\$ 19,181	63,980	12,654	63,874	23,244	182,933	168,194

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	
	2005	2004	2005	2004
Defined funded obligations	\$ (294,713)	(307,701)	(59,511)	(63,236)
Fair value of plan assets	433,366	407,380	-	-
Unrecognised actuarial (gain) loss	138,653	99,679	(59,511)	(63,236)
	(30,892)	8,183	8,773	20,486
Net asset (liability)	\$ 107,761	107,862	(50,738)	(42,750)

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, 2005 of \$52,117 (2004 - \$40,080).

10.3 The movement in the asset and liability recognised in the balance sheet as at October 31, 2005 comprised:

	Defined Benefit Pension Fund		Post Retirement Medical and Life Benefits	
	2005	2004	2005	2004
Opening defined benefit asset	\$ 107,862	107,552	(42,750)	(34,543)
Net pension costs	(101)	310	(8,291)	(8,596)
Contributions paid	-	-	303	389
Closing defined benefit asset	\$ 107,761	107,862	(50,738)	(42,750)

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	
	2005	2004	2005	2004
Current service cost	\$ (12,627)	(11,662)	(3,246)	(3,240)
Interest cost on benefit obligation	(19,782)	(17,745)	(4,101)	(4,049)
Expected return on plan assets	32,308	29,717	-	-
Amortised loss	-	-	(944)	(1,307)
Net pension cost	\$ (101)	310	(8,291)	(8,596)

10.5 The actual return on plan assets is as follows:

	Defined Benefit Pension Fund	
	2005	2004
Expected return on plan assets	\$ 32,308	29,717
Actuarial gain on plan assets	872	20,329
Actual return on plan assets	\$ 33,180	50,046

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

	2005	2004
	% pa	% pa
Discount rate:		
- Active members and deferred pensioners	7.25	6.50
- Current pensioners	7.25	6.50
Expected return on plan assets	8.50	8.00
Future salary increases	5.00	4.50
Future pension increases	2.00	2.00
Medical expenses inflation	5.50	5.25

PARENT			GROUP	
2004	2005		2005	2004
\$ 5,200,058	5,965,247	11. Deposits	\$ 5,972,834	5,264,500
15,171	19,633	11.1 Deposit balances	20,050	17,649
\$ 5,215,229	5,984,880	Interest payable	\$ 5,992,884	5,282,149
\$ 3,619,734	3,751,620	11.2 Concentration of Liabilities	\$ 3,758,493	3,680,242
895,144	1,629,174	Personal	1,629,888	899,078
685,180	584,453	Commercial	584,453	685,180
\$ 5,200,058	5,965,247	Financial institutions	\$ 5,972,834	5,264,500
\$ -	-	12. Other Fund Raising Instruments	\$ -	-
\$ -	-	12.1 Other fund raising instruments balances	7,150	23,975
\$ -	-	Interest payable	361	1,056
\$ -	-	\$ 7,511	25,031	
\$ -	-	Other fund raising instruments are secured by net loans to customers and other investments.	\$ -	-
\$ -	-	12.2 Concentration of Liabilities	\$ -	-
\$ -	-	Personal	99	16,030
\$ -	-	Commercial	7,051	7,945
\$ -	-	\$ 7,150	23,975	
\$ 2,088	2,017	13. Other Deposit Liabilities	\$ 165,741	9,712
679	904	Due to related companies	943	719
\$ 2,767	2,921	Due to banks	\$ 166,684	10,431

14. Securities Sold Under Repurchase Agreements

In the ordinary course of business, securities comprising 6% Government of Trinidad and Tobago bonds were sold under repurchase agreements. These securities are included in investments.

15. Debt Security In Issue

In August 2005 a \$200 million bond was issued. The bond carries a fixed rate of interest 6.30% with a tenor of six (6) years. Interest is payable semi-annually in arrears. The bond will mature and principal will be repaid in a bullet payment in 2011.

