Scotiabank*

annual report 2010

Contents

Mission Statement

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

Core Purpose

To be the best at helping our customers become financially better off.

Core Values

INTEGRITY
Interact with others ethically and honourably.

RESPECT
Empathise and fully consider the diverse needs of others.

COMMITMENT
Achieve success for customers, team and self.

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

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

Consolidated Financial Highlights

October 31, 2010 ($ thousands, except per share data)

	2010	2009
TOTAL ASSETS	16,147,562	16,015,627
DEPOSITS	11,512,489	11,919,474
NET LOANS TO CUSTOMERS	10,364,772	10,325,293
INCOME BEFORE TAXATION	657,952	585,495
NET INCOME	509,225	455,051
RISK ADJUSTED CAPITAL RATIO	27.42%	20.91%

NUMBER OF SHARES OUTSTANDING	176,343,750	176,343,750
NUMBER OF SHAREHOLDERS	7,762	7,796
EARNINGS PER SHARE	288.8¢	258¢
MARKET VALUE PER SHARE	$36.60	$30.02
NET BOOK VALUE PER SHARE	$14.02	$12.18

RETURN ON EQUITY (ROE)	
2010	2009
22.04%	22.86%

ROE measures how well the Bank is using common shareholders' invested money. It is calculated by dividing Net Income available to common shareholders by average common shareholders' equity.

EARNINGS PER SHARE (EPS)	
2010	2009
288.8 cents	258 cents

EPS is the Net Income a company has generated per common share. It is calculated by dividing Net Income available to shareholders by the average number of common shares outstanding.

RETURN ON ASSETS (ROA)	
2010	2009
3.17%	3.00%

ROA measures how effectively we utilise our assets to generate a rate of return. It is calculated by dividing the Net Income by the Total average assets.

PRODUCTIVITY	
2010	2009
42.21%	40.75%

The Productivity ratio measures the overall efficiency of the Group. It expresses non-interest expenses as a percentage of the sum of the Net Interest Income and Other Income. A lower ratio indicates improved productivity.

THE ORDINARY SHARES OF THE BANK ARE LISTED FOR TRADING ON THE TRINIDAD AND TOBAGO STOCK EXCHANGE.

SECRETARY: Belinda James, Scotia Centre, 56-58 Richmond Street, Port of Spain
AUDITORS: KPMG, Trinre Building, 69-71 Edward Street, Port of Spain
ATTORNEYS: Fitzwilliam, Stone, Furness-Smith and Morgan, 48-50 Sackville Street, Port of Spain

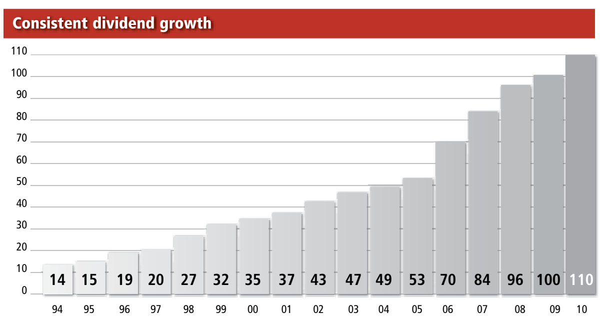
Note: All monetary amounts are stated in Trinidad and Tobago dollars, unless explicitly stated otherwise.

Brian Porter
Chairman

Chairman's Letter to Shareholders

Shareholders' Return

In 2010, Scotiabank Trinidad and Tobago Limited Group demonstrated its resilience and commitment to our customers and shareholders by once again achieving strong financial results. These were achieved despite significant challenges posed by decreased credit demand, due to the contraction of the local economy coupled with increases in unemployment. The Bank also lowered its interest rates since the repo rate was reduced four times in 2010 by the Central Bank ending at 4%, which reduced Scotiabank's prime lending rate to 8.5% at the end of the fiscal year. Notwithstanding, the Group was able to post net income of $509 million, which represents a basic earnings per share of $2.89 and an 11.9% increase in earnings when compared to the previous year. Total dividend paid for the year was $1.10 and the dividend payout ratio for 2010 stood at 38.2%, consistent with the Bank's five year average of 39%.



Trinidad and Tobago's Economic Outlook

Recent reports suggest that the recovery of the global economy is proceeding at a much slower rate than originally forecasted. The Caribbean's economic recovery has been hampered by limited fiscal manoeuvrability and a relatively high public debt burden. The Central Bank of Trinidad and Tobago predicts real GDP growth for 2010 to be flat or at most 1% with inflation in the double digits and employment ranging from 6-7%, the highest in almost three years.

The latest monetary report released by the Central Bank indicated a weaker domestic demand evidenced by a decline in retail sales by 18.3%, a bank credit contraction of 2.2% and a fall in motor vehicle sales by 12.1%. Non-oil imports also declined by 39% for the first half of 2010, suggesting a significant reduction in wholesale trading activity. Regulatory bodies continue to examine and create a framework to ensure the stability of the country's financial institutions.

These extremely challenging economic conditions have called for the careful management of our interest rate spread to provide competitive rates for our customers while ensuring a fair return on our assets. The social and legal environment is one where the Bank is comfortable in its operations as we have ensured that our products and services, as well as promotional and corporate activities, have remained compliant.

Stability and Strength of the Scotiabank Group

According to the World Economic Forum, Canada's banking system is considered to be the number one in the world for its stability. Scotiabank has earned a strong reputation, and our strength is evidenced by the fact that Global Finance magazine named Scotiabank one of the world's 50 safest banks for 2010. This is all due in large part to Scotiabank's policy of good governance and leadership; strong capital management; sustainable revenue growth; cost containment; and prudent risk appetite and management. All of Scotiabank's international subsidiaries operate by these same principles, which has enabled the Bank to grow and succeed through difficult economic conditions.

At the heart of this is the Bank's culture of accountability, openness and integrity, along with a long history of maintaining our core values, which has contributed to our stability, and helped us to build long-standing relationships with our stakeholders. Every Scotiabank employee has a part to play in maintaining this business philosophy and ensuring that our customers receive consistent service that meets our bank-wide standards.

2011

Looking ahead to 2011, our strategic vision is to create, encourage and maintain a truly customer-centric, relationship-focused sales and service organisation. The Bank will continue to focus on

"Looking ahead to 2011, our strategic vision is to create, encourage and maintain a truly customer-centric, relationship-focused sales and service organisation."

Global Finance magazine named Scotiabank International one of the world's 50 safest banks for 2010.

this initiative in order to deliver returns to our shareholders. The Scotiabank team will remain focused on our five key priorities of sustainable and profitable revenue growth, capital management, leadership, prudent risk management and efficiency and expense management. Together, these priorities, along with our values, form the basis of how we run our business and how we measure ourselves. They are the roadmap for our long-term success.

I am confident that these priorities, coupled with the wise guidance of my fellow directors and the commitment and spirit of the Scotiabank team, will equip our organisation to capitalise on the opportunities in front of us.

Acknowledgements

On behalf of the board, I would like to extend my sincere thanks to the former Chairman, Mr. Robert H. Pitfield, for his outstanding guidance and leadership over the past eight years. I would like to congratulate the management and staff of the Scotiabank Trinidad and Tobago Limited Group on their success over the past year. Indeed the commitment and strong work ethic exhibited by the local Scotiabank team is exceptional and I applaud their efforts. Finally, I express my sincere thanks to you, the shareholders, for your unwavering loyalty as I know I can look forward to your continued support in 2011.

Brian Porter
Chairman

Richard P. Young
Managing Director

Managing Director's Review

Financial Highlights of Scotiabank Group's Performance

The Scotiabank Group achieved an after tax profit of $509.2 million for the year ended October 31st 2010, an increase of 11.9% when compared to 2009. This is a remarkable achievement when one considers the country's almost flat economic growth over the last year. Net Interest and Other Income once again crossed the billion dollar mark at a record $1.25 billion for the year ended 31st October 2010, up $115.4 million or 10.2% from the same period last year. Earnings per share closed the year at 289 cents, an 11.9% increase when compared to 258 cents for 2009. This resulted in the total dividends for the year of 110 cents per share, with a dividend yield of 3%.

Shareholders' equity continued to be strengthened in 2010 and grew to $2.5 billion in 2010 an increase of 15.1% when compared to $2.1 billion in 2009. Return on Equity in 2010 was 22% (2009: 22.86%) while Return on Total Assets stood at 3.17% versus 3% last year. The Bank's Capital Adequacy ratio stood strong at 27.4% as at 31st October 2010 which compared favourably to the 2009 figure of 20.9%. This is well above the minimum capital adequacy ratio of 8% specified by regulators.

Total Non Interest Expenses (NIE) climbed to $592.4 million, which was 7.82% higher than the prior year. This was as a result of the combined effect of lower loan loss expenses and increased operating expenses. Loan Loss expenses as at 31st October 2010 was $77.1 million or 11.3% lower than the previous fiscal year. This was attributed to concentrated efforts on loan recoveries and continued proactive management of the non-accrual loans portfolio. Other non-interest expenses increased by $52.8 million, to $515.3 million, an increase of 11.4% year over year.

Total Assets closed the fiscal year at $16.1 billion representing a marginal growth of 0.82% or $131.9 million, while Total Liabilities were $13.7 billion. This was a clear result of the negative credit demand which plagued the financial system for the entire year. Net Loans to customers showed a marginal year over year increase of 0.38%, as payoffs combined with declining new business kept the net loans portfolio at $10.36 billion from $10.32 billion in 2009. Scotiabank's marginal growth signalled our strength given that the overall industry registered a contraction in commercial bank credit. Private sector credit demand declined by 2.8% year over year to August 2010, while credit to businesses fell by 10% in the same period. Total Liabilities for the period measured $13.7 billion, a marginal decline of 1.38% versus 2009. Deposits continued to be the Bank's largest liability at $11.5 billion. Though the year closed with a decline of $406.9 million or 3.4%, there continued to be a steady inflow of deposits as many investors seemed to still seek stability and security.

The Group's Performance was further strengthened through the performances of ScotiaLife Trinidad & Tobago Limited which delivered a substantial increase over 2009 in their bottom line and yielded a greater contribution to the Group's profits. Scotiatrust and Merchant Bank Trinidad and Tobago Limited also posted a great year, due to significant capital market deals executed by the Merchant Banking Unit.

International Recognition

Scotiabank Trinidad and Tobago Limited was repeatedly lauded internationally in 2010 as the Bank secured three major awards. The first award, Global Finance World's Best Emerging Market Bank for Trinidad and Tobago which was won based on Scotiabank's growth in assets, profitability, strategic relationships, customer service, competitive pricing, and innovative products. Global Finance also named Scotiabank Trinidad and Tobago Limited Best Internet Bank, based on customer endorsements of the Bank's Scotia Online internet service. The third award, The Banker Magazine's Bank of the Year 2010, Trinidad and Tobago honoured Scotiabank based on the Bank's financial and operational performance as well as the commitment to exceptional service to our customers, being socially responsible and investing in human capital.

Customer Focused and Community Connected

In 2010 Scotiabank continued to strengthen and evolve new strategies that would enable us to deliver on our core purpose "to be the best at helping our customers become financially better off".

The Bank recognised that today's customer is more technology reliant and in June 2010 Scotiabank was one of the first banks to launch mobile banking in Trinidad and Tobago. This innovation allows customers the ability to perform day-to-day banking transactions from the convenience of their web-enabled mobile

> " The Bank's staff remained committed and focused over the past year despite the many distractions and turbulent economic climate that faced the wider population."

The Bank captured the Employers' Consultative Association's Champion Employer of the Year (Large Category) in July 2010

phone devices. Scotiabank also continued to better understand customer needs and provide products and services that would benefit our various customer segments. This was a part of the Bank's strategy for 2010 in order to have the right officer, servicing the right customer at the right time.

Critical to the strategy was Scotiabank's ability to continue to expand and refine its segmented business units and subsidiaries. The Merchant Banking Unit offered underwriting syndication, structured financing, advisory services and derivative strategies to customers. Scotia Private Client Group provided specialised and tailored wealth management solutions to our high net worth clientele. Scotia Investments Trinidad and Tobago Limited delivered knowledge-based guidance and customised investment solutions while Small Business Banking Services worked together to grow the business of our entrepreneurial customers. The segments allowed for an improved service platform from which Scotiabank could better serve the needs of its client base.

Scotiabank's Corporate Social Responsibility efforts in 2010 should also be applauded as branches throughout Trinidad and Tobago continued their involvement in their communities and the staff gave of their time, energy and hearts to ensure a bright future for the next generation. The Bank supported an additional twenty NGOs by assisting with funding for their various social intervention programmes. Through the branch network and the Managing Director's Office, the Bank has expended over $2 million under the umbrella of Scotiabank Trinidad & Tobago Foundation on the Bright Future Program®, breast cancer awareness, sport, culture and philanthropic causes.

To learn more about the scope of work please review the Corporate Social Responsibility section of this annual report.

Developing our People

Scotiabank, being a financial services entity is only as successful as the quality of its employees, and as such the Bank continuously invests in the personal and professional development of its staff.

Over 80% of the Bank's staff participated in professional development programmes over the last year. Additionally the Bank created sixteen communication channels where staff could give feedback on various policies and strategies affecting daily operations, particularly in regard to how this impacts the customer. These effective channels allowed for open and honest communication between staff and the executive management team.

These initiatives have all helped to strengthen the resolve of staff to manifest daily, the Bank's five Core Values of Integrity, Respect, Commitment, Insight and Spirit. The Bank's staff remained committed and focused over the past year despite the many distractions and turbulent economic climate that faced the wider population. This dedicated approach is testament to Scotiabank's efforts to position itself as an Employer of Choice and was further endorsed when the Bank captured the Employers' Consultative Association's Champion Employer of the Year (Large Category) in July 2010. Companies with employees numbering over 500 were eligible for the award. The top prize was awarded to Scotiabank after careful review of the Bank's policies regarding management systems, industrial and employee relations, occupational safety and health, training and development, corporate social responsibility, employment creation, recruitment, retention and recognition.

Operational Innovations and Efficiencies

In 2010 efficiency was a key performance attribute for Scotiabank so that cost could be contained while business grew. The Bank therefore created Centres of Excellence in order to achieve productivity gains through the amalgamation of support functions and services under common management to pool expertise, skills and experience. The end result was the creation of greater economies and an enhanced ability to handle higher volumes without incurring additional costs.

A major reengineering of the wire transfer process was undertaken in the first quarter of fiscal 2010 to improve the customers' experience by providing timely service that met and surpassed customer expectations.

Mid fiscal 2010, the Bank's retail administration and application processing areas were merged to improve the effectiveness and efficiency of our lending services. The set up of this unit accelerated the organisation's goal of digitisation of client documentation, making it easier to function using streamlined and automated processes with improved technology capability.

Its implementation facilitated the imaging of customer files and removal of paper files from the process thus allowing for more efficient and timely processing and adjudication of applications.

This centralisation exercise across the various operational units has allowed the Bank to standardise processes, reduce and better manage risk, enforce controls, gain efficiencies and most of all, enhance the customers' experience.

The Horizon

In such a volatile economic time what is a certainty is that 2011 will bring a fresh set of opportunities and challenges. Against the current economic backdrop, Scotiabank Trinidad and Tobago Limited's strategy will see a continued focus on the pillars of revenue growth, capital management, leadership, prudent risk management and cost containment which collectively has brought the Group ongoing success.

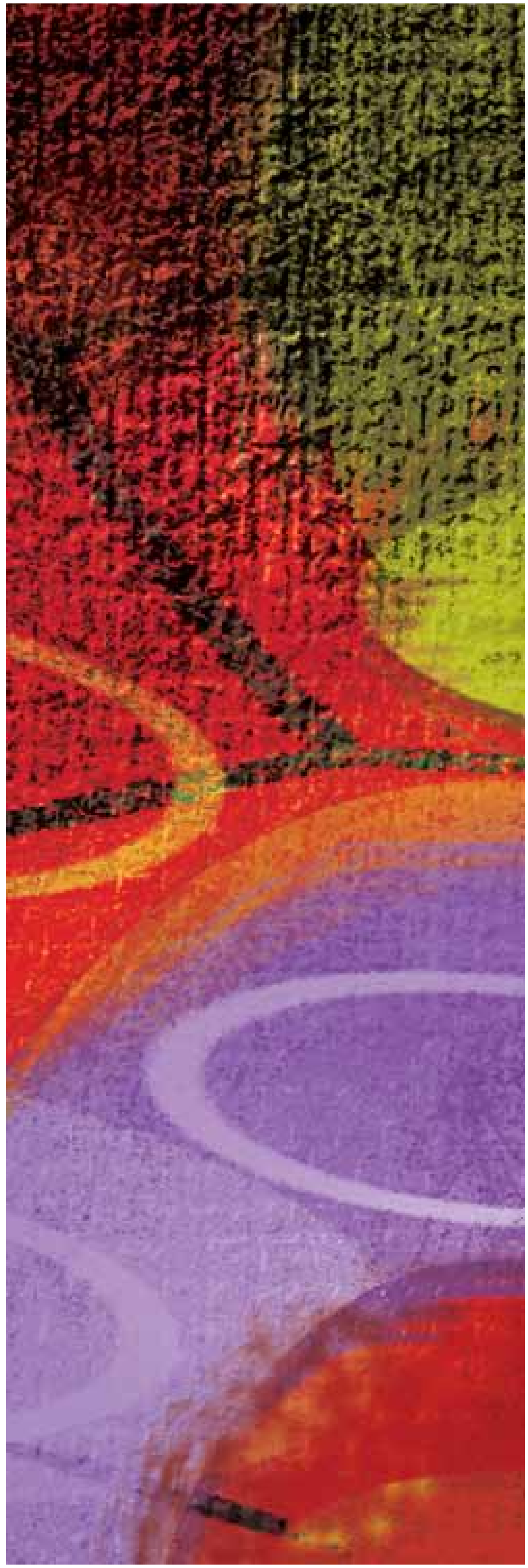
The Bank will also continue to be innovative, to ensure that its sophisticated customer base will always have a wide range of products and services that will facilitate their unique and ever-changing needs.

