

To Our Shareholders

The Directors are pleased to announce that the Scotiabank Group realised net income after tax of \$509.2 million for the year ended 31 October 2010 which was an increase of 11.9% over the comparative period, a year ago.

The results represents the Group's eighteenth consecutive year of profitable growth and underscores the resilience of our underlying earnings and the ability of the Group to generate consistent results.

The Group continues to proactively manage the challenges of the new and evolving economic climate and is confident that its strong culture of risk management and employee engagement will position the Group to take advantage of future opportunities.

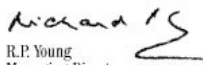
On the basis of performance to date, the Directors have resolved that the Bank pay a fourth interim dividend of 25 cents per ordinary share (2009 - 25 cents), plus a special dividend of 10 cents per ordinary share on 03 January 2011 to shareholders on record as at 06 December 2010.

Thus bringing the total dividend for 2010 to \$1.10 per ordinary share (2009 - \$1.00)

24 November 2010



Dr. Trevor Farrell
Deputy Chairman



R.P. Young
Managing Director

Consolidated Statement of Financial Position (Stated In \$'000)

	AUDITED As at 31 October 2010	AUDITED As at 31 October 2009
ASSETS		
Cash on hand and in transit	\$ 96,894	\$ 83,281
Due from banks and related companies	1,531,827	1,161,750
Treasury bills	520,766	721,075
Deposits with Central Bank	2,565,619	2,648,623
Net loans to customers	10,364,772	10,325,293
Investment securities	673,066	658,275
Investment in associate companies	14,173	12,105
Assets purchased under resale agreement	-	8,271
Property, plant and equipment	264,588	243,085
Miscellaneous assets	19,311	43,612
Goodwill	2,951	2,951
Retirement benefit asset	93,595	107,306
TOTAL ASSETS	\$ 16,147,562	\$ 16,015,627
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Deposits	\$ 11,512,489	\$ 11,919,474
Due to banks and related companies	381,333	250,040
Other liabilities	158,903	123,481
Securities sold under repurchase agreement	41,617	80,317
Provision for taxation	34,478	32,996
Policyholders' funds	439,159	354,831
Debt security in issue	1,000,000	1,000,000
Retirement benefit obligation	88,390	80,765
Deferred tax liability	18,685	25,016
TOTAL LIABILITIES	13,675,054	13,866,920
SHAREHOLDERS' EQUITY		
Stated capital	267,563	267,563
Statutory reserve fund	377,563	337,563
Investment revaluation reserve	24,954	34,034
Retained earnings	1,802,428	1,509,547
TOTAL SHAREHOLDERS' EQUITY	2,472,508	2,148,707
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 16,147,562	\$ 16,015,627

Consolidated Statement of Income (Stated In \$'000)

	AUDITED As at 31 October 2010	AUDITED As at 31 October 2009
NET INTEREST AND OTHER INCOME		
Net Interest Income	\$ 865,129	\$ 831,867
Other Income	385,271	303,111
Net Interest and Other Income	1,250,400	1,134,978
NON-INTEREST EXPENSES		
Loan loss expense	77,117	86,932
Other	515,331	462,551
Non-Interest Expenses	592,448	549,483
INCOME BEFORE TAXATION	657,952	585,495
Provision for taxation	(148,727)	(130,444)
INCOME AFTER TAXATION	\$ 509,225	\$ 455,051
Dividends Paid & Proposed for financial year	\$ 193,978	\$ 176,344
Dividends per share	110.0c	100.0c
Earnings per share	288.8c	258.0c
Return on Equity	22.04%	22.86%
Return on Total Assets	3.17%	3.00%
Market Value	\$ 36.60	\$ 30.02

Consolidated Statement of Comprehensive Income (Stated In \$'000)

	AUDITED Year ended 31 October 2010	AUDITED Year ended 31 October 2009
NET INCOME:	\$ 509,225	\$ 455,051
OTHER COMPREHENSIVE INCOME		
Revaluation of available-for-sale investments, net of tax	(9,080)	37,512
TOTAL COMPREHENSIVE INCOME, NET OF TAX	\$ 500,145	\$ 492,563

