

To Our Shareholders

The Directors are pleased to announce that the Scotiabank Group realised net income after tax of \$396.6 million for the nine months ended 31 July 2011, which was an increase of 9.2% over the comparative period, a year ago.

Recent statistics showed that while private sector credit has continued to improve, it is still not at a strong enough pace to underpin economic recovery. Year on year private sector credit extended by the consolidated financial system increased by 0.9% in May 2011 following twenty (20) months of consecutive decline. It was further reported that credit to the business sector declined for the nineteenth consecutive month in May 2011 by 2.2%, as business firms still appear hesitant to borrow in the wake of sluggish economic activity.

The SBT Group has managed to weather the past twenty months of consecutive demand declines, and as the economy begins to show spurts of growth, management is confident

that its existing business philosophy will continue to protect the Group's profitability.

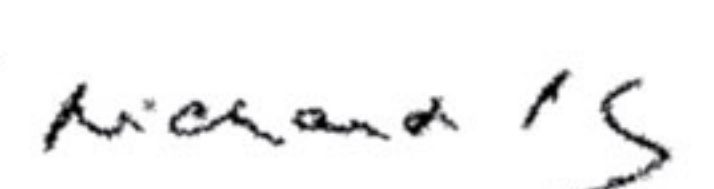
During the past quarter, the Bank launched its annual Bright Future Program, which will impact 26 communities and provide sustainable development of the youth. We also started a four-year partnership with the Trinidad & Tobago Olympic Committee, which will enhance the lives of children at the school and community levels.

On the basis of performance to date, the Directors have resolved that the Bank pay a third interim dividend of 32 cents per ordinary share (2010 - 25 cents) on 04 October 2011 to shareholders on record as at 05 September 2011. This represents a payout of 42.69% of after tax profits.

24 August 2011



Dr. Trevor Farrell
Deputy Chairman



Richard P. Young
Managing Director

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 2010.

Comparative information

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

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

	UNAUDITED As at 31 July 2011	UNAUDITED As at 31 July 2010	AUDITED As at 31 October 2010
ASSETS			
Cash on hand and in transit	\$ 109,348	\$ 109,887	\$ 96,894
Due from banks and related companies	1,445,710	1,060,857	1,531,827
Treasury Bills	1,020,490	437,926	520,766
Deposits with Central Bank	2,688,682	3,008,921	2,565,619
Net loans to customers	10,492,258	9,697,846	10,364,772
Investment securities	684,467	719,239	673,066
Investment in associate companies	14,173	12,105	14,173
Property, plant and equipment	279,965	262,284	264,588
Miscellaneous assets	136,792	127,628	112,906
Goodwill	2,951	2,951	2,951
TOTAL ASSETS	\$ 16,874,836	\$ 15,439,644	\$ 16,147,562
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Deposits	\$ 12,143,341	\$ 11,148,652	\$ 11,512,489
Due to banks and related companies	61,162	76,618	381,333
Other liabilities	365,145	269,678	247,293
Securities sold under repurchase agreement	43,542	60,135	41,617
Provision for taxation	38,679	37,431	34,478
Policyholders' funds	516,176	423,297	439,159
Debt security in issue	1,000,000	1,000,000	1,000,000
Deferred tax liability	16,261	19,288	18,685
TOTAL LIABILITIES	14,184,306	13,035,099	13,675,054
SHAREHOLDERS' EQUITY			
Stated capital	267,563	267,563	267,563
Statutory reserve fund	377,563	357,563	377,563
Investment revaluation reserve	20,978	59,096	24,954
Retained earnings	2,024,426	1,720,323	1,802,428
TOTAL SHAREHOLDERS' EQUITY	2,690,530	2,404,545	2,472,508
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 16,874,836	\$ 15,439,644	\$ 16,147,562