I use this opportunity to reiterate the Bank's commitment to service excellence to its many stakeholders, shareholders, customers and employees. I am confident with all of our strategies and the guidance of our Board of Directors, as well as the commitment of our dedicated employees, Scotiabank is well poised to have a successful 2011.

Acknowledgements

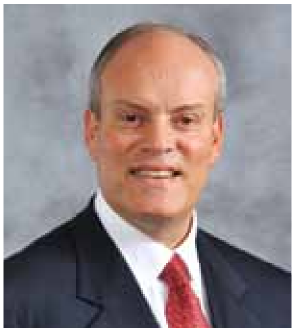
In closing I wish to express a sincere thanks to Robert H. Pitfield on behalf of the entire Scotiabank Trinidad and Tobago team for his outstanding leadership as Chairman over the past eight years. It was indeed a privilege. Former Director Pasquale Minicucci also moved on in his career and we thank him for his contributions. Our team also welcomes and commits its support to newly appointed Directors Claude Norfolk and Brian Porter, our new Chairman of the Board. Claude is no stranger having served on our board before. We are confident we can look forward to many more successful years under their direction.

Richard P. Young
Managing Director



Board of Directors

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



Brian Porter
Chairman

Dr. Trevor Farrell*†
Deputy Chairman

Richard P. Young◆
Managing Director

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

George Janoura ▲◆
Chairman and Managing Director
Janouras Limited

Robert Riley▲†
Chairman and CEO
BP Trinidad and Tobago LLC

Gisele del V Marfleet*†
Director, Operations
Industrial Chemical Supply (1995) Company Limited

Claude Norfolk*†
Senior Vice President
International Banking (Caribbean Region)
The Bank of Nova Scotia

Roxane De Freitas*
Managing Director
Unilever Caribbean Limited

Craig Reynald*▲
Consultant

Corporate Governance Overview

Corporate Governance Overview

Sound and effective corporate governance is a priority for Scotiabank – indeed, it is considered essential to the Bank's long-term success. Scotiabank's corporate governance policies are designed to ensure the independence of the Board and its ability to effectively supervise management's operation of the Bank.

Board independence ensures that the Bank is managed for the long-term benefit of its major stakeholders – shareholders, employees, customers and the communities in which the Bank operates. The Bank's directors are business and community leaders active at the national and international levels. Collectively, they provide an invaluable breadth of experience.

Board Committees

The committees of the Board assist the Board in fulfilling its mandate and ensure that the Scotiabank Group is governed effectively. At fiscal year end there were four Board committees.

The Audit Committee

This Committee assists the Board in fulfilling its oversight responsibilities for the integrity of the Bank's annual consolidated financial statements, compliance with legal and regulatory requirements, the hiring, assessment and compensation of the external auditors, the performance of the Bank's internal audit function and internal controls over financial reporting.

The Connected Party Committee

This newly formed Committee assists the Board in ensuring compliance with the requirements of the Financial Institutions Act, 2008, viz the extension of credit exposures to the Bank's connected parties. The Committee is responsible for inter alia reviewing applications for credit exposures by connected parties, confirming that the terms and conditions upon which such credit exposures will be offered are no less favourable to the Bank than the terms and conditions upon which such credit exposures are offered to the public and approving the credit exposures, subject to ratification by the Bank's Board of Directors.

The Corporate Governance and Conduct Review Committee

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

The Human Resources Advisory Committee

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

The Directors' Report

Your Directors have pleasure in submitting their Annual Report for the fiscal year ended October 31, 2010:-

FINANCIAL RESULTS AND DIVIDENDS

Your Directors report that the Group's profit after taxation for the year ended October 31, 2010, was $509 million. Dividends of 25 cents per share were paid to shareholders on April 06, 2010, July 06, 2010, October 07, 2010, plus a Dividend of 25 cents and a Special Dividend of 10 cents were paid to shareholders on January 03, 2011, making a total distribution of $1.10 on each share for the year ended October 31, 2010.

DIRECTORS

In accordance with paragraph 4.5 of the Company's By-Law No. 1, the terms of office of Dr. Trevor Farrell, Messrs. Daniel Fitzwilliam, Craig Reynald and Richard P. Young, expire at the close of the Annual Meeting to be held on February 25, 2011. Dr. Farrell and Messrs. Fitzwilliam, Reynald and Young, being eligible, offer themselves for re-election for the term from the date of their election until the close of the first Annual Meeting following their election, subject always to earlier termination under paragraph 4.8.1 of the Company's By-Law No. 1.

Mr. Pasquale Minicucci resigned from the Company's Board of Directors in August 2010, and on August 25, 2010, pursuant to paragraph 4.4.1 of By-Law No. 1 of the Company, Mr. Claude Norfolk was appointed a Director of the Company to fill the casual vacancy among the Directors caused by the resignation, to hold office until the expiration of the term of his predecessor. In accordance with paragraph 4.4.1 of the Company's By-Law No. 1, Mr. Claude Norfolk retires from the Board of Directors at the next Annual Meeting of shareholders and being eligible, offers himself for election for a term from the date of his election until the close of the first Annual Meeting following his election, subject always to earlier termination under paragraph 4.8.1 of the Company's By-Law No. 1.

On November 24, 2010, Mr. Brian Porter was appointed a Director of the Company as an additional Director, pursuant to paragraph 4.1.1 of By-Law No. 1 of the Company. In accordance with paragraph 4.4.1 of By-Law No. 1 of the Company, Mr. Porter retires from the Board of Directors at the next Annual Meeting of shareholders and being eligible, offers himself for election for a term from the date of his election until the close of the first Annual Meeting following his election, subject always to earlier termination under paragraph 4.8.1 of the Company's By-Law No. 1.

After serving the Company in the capacity of Chairman since May 2003, Mr. Robert Pitfield resigned from the Board of Directors on November 24, 2010. Upon his resignation, the Board of Directors appointed Mr. Brian Porter, the Chairman of the Board of Directors.

At this Annual Meeting, shareholders will be asked to approve an increase in Directors' Fees, as an item of Special Business on the Meeting Agenda.

AUDITORS

The retiring auditors, Messrs. KPMG have expressed their willingness to be re-appointed. Messrs. KPMG are practising members of the Institute of Chartered Accountants of Trinidad and Tobago and are eligible for appointment as auditors of the Company under the rules of the said Institute.

DIRECTORS, SENIOR OFFICERS, CONNECTED PERSONS AND SUBSTANTIAL INTERESTS

We record hereunder details of the shareholdings of each Director and Officer of the Company as at the end of the Company's financial year, October 31, 2010.

DIRECTORS	ORDINARY SHARES
Roxane De Freitas	2,000
Trevor Farrell	30,109
Daniel J. Fitzwilliam	10,441
George Janoura	18,026
Gisele Marfleet	7,425
Claude Norfolk	1,500
Brian Porter	Nil
Craig Reynald	Nil
Robert Riley	4,500
Richard P. Young	8,485

SENIOR OFFICERS	ORDINARY SHARES
Sean Albert	Nil
Christopher Hosein	Nil
Belinda James	Nil
Adrian Lezama	Nil
Vanessa Mc Pherson	Nil
Dhanraj Persad	Nil
Savon Persad	Nil
Salwa Zaki	Nil

We record that as at the end of the Company's financial year, October 31, 2010, persons connected to the Directors and Officers of the Company held 15,521 shares in the Company.

We also list below those shareholders holding the ten (10) largest blocks of shares in the Company, as at October 31, 2010.

SHAREHOLDERS	ORDINARY SHARES
The Bank of Nova Scotia	89,761,887
The National Insurance Board	11,970,742
RBTT Trust Limited	10,482,250
Republic Bank Limited	10,053,697
The Trinidad and Tobago Unit Trust Corporation	6,727,910
First Citizens Trust and Asset Management	4,641,291
Trintrust Limited	3,930,399
Tatil Life Assurance Limited	3,788,793
Guardian Life of the Caribbean Limited	2,569,580
Trustee Central Bank Pension Fund	1,856,248

ON BEHALF OF THE BOARD

Brian Porter
Chairman

Richard P. Young
Managing Director

January 03, 2011
Port of Spain, Trinidad

Management Discussion & Analysis

The following discussion and analysis is provided to facilitate the reader's assessment of the Group's results for the fiscal year ended October 31, 2010.

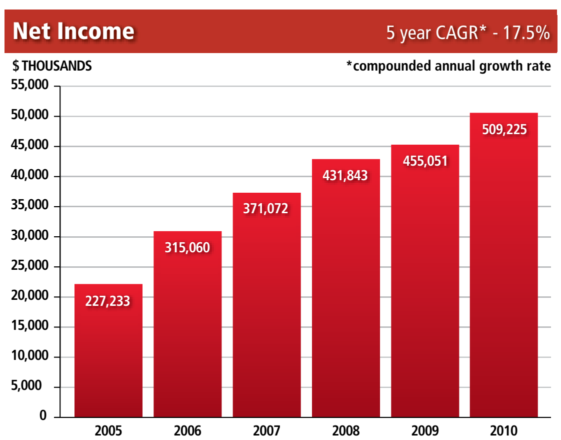
This discussion should be read in conjunction with our consolidated financial statements provided in this annual report. All amounts referred to hereunder are stated in Trinidad and Tobago dollars unless stated otherwise.

OVERVIEW

The SBTT group ended fiscal 2010 with net income of $509.2 million, an increase of 11.9% over the previous year. The 2010 results represent the Group's eighteenth consecutive year of growth in profits and underscore the resilience of the Group's underlying business model which continues to generate consistent results.

Earnings per share amounted to 288.8 cents, compared to 258.0 cents in the previous year, whilst Return on Equity remains strong at 22.04%. Return on Assets improved to 3.17% compared to 3.00% in fiscal 2009.

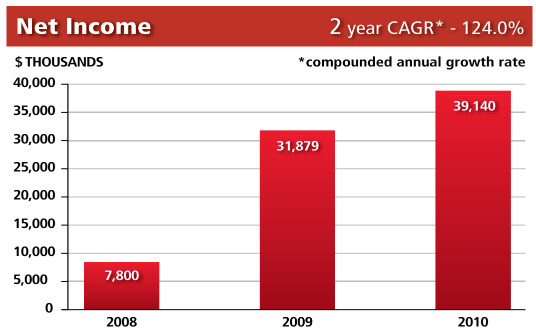
Total revenues rose by 10.2% year over year, which was mainly due to the combined effect of increases in interest income from investment securities, loans and other income.



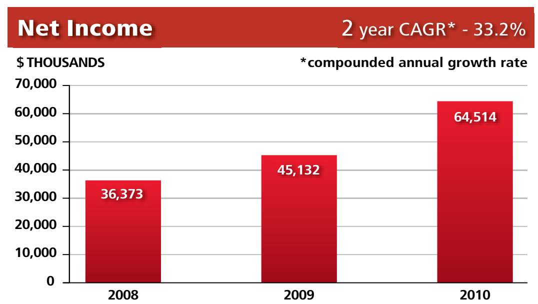
The Group's capital base remained strong with total shareholder's equity growing to $2.5 billion; $323.8 million more than the prior year, while the risk based capital adequacy ratio measured 27.4% as at October 31, 2010 which compared favourably to the 2009 figure of 20.9% and continues to be well above the minimum capital adequacy ratio of 8% specified by regulators.

The SBTT Group delivered an improved financial performance and exceeded its key financial targets for 2010 in an economic environment that posed significant challenges both for the Group and its customers.

Scotiatrust and Merchant Bank



ScotiaLife



Our strategy of diversification across business lines, complemented with proactive risk management and astute cost management, has served us well, with significant contributions being realised from The Merchant Banking and Insurance business units.

STRONG SHAREHOLDER RETURN

Our shareholders were handsomely rewarded year over year with a 10.0% increase in dividends, complemented with a 21.9% improvement in the share price of SBTT's issued equity.

Dividends increased from $1.00 in 2009 to $1.10 in 2010, whilst the share price of one SBTT share as at October 31, 2009 was $30.02, where as at October 31, 2010 it was $36.60.

It has and will continue to be our philosophy to reward shareholders with sustainable, long-term growth in profits.

Total Shareholder Return

For the year ended October 31	2010	2009	2008	2007	2006
Ordinary shares in issue	176,343,750	176,343,750	176,343,750	176,343,750	176,343,750
Closing market price ($ per share)	$36.60	$30.02	$31.00	$28.55	$25.30
Dividend paid (cents per share)	110.0	100.0	96	84	70
Earnings per share (cents)	288.8	258.0	244.9	210.4	178.7
Dividend Payout Ratio	38.1%	38.8%	39.2%	39.9%	39.2%

Management Discussion & Analysis

GROUP FINANCIAL PERFORMANCE

Total Revenue

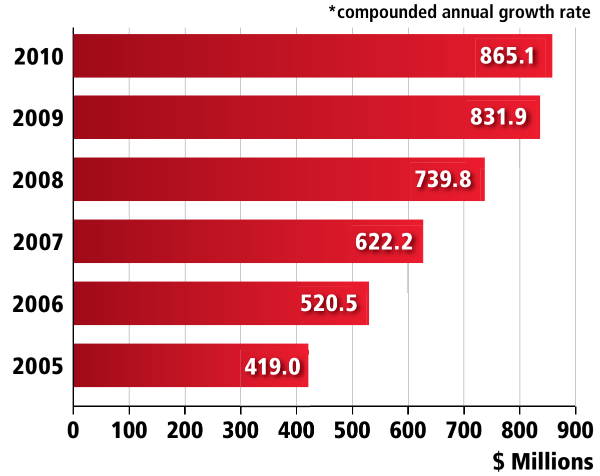
Total revenue, which comprises of net interest income and other non-interest income, recorded an increase in 2010 of $115.4 million or 10.2% over the previous year, moving from $1,135 million in 2009 to $1,250.4 million in the current fiscal year. Growth in top line revenue was achieved despite excess market liquidity and weak credit demand which effectively drove interest rates lower across all business lines. The impact of interest rate reductions was partially mitigated by the performance of the Merchant Banking division, which arranged and issued several regional capital market transactions. The Merchant Banking division realised an increase year over year in fees and commissions of $15.1 million or 44.1% to close the year at $49.2 million in non-interest revenues.

Net Interest Income

The Group closed fiscal 2010 with net interest profit of $865.1 million, an increase of $33.3 million or 4.0% despite declining interest rates across all product lines. This modest increase in net interest profits was achieved through the combined efforts of the treasury function and the credit origination team, which sought to manage the effects of excess liquidity within the banking system and weak credit demand whilst offering customers competitive rates on deposit and lending products.

Net Interest Income 5 year CAGR* - 15.6%

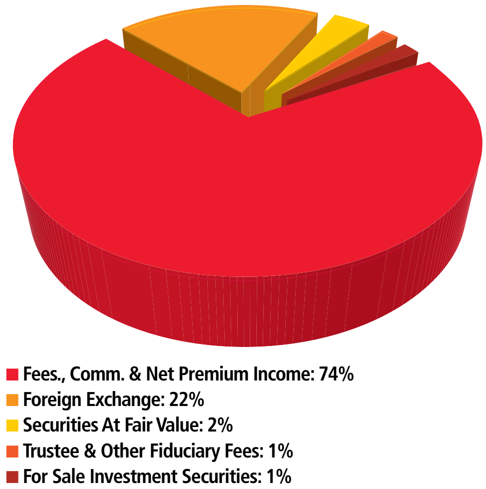
*compounded annual growth rate



Other Income

Other Income for 2010 amounted to $385.3 million. This performance resulted in a year over year increase of $82.2 million or 27.1%. Other Income comprised mainly of Fees, Commissions and Premium income, which accounted for 74.2% of the total 2010 Other Income category, while earnings from foreign exchange trading accounted for 22.2%.