PARENT			GROUP	
2004	2005		2005	2004
\$ 32,359	26,940	16. Deferred Taxation	\$ 26,940	32,359
8,540	7,751	16.1 The net deferred tax liability is attributable to the following items:	7,847	9,501
-	-	Deferred tax liability	2,895	1,218
-	1,348	Retirement benefit asset	1,348	-
302	29	Property, plant and equipment	29	302
41,201	36,068	Available-for-sale securities	39,059	43,380
(12,825)	(12,685)	Deferred tax asset	(12,685)	(12,825)
\$ 28,376	23,383	Retirement benefit obligations	\$ 26,374	30,555
\$ 41,005	28,376	Net deferred tax liability	\$ 26,374	30,555
(11,505)	(273)	16.2 The movement in the deferred tax account comprised:	30,555	43,152
-	(2,704)	Balance at beginning of year	(273)	(11,505)
(1,124)	(2,016)	Available-for-sale securities	(2,812)	-
\$ 28,376	23,383	fair value remeasurement	(1,096)	(1,092)
		Adjustment of deferred tax liability		
		Current year's deferred tax charge		
		Balance at end of year	26,374	30,555

The adjustment of the deferred tax liability resulted from the reduction in the tax rate of items previously charged to retained earnings.

17. Stated Capital

	2005	2004
Authorised		
Authorised capital consists of an unlimited number of ordinary shares.		
Issued and fully paid		
117,562,500 ordinary shares of no par value	\$ 117,563	117,563

18. Statutory Reserve Fund

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

		2005			2004
		Scotiabank	Scotiabank Trust	Total	Total
Balance, beginning of year	\$	162,778	29,257	192,035	158,004
Add amount transferred		30,000	713	30,713	34,031
Balance, end of year	\$	192,778	29,970	222,748	192,035

19. Dividends

19.1 Subsequent to October 31, 2005, the Board of Directors, in a meeting on November 28, 2005, has resolved that the Bank pay a fourth interim dividend of \$0.23 per share.

19.2 Dividends paid and proposed are analysed as follows:

	2005		2004	
	¢ per share	\$	¢ per share	\$
Dividends paid				
First interim dividend	19	22,336	18	21,161
Second interim dividend	19	22,337	18	21,161
Third interim dividend	19	22,337	18	21,162
	57	67,010	54	63,484
Dividends proposed				
Fourth interim dividend	23	27,039	20	23,513
Total dividends paid and proposed	80	94,049	74	86,997

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

	2005		2004	
	¢ per share	\$	¢ per share	\$
Total dividends paid and proposed	80	94,049	74	86,997
Less: dividends proposed	(23)	(27,039)	(20)	(23,513)
Add: dividends paid during the year in respect of prior year	20	23,513	19	22,337
Dividends paid during the year	77	90,523	73	85,821

PARENT			GROUP	
2004	2005		2005	2004
\$ 86,930	97,873	20. Other Income	\$ 119,488	105,560
40,053	47,128	Fees, commission and net premium income	47,305	40,095
7,525	4,139	Foreign exchange earnings	(3,893)	16,988
\$ 134,508	149,140	Other operating income	\$ 162,900	162,643

Net premium income comprises premium income of \$66,906 (2004: \$35,452) less related expenses of \$53,225 (2004: \$32,708).

		2005		2004	
\$ 6,682	7,738	21. Other Expenses	\$ 8,208	8,507	
364	370	Deposit insurance premium	447	452	
38,097	34,539	Directors' fees	43,604	43,356	
\$ 45,143	42,647	Other operating expenses	\$ 52,259	52,315	

22. Taxation

		2005		2004	
\$ 66,068	83,223	22.1 Provision for taxation	\$ 84,878	77,642	
(1,124)	(2,016)	Current tax provision	(1,096)	(1,092)	
554	653	Deferred tax provision	681	681	
\$ 65,498	81,860	Green fund levy	\$ 84,463	77,231	

		2005		2004	
\$ 224,366	294,441	22.2 Taxation reconciliation	\$ 311,696	280,757	
\$ 67,310	88,332	The following is a reconciliation of the application of the effective tax rate with the provision for taxation:			
-	-	Income before taxation			
-	-	Computed tax using the prima facie tax calculated at a rate of 30%			
(3,176)	(5,168)	Tax effect of items that are adjusted in determining taxable profit:			
554	653	Effect of different tax rate of life insurance companies	(833)	(507)	
-	(1,966)	Effect of different tax rates in other countries	(3,050)	(427)	
810	9	Tax effect of non-deductible costs and non-taxable income	(2,858)	(7,553)	
\$ 65,498	81,860	Green fund levy	681	681	
		Deferred tax income resulting from reduction in tax rate	(2,457)	-	
		Other	(529)	810	
		Current tax provision	\$ 84,463	77,231	

As at October 31, 2005, the Government had enacted legislation to reduce the corporation tax rate from 30% to 25%, accordingly the deferred tax provision has been based on a corporation rate of 25%.