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

	UNAUDITED Three months ended		UNAUDITED Nine months ended		AUDITED Year ended
	31 July 2011	31 July 2010	31 July 2011	31 July 2010	31 October 2010
NET INTEREST AND OTHER INCOME					
Net Interest Income	\$ 219,271	\$ 198,682	\$ 671,930	\$ 628,544	\$ 865,129
Other Income	91,753	97,775	275,776	270,282	385,271
Net Interest and Other Income	311,024	296,457	947,706	898,826	1,250,400
NON-INTEREST EXPENSES					
Loan loss expense	8,749	18,153	41,402	57,957	77,117
Other	128,823	116,509	396,137	374,322	515,331
Non-Interest Expenses	137,572	134,662	437,539	432,279	592,448
INCOME BEFORE TAXATION	173,452	161,795	510,167	466,547	657,952
Provision for taxation	(39,154)	(37,355)	(113,589)	(103,513)	(148,727)
INCOME AFTER TAXATION	\$ 134,298	\$ 124,440	\$ 396,578	\$ 363,034	\$ 509,225
Dividends Paid & Proposed for financial year	\$ 56,430	\$ 44,086	\$ 169,290	\$ 132,258	\$ 193,978
Dividends per share	32.0c	25.0c	96.0c	75.0c	110.0c
Earnings per share	76.2c	70.6c	224.9c	205.9c	288.8c
Return on Equity	20.10%	20.83%	20.54%	21.32%	22.04%
Return on Total Assets	3.19%	3.19%	3.21%	3.09%	3.17%
Market Value	\$ 43.06	\$ 34.00	\$ 43.06	\$ 34.00	\$ 36.60

Consolidated Statement Of Total Comprehensive Income (Stated in \$'000)

	UNAUDITED Three months ended		UNAUDITED Nine months ended		AUDITED Year ended
	31 July 2011	31 July 2010	31 July 2011	31 July 2010	31 October 2010
NET INCOME:	\$ 134,298	\$ 124,440	\$ 396,578	\$ 363,034	\$ 509,225
OTHER COMPREHENSIVE INCOME					
Revaluation of available-for-sale investments, net of tax	1,113	(12,523)	(3,976)	25,062	(9,080)
TOTAL COMPREHENSIVE INCOME, NET OF TAX	\$ 135,411	\$ 111,917	\$ 392,602	\$ 388,096	\$ 500,145

Consolidated Cash Flows (Stated In \$'000)

	UNAUDITED Nine months ended 31 July 2011	UNAUDITED Nine months ended 31 July 2010	AUDITED Year ended 31 October 2010
Cash flows from operating activities			
Net income before taxes	\$ 510,167	\$ 466,547	\$ 657,952
Change in loans	(127,486)	627,446	(39,479)
Change in assets purchased under resale agreement	-	8,271	8,271
Change in deposits	630,853	(770,821)	(406,985)
Change in securities sold under repurchase agreement	1,925	(20,182)	(38,700)
Taxation paid	(112,272)	(110,597)	(152,249)
Other adjustments to reconcile income before taxation to net cash from operating activities	(258,310)	(364,102)	397,648
Net cash from operating activities	\$ 644,877	\$ (163,438)	\$ 426,458
Cash flows used in investing activities			
Increase in Treasury Bills with original maturity date over 3 months	\$ (436,560)	\$ -	\$ (396,897)
Increase in investments	(14,917)	(30,111)	(25,199)
Purchase of property, plant & equipment	(29,460)	(31,631)	(41,534)
Investment in subsidiary	-	-	-
Proceeds from disposal of property, plant & equipment	142	2	-
Net cash used in investing activities	\$ (480,795)	\$ (61,740)	\$ (463,630)
Cash flows used in financing activities			
Dividends paid	(174,580)	(132,258)	(176,344)
Net cash used in financing activities	\$ (174,580)	\$ (132,258)	\$ (176,344)
(Decrease) / Increase in cash and cash equivalents	\$ (10,498)	\$ (357,436)	\$ (213,516)
Cash and cash equivalents, beginning of period	1,752,590	1,966,106	1,966,106
Cash and cash equivalents, end of period	\$ 1,742,092	\$ 1,608,670	\$ 1,752,590
Cash and cash equivalents			
Cash on hand and in transit	\$ 109,348	\$ 109,887	\$ 96,894
Due from banks and related companies with original maturity date not exceeding 3 months	1,445,710	1,060,857	1,531,827
Treasury Bills with original maturity date not exceeding 3 months	187,034	437,926	123,869
Cash and cash equivalents	\$ 1,742,092	\$ 1,608,670	\$ 1,752,590

Consolidated Statement Of Changes In Equity For The Period Ended 31 July 2011 (Stated In \$'000)