Other Income



The increase over the prior year can be attributed to improvements in several areas. Firstly, increase in fee revenues charged for the provision for banking services. This revenue stream grew as a result of increase in volume transactions as the Group realised the benefits of its improved and expanded product offering, complemented with the expansion of its presence within the local market. Secondly, the contribution of the Merchant Banking division as noted above, which realised an increase over the previous year of non-interest revenues of $15.1 million or 44.1%. Thirdly, the contribution of the insurance subsidiary, ScotiaLife. This unit surpassed expectations with an increase of $18.4 million over the comparable period one year ago. Revenues from foreign exchange trading also increased. This is attributable to continued demand pressures on the US dollar and increases in sell volumes. This category realised an increase of $10.3 million or 13.7% over the prior period.

Non-Interest Expenses

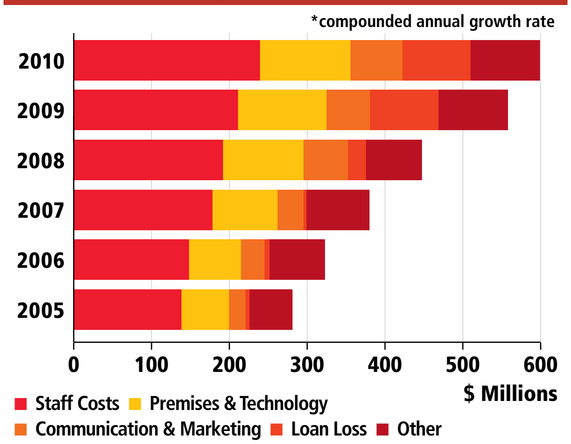
Non-interest expense, which excludes loan loss expense, increased in fiscal 2010 by $52.8 million or 11.4% to $515.4 million from its 2009 level of $462.6 million.

The Group's management continued its strategy of cost containment and deployment of new and improved technology and processes to ensure that its operation was efficient and highly productive. It must be noted that this strategy has proven to be highly successful as increases in operating cost continue to be below the average headline inflation rate, which stood at 13.2% as at September 30, 2010.

The major component of the year on year increase was Salaries and Staff Benefits due to market level merit increases along with annual bonuses. Increases in other expense categories were generally as a result of the increased cost of conducting business as suppliers and service providers continue to pass on increase cost to the Group.

Management Discussion & Analysis

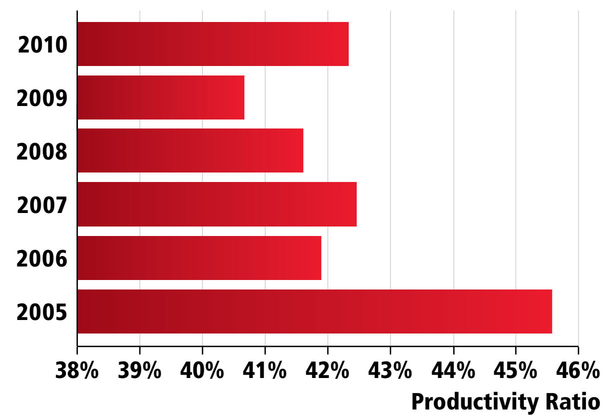
Non-Interest Expenses 5 year CAGR* - 17.0%



Productivity

While the emphasis on revenue growth was unwavering, our focus on managing costs across the Group continued. Our productivity ratio, measured as non-interest expense as a percentage of total revenue, was testament to this at 42.21% (2009: 40.75%).

Group Efficiency



Taxes

The 2010 tax charge was $148.7 million, up $18.3 million or 14% from 2009. This increase is purely due to growth in profits as the effective tax rate was maintained at approximately 22.6%.

Credit Quality

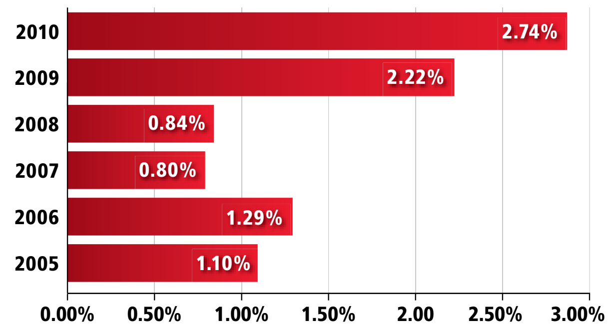
The Group's non-performing loans now represent 2.74% of gross loans compared to 2.22% in the prior year.

The Customer Assistance Program (CAP), which was introduced to assist retail borrowers impacted by the effects of the global economic crisis, ended June 2010. Notwithstanding this initiative, our customers continue to be negatively impacted by the deterioration in the levels of economic activity locally and internationally. This lack of economic activity has served to keep delinquency at significantly higher levels than traditionally experienced by the Group.

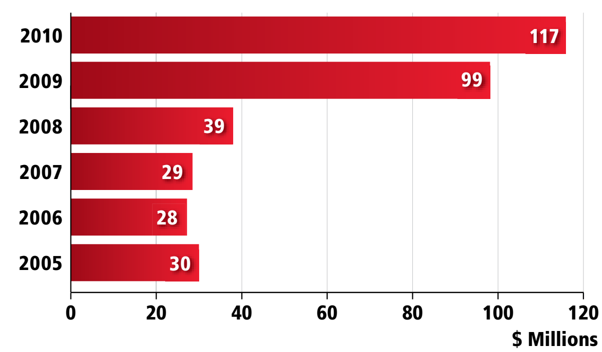
Year over year, loan loss expense declined 11.3% to $77.1 million from $86.9 million in 2009. Loan loss provisions however increased to $117.3 million in 2010 from $99.1 million in 2009, an increase of 18.4%.

Scotiabank is satisfied that its credit risk policies are adequate and provide the Bank with a sound risk management framework to achieve desired business and risk results.

NAL as % of Gross Loans



Loan Loss Provisions



GROUP FINANCIAL CONDITION

ASSETS

Total assets of the Group at the close of fiscal 2010 stood at $16.1 billion, an increase of $132.0 million or 0.8% over the previous year. While growth in assets was subdued compared to the Group's experience over the recent past, it must be viewed in the context of the current economic climate.

Management Discussion & Analysis

The 2009 excess liquidity of $3.0 billion within the local financial sector carried over into 2010. Credit demand continued to be weak compounded by falling interest rates and double digit inflation. These conditions posed unique risk to the Group, which required sound risk management and competitive product offering to ensure that run-off on the lending and investment portfolios was mitigated by new business of a high quality.

Cash Resources

Regulatory cash deposits at the Central Bank of Trinidad and Tobago held to comply with statutory requirements amounted to $2.6 billion, a decrease over the previous year of $83.0 million or 3.1%.

The commercial bank reserve requirement was maintained at the 2009 level. However, deposit liabilities upon which the reserve is calculated, declined marginally, leading to the decrease of the deposits with the Central Bank.

While these funds are held at the Central Bank as part of its monetary policy action as a consequence of excess market liquidity and high inflation, these funds are held in a liquid form and are available to meet the Bank's liquidity needs in severe consequences. As at October 31, 2010 our reserves exceed the statutory minimum as the liquidity overhang in the financial system affected us as it did our counterparts with total commercial banks excess reserves reported at $3.3 billion.

Securities

Growth in Investment Securities was $14.8 million or 2.2% resulting in this category of asset closing the financial year at $673.1 million compared to 2009 at $658.3 million.

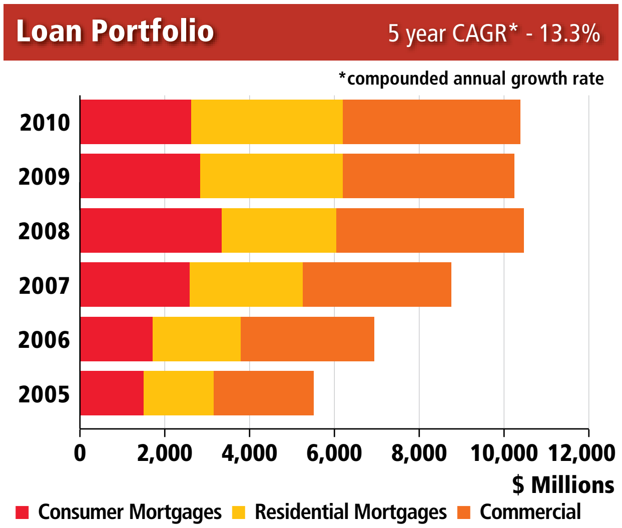
Treasury bills declined to $520.8 million in 2010 from $721.1 million in 2009, a decrease of $200.3 million or 27.8%.

Overall, investment in debt securities decreased as a consequence of the unavailability of high quality instruments. Competition was fierce amongst market participants in the debt securities market, which effectively drove yield lower and resulted in all issues of debt instruments with suitable risk characteristics to the Group being over-subscribed.

Loans

Loan growth stagnated in 2010 with net loans to customers closing the financial year at $10.4 billion, up $39.5 million or 0.4% over 2009. This category continues to be the Group's main business line and accounts for 64.2% of total assets as at October 31, 2010.

The lack of growth in credit is attributable to the slow down in the economy as demand for new credit declined year over year by 2.7%. The Group however, was able to successfully defend its market share in 2010 as new credit business under-written by the Group was sufficient to offset payouts on existing facilities.



The Consumer Loan and Residential Mortgage portfolios continued to be the two largest concentration categories and when combined represented 60.4% of net loans (2009: 61.0%).

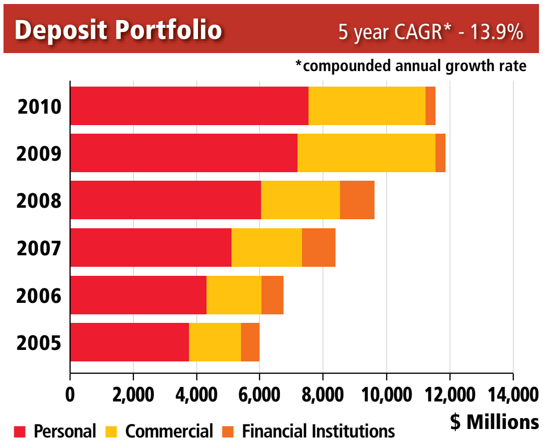
The loan loss provision as a percentage of gross loans increased to 1.13% from 0.96% in 2009 and the Group considers this level of provisioning to be adequate.

LIABILITIES

Total Liabilities were $13.7 billion as at October 31, 2010, a decrease of $191.9 million or 1.4% from last year.

Deposits

The Group experienced a decrease in customer deposits of $407 million or 3.4% compared to 2009. Deposits as at October 31, 2010 stood at $11.5 billion whereas in 2009 it was $11.9 billion. The decline in customer deposits is as a direct consequence of the actions by the treasury function as it sought to manage the impact of excess liquidity and weak credit demand.



Management Discussion & Analysis

Deposits from customers continue to be the main source of funding for the investment activities of the Group, with deposits accounting for 84.2% of total liabilities (2009: 86.0%).

Notwithstanding the downward trend in deposit yields, our customers continue to demonstrate their confidence in the Scotiabank Group as a strong, well-capitalised and stable financial institution.

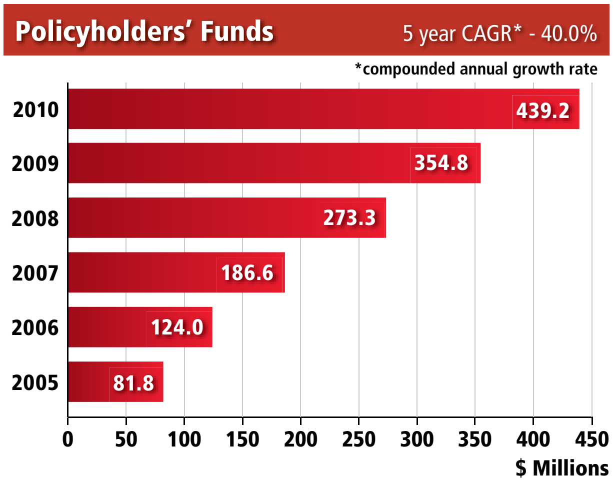
Other funding

Other sources of funding recorded a net growth of 28.0% or $92.6 million over the prior year. This comprised of growth in amounts due to banks and related companies of $131.3 million which close the year at $381.3 million, up from $250.0 million in 2009. Securities sold under repurchase agreements ended the financial year of 2010 at $41.6 million, down by $38.7 million or 48.2% from the 2009 closing balance of $80.3 million.

This category of funding grew as the Group increased its foreign currency borrowing to better manage the associated risk of lending to customers in a currency other than the TT dollar.

Policyholders' funds

ScotiaLife Trinidad and Tobago Limited, the insurance subsidiary of the Group, had another successful year with growth in policyholders' funds of $84.3 million or 23.8% over the comparable period one year ago. Policyholders' funds stood at $439.2 million as at the close of fiscal 2010 as compared to $354.8 million in 2009. This increase was representative of increases in premium income from ordinary life policies of $29.1 million and individual annuities payments of $53.2 million.



Shareholders' Equity

As at October 31, 2010, shareholders' equity stood at $2.5 billion, up by $323.8 million from $2.1 billion in 2009. The growth in shareholders' equity was mainly due to the increase in retained earnings as management sought to maintain a strong capital base for the forthcoming financial year.

Management anticipates a recovery of economic activity in fiscal 2011, and as a result of the expected growth, the various business portfolios would require a strong capital base. The local regulators specify a minimum capital adequacy ratio of 8.0% which as at October 31, 2010 stood at 27.42%, well above the threshold. The 2009 capital adequacy ratio was 20.90%.

Dividends

The Group's shareholders were rewarded with a 10.0% increase in dividends which resulted in total proposed and paid dividends for 2010 of $1.10, compared to $1.00 in 2009. This represents an effective payout ratio of 38.10% on after tax profits.

The Group continues to subscribe to the philosophy of proactive risk management and steady, sustainable growth in profits in the discharge of its duty to its shareholders.

Corporate Social Responsibility

Scotiabank is committed to the principles of Corporate Social Responsibility (CSR) and so conducts its affairs in a manner that attempts to benefit all stakeholders in communities throughout Trinidad and Tobago. Through a dedicated team approach, we strive to include Social, Economic, Environmental and Ethical considerations in our everyday business decisions.

Scotiabank Trinidad and Tobago Limited's Corporate Social Responsibility efforts are administered under the umbrella of the Scotiabank Trinidad and Tobago Foundation which was granted charitable status in 2008. The former First Lady of the Republic of Trinidad and Tobago, Zalayhar Hassanali, serves as the patron for both the Foundation as well as the Scotiabank Women Against Breast Cancer Programme. The Foundation also manages the Bank's Bright Future Program® which supports sustainable youth focused development initiatives. The Foundation operates as a separate entity, formed to oversee the disbursement of charitable donations on behalf of Scotiabank Trinidad and Tobago Limited. The Foundation Board of Directors includes Theresa Thompson Beard, Gordon Cressy, Yvonne Fakoory and Richard P. Young with Giselle del V Marfleet as Chairman.

The Scotiabank Bright Future Program® was established to unite all Scotiabank youth focused philanthropic efforts under one programme. Its formation enables the Bank to be more strategic and focused in its charitable efforts, ultimately making a bigger impact on the causes we wish to support opportunities for helping children.

The Scotiabank Bright Future Program® brings together the passion of our employees, the insight of our partners and the spirit of our communities. Together, we can bring hope and prosperity. Together, we can make a monumental difference. Together, we can build a brighter future for the youth of our nation.

For the 12th year Scotiabank Trinidad and Tobago championed the fight against breast cancer through the annual Scotiabank Women Against Breast Cancer Golf Tournament and 5K Classic. In 2010, the 5K Classic was expanded to three venues (Port of Spain, San Fernando and Crown Point) and over 4,000 women joined the race for the cure. Over the years, the 5K Classic has grown into more than just a race for the thousands of women who participate every year. It has become a platform for the women to bond, unite and motivate each other as they make collective strides in the fight against breast cancer.

*Trademark of The Bank of Nova Scotia, used under licence.

Corporate Social Responsibility

"Scotiabank Trinidad and Tobago Limited has expended more than $2 million in support of worthwhile causes throughout Trinidad and Tobago."

...dedication of personal time is what distinguishes us from others in the industry.

This year over 2,000 women had access to free breast cancer screening, mammograms and ultrasounds at public and private health facilities throughout Trinidad and Tobago. The Scotiabank Women Against Breast Cancer screening programme has also begun to attract additional funding from other corporate entities and in 2010, two distribution companies donated a portion of their October product sales.

Volunteerism through Community Intervention

Scotiabank Trinidad and Tobago Limited believes that volunteerism is fundamental and should be exercised and nurtured among nationals. This past year the Bank encouraged that thrust through various public interventions led by members of its staff under the Bank's Bright Future Program®. The year 2010 saw Scotiabank branches throughout Trinidad as well as in Tobago embarking on youth-focused projects in the communities they served. The various sustainable interventions gave the Scotiabank staff an opportunity to raise funds for their project and supplement the financial assistance given by the Bank.

The branches not only provided monetary support but the staff also dedicated time and manpower as well as committed heart and mind to bridge the social gap.

A number of successful initiatives were completed and these included the upgrade of academic and sporting facilities at various schools and orphanages, donations of books, furniture, musical instruments, computer and sports equipment to youth organisations as well as the staging of agriculture education programmes. The Bank's staff collectively volunteered hundreds of contact hours in an attempt to make a meaningful contribution to the positive social development of the various communities in which they live and operate.