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.

23. Earnings per Share

 The calculation of basic earnings per share is based on:

- Net income for the year attributable to ordinary shareholders of \$227,233 (2004 -\$203,526).
- Weighted average number of ordinary shares outstanding during the year of 117,562,500 shares (2004 - 117,562,500 shares).

24. 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, 2005, 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:

	2005	2004
Rental due within one year	\$ 6,969	7,026
Rental due between one and five years	15,548	16,684
Rental due after five years	4,485	8,874
	<u>\$ 27,002</u>	<u>32,584</u>

25. Financial Instruments

25.1 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(g).

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.

25.2 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.

25.3 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:

	2005			
	TT	US	Other	Total
Assets				
Cash resources	\$ 1,004,531	328,953	8,084	1,341,568
Net loans to customers	4,653,098	883,349	117	5,536,564
Investments	539,850	107,610	-	647,460
Customers' liability under acceptances, guarantees and letters of credit	579,588	254,753	-	834,341
Property, plant and equipment	182,933	-	-	182,933
Miscellaneous assets	39,087	5,099	-	44,186
Retirement benefit asset	107,761	-	-	107,761
Total assets	<u>7,106,848</u>	<u>1,579,764</u>	<u>8,201</u>	<u>8,694,813</u>
Liabilities				
Deposits	4,546,723	1,440,277	5,884	5,992,884
Other fund raising instruments	7,511	-	-	7,511
Other deposit liabilities	1,884	164,800	-	166,684
Other liabilities	77,011	1,118	-	78,129
Securities sold under repurchase agreement	94,000	-	-	94,000
Acceptances, guarantees and letters of credit	579,588	254,753	-	834,341
Policyholders' funds	81,812	-	-	81,812
Debt security in issue	200,000	-	-	200,000
Retirement benefit obligations	50,738	-	-	50,738
Deferred tax liability	26,374	-	-	26,374
Total liabilities	<u>5,665,641</u>	<u>1,860,948</u>	<u>5,884</u>	<u>7,532,473</u>
Net balance sheet position	<u>\$ 1,441,207</u>	<u>(281,184)</u>	<u>2,317</u>	<u>1,162,340</u>
Undrawn credit commitments	<u>\$ 951,630</u>	<u>25,565</u>	<u>-</u>	<u>977,195</u>

Concentration of Assets and Liabilities

	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
Miscellaneous assets	24,897	2,080	2,385	29,362
Retirement benefit asset	107,862	-	-	107,862
Total assets	<u>6,007,062</u>	<u>1,481,345</u>	<u>14,486</u>	<u>7,502,893</u>
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
Other liabilities	75,030	985	-	76,015
Acceptances, guarantees and letters of credit	784,604	187,588	-	972,192
Policyholders' funds	32,546	-	-	32,546
Retirement benefit obligations	42,750	-	-	42,750
Deferred tax liability	30,555	-	-	30,555
Total liabilities	<u>4,924,496</u>	<u>1,544,073</u>	<u>3,100</u>	<u>6,471,669</u>
Net balance sheet position	<u>\$ 1,082,566</u>	<u>(62,728)</u>	<u>11,386</u>	<u>1,031,224</u>
Undrawn credit commitments	<u>\$ 650,368</u>	<u>26,402</u>	<u>-</u>	<u>676,770</u>

25.4 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.

25.4 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:

	2005					
	Due on demand	Due in one year	Due in two to five years	Over five years	Non-interest bearing	Total
Assets						
Cash resources	\$ 630,933	265,129	-	-	445,506	1,341,568
Net loans to customers	539,785	1,069,256	1,842,664	2,024,140	60,719	5,536,564
Investments	7,609	122,693	223,916	293,242	-	647,460
Other assets	-	-	-	-	1,061,460	1,061,460
Retirement benefit asset	-	-	-	-	107,761	107,761
Total assets	<u>1,178,327</u>	<u>1,457,078</u>	<u>2,066,580</u>	<u>2,317,382</u>	<u>1,675,446</u>	<u>8,694,813</u>
Liabilities and Shareholders' Equity						
Deposits	3,923,478	819,295	621,119	-	628,992	5,992,884
Other fund raising instruments	-	-	-	7,511	-	7,511
Other deposit liabilities	163,635	-	-	-	3,049	166,684
Securities sold under repurchase agreement	-	94,000	-	-	-	94,000
Debt security in issue	-	-	-	200,000	-	200,000
Retirement benefit obligation	-	-	-	-	50,738	50,738
Other liabilities	19,751	68,671	-	(6,610)	938,844	1,020,656
Shareholders' equity	-	-	-	-	1,162,340	1,162,340
Total liabilities	<u>4,106,864</u>	<u>981,966</u>	<u>621,119</u>	<u>200,901</u>	<u>2,783,963</u>	<u>8,694,813</u>
Net Gap	<u>\$ (2,928,537)</u>	<u>475,112</u>	<u>1,445,461</u>	<u>2,116,481</u>	<u>(1,108,517)</u>	<u>-</u>
Cumulative Gap	<u>\$ (2,928,537)</u>	<u>(2,453,425)</u>	<u>(1,007,964)</u>	<u>1,108,517</u>	<u>-</u>	<u>-</u>

	2004					
	Due on demand	Due in one year	Due in two to five years	Over five years	Non-interest bearing	Total
Assets						
Cash resources	\$ 443,272	101,205	-	-	499,308	1,043,785
Net loans to customers	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	<u>930,202</u>	<u>1,176,898</u>	<u>1,880,582</u>	<u>1,659,369</u>	<u>1,855,842</u>	<u>7,502,893</u>
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 obligations	-	-	-	-	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	<u>3,382,431</u>	<u>888,686</u>	<u>686,981</u>	<u>8,149</u>	<u>2,536,646</u>	<u>7,502,893</u>
Net Gap	<u>\$ (2,452,229)</u>	<u>288,212</u>	<u>1,193,601</u>	<u>1,651,220</u>	<u>(680,804)</u>	<u>-</u>
Cumulative Gap	<u>\$ (2,452,229)</u>	<u>(2,164,017)</u>	<u>(970,416)</u>	<u>680,804</u>	<u>-</u>	<u>-</u>

25.5 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. Fall-back 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:

	2005				
	Due on demand	Up to one year	Two to five years	Over five years	Total
Assets					
Cash resources	\$ 1,076,439	265,129	-	-	1,341,568
Investments	7,609	122,693	223,916	293,242	647,460
Loans to customers	538,955	2,107,338	1,556,023	1,359,882	5,562,198
Liabilities					
Deposits	4,552,470	819,295	621,119	-	5,992,884
Other fund raising instruments	-	-	-	7,511	7,511
Other deposit liabilities	166,684	-	-	-	166,684
Securities sold under repurchase agreement	-	94,000	-	-	94,000
Policyholders' funds	18,401	63,411	-	-	81,812
Debt security in issue	-	-	-	200,000	200,000
Net Gap	<u>\$ (4,737,555)</u>	<u>976,706</u>	<u>621,119</u>	<u>207,511</u>	<u>6,542,891</u>
Cumulative Gap	<u>\$ (3,114,552)</u>	<u>(1,518,454)</u>	<u>(437,278)</u>	<u>1,008,335</u>	<u>-</u>

	2004				
	Due on demand	Up to one year	Two to five years	Over five years	Total
Assets					
Cash resources	\$ 942,580	101,205	-	-	1,043,785
Investments	5,109	92,261	116,197	369,763	583,330
Loans to customers	482,511	1,837,823	1,336,929	973,194	4,630,457
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
Net Gap	<u>\$ (2,336,774)</u>	<u>1,143,236</u>	<u>766,145</u>	<u>1,334,808</u>	<u>907,415</u>
Cumulative Gap	<u>\$ (2,336,774)</u>	<u>(1,193,538)</u>	<u>(427,393)</u>	<u>907,415</u>	<u>-</u>

26. Related Party Transactions

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

27. Employees

The average number of employees in the group during the year was 965 (2004 - 968).

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, 2005 and the related statement of income, statement of changes in shareholders' equity and statement of 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, 2005 and the results of their operations and cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG

Chartered Accountants

November 28, 2005
Port of Spain
Trinidad, W.I.