Consolidated Statement of Changes In Shareholders' Equity

FOR THE PERIOD ENDED 31 OCTOBER 2010 (Stated In \$'000)

	Stated Capital	Statutory Reserve	Investment Revaluation Reserve	Retained Earnings	Total Shareholders' Equity
YEAR ENDED 31 OCTOBER 2010					
Balance as at 31 October 2009	\$ 267,563	337,563	34,034	1,509,547	2,148,707
Net income for the year	-	-	-	509,225	509,225
Other comprehensive income, net of tax					
- Revaluation of available-for-sale, net of tax	-	-	(9,080)	-	(9,080)
Total comprehensive income	-	-	(9,080)	509,225	500,145
Transactions with owners, recorded directly into equity					
Transfer to statutory reserve	-	40,000	-	(40,000)	-
Dividends paid	-	-	-	(176,344)	(176,344)
	-	40,000	-	(216,344)	(176,344)
Balance as at 31 October 2010	\$ 267,563	377,563	24,954	1,802,428	2,472,508
YEAR ENDED 31 OCTOBER 2009					
Balance as at 31 October 2008	\$ 267,563	297,563	(3,478)	1,270,840	1,832,488
Net income for the year	-	-	-	455,051	455,051
Other comprehensive income, net of tax					
- Revaluation of available-for-sale, net of tax	-	-	37,512	-	37,512
Total comprehensive income	-	-	37,512	455,051	492,563
Transactions with owners, recorded directly into equity					
Transfer to statutory reserve	-	40,000	-	(40,000)	-
Dividends paid	-	-	-	(176,344)	(176,344)
	-	40,000	-	(216,344)	(176,344)
Balance as at 31 October 2009	\$ 267,563	337,563	34,034	1,509,547	2,148,707

Consolidated Statement of Cash Flows (Stated In \$'000)

	AUDITED Year ended 31 October 2010	AUDITED Year ended 31 October 2009
Cash flows from operating activities		
Net income before taxes	\$ 657,952	\$ 585,495
Change in loans	(39,479)	151,010
Change in assets purchased under resale agreement	8,271	5,605
Change in deposits	(406,985)	2,247,846
Change in securities sold under repurchase agreement	(38,700)	(87,662)
Taxation paid	(152,249)	(144,144)
Other adjustments to reconcile income before taxation to net cash from operating activities	397,648	(1,865,820)
Net cash from operating activities	\$ 426,458	\$ 892,330
Cash flows used in investing activities		
Increase in Treasury Bills with original maturity date over 3 months	\$ (396,897)	\$ -
Increase in investments	(25,199)	(3,569)
Purchase of property, plant & equipment	(41,534)	(50,521)
Investment in subsidiary	-	(455)
Proceeds from disposal of property, plant & equipment	-	10
Net cash used in investing activities	\$ (463,630)	\$ (54,535)
Cash flows used in financing activities		
Dividends paid	(176,344)	(176,344)
Net cash used in financing activities	\$ (176,344)	\$ (176,344)
(Decrease) / increase in cash and cash equivalents	\$ (213,516)	\$ 661,451
Cash and cash equivalents, beginning of period	1,966,106	1,304,655
Cash and cash equivalents, end of period	\$ 1,752,590	\$ 1,966,106
Cash and cash equivalents		
Cash on hand and in transit	\$ 96,894	\$ 83,281
Due from banks and related companies with original maturity date not exceeding 3 months	1,531,827	1,161,750
Treasury bills with original maturity date not exceeding 3 months	123,869	721,075
Cash and cash equivalents	\$ 1,752,590	\$ 1,966,106

Significant Accounting Policies
Basis of preparation

These financial statements, in all material aspects, have been prepared in accordance with International Financial Reporting Standards. The accounting policies used in the preparation of the financial statements are the same as were followed in the financial statements as at 31 October 2009, except for the adoption of amendments to IAS 1 which became effective for annual periods beginning on or after 01 January 2009. This amendment required the inclusion of an additional financial statement, the "Statement of Comprehensive Income".

Comparative information

Comparative amounts in the Consolidated Statement of Income has been restated to conform to presentation changes in the current financial period.