Academic Support

In 2010, the Bank's Bright Future Program® also encouraged academic excellence through the provision of grants to top SEA performers as well as to successful SEA students from modest homes. At the tertiary school level the Bank funded bursaries to the University of the West Indies for students based on their academic performance and financial need.

Sport and Culture

Sport and cultural activities were also strongly supported by Scotiabank in 2010. The Bank once again was the gold sponsor of the Biennial Trinidad and Tobago Music Festival which was held in March 2010.

The Bank also continued to support the promotion of the national instrument by providing financial support to over 40 unsponsored steelbands and sponsored and facilitated the participation of National Panorama champs, PCS Silver Stars, in the Scotiabank Caribana Festival 2010 held in August in Toronto.

Corporate Social Responsibility

Scotiabank has been "The Official Bank of West Indies Cricket" for over a decade and continues to provide sponsorship support both at the regional and international levels of the sport. Scotiabank is also the exclusive sponsor of Kiddy Cricket, an extended training programme that provides schools and youth groups across the country with certified coaches who teach the fundamentals of the gentleman's game, thereby ensuring our sporting legacy for the future. Our support of youth in sport extends not only to cricket as Scotiabank consistently provides sponsorship for the Annual Schools' Table Tennis Tournament, held in collaboration with the Trinidad and Tobago Table Tennis Association. The Bank also invested in sport/recreation infrastructure when it contributed $250,000 towards the construction of YMCA's 25 metre community pool in Tobago.

Supporting the Social Work of NGO's

One of the objectives of the Scotiabank Trinidad and Tobago Foundation is to relieve poverty, deprivation and distress among economically disadvantaged persons and their dependents resident in Trinidad and Tobago, either generally or individually through the provision of grants, goods or services. One of the mechanisms through which this is done is via an annual Deed of Covenant by which Scotiabank assists numerous non-governmental organisations and charities so they can continue their good work. The Bank also facilitates requests for support and sponsorship from a number of schools, clubs and organisations. In 2010, the Bank continued to do its part to assist the socially disadvantaged in Trinidad and Tobago.

Employee Development

Scotiabank Trinidad and Tobago Limited takes pride in the fact that, as an equal opportunity employer, it facilitates the growth and development of all its employees as well as ensures a positive work environment for its entire staff. The Bank has established a number of development programmes to afford staff every opportunity for personal and professional growth. Over 82% of Scotiabank's staff complement has benefitted from training and professional enhancement initiatives. The Bank also facilitated an ongoing feedback programme whereby supervisors and subordinates meet on a regular basis to review successes, challenges and generally interface in order to create a better work synergy and improve communication. A well established mentorship programme continued in 2010 in which employees in the early stages of their career were able to benefit from the professional guidance and advice of the more senior professionals at the Bank. All of these interventions are in keeping with the Bank's passion for leadership and talent development, and allow Scotiabank to continue to be a great place to work.

Corporate Social Responsibility

Scotiabank Women's Network

Congruent with the Bank's overall leadership strategy, the Scotiabank Women's Network (SWN) has consistently endeavoured to increase the representation of women in senior management.

The SWN works to help cultivate and sustain a talented workforce of potential female leaders. This is achieved through key initiatives and a number of professional and personal development workshops as well as established affiliations with other professional associations. This dynamic group added charitable work to their scope and this year raised much needed funds for their pet charity, the Goshen Home and Half Way House. Overall, the group made a significant impact in 2010, holding true to its overall objective: that Scotiabank be recognised as a leader in the promotion and development of women and serve to establish Scotiabank as an 'employer of choice'.

Environmental Considerations

Scotiabank Trinidad and Tobago Limited ensures compliance to a strict environmental policy that guides its day to day operations. The policy is further enhanced by the adoption of the Equator Principles, which provide safeguards to ensure the protection of the natural environment and the rights of indigenous peoples, as well as safeguards against child and forced labour. These revised principles have been integrated into the Bank's internal policies and procedures including its lending policies. Environmental concerns play a major role in shaping our real estate practices. Furthermore, as purchasers of products and services, we believe that it is our responsibility to incorporate environmental considerations into our purchasing and subsequent usage process.

Making a Meaningful Contribution

Through all of these efforts, Scotiabank Trinidad and Tobago Limited is making steady progress towards the realisation of its overall corporate responsibility goal: to make a meaningful contribution towards the improvement of the lives of all our stakeholders. In 2011, the Bank will continue to explore new initiatives aimed at further cementing the positive impact of its efforts in communities throughout Trinidad and Tobago.

The Bank will also continue to do its part in supporting many organisations engaged in addressing the social gaps existing in our nation. Indeed Corporate Social Responsibility is a fundamental part of the way Scotiabank conducts business and an essential element of its overall success.

Management's Report on Internal Controls over Financial Reporting

The management of Scotiabank Trinidad and Tobago Limited and its subsidiaries (Scotiabank) is responsible for the integrity and fair presentation of the financial information presented in this Annual Report.

The purpose of internal control over financial information is to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards.

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

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

As at October 31, 2010, Scotiabank's internal control mechanisms have been evaluated by management and found to be effective. KPMG, an independent registered public accounting firm, issued an unqualified audit opinion and reported no significant or material weaknesses in internal control in their management letter.

Richard P. Young
Managing Director

Adrian Lezama
Assistant General Manager, Finance

Independent Auditors' Report

to the Shareholders of Scotiabank Trinidad and Tobago Limited

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the consolidated financial statements of Scotiabank Trinidad and Tobago Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at October 31, 2010, and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

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

OPINION

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at October 31, 2010, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

KPMG

Chartered Accountants
November 24, 2010
Port of Spain

Consolidated Statement of Financial Position

Scotiabank Trinidad and Tobago Limited
Year ended October 31, 2010 ($ thousands)

	Notes		2010	2009
Assets				
Cash on hand and in transit		$	**96,894**	83,281
Due from banks and related companies	4		**1,531,827**	1,161,750
Treasury bills	5		**520,766**	721,075
Deposits with Central Bank	6		**2,565,619**	2,648,623
Net loans to customers	7		**10,364,772**	10,325,293
Investment securities	8		**673,066**	658,275
Investment in associate companies			**14,173**	12,105
Assets purchased under resale agreement			-	8,271
Property, plant and equipment	9		**264,588**	243,085
Miscellaneous assets			**19,311**	43,612
Goodwill			**2,951**	2,951
Retirement benefit asset	10		**93,595**	107,306
Total Assets		$	**16,147,562**	16,015,627

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes		2010	2009
Liabilities				
Deposits	11	$	**11,512,489**	11,919,474
Due to banks and related companies	12		**381,333**	250,040
Other liabilities			**158,903**	123,481
Securities sold under repurchase agreement	13		**41,617**	80,317
Provision for taxation			**34,478**	32,996
Policyholders' funds	14		**439,159**	354,831
Debt security in issue	15		**1,000,000**	1,000,000
Retirement benefit obligation	10		**88,390**	80,765
Deferred tax liability	16		**18,685**	25,016
Total Liabilities		$	**13,675,054**	13,866,920
Shareholders' Equity				
Stated capital	17		**267,563**	267,563
Statutory reserve fund	18		**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

See accompanying notes to consolidated financial statements.

These financial statements have been approved for issue by the Board of Directors on November 24, 2010 and signed on its behalf:

Richard P. Young Managing Director	Trevor Farrell Director	Gisele del V Marfleet Director	Craig Reynald Director

Consolidated Statement of Income

Scotiabank Trinidad and Tobago Limited
Year ended October 31, 2010 ($ thousands)

	Notes		2010	2009
Net Interest and Other Income				
Total interest income	20	$	**1,077,946**	1,211,477
Total interest expense	21		**212,817**	379,610
Net interest income			**865,129**	831,867
Other income	22		**385,271**	303,111
Net interest and other income			**1,250,400**	1,134,978
Non-Interest Expenses				
Salaries and staff benefits			**223,322**	207,797
Premises and technology			**123,092**	111,995
Communication and marketing			**62,058**	54,625
Loan loss expense	7		**77,117**	86,932
Other	23		**106,859**	88,134
Total non-interest expenses			**592,448**	549,483
Income before taxation			**657,952**	585,495
Income Tax Expense	24		**148,727**	130,444
Net Income For The Year		$	**509,225**	455,051
Earnings per share	25		**288.8¢**	258.0¢

See accompanying notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

Scotiabank Trinidad and Tobago Limited
Year ended October 31, 2010 ($ thousands)

		2010	2009
NET INCOME FOR THE YEAR, ATTRIBUTABLE TO EQUITY HOLDERS	$	**509,225**	455,051
OTHER COMPREHENSIVE INCOME			
Revaluation of available-for-sale investments, net of tax		**(9,080)**	37,512
TOTAL COMPREHENSIVE INCOME, ATTRIBUTABLE TO EQUITY HOLDERS	$	**500,145**	492,563

See accompanying notes to consolidated financial statements.

Consolidated Statement of Changes in Equity

Scotiabank Trinidad and Tobago Limited
Year ended October 31, 2010 ($ thousands)

	Notes		Stated Capital	Statutory Reserve	Investment Revaluation Reserve	Retained Earnings	Total Shareholders' Equity
Balance as at October 31, 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 investments			-	-	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	18		-	-	-	(176,344)	(176,344)
			-	40,000	-	(216,344)	(176,344)
Balance as at October 31, 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	18		-	-	-	(176,344)	(176,344)
			-	40,000	-	(216,344)	(176,344)
Balance as at October 31, 2010		$	**267,563**	**377,563**	**24,954**	**1,802,428**	**2,472,508**

See accompanying notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Scotiabank Trinidad and Tobago Limited
Year ended October 31, 2010 ($ thousands)

	Notes		2010	2009
Cash Flows From Operating Activities				
Income before taxation		$	**657,952**	585,495
Adjustments to reconcile income before taxation to net cash from operating activities:				
Interest income			**(1,077,946)**	(1,211,477)
Interest expense			**212,817**	379,610
Depreciation			**17,348**	15,554
Share of profit of associated company			**(2,068)**	(2,421)
Loss on disposal of property, plant and equipment			**2,683**	1,613
Change in deposits with Central Bank			**83,004**	(1,094,417)
Change in retirement benefit obligation			**23,756**	11,066
Change in policyholders' funds			**84,328**	81,502
Change in loan loss provision			**18,236**	59,642
Change in loans			**(75,777)**	90,863
Change in miscellaneous assets			**24,302**	(2,329)
Change in deposits			**(375,741)**	2,243,224
Change in amounts due to banks and related companies			**131,293**	(908,268)
Change in assets sold under repurchase agreement			**(38,700)**	(87,662)
Change in assets purchased under resale agreement			**8,271**	5,605
Change in other liabilities			**35,422**	33,356
Interest received			**1,096,008**	1,211,982
Interest paid			**(244,061)**	(374,988)
Medical and life contributions paid			**(2,420)**	(1,476)
Taxation paid			**(152,249)**	(144,144)
Net cash from operating activities			**426,458**	892,330
Cash Flows From Investing Activities				
Change in Treasury Bills with original maturity date due over 3 months			**(396,897)**	-
Change in investments			**(25,199)**	(3,569)
Investment in subsidiary			**-**	(455)
Purchase of property, plant and equipment			**(41,534)**	(50,521)
Proceeds from disposal of property, plant and equipment			**-**	10
Net cash used in investing activities		$	**(463,630)**	(54,535)
Cash Flows From 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 Year			**1,966,106**	1,304,655
Cash And Cash Equivalents, End Of Year		$	**1,752,590**	1,966,106
Cash And Cash Equivalents Represented By				
Cash on hand and in transit		$	**96,894**	83,281
Due from banks and related companies with original maturity date not exceeding 3 months	4		**1,531,827**	1,161,750
Treasury Bills with original maturity date not exceeding 3 months	5		**123,869**	721,075
		$	**1,752,590**	1,966,106

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Scotiabank Trinidad and Tobago Limited
October 31, 2010
These notes are applicable to the Group's financial statements.

1. Incorporation and Business Activities

Scotiabank Trinidad and Tobago Limited (Scotiabank) is incorporated in the Republic of Trinidad and Tobago and offers a complete range of banking and financial services as permitted under the Financial Institutions Act, 2008. Scotiabank is domiciled in Trinidad and Tobago and its registered office is 56-58 Richmond Street, Port of Spain.

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

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

Name of Companies	Country of Incorporation	Percentage of Equity Capital Held
Subsidiaries		
Scotiatrust 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 SKN Limited	Federation of St. Christopher & Nevis	100%
Scotia Investments Trinidad and Tobago Limited	Republic of Trinidad and Tobago	100%
Associated Companies		
InfoLink Services Limited	Republic of Trinidad and Tobago	25%
Trinidad & Tobago Interbank Payment Systems Limited	Republic of Trinidad and Tobago	14%

Scotiatrust and Merchant Bank Trinidad and Tobago Limited (Scotiatrust) is a licensed merchant bank and mortgage institution. Its principal activity includes arranging and underwriting issues of marketable securities.

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

Scotia SKN Limited was incorporated under the Companies Act, 1996 of the Federation of St. Christopher and Nevis. Its principal activity is the purchase and holding of investments.

Scotia Investments Trinidad and Tobago Limited's principal activity is the provision of investment brokerage services to investors on the local market such as equity and bond trading.

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

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

2. Significant Accounting Policies

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

(a) Basis of preparation

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

The financial statements are prepared on the historical cost basis modified for the inclusion of investments at fair value through profit and loss, plant and equipment and available-for-sale investments at fair value.

(b) Principles of consolidation

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

(c) Revenue recognition

Interest income

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

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

Fees and commissions

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

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

Premium income

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

2. Significant Accounting Policies (continued)

(d) Foreign currency

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

(e) Financial assets and liabilities

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

(i) *Recognition*

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

(ii) *Derecognition*

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

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

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

(iii) *Classification*

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

<u>Financial assets at fair value through profit and loss</u>

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

2. **Significant Accounting Policies** (continued)

(iii) ***Classification*** (continued)

Loans and receivables

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

Held-to-maturity

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

Available-for-sale

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

(iv) Measurement

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

Subsequent to initial recognition, all financial assets at fair value through profit and loss and available-for-sale assets are measured at fair value, based on their quoted market price at the date of the statement of financial position without any deduction for transaction costs. Where the instrument is not actively traded or quoted on recognised exchanges, fair value is determined using discounted cash flow analysis. Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market related rate at the date of the statement of financial position for an instrument with similar terms and conditions.

Any available-for-sale asset that does not have a quoted market price in an active market and where fair value cannot be reliably measured, is stated at cost, including transaction costs, less impairment losses.

Gains and losses arising from the change in the fair value of available-for-sale investments subsequent to initial recognition are accounted for as changes in the investment revaluation reserve.

Gains and losses, both realised and unrealised, arising from the change in the financial assets at fair value through profit and loss are reported in other income.

All non-trading financial liabilities, originated loans and receivables and held-to-maturity assets are measured at amortised costs less impairment losses. Amortised cost is calculated on the effective interest rate method. Premiums and discounts, including initial transaction costs, are included in the carrying amount of the related instrument and amortised based on the effective interest rate of the instrument.

(f) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and in-transit, deposits with banks and related companies and short-term highly liquid investments with maturities of three months or less when purchased, including Treasury bills and other

2. Significant Accounting Policies (continued)

(f) Cash and cash equivalents (continued)

bills eligible for rediscounting with the Central Bank. The carrying value approximates the fair value due to its highly liquid nature and the fact that it is readily converted to known amounts of cash at hand and is subject to insignificant risk of change in value.

(g) Investment securities

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

On disposal or on maturity of an investment, the difference between the net proceeds and the carrying amount is included in the statement of income. When available-for-sale assets are sold, converted or otherwise disposed of, the cumulative gain or loss recognised in equity is transferred to the statement of income.

(h) Loans

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

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

Loans are written off after all the necessary legal procedures have been completed and the amount of the loss is finally determined.

The Group maintains a loan loss provision, which in management's opinion, is adequate to absorb all incurred credit-related losses in its loan portfolio. The loan loss provision, except those relating to certain retail loans, is determined on an item by item basis and reflects the associated estimated loss. Provisions for certain retail loans are calculated using a formula method taking into account recent loss experience.

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

(i) Property, plant and equipment

i) *Recognition and Measurement*

Premises and equipment are carried at cost less accumulated depreciation and impairment losses. (See accounting policy 2(t)).

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour and any other cost directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. The Group has not incurred any significant expenditure on software that is not an integral part of related hardware as classified under property, plant and equipment.

2. Significant Accounting Policies (continued)

(i) Property, plant and equipment (continued)

ii) *Subsequent Cost*

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

iii) *Depreciation*

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

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

(j) Leases

i) *Operating leases*

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

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

ii) *Finance leases*

Leases which transfer substantially all the risks and rewards incident to ownership of 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.

(k) Taxation

Income tax expense comprises current tax and the change in deferred tax. Current tax comprises tax payable calculated on the basis of the expected taxable income for the year, using the tax rate enacted by the reporting date, Green Fund levy and any adjustment of tax payable for previous years.