	Stated Capital	Statutory Reserve	Investment Revaluation Reserve	Retained Earnings	Total Shareholders' Equity
NINE MONTHS ENDED 31 JULY 2011					
Balance as at 31 October 2010	\$ 267,563	\$ 377,563	\$ 24,954	\$ 1,802,428	\$ 2,472,508
Net income for the year	-	-	-	396,578	396,578
Other comprehensive income, net of tax					
- Revaluation of available-for-sale investments	-	-	(3,976)	-	(3,976)
Total comprehensive income			(3,976)	396,578	392,602
Transactions with owners, recorded directly into equity					
Transfer to statutory reserve	-	-	-	-	-
Dividends paid	-	-	-	(174,580)	(174,580)
Balance as at 31 July 2011	\$ 267,563	\$ 377,563	\$ 20,978	\$ 2,024,426	\$ 2,690,530
NINE MONTHS ENDED 31 JULY 2010					
Balance as at 31 October 2009	\$ 267,563	\$ 337,563	\$ 34,034	\$ 1,509,547	\$ 2,148,707
Net income for the year	-	-	-	363,034	363,034
Other comprehensive income, net of tax					
- Revaluation of available-for-sale investments	-	-	25,062	-	25,062
Total comprehensive income			25,062	363,034	388,096
Transactions with owners, recorded directly into equity					
Transfer to statutory reserve	-	20,000	-	(20,000)	-
Dividends paid	-	-	-	(132,258)	(132,258)
Balance as at 31 July 2010	\$ 267,563	\$ 357,563	\$ 59,096	\$ 1,720,323	\$ 2,404,545
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 investments	-	-	(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)
Balance as at 31 October 2010	\$ 267,563	\$ 377,563	\$ 24,954	\$ 1,802,428	\$ 2,472,508

Segment Reporting For The Period Ended 31 July 2011 (Stated In \$'000)

	Corporate/Commercial & Merchant Banking	Retail Banking	Insurance Services	Other	Total Segments	Unallocated Amounts/ Eliminations	Total
UNAUDITED NINE MONTHS ENDED 31 JULY 2011							
Net interest income (expense)	\$ 181,152	484,829	38,131	(36,974)	667,138	4,792	671,930
Fees and commissions	91,079	102,144	31,000	10,882	235,105	40,671	275,776
Other revenues	-	-	-	-	-	-	-
Net segment interest and other income excluding inter-segment revenues	\$ 272,231	586,973	69,131	(26,092)	902,243	45,463	947,706
Inter-segment revenues	2,537	-	16	56	2,609	(2,609)	-
Net segment interest and other income	\$ 274,768	586,973	69,147	(26,036)	904,852	42,854	947,706
Net segment profit (loss) before taxes	\$ 245,388	235,157	60,035	(73,267)	467,313	42,854	510,167
Segment Assets	\$ 3,843,087	6,086,948	779,028	8,216,625	18,925,688	(2,050,852)	16,874,836
Segment Liabilities	\$ 3,503,946	8,372,508	501,149	3,695,720	16,073,323	(1,889,017)	14,184,306
UNAUDITED NINE MONTHS ENDED 31 JULY 2010							
Net interest income (expense)	\$ 124,401	293,141	21,473	(15,062)	423,953	5,909	429,862
Fees and commissions	63,035	69,546	20,594	5,649	158,824	13,683	172,507
Other revenues	-	-	-	-	-	-	-
Net segment interest and other income excluding inter-segment revenues	\$ 187,436	362,687	42,067	(9,413)	582,777	19,592	602,369
Inter-segment revenues	1,463	-	38	(389)	1,112	(1,112)	-
Net segment interest and other income	\$ 188,899	362,687	42,105	(9,802)	583,889	18,480	602,369
Net segment profit (loss) before taxes	\$ 168,752	127,992	36,484	(46,956)	286,272	18,480	304,752
Segment Assets	\$ 4,074,353	5,996,310	653,915	5,668,265	16,392,843	(545,500)	15,847,343
Segment Liabilities	\$ 3,439,616	6,728,928	619,915	5,404,223	16,192,682	(2,682,053)	13,510,629
AUDITED YEAR ENDED 31 OCTOBER 2010							
Net interest income (expense)	\$ 184,730	446,781	33,078	(23,437)	641,152	(12,608)	628,544
Fees and commissions	109,363	104,066	28,392	8,809	250,630	19,652	270,282
Other revenues	-	-	-	-	-	-	-
Net segment interest and other income excluding inter-segment revenues	\$ 294,093	550,847	61,470	(14,628)	891,782	7,044	898,826
Inter-segment revenues	2,788	-	47	(1,024)	1,811	(1,811)	-
Net segment interest and other income	\$ 296,881	550,847	61,517	(15,652)	893,593	5,233	898,826
Net segment profit (loss) before taxes	\$ 267,643	210,240	53,003	(69,572)	461,314	5,233	466,547
Segment Assets	\$ 3,127,747	5,970,712	686,412	6,055,902	15,840,773	(401,129)	15,439,644
Segment Liabilities	\$ 3,230,430	6,841,365	637,198	5,066,869	15,775,862	(2,740,763)	13,035,099