Deferred tax is provided using the balance sheet 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.

2. **Significant Accounting Policies** (continued)

(k) Taxation (continued)

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

(l) Policyholders' funds

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

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

(m) Employee benefits

(i) *Short-term*

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

Employee benefits that are earned as a result of past or current service are recognised in the following manner: short-term employee benefits are recognised as a liability, net of payments made, and charged as an expense. Post-employment benefits are accounted for as described below.

(ii) *Post-employment*

Independent qualified actuaries carried out a valuation of the Group's significant post-retirement benefits as at October 31, 2009. The results of that valuation were projected to October 31, 2010 and have been fully reflected in these financial statements.

Pension obligations

Scotiabank operates a non-contributory defined benefit pension plan covering the majority of its employees. The funds of the plan are administered by fund managers appointed by the trustees of the plan. The pension plan is generally funded by payments from Scotiabank, taking account of the recommendations of independent qualified actuaries. Scotiabank is currently on a contribution holiday based on the actuaries' advice.

Pension accounting costs are assessed using the Projected Unit Credit Method. Under this method, the cost of providing pension benefits is included in the statement of income so as to spread the regular cost over the service lives of employees in accordance with the advice of qualified actuaries, who carry out a full valuation of the plan at least every three years. The pension obligations are measured as the present value of the estimated future cash outflows using interest rates of long-term government securities. Actuarial gains and losses are only recognised when they fall outside a corridor equal to 10% of the larger of the value of the plan's assets and the value of the plan's liabilities. These gains and losses are recognised over the average remaining service lives of employees.

2. Significant Accounting Policies (continued)

(m) Employee benefits (continued)

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.

(n) Acceptances, guarantees and letters of credit

Scotiabank's commitments under acceptances, guarantees and letters of credit have been excluded from these financial statements because they do not meet the criteria for recognition. These commitments as at October 31, 2010 totalled $1,371 million (2009: $1,071 million). In the event of a call on these commitments, Scotiabank has equal and offsetting claims against its customers.

(o) Assets under administration

Assets that are not beneficially owned by the Group, but are under its administration, have been excluded from these financial statements. Assets under administration as at October 31, 2010 totalled $518 million (2009: $514 million).

(p) Dividends

Dividends that are proposed and declared after the date of the statement of financial position are not shown as a liability on the statement of financial position but are disclosed as a note to the financial statements.

(q) Debt security in issue

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

(r) Sale and repurchase agreements

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

(s) Deposit liabilities

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

(t) Impairment

The carrying amounts of the Group's assets, other than deferred tax assets (see Note 2(k)) are reviewed at each date of the statement of financial position 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.

2. Significant Accounting Policies (continued)

(t) Impairment (continued)

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

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

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

(u) Insurance and investment contracts – classification

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

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

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

(v) Goodwill

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

(w) New standards, amendments and interpretations adopted

IFRS 8, Operating segments became effective for annual periods beginning on or after January 1, 2009. This standard supercedes IAS 14 Segment Reporting. It requires the disclosure of quantitative information pertaining to the performance and management of business segments as internally identified and managed.

Comparative segment information has been re-presented in conformity with the transitional requirements of this standard. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.

IFRS 7, Financial Instruments: Disclosures. Amendments to IFRS 7 were issued in March 2009 and became effective for annual periods beginning on or after January 1, 2009. These amendments sought to improve disclosures relating to financial instruments. The amendments require that fair value measurements use a three-level fair value hierarchy that reflects the significance of the inputs used in measuring fair values of financial instruments. Specific disclosures are required when fair value measurements are categorised as Level 3 (significant unobservable inputs) in the fair value hierarchy. The amendments require separate disclosure for any significant transfers between Level 1 and Level 2 of the fair value hierarchy, distinguishing between transfers into and out

2. Significant Accounting Policies (continued)

(w) New standards, amendments and interpretations adopted (continued)

of each level. Furthermore, changes in valuation techniques from one period to another, including reasons therefore, are required to be disclosed for each class of financial instruments.

Further, the definition of liquidity risk has been amended and is now defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The amendments require disclosure of a maturity analysis for non-derivative and derivative financial liabilities, but contractual maturities are required to be disclosed for derivative financial liabilities only when contractual maturities are essential for an understanding of the timing of cash flows. For issued financial guarantee contracts, the amendments require the maximum amount of the guarantee to be disclosed in the earliest period in which the guarantee can be called.

IAS 1, Presentation of Financial Statements – Revised, became effective for annual periods beginning on or after January 1, 2009. The revised standard required all non-owner changes in equity to be presented in the consolidated statement of comprehensive income, whereas, all owner changes in equity be presented in the consolidated statement of changes in equity.

IFRIC 9 and IAS 39, amendments issued in March 2009 became effective for annual periods beginning on or after June 30, 2009. These amendments relate to the treatment of embedded derivatives in host contracts.

IFRIC 18, Transfer of assets from customers – provides guidance relating to the accounting for dissimilar assets received from customers for the provision of goods or services. This interpretation became effective for annual periods beginning on or after July 1, 2009.

(x) New standards, amendments and interpretations not yet adopted

At the date of authorisation of the financial statements there were new standards, amendments to standards and interpretations which were in issue but were not yet effective for the year ended October 31, 2010. The Group did not early adopt as permitted, or applied the following standards, amendments and interpretation in preparing these consolidated financial statements:

IFRS 9	Financial Instruments — First phase of the replacement of IAS 39 – Financial Instruments: Recognition and Measurement. The new standard would result in significant changes to the Group's classification and presentation of financial instruments	January 1, 2013
IFRS 1	First Time Adoption of IFRS – Amendments introduced giving additional exemptions to first time adopters of IFRS	January 1, 2010
IFRS 2	Share Based Payments — Amendments introduced Pertaining to Group Cash-settled Share Based Payment Transactions	January 1, 2010
IAS 24	Related Party Disclosures — Revised version introduces additional related party disclosures	January 1, 2011
IAS 32	Financial Instruments: Presentation – Amendment introduced regarding the classification of Rights Issues	February 1, 2010
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction – Amendments relating to Prepayments of a Minimum Funding Requirement	July 1, 2010
IFRIC 19	Extinguishing financial liabilities with equity instruments	July 1, 2010

2. Significant Accounting Policies (continued)

(x) New standards, amendments and interpretations not yet adopted (continued)

The adoption of these standards and interpretations are not expected to have a material impact on the financial statements except for IFRS 9, which is expected to significantly change the Group's classification and presentation of financial instruments.

(y) Segment Reporting

An operating segment is a distinguishable component of the Group that is engaged in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by management to make decisions about resource allocation to each segment and assesses its performance, and for which discrete financial information is available.

(z) Comparative information

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

3. Use of Accounting Estimates and Judgements

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

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

(a) *Allowances for credit losses*

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

The specific counter-party component of total allowances for impairment applies to claims evaluated individually for impairment and is based upon management's best estimate of the present value of the cash flows that are expected to be received.

In estimating these cashflows, management makes judgements about a counterparty's financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently approved by the Credit Risk function.

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

Year ended October 31, 2010 ($ thousands)

3. Use of Accounting Estimates and Judgements (continued)

(b) *Determining fair values*

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

(c) *Financial asset and liability classification*

The Group's accounting policies provide scope for assets and liabilities to be designated on inception into different accounting categories in certain circumstances:

In classifying financial assets or liabilities as "fair value through profit or loss", the Group has determined that it meets the description of trading assets and liabilities set out in accounting policy 2(e)(iii).

In designating financial assets or liabilities as available-for-sale, the Group has determined that it has met one of the criteria for this designation set out in accounting policy 2(e)(iii).

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

		2010	2009
4. Due from Banks and Related Companies			
Due from related companies	$	**3,481**	996,364
Due from other banks		**1,513,271**	95,869
Cheques and other instruments in the course of clearing		**15,075**	69,517
	$	**1,531,827**	1,161,750
Maturity of Assets			
Assets with original maturity date due within 3 months	$	**1,531,827**	1,161,750
Assets with original maturity date due over 3 months		**-**	-
		1,531,827	1,161,750
5. Treasury Bills			
Government of Trinidad and Tobago	$	**362,226**	721,075
Government of United States of America		**158,540**	-
	$	**520,766**	721,075
Maturity of Assets			
Assets with original maturity date due within 3 months	$	**123,869**	721,075
Assets with original maturity date due over 3 months		**396,897**	-
	$	**520,766**	721,075

Year ended October 31, 2010 ($ thousands)

6. Deposits with Central Bank

In accordance with the Financial Institutions Act, 2008, 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 17% and 9% (2009: 17% and 9%), respectively, of total prescribed liabilities. Additionally, Scotiabank is required to maintain several other interest bearing reserves as detailed below.

		2010	2009
Primary reserve	$	**1,565,900**	1,926,385
Secondary reserve		**184,200**	184,384
Other reserves		**815,519**	537,854
	$	**2,565,619**	2,648,623

7. Net Loans to Customers

		2010	2009
7.1 Principal neither past due nor impaired	$	**8,234,790**	9,040,579
Principal which is past due but not impaired		**1,895,519**	1,070,118
Principal which is impaired		**285,197**	229,032
Gross loans		**10,415,506**	10,339,729
Loan loss provision		**(117,297)**	(99,061)
Total loans net of provision		**10,298,209**	10,240,668
Interest receivable		**66,563**	84,625
	$	**10,364,772**	10,325,293

7.2 Financial assets past due but not impaired

		2010			
		Less than 30 days	**30 - 60 days**	**61 - 90 days**	**Total**
Loans and advances to customers					
Commercial loans	$	**100,647**	**94,989**	**4,037**	**199,673**
Retail loans		**1,388,908**	**213,557**	**93,381**	**1,695,846**
	$	**1,489,555**	**308,546**	**97,418**	**1,895,519**

		2009			
		Less than 30 days	30 - 60 days	61 - 90 days	Total
Loans and advances to customers					
Commercial loans	$	102,148	24,462	9,401	136,011
Retail loans		726,444	131,304	76,359	934,107
	$	828,592	155,766	85,760	1,070,118

Year ended October 31, 2010 ($ thousands)

7. Net Loans to Customers (continued)

7.3 Financial assets whose terms have been renegotiated

		2010	2009
Loans and advances		**86,696**	111,095

7.4 Concentration of credit

		2010	2009
Consumer	$	**2,635,205**	2,848,780
Mortgages - residential		**3,588,381**	3,355,251
Manufacturing and assembly		**204,524**	193,532
Mortgages - commercial		**539,036**	606,871
Business and personal services		**293,653**	371,111
Distributive trades		**482,024**	479,344
Energy and petrochemical		**841,994**	516,633
Communication and transport		**228,195**	507,805
Construction and engineering		**1,171,629**	725,651
Hospitality industry		**83,200**	35,744
Financial services		**225,079**	594,031
Agriculture		**5,289**	5,915
	$	**10,298,209**	10,240,668

7.5 Analysis of movement of loan loss provision

		2010	2009
Provision, beginning of year	$	**99,061**	39,419
Provision for the year		**107,203**	98,642
Reversal of provision no longer required		**(13,456)**	(4,242)
Loan loss charge for the year		**93,747**	94,400
Write-offs		**(75,511)**	(34,758)
Net increase in loan loss provision for the year		**18,236**	59,642
Provision, end of year	$	**117,297**	99,061

Year ended October 31, 2010 ($ thousands)

7. Net Loans to Customers (continued)

7.6 Loan loss expense

		2010	2009
Loan loss charge for the year	$	**93,747**	94,400
Recoveries		**(16,630)**	(7,468)
	$	**77,117**	86,932

8. Investment Securities

		2010	2009
Securities available-for-sale			
- Equity securities	$	**8,579**	8,611
- Government debt securities		**413,144**	381,328
- Corporate debt securities		**46,361**	50,708
		468,084	440,647
Securities at fair value through profit and loss			
- Equity securities		**1,466**	1,559
- Government debt securities		**10,322**	9,423
- Corporate debt securities		**105**	11,925
		11,893	22,907
Securities held-to-maturity (Note 28)			
- Government debt securities		**168,089**	169,721
- Corporate debt securities		**25,000**	25,000
		193,089	194,721
Total investment securities	$	**673,066**	658,275
Pledged securities (Note 13)	$	**41,617**	80,317

Year ended October 31, 2010 ($ thousands)

Provision for impairment loss	$	-	-

9. Property, Plant and Equipment

		Land	Buildings	Leasehold Improvements	Equipment & Furniture	Construction in Progress	**2010 Total**	2009 Total
Cost								
At beginning of year	$	19,200	106,168	56,144	182,989	27,616	**392,117**	346,159
Additions		-	12,973	-	16,564	11,997	**41,534**	50,521
Transfers		-	15,790	3,786	12	(19,588)	-	-
Disposals		-	-	-	(8,153)	(1,098)	**(9,251)**	(4,563)
At end of year		19,200	134,931	59,930	191,412	18,927	**424,400**	392,117
Accumulated depreciation and amortisation								
At beginning of year		-	35,570	13,664	99,798	-	**149,032**	136,418
Charge for year		-	3,573	488	13,287	-	**17,348**	15,554
Disposals		-	-	-	(6,568)	-	**(6,568)**	(2,940)
At end of year		-	39,143	14,152	106,517	-	**159,812**	149,032
Net book value	$	19,200	95,788	45,778	84,895	18,927	**264,588**	243,085

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10. Retirement Benefit Asset (Obligation)

10.1 **Amounts recognised in the statement of financial position are as follows:**

		Defined Benefit Pension Fund		Post Retirement Medical and Life Benefits	
		2010	2009	**2010**	2009
Defined funded obligation	$	**(471,838)**	(434,814)	**(95,417)**	(83,134)
Fair value of plan assets		**508,045**	485,390	**-**	-
		36,207	50,576	**(95,417)**	(83,134)
Unrecognised actuarial loss		**57,388**	56,730	**11,260**	6,941
Unrecognised past service cost		**-**	-	**(4,233)**	(4,572)
Net asset (liability)	$	**93,595**	107,306	**(88,390)**	(80,765)

10.2 **Reconciliation of change in Defined Benefit Obligation**

		Defined Benefit Pension Fund		Post Retirement Medical and Life Benefits	
		2010	2009	**2010**	2009
Defined benefit obligation at beginning of year	$	**(434,814)**	(370,541)	**(83,134)**	(64,483)
Current service cost		**(21,729)**	(18,636)	**(4,133)**	(2,469)
Interest cost		**(32,170)**	(31,878)	**(6,146)**	(5,508)
Actuarial gain (loss)		**4,276**	(27,046)	**(4,424)**	(12,150)
Benefits paid		**11,975**	12,698	**2,420**	1,476
Expenses paid		**624**	589	**-**	-
Defined benefit obligation at end of year	$	**(471,838)**	(434,814)	**(95,417)**	(83,134)

10.3 **Reconciliation of the fair value of plan assets**

		Defined Benefit Pension Fund	
		2010	2009
Plan assets at beginning of year	$	**485,390**	477,865
Expected return on plan assets		**40,734**	47,138
Actuarial loss		**(5,480)**	(26,326)
Benefits paid		**(11,975)**	(12,698)
Expenses paid		**(624)**	(589)
Plan assets at end of year	$	**508,045**	485,390

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

Year ended October 31, 2010 ($ thousands)

10. Retirement Benefit Asset (Obligation) (continued)

10.4 The actual return on plan assets is as follows:

		Defined Benefit Pension Fund	
		2010	2009
Expected return on plan assets	$	**40,734**	47,138
Actuarial loss on plan assets		**(5,480)**	(26,326)
Actual return on plan assets	$	**35,254**	20,812

10.5 The movement in the asset and liability recognised in the statement of financial position as at October 31, 2010 comprised:

		Defined Benefit Pension Fund		Post Retirement Medical and Life Benefits	
		2010	2009	**2010**	2009
Opening defined benefit asset (liability)	$	**107,306**	110,682	**(80,765)**	(74,551)
Net pension costs		**(13,711)**	(3,376)	**(10,045)**	(7,690)
Medical and life contributions paid		-	-	**2,420**	1,476
Closing defined benefit asset (liability)	$	**93,595**	107,306	**(88,390)**	(80,765)

10.6 The amount recognised in the statement of income comprised:

		Defined Benefit Pension Fund		Post Retirement Medical and Life Benefits	
		2010	2009	**2010**	2009
Current service cost	$	**(21,729)**	(18,636)	**(4,133)**	(2,469)
Interest cost on benefit obligation		**(32,170)**	(31,878)	**(6,146)**	(5,508)
Expected return on plan assets		**40,734**	47,138	**-**	-
Amortised loss		**(546)**	-	**(105)**	(52)
Past service cost		-	-	**339**	339
Net pension cost	$	**(13,711)**	(3,376)	**(10,045)**	(7,690)

10.7 Experience History

		Defined Benefit Pension Fund	
		2010	2009
Defined benefit obligation	$	**(471,838)**	(434,814)
Fair value of Plan assets		**508,045**	485,390
Surplus	$	**36,207**	50,576
Experience adjustment on plan assets	$	**(5,480)**	(26,326)
Experience adjustment on plan liabilities	$	**(871)**	3,065

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10. Retirement Benefit Asset (Obligation) (continued)

10.8 Experience History

		Post Retirement Medical and Life Benefits	
		2010	2009
Defined benefit obligation	$	**(95,417)**	(83,134)
Fair value of Plan assets		-	-
Deficit	$	**(95,417)**	(83,134)
Experience adjustment on plan assets	$	-	-
Experience adjustment on plan liabilities	$	**(3,924)**	(7,932)

10.9 Asset allocation

	Defined Benefit Pension Fund	
	2010	2009
Equity securities	**29.9%**	28.8%
Debt securities	**53.8%**	53.1%
Property	**4.4%**	4.6%
Other	**11.9%**	13.5%
Total	**100.0%**	100.0%

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

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

		2010	2009
Fair value of properties occupied by the Group	$	**22,300**	22,300
Fair value of parent equities held by the Plan	$	**53,105**	43,558

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

		Increase	Decrease
Effect on aggregate current service cost and interest cost	$	**2,791**	(2,140)
Effect on defined benefit obligation	$	**19,902**	(15,491)

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10. Retirement Benefit Asset (Obligation) (continued)

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

	2010	2009
	% pa	% pa
Discount rate:		
- Active members and deferred pensioners	**6.25**	7.50
- Current pensioners	**6.25**	7.50
Expected return on plan assets	**7.00**	10.00
Future salary increases	**4.25**	5.50
Future pension increases	**1.00**	2.50
Medical expenses increases	**4.75**	6.00

11. Deposits

		2010	2009
11.1 Deposit balances	$	**11,474,062**	11,849,802
Interest payable		**38,427**	69,672
	$	**11,512,489**	11,919,474
11.2 **Concentration of liabilities**			
Personal	$	**7,605,007**	7,182,688
Commercial		**3,591,746**	4,354,298
Financial institutions		**277,308**	312,816
	$	**11,474,061**	11,849,802

12. Due to Banks and Related Companies

Due to related companies	$	**363,732**	210,527
Due to banks		**17,601**	39,513
	$	**381,333**	250,040

13. Securities Sold Under Repurchase Agreement

Debt securities are pledged as collateral under repurchase agreements with other financial institutions. As of October 31, 2010 these pledged assets totalled $41,617 (2009: $80,317).

Year ended October 31, 2010 ($ thousands)

14. Policyholders' Funds

		2010	2009
Ordinary life – Non-participating policies	$	**298,867**	269,782
Individual annuities – Non-tax exempt		**110,021**	61,355
Individual annuities – Tax exempt		**19,324**	14,743
Group life – Creditor life		**5,771**	5,857
Other policyholders' liabilities		**5,176**	3,094
	$	**439,159**	354,831

The movement in provision for future policy benefits is as follows:

Balance at beginning of year	$	**354,831**	273,329
Increase in reserves		**82,246**	78,408
Increase in other policy liabilities		**2,082**	3,094
Balance at end of year	$	**439,159**	354,831

15. Debt Security in Issue

The Group has in issue the following bonds:

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

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

16. Deferred Taxation

		2010	2009
16.1 **The net deferred tax liability is attributable to the following items:**			
Deferred tax liability			
Retirement benefit asset	$	**23,399**	26,827
Property, plant and equipment		**9,772**	10,711
Available-for-sale securities		**5,286**	6,394
Miscellaneous assets		**3,360**	2,309
		41,817	46,241
Deferred tax asset			
Retirement benefit obligations		**(23,132)**	(21,225)
Net deferred tax liability	$	**18,685**	25,016

16.2 **The movement in the deferred tax account comprised:**

Balance at beginning of year	$	**25,016**	18,519
Available-for-sale securities fair value re-measurement		**(1,108)**	10,595
Current year's deferred tax charge		**(5,223)**	(4,098)
Balance at end of year	$	**18,685**	25,016

Year ended October 31, 2010 ($ thousands)

17. Stated Capital

Authorised

Authorised capital consists of an unlimited number of ordinary shares

Issued and fully paid		**2010**	2009
176,343,750 ordinary shares of no par value	$	**267,563**	267,563

18. Statutory Reserve Fund

In accordance with the Financial Institutions Act, 2008, 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:

		2010			2009
		Scotiabank	**Scotiatrust**	**Total**	Total
Balance, beginning of year	$	**307,563**	**30,000**	**337,563**	297,563
Add amount transferred		**40,000**	**-**	**40,000**	40,000
Balance, end of year	$	**347,563**	**30,000**	**377,563**	337,563

19. Dividends

19.1 Subsequent to October 31, 2010, the Board of Directors, in a meeting on November 24, 2010, has resolved that the Bank pay a fourth interim dividend of $0.25 per share and a special dividend of $0.10 per share, bringing the total dividends in respect of the current year to $1.10 per share (2009: $1.00 per share). These financial statements do not reflect the final dividend, which will be accounted for as an appropriation of retained earnings in the year ending October 31, 2011.

19.2 Dividends paid and proposed are analysed as follows:

	2010		2009	
	¢ per share	$	¢ per share	$
Dividends paid				
First interim dividend	**25**	**44,086**	25	44,086
Second interim dividend	**25**	**44,086**	25	44,086
Third interim dividend	**25**	**44,086**	25	44,086
	75	**132,258**	75	132,258
Dividends proposed				
Fourth interim dividend	**25**	**44,086**	25	44,086
Special dividend	**10**	**17,634**	-	-
Total dividends paid and proposed	**110**	**193,978**	100	176,344

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19. Dividends (continued)

	2010		2009	
	¢ per share	$	¢ per share	$
19.3 Reconciliation of dividends paid and proposed to dividends paid during the year:				
Total dividends paid and proposed	**110**	**193,978**	100	176,344
Less: dividends proposed	**(35)**	**(61,720)**	(25)	(44,086)
Add: dividends paid during the year in respect of prior year	**25**	**44,086**	25	44,086
Dividends paid during the year	**100**	**176,344**	100	176,344

20. Total Interest Income

		2010	2009
Deposits with Central Bank	$	**19,959**	36,585
Loans and receivables		**998,390**	1,084,658
Investment securities			
- Available-for-sale		**42,503**	75,074
- Held-to-maturity		**15,026**	12,739
Other interest income		**2,068**	2,421
	$	**1,077,946**	1,211,477

21. Total Interest Expense

		2010	2009
Customer deposits	$	**115,118**	278,993
Due to banks		**-**	77
Securities sold under repurchase agreement		**1,585**	8,022
Debt security in issue		**89,757**	80,634
Other interest expense		**6,357**	11,884
	$	**212,817**	379,610

22. Other Income

		2010	2009
Fees, commission and net premium income	$	**285,728**	220,337
Gains on available-for-sale investment securities		**2,888**	1,559
Gains on securities at fair value through profit and loss		**5,895**	815
Trustee and other fiduciary fees		**5,176**	5,115
Foreign exchange earnings		**85,584**	75,285
	$	**385,271**	303,111

Net premium income comprises premium income of $181.2 million (2009: $152.6 million) less related expenses of $140.7 million (2009: $132.1 million).

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23. Other Expenses

		2010	2009
Deposit insurance premium	$	**18,399**	15,704
Directors' fees		**762**	908
Other operating expenses		**87,698**	71,522
	$	**106,859**	88,134

24. Taxation

24.1 Provision for taxation

		2010	2009
Current tax provision	$	**154,058**	132,936
Deferred tax provision		**(6,957)**	(4,098)
Green Fund levy		**1,626**	1,606
	$	**148,727**	130,444

24.2 Taxation reconciliation

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.

The following is a reconciliation of the application of the effective tax rate with the provision for taxation:

		2010	2009
Income before taxation	$	**657,952**	585,495
Computed tax using the prima facie tax calculated at a rate of 25%	$	**164,488**	146,374
Tax effect of items that are adjusted in determining taxable profit:			
Effect of different tax rate of life insurance companies		**(7,155)**	(4,942)
Effect of different tax rates in other countries		**(2,492)**	(4,963)
Tax effect of non-deductible costs and non-taxable income		**(9,066)**	(6,902)
Green Fund levy		**1,626**	1,606
Other		**1,326**	(729)
Current tax provision	$	**148,727**	130,444

25. Earnings Per Share

The calculation of basic earnings per share is based on:

- Net income for the year attributable to ordinary shareholders of $509.2 million (2009: $455.1 million).

- Weighted average number of ordinary shares outstanding during the year was 176,343,750 shares (2009: 176,343,750 shares).

Year ended October 31, 2010 ($ thousands)

26. Commitments and Contingent Liabilities

In the normal course of business, various commitments and contingent liabilities are outstanding (see Note 2(n)), 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, 2010, there were certain legal proceedings against the Group. Based upon legal advice, the Directors do not expect the outcome of those actions to have a material effect on the Group's financial position.

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

		2010	2009
Rental due within one year	$	**14,215**	12,221
Rental due between one and five years		**22,618**	19,707
Rental due after five years		**5,973**	7,563
	$	**42,806**	39,491

27. Financial Risk Management

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

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

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

Risk management framework

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

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

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

27. Financial Risk Management (continued)

27.1 Credit risk

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

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

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

The Group's credit processes include:

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

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

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

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

A centralised collection unit utilises an automated system for the follow-up and collection of delinquent accounts. All delinquent accounts are aggressively managed with slightly greater emphasis being placed on the larger dollar accounts given that they represent a potential larger loss exposure to the Group. The centralised collections unit is also responsible for the monitoring and trending of delinquency by branch, business lines and any other parameters deemed appropriate. Adverse trends, when identified, are analysed and the appropriate corrective action implemented. Maximum delinquency targets are set for each major product line and the collections unit works towards ensuring delinquency levels are below these targets.

<u>Collateral</u>

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

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

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27. Financial Risk Management (continued)

27.1 Credit risk (continued)

Repossessed collateral

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

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

		2010	2009
Credit risk recognised on the statement of financial position			
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 (excluding equities)			
- available for sale		**459,505**	432,036
- fair value through profit and loss		**10,427**	21,348
- held to maturity		**193,089**	194,721
Assets purchased under resale agreement		**-**	8,271
		15,646,005	15,513,117
Credit risk not recognised on the statement of financial position			
Acceptances, guarantees and letters of credit		**1,371,360**	1,071,434
Total credit risk exposure	$	**17,017,365**	16,584,551

Credit Quality

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

		2010				
Internal Rating		**Excellent**	**Very Good**	**Good**	**Acceptable**	**Total**
Assets						
Due from banks and related companies	$	**709**	**1,263,089**	**252,954**	**15,075**	**1,531,827**
Treasury bills		**158,541**	**362,225**	**-**	**-**	**520,766**
Deposits with Central Bank		**-**	**2,565,619**	**-**	**-**	**2,565,619**
Loans and advances		**297,029**	**2,510,142**	**3,452,551**	**1,975,068**	**8,234,790**
Investment securities (excluding equities)		**-**	**331,975**	**226,237**	**104,809**	**663,021**
	$	**456,279**	**7,033,050**	**3,931,742**	**2,094,952**	**13,516,023**

Year ended October 31, 2010 ($ thousands)

27. Financial Risk Management (continued)
27.1 Credit risk (continued)

Credit Quality (continued)

		2009				
Internal Rating		Excellent	Very Good	Good	Acceptable	Total
Assets						
Due from banks and related companies	$	-	1,081,830	79,920	-	1,161,750
Treasury bills		-	721,075	-	-	721,075
Deposits with Central Bank		-	2,648,623	-	-	2,648,623
Loans and advances		342,454	2,631,521	3,699,695	2,366,909	9,040,579
Investment securities (excluding equities)		-	481,752	123,278	43,075	648,105
Assets purchased under resale agreement		-	-	8,271	-	8,271
	$	342,454	7,564,801	3,911,164	2,409,984	14,228,403

The definitions of the internal ratings are as follows:

Excellent - An obligator rated as "Excellent" has an excellent financial position characterised by very high equity, liquidity and debt serviceability. These customers are only susceptible to extreme adverse changes in economic conditions or circumstances. These facilities are generally fully secured by readily realisable collateral or by a first mortgage on real estate of sufficient value to cover all amounts advanced.

Very Good - An obligator rated as "Very Good" has a very strong financial position, characterised by high equity, liquidity and debt serviceability. These obligators have a high level of tolerance to adverse changes in economic conditions or circumstances. Facilities are generally well collateralised.

Good - An obligator rated as "Good" has a strong financial position, characterised by adequate equity, liquidity and debt serviceability. These customers, though susceptible to adverse changes in economic conditions or circumstances, are generally able to tolerate moderate levels of changes. Facilities are generally collateralised.

Acceptable - An obligator rated as "Acceptable" has a good financial position characterised by sufficient equity, liquidity and debt serviceability. These borrowers are susceptible to adverse changes in economic conditions or circumstances and can handle these changes with some level of difficulty. Facilities may or may not be secured by collateral.

27.2 Market risk

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

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

Year ended October 31, 2010 ($ thousands)

27. Financial Risk Management (continued)
27.2 Market risk (continued)

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

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

27.2.1 **Currency risk**

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

The results of the sensitivity analyses conducted as at October 31, 2010 on the possible impact on net profits before tax and on equity of fluctuations of the US dollar foreign exchange rate relative to the TT dollar are presented below:

Change in currency rate		**Effect on PBT**		**Effect on equity**	
		2010	2009	**2010**	2009
1%	$	**(2,778)**	1,474	**(2,084)**	1,106
(1%)	$	**2,778**	(1,474)	**2,084**	(1,106)

Year ended October 31, 2010 ($ thousands)

27. Financial Risk Management (continued)
27.2 Market risk (continued)

27.2.1 Currency risk (continued)

Concentration of Assets and Liabilities

The Group has the following significant currency positions:

		2010			
		TT	US	Other	Total
Assets					
Cash on hand and in transit	$	86,042	8,118	2,734	96,894
Due from banks and related companies		1,283,964	231,612	16,251	1,531,827
Treasury bills		362,225	158,541	-	520,766
Deposits with Central Bank		2,565,619	-	-	2,565,619
Net loans to customers		8,637,094	1,727,678	-	10,364,772
Investment securities		548,563	124,325	178	673,066
Investment in associate companies		14,173	-	-	14,173
Goodwill		2,951	-	-	2,951
Property, plant and equipment		264,588	-	-	264,588
Miscellaneous assets		17,957	1,354	-	19,311
Retirement benefit asset		93,595	-	-	93,595
Total assets		13,876,771	2,251,628	19,163	16,147,562
Liabilities					
Deposits		9,345,885	2,151,405	15,199	11,512,489
Due to banks and related companies		3,242	378,024	67	381,333
Other liabilities		193,302	45	34	193,381
Securities sold under repurchase agreement		41,617	-	-	41,617
Policyholders' funds		439,159	-	-	439,159
Debt security in issue		1,000,000	-	-	1,000,000
Retirement benefit obligation		88,390	-	-	88,390
Deferred tax liability		18,685	-	-	18,685
Total liabilities		11,130,280	2,529,474	15,300	13,675,054
Net financial position	$	2,746,491	(277,846)	3,863	2,472,508
Undrawn credit commitments	$	1,721,285	72,899	-	1,794,184

Year ended October 31, 2010 ($ thousands)

27. Financial Risk Management (continued)
27.2 Market risk (continued)

27.2.1 **Currency risk** (continued)

Concentration of Assets and Liabilities

		2009			
		TT	US	Other	Total
Assets					
Cash on hand and in transit	$	71,334	8,791	3,156	83,281
Due from banks and related companies		85,188	1,029,500	47,062	1,161,750
Treasury bills		721,075	-	-	721,075
Deposits with Central Bank		2,648,623	-	-	2,648,623
Net loans to customers		8,659,240	1,666,053	-	10,325,293
Investment securities		513,477	144,798	-	658,275
Investment in associate companies		12,105	-	-	12,105
Assets purchased under resale agreement		8,271	-	-	8,271
Goodwill		2,951	-	-	2,951
Property, plant and equipment		243,085	-	-	243,085
Miscellaneous assets		37,563	6,049	-	43,612
Retirement benefit asset		107,306	-	-	107,306
Total assets		13,110,218	2,855,191	50,218	16,015,627
Liabilities					
Deposits		9,289,196	2,581,786	48,492	11,919,474
Due to banks and related companies		138,214	111,498	328	250,040
Other liabilities		142,198	14,279	-	156,477
Securities sold under repurchase agreement		80,317	-	-	80,317
Policyholders' funds		354,831	-	-	354,831
Debt security in issue		1,000,000	-	-	1,000,000
Retirement benefit obligation		80,765	-	-	80,765
Deferred tax liability		25,016	-	-	25,016
Total liabilities		11,110,537	2,707,563	48,820	13,866,920
Net financial position	$	1,999,681	147,628	1,398	2,148,707
Undrawn credit commitments	$	1,735,417	68,723	-	1,804,140

27.2.2 **Interest rate risk**

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

The results of the sensitivity analyses conducted as at October 31, 2010 on the impact on net profits before tax and on equity as a consequence of changes in interest rates are presented as follows:

Year ended October 31, 2010 ($ thousands)

27. Financial Risk Management (continued)
27.2 Market risk (continued)

27.2.2 **Interest rate risk** (continued)

Change in interest rate		Effect on PBT 2010	Effect on PBT 2009	Effect on equity 2010	Effect on equity 2009
1%	$	**(24,312)**	(11,527)	**(18,234)**	(8,645)
(1%)	$	**24,312**	11,527	**18,234**	8,645

Interest Sensitivity of Assets, Liabilities and Equity

The following table summarises carrying amounts of assets, liabilities and equity on the statement of financial position, in order to arrive at the Group's interest rate gap on the earlier of contractual repricing or maturity dates:

2010		Due on demand	Due in one year	Due in two to five years	Over five years	Non-interest bearing	Total
Assets							
Cash on hand and in transit	$	-	-	-	-	96,894	96,894
Due from banks and related companies		274,940	4,500	-	-	1,252,387	1,531,827
Treasury bills		-	515,666	5,100	-	-	520,766
Deposits with Central Bank		184,230	715,386	100,265	-	1,565,738	2,565,619
Net loans to customers		620,087	4,692,260	2,416,033	2,351,195	285,197	10,364,772
Investment securities		2,953	128,041	269,381	262,646	10,045	673,066
Investment in associate companies		-	-	-	-	14,173	14,173
Goodwill		-	-	-	-	2,951	2,951
Miscellaneous assets		-	-	-	-	283,899	283,899
Retirement benefit asset		-	-	-	-	93,595	93,595
Total assets		**1,082,210**	**6,055,853**	**2,790,779**	**2,613,841**	**3,604,879**	**16,147,562**
Liabilities and Shareholders' Equity							
Deposits		6,922,089	2,943,922	610,141	-	1,036,337	11,512,489
Due to banks and related companies		14,830	362,773	-	-	3,730	381,333
Securities sold under repurchase agreement		-	41,206	-	-	411	41,617
Debt security in issue		-	200,000	800,000	-	-	1,000,000
Retirement benefit obligation		-	-	-	-	88,390	88,390
Other liabilities		439,159	-	-	-	212,066	651,225
Shareholders' equity		-	-	-	-	2,472,508	2,472,508
Total liabilities		7,376,078	3,547,901	1,410,141	-	3,813,442	16,147,562
Net Gap	$	(6,293,868)	2,507,952	1,380,638	2,613,841	(208,563)	-
Cumulative Gap	$	(6,293,868)	(3,785,916)	(2,405,278)	208,563	-	-

Notes to Consolidated Financial Statements

Scotiabank Trinidad and Tobago Limited
Year ended October 31, 2010 ($ thousands)
These notes are applicable to the Group's financial statements.

27. Financial Risk Management (continued)
27.2 Market risk (continued)

27.2.2 **Interest rate risk** (continued)
Interest Sensitivity of Assets, Liabilities and Equity (continued)

		2009					
		Due on demand	Due in one year	Due in two to five years	Over five years	Non-interest bearing	Total
Assets							
Cash on hand and in transit	$	-	-	-	-	83,281	83,281
Due from banks and related companies		212,066	949,684	-	-	-	1,161,750
Treasury bills		-	721,075	-	-	-	721,075
Deposits with Central Bank		184,384	437,589	100,265	-	1,926,385	2,648,623
Net loans to customers		699,270	4,519,256	2,521,952	2,355,782	229,033	10,325,293
Investment securities		13,772	31,854	384,799	217,680	10,170	658,275
Investment in associate companies		-	-	-	-	12,105	12,105
Assets purchased under resale agreement		-	8,271	-	-	-	8,271
Goodwill		-	-	-	-	2,951	2,951
Miscellaneous assets		-	-	-	-	286,697	286,697
Retirement benefit asset		-	-	-	-	107,306	107,306
Total assets		1,109,492	6,667,729	3,007,016	2,573,462	2,657,928	16,015,627
Liabilities and Shareholders' Equity							
Deposits		6,056,601	3,165,021	1,768,680	-	929,172	11,919,474
Due to banks and related companies		96,721	127,595	18,994	-	6,730	250,040
Securities sold under repurchase agreement		-	80,317	-	-	-	80,317
Debt security in issue		-	-	200,000	800,000	-	1,000,000
Retirement benefit obligation		-	-	-	-	80,765	80,765
Other liabilities		354,831	-	-	-	181,493	536,324
Shareholders' equity		-	-	-	-	2,148,707	2,148,707
Total liabilities		6,508,153	3,372,933	1,987,674	800,000	3,346,867	16,015,627
Net Gap	$	(5,398,661)	3,294,796	1,019,342	1,773,462	(688,939)	-
Cumulative Gap	$	(5,398,661)	(2,103,865)	(1,084,523)	688,939	-	-

Year ended October 31, 2010 ($ thousands)

27. Financial Risk Management (continued)

27.2 Market risk (continued)

27.2.3 Equity price risk

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

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

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

27.3 Liquidity risk

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

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

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

The table below shows the maturities of financial instruments:

		2010				
		Due on demand	Up to one year	Two to five years	Over five years	Total
Assets						
Cash on hand and in transit	$	96,894	-	-	-	96,894
Due from banks and related companies		1,527,327	4,500	-	-	1,531,827
Treasury bills		-	515,666	5,100	-	520,766
Deposits with Central Bank		1,749,968	715,386	100,265	-	2,565,619
Net loans to customers		905,284	4,692,260	2,416,033	2,351,195	10,364,772
Investment securities (excl. equities)		2,952	128,041	269,381	262,647	663,021
	$	4,282,425	6,055,853	2,790,779	2,613,842	15,742,899

Year ended October 31, 2010 ($ thousands)

27. Financial Risk Management (continued)
27.3 Liquidity risk (continued)

		2010				
		Due on demand	**Up to one year**	**Two to five years**	**Over five years**	**Total**
Liabilities						
Deposits		7,958,426	2,943,922	610,141	-	11,512,489
Due to banks and related companies		18,560	362,773	-	-	381,333
Securities sold under repurchase agreement		-	41,617	-	-	41,617
Policyholders' funds		-	11,042	124,159	303,958	439,159
Debt security in issue		-	200,000	800,000	-	1,000,000
		7,976,986	3,559,354	1,534,300	303,958	13,374,598
Net Gap	$	(3,694,561)	2,496,499	1,256,479	2,309,884	2,368,301
Cumulative Gap	$	(3,694,561)	(1,198,062)	58,417	2,368,301	-

The table below shows the contractual maturities of financial guarantee contracts:

		2010				
		Due on demand	**Up to one year**	**Two to five years**	**Over five years**	**Total**
Financial guarantee contracts	$	-	1,069,444	301,856	60	1,371,360

		2009				
		Due on demand	Up to one year	Two to five years	Over five years	Total
Assets						
Cash on hand and in transit	$	83,281	-	-	-	83,281
Due from banks and related companies		212,066	949,684	-	-	1,161,750
Treasury bills		-	721,075	-	-	721,075
Deposits with Central Bank		2,110,769	437,589	100,265	-	2,648,623
Net loans to customers		928,302	4,519,256	2,521,952	2,355,783	10,325,293
Investment securities (excl. equities)		13,772	31,854	384,799	217,680	648,105
Assets purchased under resale agreement		-	8,271	-	-	8,271
		3,348,190	6,667,729	3,007,016	2,573,463	15,596,398
Liabilities						
Deposits		6,985,773	3,165,021	1,768,680	-	11,919,474
Due to banks and related companies		103,451	127,595	18,994	-	250,040
Securities sold under repurchase agreement		-	80,317	-	-	80,317
Policyholders' funds		-	73,028	114,483	167,320	354,831
Debt security in issue		-	-	200,000	800,000	1,000,000
		7,089,224	3,445,961	2,102,157	967,320	13,604,662
Net Gap	$	(3,741,034)	3,221,768	904,859	1,606,143	1,991,736
Cumulative Gap	$	(3,741,034)	(519,266)	385,593	1,991,736	-

Year ended October 31, 2010 ($ thousands)

27. Financial Risk Management (continued)
27.3 Liquidity risk (continued)

The table below shows the contractual maturities of financial guarantee contracts:

		2009				
		Due on demand	Up to one year	Two to five years	Over five years	Total
Financial guarantee contracts	$	-	975,348	96,086	-	1,071,434

27.4 Capital management

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

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

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

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

	Qualifying Capital Ratios	**2010**	2009
Scotiabank Trinidad and Tobago Limited	8%	**27.42%**	20.91%
Scotiatrust and Merchant Bank Trinidad and Tobago Limited	8%	**387.85%**	314.76%

27.5 Operational risk

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

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

27. Financial Risk Management (continued)

27.5 Operational risk (continued)

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

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

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

28. Fair Value of Financial Assets and Liabilities

The fair value of financial instruments that are recognised on the statement of financial position and the fair value of financial instruments that are not recognised on the statement of financial position are based on the valuation methods and assumptions set out in the significant accounting policies Note 2(e).

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

The Group measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1 - Quoted market price (unadjusted) in an active market for an identical instrument.

- Level 2 - Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

- Level 3 - Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique included inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Year ended October 31, 2010 ($ thousands)

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

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

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

		Carrying Value		Fair Value	
		2010	2009	**2010**	2009
Financial Assets					
Cash on hand and in transit	$	**96,894**	83,281	**96,894**	83,281
Due from banks and related companies		**1,531,827**	1,161,750	**1,531,827**	1,161,750
Deposits with Central Bank		**2,565,619**	2,648,623	**2,565,619**	2,648,623
Net loans to customers		**10,364,772**	10,325,293	**10,364,772**	10,325,293
Held to maturity investment securities		**193,089**	194,721	**217,599**	214,626
Assets purchased under resale agreement		**-**	8,271	**-**	8,271
	$	**14,752,201**	14,421,939	**14,776,711**	14,441,844
Financial Liabilities					
Deposits	$	**11,512,489**	11,919,474	**11,512,489**	11,919,474
Due to banks and related companies		**381,333**	250,040	**381,333**	250,040
Securities sold under repurchase agreement		**41,617**	80,317	**41,617**	80,317
Debt security in issue		**1,000,000**	1,000,000	**1,150,481**	1,114,570
	$	**12,935,439**	13,249,831	**13,085,920**	13,364,401

(a) Cash on hand and in transit
These amounts are short-term in nature and are taken to be equivalent to fair value.

(b) Due from banks and related companies
Amounts due from banks and related companies are negotiated at market rates for relatively short tenors and are assumed to have discounted cash flow values that approximate the carrying values.

(c) Deposits with Central Bank
The fair value of deposits with Central Bank are determined to approximate to their carrying value using discounted cash flow analysis. A significant portion of the deposits are receivable on demand.

(d) Net loans to customers
Loans and advances to customers are granted at market rates and their values are not adversely affected by unusual terms. The estimated future cash flows are discounted using a discount rate based on market rates for similar type facilities.

Year ended October 31, 2010 ($ thousands)

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

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

(f) Assets purchased under resale agreement
Assets purchased under resale agreements are negotiated at market rates for relatively short tenors and are assumed to have discounted cash flow values that approximate the carrying values.

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

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

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

The table below is an analysis of financial instruments measured at fair value at the reporting date by the level in the fair value hierarchy into which the fair value measurement is categorised:

		2010			
		Level 1	**Level 2**	**Level 3**	**Total**
Assets					
Treasury bills	$	-	520,766	-	520,766
Investment securities		1,466	478,511	-	479,977
	$	1,466	999,277	-	1,000,743

		2009			
		Level 1	Level 2	Level 3	Total
Assets					
Treasury bills	$	-	721,075	-	721,075
Investment securities		1,559	461,995	-	463,554
	$	1,559	1,183,070	-	1,184,629

Year ended October 31, 2010 ($ thousands)

29. Related Party Balances and Transactions

A party is related to the Group if:

(i) Directly or indirectly the party
- controls, is controlled by, or is under common control with the Group;
- has an interest in the Group that gives it significant influence over the Group; or
- has joint control over the Group.

(ii) The party is a member of the key management personnel of the Group.

(iii) The party is a close member of the family of any individual referred to in (i) or (ii) above.

(iv) The party is a post-employment benefit plan for the benefit of employees of the Group, or any company that is a related party of the Group.

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

		2010	2009
Outstanding Balances			
Loans, investments and other assets			
Directors, key management personnel and close family members	$	**8,856**	11,607
Other related entities		**12,344**	975,905
	$	**21,200**	987,512
Provisions for amounts due from related parties	$	**-**	-
Deposits and other liabilities			
Directors, key management personnel and close family members	$	**18,607**	11,046
Other related entities		**597,987**	1,091,561
	$	**616,594**	1,102,607
Interest and other income			
Directors, key management personnel and close family members	$	**341**	803
Other related entities		**5,701**	10,600
	$	**6,042**	11,403
Interest and expenses			
Directors, key management personnel and close family members	$	**122**	127
Other related entities		**7,700**	33,462
	$	**7,822**	33,589

Year ended October 31, 2010 ($ thousands)

29. Related Party Balances and Transactions (continued)

Outstanding Balances (continued)

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

		2010	2009
Key management compensation			
Short-term benefits	$	**14,803**	16,793
Post employment benefits		**4,493**	4,396
Share based payment		**261**	261
	$	**19,557**	21,450

30. Operating Segments

The operations of the Group are concentrated within the Republic of Trinidad and Tobago. The Group's operations are managed by strategic business units which offer different financial products and services to various market segments. The management function of the various business units review internal reports at least monthly, whilst the Group's management do so at least quarterly.

The following summary describes the operations of each of the Group's reportable segments:

- Corporate, Commercial and Merchant Banking – Includes the provision of loans, deposits, trade financing and other financial services to businesses
- Retail Banking – Includes the provision of loans, deposits and other financial services to individuals
- Insurance Services – Includes the under-writing of long-term insurance risk and insurance brokerage services to individuals and businesses
- Other – Includes the functions of a centralised treasury unit and other centralised services

The results of the various operating segments are set out below. Performance is measured based on segment profits before tax as included in the internal management reports reviewed by senior management. Segment profitability is used by management to assess product pricing, productivity and hence, the allocation of resources to the various operating segments.

		2010				
		Corporate/ Commercial & Merchant Banking	**Retail Banking**	**Insurance Services**	**Other**	**Total**
Net interest income (expense)	$	238,134	605,645	45,268	(36,759)	852,288
Fees and commissions		159,468	140,345	40,567	13,638	354,018
Other revenues		-	-	-	2,888	2,888
Inter-segment revenues		5,403	-	51	1,532	6,986
Net segment interest and other income	$	403,005	745,990	85,886	(18,701)	1,216,180
Material non-cash items:						
Retirement benefit cost	$	1,438	17,222	364	2,312	21,336
Depreciation		1,190	14,246	-	1,912	17,348
Net segment profit (loss) before taxes	$	363,050	267,542	76,072	(82,932)	623,732
Segment assets	$	1,201,371	14,386,043	699,759	1,931,319	18,218,492
Segment liabilities	$	1,011,313	12,110,154	450,989	1,625,782	15,198,238

Notes to Consolidated Financial Statements

Scotiabank Trinidad and Tobago Limited

Year ended October 31, 2010 ($ thousands)

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

30. Operating Segments (continued)

		2009				
		Corporate/ Commercial & Merchant Banking	Retail Banking	Insurance Services	Other	Total
Net interest income	$	243,459	489,135	37,565	13,848	784,007
Fees and commissions		124,322	127,055	20,451	6,693	278,521
Other revenues		-	-	-	1,559	1,559
Inter-segment revenues		7,362	-	451	22,290	30,103
Net segment interest and other income	$	375,143	616,190	58,467	44,390	1,094,190
Material non-cash items:						
Retirement benefit cost	$	651	7,579	160	1,200	9,590
Depreciation		1,073	12,502	-	1,979	15,554
Net segment profit (loss) before taxes		$	337,855	181,805	49,522	(24,376)
544,706						
Segment assets	$	1,193,444	13,902,847	542,232	2,200,897	17,839,420
Segment liabilities	$	1,027,316	11,967,569	359,372	1,894,532	15,248,789

Reconciliation of operating segments financial results

		2010	2009
Revenues			
Total segment revenues	$	**1,216,180**	1,094,190
Unallocated amounts		**41,206**	70,891
Elimination of inter-segment revenues		**(6,986)**	(30,103)
Consolidated revenues	$	**1,250,400**	1,134,978
Profits			
Total segment profits before taxes	$	**623,732**	544,706
Eliminations/unallocated amounts		**34,220**	40,789
Consolidated profits before taxes	$	**657,952**	585,495
Assets			
Total segment assets	$	**18,218,492**	17,839,420
Eliminations/unallocated amounts		**(2,070,930)**	(1,823,793)
Consolidated total assets	$	**16,147,562**	16,015,627
Liabilities			
Total segment liabilities	$	**15,198,238**	15,248,789
Eliminations/unallocated amounts		**(1,523,184)**	(1,381,869)
Consolidated total liabilities	$	**13,675,054**	13,866,920

Five Year Review

Scotiabank Trinidad and Tobago Limited and its wholly-owned subsidiary companies
October 31, 2010 ($ thousands, except per share data)

CONSOLIDATED BALANCE SHEET	2010	2009	2008	2007	2006
Assets					
Cash resources	$ **4,715,106**	4,614,729	2,858,861	1,904,079	1,323,782
Loans and Investments (includes Reverse Repos)	**11,052,011**	11,003,944	11,106,284	9,288,978	7,532,114
Property, plant and equipment	**264,588**	243,085	209,741	202,087	185,886
Other assets	**115,857**	153,869	154,461	160,061	150,559
Total Assets	$ **16,147,562**	16,015,627	14,329,347	11,555,205	9,192,341
Liabilities and Shareholders' equity					
Deposits	$ **11,512,489**	11,919,474	9,671,628	8,435,711	6,772,531
Other liabilities	**2,162,565**	1,947,446	2,825,231	1,549,456	1,066,486
Shareholders' equity	**2,472,508**	2,148,707	1,832,488	1,570,038	1,353,324
Total Liabilities and Shareholders' equity	$ **16,147,562**	16,015,627	14,329,347	11,555,205	9,192,341

CONSOLIDATED STATEMENT OF INCOME	2010	2009	2008	2007	2006
Interest income	$ **1,077,946**	1,211,477	1,110,497	901,298	696,441
Interest expense	**(212,817)**	(379,610)	(370,827)	(279,118)	(175,895)
Net interest income	**865,129**	831,867	739,670	622,180	520,546
Other income	**385,271**	303,111	253,217	212,770	193,939
Net interest and other income	**1,250,400**	1,134,978	992,887	834,950	714,485
Non-interest expenses	**(592,448)**	(549,483)	(435,277)	(358,472)	(305,478)
Income before taxation	**657,952**	585,495	557,610	476,478	409,007
Provision for taxation	**(148,727)**	(130,444)	(125,767)	(105,406)	(93,947)
Net income for the year	**$ 509,225**	455,051	431,843	371,072	315,060

OTHER STATISTICS	2010	2009	2008	2007	2006
Return on average assets	**3.17%**	3.00%	3.34%	3.58%	3.70%
Return on average equity	**22.04%**	22.86%	25.38%	25.39%	25.05%
Number of shares	**176,343,750**	176,343,750	176,343,750	176,343,750	176,343,750
Dividends per share	**110**	100	96	84	70
Earnings per share	**288.8**	258	244.9	210.4	178.7
Number of offices (including subsidiary companies)	**29**	29	29	29	27

Corporate Information

Scotiabank Trinidad and Tobago Limited

BOARD OF DIRECTORS

Brian Porter
Chairman
B.Com., A.M.P.

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

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

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

George Janoura

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

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

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

Roxane De Freitas
B.A.

Claude Norfolk
ICD.D., M.B.A.

EXECUTIVE OFFICERS

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

Savon Persad
B.Sc., A.C.C.A., M.B.A.
Senior General Manager,
Retail and Small Business

Sean Albert
B.Sc., M.Sc., C.F.A.
Senior General Manager,
Corporate and Commercial Banking
Managing Director,
Scotiatrust and Merchant Bank
Trinidad and Tobago Limited

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

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

Raymond Smith
B.A.
District General Manager,
Retail and Small Business

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

Mahadeo Sebarath
F.C.C.A., C.A., C.I.A.
General Manager,
Business Support

Gillian Benjamin
B.Sc. (Hons.), M.B.A.
General Manager,
Marketing

Faziah Khan
Centre Director,
Wealth Management
Scotia Private Client Group

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

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

Robert Soverall
CFA, B.Sc. (Hons.), Dip. (Business Mgmt.)
General Manager,
ScotiaLife
Managing Director,
Scotia Investments Trinidad
and Tobago Limited

CORPORATE ADMINISTRATION/ MANAGEMENT

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

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

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

Christopher Hosein
Senior Manager, Treasury

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

Mohammed Sulaman
Senior Manager,
Systems Support Centre

Donna-Mae Valentine
B.Sc.
Senior Manager,
Regional Contact Centre
Trinidad and Tobago

Dhanraj Persad
A.C.C.A.
Comptroller

Nigel Pantin
Sales Leader,
Small Business

OPERATIONS AND SHARED SERVICES

Ian de Silva
Vice President,
Operations and Shared Services

Angelique Patience
Assistant General Manager
Operations Support

Colin K. Hosein
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Assistant General Manager,
Lending Services

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

Joseph Rajah
Senior Manager,
Centralised Retail Collections Unit

Misty Dorman Hosein
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Team Leader,
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Doing Business Globally, Building Relationships Locally

Scotiabank is a truly international bank. Shaped by our history, we are enterprising, expanding and always building for the future. We have been identifying opportunities, crossing oceans and borders and building new relationships since 1832.

Today, we are represented in over 50 countries, spanning five continents, bringing stability and experience to every economy in which we are present. Scotiabank's international network serves millions of customers, offering seamless service in a financial world that never sleeps.

We dominate the Caribbean and Central American regions in 25 countries. We offer over a century of superior customer service, with dedicated employees delivering a fine range of retail and commercial services, personal banking, trade finance, cash management, corporate and investment services and trust and merchant banking. We help small, medium and corporate businesses to succeed, leveraging our international capabilities, while driving forward the global vision. Our advantage in the Caribbean is not just size. Scotiabank's people are the core of our strength – serving customers, achieving success and contributing to their communities.

At Scotiabank Trinidad and Tobago Limited, we combine our global strength with our local expertise to provide what customers want – a sustainable relationship which helps them to achieve their financial goals. By providing this we succeed – for our customers, shareholders, employees and business partners.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the FORTY-FIRST ANNUAL MEETING OF SHAREHOLDERS OF SCOTIABANK TRINIDAD AND TOBAGO LIMITED ("the Company") will be held at The Ballroom, Hyatt Regency Trinidad, on Friday, February 25, 2011 at 10.00 a.m. for the following purposes:-

ORDINARY BUSINESS :

1. To receive and consider the Audited Financial Statements of the Company and its subsidiaries ("the Group") for the financial year ended October 31, 2010, together with the Reports of the Directors and the Auditors thereon.

2. To re-elect Dr. Trevor Farrell a Director of the Company in accordance with paragraph 4.5 of By-Law No. 1 of the Company for the term from the date of his election until the close of the first Annual Meeting of the Company following his election, subject always to earlier termination under paragraph 4.8.1 of By-Law No. 1.

3. To re-elect Mr. Daniel Fitzwilliam a Director of the Company in accordance with paragraph 4.5 of By-Law No. 1 of the Company for the term from the date of his election until the close of the first Annual Meeting of the Company following his election, subject always to earlier termination under paragraph 4.8.1 of By-Law No. 1.

4. To re-elect Mr. Craig Reynald a Director of the Company in accordance with paragraph 4.5 of By-Law No. 1 of the Company for the term from the date of his election until the close of the first Annual Meeting of the Company following his election, subject always to earlier termination under paragraph 4.8.1 of By-Law No. 1.

5. To re-elect Mr. Richard P. Young a Director of the Company in accordance with paragraph 4.5 of By-Law No. 1 of the Company for the term from the date of his election until the close of the first Annual Meeting of the Company following his election, subject always to earlier termination under paragraph 4.8.1 of By-Law No. 1.

6. To elect Mr. Claude Norfolk a Director of the Company in accordance with paragraph 4.4.1 of By-Law No. 1 of the Company for the term from the date of his election until the close of the first Annual Meeting of the Company following his election, subject always to earlier termination under paragraph 4.8.1 of By-Law No. 1.

7. To elect Mr. Brian Porter a Director of the Company in accordance with paragraph 4.4.1 of By-Law No. 1 of the Company for the term from the date of his election until the close of the first Annual Meeting of the Company following his election, subject always to earlier termination under paragraph 4.8.1 of By-Law No. 1.

8. To appoint Messrs. KPMG as the Auditors of the Company to hold office until the close of the next Annual Meeting.

SPECIAL BUSINESS :

9. To consider and if thought fit, to pass the following ordinary resolution to effect an increase in Directors' fees:
"That, in accordance with paragraph 7 of By-Law No. 1 of the Company, with effect from November 01, 2010, the remuneration paid to Directors of the Company shall be increased to an aggregate figure of Nine Hundred and Seventy-Seven Thousand Two Hundred Dollars ($977,200.00) per annum, in addition to an attendance fee of Five Thousand Five Hundred Dollars ($5,500.00) per Board Meeting for each Director, and in respect of Committee Meetings, Four Thousand Dollars ($4,000.00) per meeting for Committee Chairmen and Two Thousand Seven Hundred and Fifty Dollars ($2,750.00) per meeting for Committee Members (and also to any salary paid to any officer or employee of the Company who is also a Director)."

By Order of the Board
Belinda James - Secretary
Nos. 56-58 Richmond Street, Port of Spain, Trinidad, West Indies.
Date: January 03, 2011

Notice of Annual General Meeting

NOTES :

1. No service contracts were entered into between the Company and any of its subsidiaries and their respective Directors.

2. The Directors of the Company have not fixed a record date for the determination of shareholders who are entitled to receive notice of the Annual Meeting. In accordance with Section 111(a)(i) of the Companies Act, Ch. 81:01, the statutory record date applies. Only shareholders on record at the close of business on the date immediately preceding the day on which the Notice is given, are therefore entitled to receive Notice of the Annual Meeting. A list of such shareholders will be available for examination by shareholders at the Company's Registered Office during usual business hours and at the Annual Meeting.

3. A shareholder entitled to attend and vote at the Annual Meeting is entitled to appoint one or more proxies to attend and vote instead of him/her. A proxy need not be a shareholder. Attached is a Proxy Form for your convenience which must be completed and signed in accordance with the Notes on the Proxy Form and then deposited with The Registrar, The Trinidad and Tobago Central Depository Limited, 10th Floor, Nicholas Towers, 63-65 Independence Square, Port of Spain, Trinidad, at least 48 hours before the time appointed for the Meeting.

4. A shareholder that is a body corporate may, in lieu of appointing a proxy, authorise an individual by resolution of its Directors or of its governing body to represent it at the Annual Meeting.

Copies of the full annual report will be available at the Annual Meeting.

Management Proxy Circular

Republic of Trinidad and Tobago. The Companies Act, Ch. 81:01 (Section 144)

1. Name of Company:

Scotiabank Trinidad And Tobago Limited. **Company No.**: S-2551(C)

2. Particulars of Meeting:

Forty-First Annual Meeting of the Shareholders of the Company to be held on Friday, February 25, 2011, at 10.00 a.m. at The Ballroom, Hyatt Regency Trinidad, No. 1 Wrightson Road, Port of Spain, Trinidad.

3. Solicitation:

It is intended to vote the Proxy hereby solicited by the Management of the Company (unless the Shareholder directs otherwise) in favour of all resolutions specified in the Proxy Form sent to the Shareholders with this Circular; and, in the absence of a specific direction, in the discretion of the Proxy-holder in respect of any other resolution.

4. Any Director's statement submitted pursuant to Section 76(2):

No statement has been received from any Director pursuant to Section 76(2) of the Companies Act, Ch. 81:01.

5. Any Auditor's proposal submitted pursuant to Section 171(1):

No statement has been received from the Auditors of the Company pursuant to Section 171(1) of the Companies Act, Ch. 81:01.

6. Any Shareholder's proposal submitted pursuant to Sections 116(a) and 117(2):

No proposal has been received from any Shareholder pursuant to Sections 116(a) and 117(2) of the Companies Act, Ch. 81:01.

Date	Name and Title	Signature
January 03, 2011	*Belinda James* *Secretary*	

Form of Proxy

The Companies Act, Ch. 81:01 (Section 143(1))

1. Name of Company:

Scotiabank Trinidad And Tobago Limited. **Company No.**: S-2551(C)

2. Particulars of Meeting:

Forty-First Annual Meeting of Shareholders to be held at The Ballroom, Hyatt Regency Trinidad, No. 1 Wrightson Road, Port of Spain, Trinidad on Friday, February 25, 2011, at 10.00 a.m.

I/We (Block Letters Please)____

of ____

Shareholder(s) in the above Company, appoint the Chairman of the Meeting, or (see Note 1 overleaf)

failing him__________________________of__________________________

to be my/our proxy to vote for me/us and on my/our behalf at the above Meeting and any adjournment thereof in the same manner, to the same extent and with the same powers as if I/we were present at the said Meeting or such adjournment or adjournments thereof, and in respect of the resolutions below to vote in accordance with my/our instructions below.

Dated this________________day of____________________________ 2011.

____

(Signature(s) of Member(s))

(Please indicate with an "X" in the spaces below and overleaf your instructions on how you wish your votes to be cast. Unless otherwise instructed, the proxy may vote or abstain from voting as he/she thinks fit.)

Please consider the Notes 1 to 6 overleaf for your assistance to complete and deposit this Proxy Form.

Resolution 1:

	FOR	AGAINST
To adopt the Audited Financial Statements of the Company and its subsidiaries ("the Group") for the financial year ended October 31, 2010, together with the Reports of the Directors and the Auditors thereon.	☐	☐

Resolution 2:

	FOR	AGAINST
To re-elect Dr. Trevor Farrell a Director of the Company in accordance with paragraph 4.5 of By-Law No. 1 of the Company for the term from the date of his election until the close of the first Annual Meeting of the Company following his election, subject always to earlier termination under paragraph 4.8.1 of By-Law No. 1.	☐	☐

Resolution 3:

	FOR	AGAINST
To re-elect Mr. Daniel Fitzwilliam a Director of the Company in accordance with paragraph 4.5 of By-Law No. 1 of the Company for the term from the date of his election until the close of the first Annual Meeting of the Company following his election, subject always to earlier termination under paragraph 4.8.1 of By-Law No. 1.	☐	☐

Resolution 4:

	FOR	AGAINST
To re-elect Mr. Craig Reynald a Director of the Company in accordance with paragraph 4.5 of By-Law No. 1 of the Company for the term from the date of his election until the close of the first Annual Meeting of the Company following his election, subject always to earlier termination under paragraph 4.8.1 of By-Law No. 1.	☐	☐

Resolution 5:

	FOR	AGAINST
To re-elect Mr. Richard P. Young a Director of the Company in accordance with paragraph 4.5 of By-Law No. 1 of the Company for the term from the date of his election until the close of the first Annual Meeting of the Company following his election, subject always to earlier termination under paragraph 4.8.1 of By-Law No. 1.	☐	☐

Form of Proxy

The Companies Act, Ch. 81:01 (Section 143(1))

Resolution 6:

To elect Mr. Claude Norfolk a Director of the Company in accordance with paragraph 4.4.1 of By-Law No. 1 of the Company for the term from the date of his election until the close of the first Annual Meeting of the Company following his election, subject always to earlier termination under paragraph 4.8.1 of By-Law No. 1.

FOR ☐ **AGAINST** ☐

Resolution 7:

To elect Mr. Brian Porter a Director of the Company in accordance with paragraph 4.4.1 of By-Law No. 1 of the Company for the term from the date of his election until the close of the first Annual Meeting of the Company following his election, subject always to earlier termination under paragraph 4.8.1 of By-Law No. 1.

FOR ☐ **AGAINST** ☐

Resolution 8:

To appoint Messrs. KPMG as the Auditors of the Company to hold office until the close of the next Annual Meeting.

FOR ☐ **AGAINST** ☐

Resolution 9:

That, in accordance with paragraph 7 of By-Law No. 1 of the Company, with effect from November 01, 2010, the remuneration paid to Directors of the Company shall be increased to an aggregate figure of Nine Hundred and Seventy-Seven Thousand Two Hundred Dollars ($977,200.00) per annum, in addition to an attendance fee of Five Thousand Five Hundred Dollars ($5,500.00) per Board Meeting for each Director; and in respect of Committee Meetings, Four Thousand Dollars ($4,000.00) per meeting for Committee Chairmen and Two Thousand Seven Hundred and Fifty Dollars ($2,750.00) per meeting for Committee Members (and also to any salary paid to any officer or employee of the Company who is also a Director).

FOR ☐ **AGAINST** ☐

NOTES:

1. A Shareholder may appoint a proxy of his/her own choice. If such an appointment is made, delete the words "the Chairman of the Meeting" from the Proxy Form and insert the name and address of the person appointed proxy in the space provided and initial the alteration.

2. If the appointer is a corporation, this Proxy Form must be under its common seal or under the hand of some officer or attorney duly authorised in that behalf.

3. A Shareholder that is a body corporate may, in lieu of appointing a proxy, authorise an individual by resolution of its Directors or of its governing body to represent it at the Annual Meeting.

4. In the case of joint Shareholders, the names of all joint Shareholders must be stated on the Proxy Form and all joint Shareholders must sign the Proxy Form.

5. If the Proxy Form is returned without any indication as to how the person appointed proxy shall vote, the proxy will exercise his/her discretion as to how he/she votes or whether he/she abstains from voting.

6. To be valid, this Proxy Form must be completed and deposited at the office of The Registrar, The Trinidad and Tobago Central Depository Limited, at the address below not less than 48 hours before the time for holding the Annual Meeting or adjourned Meeting.

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

NOTES

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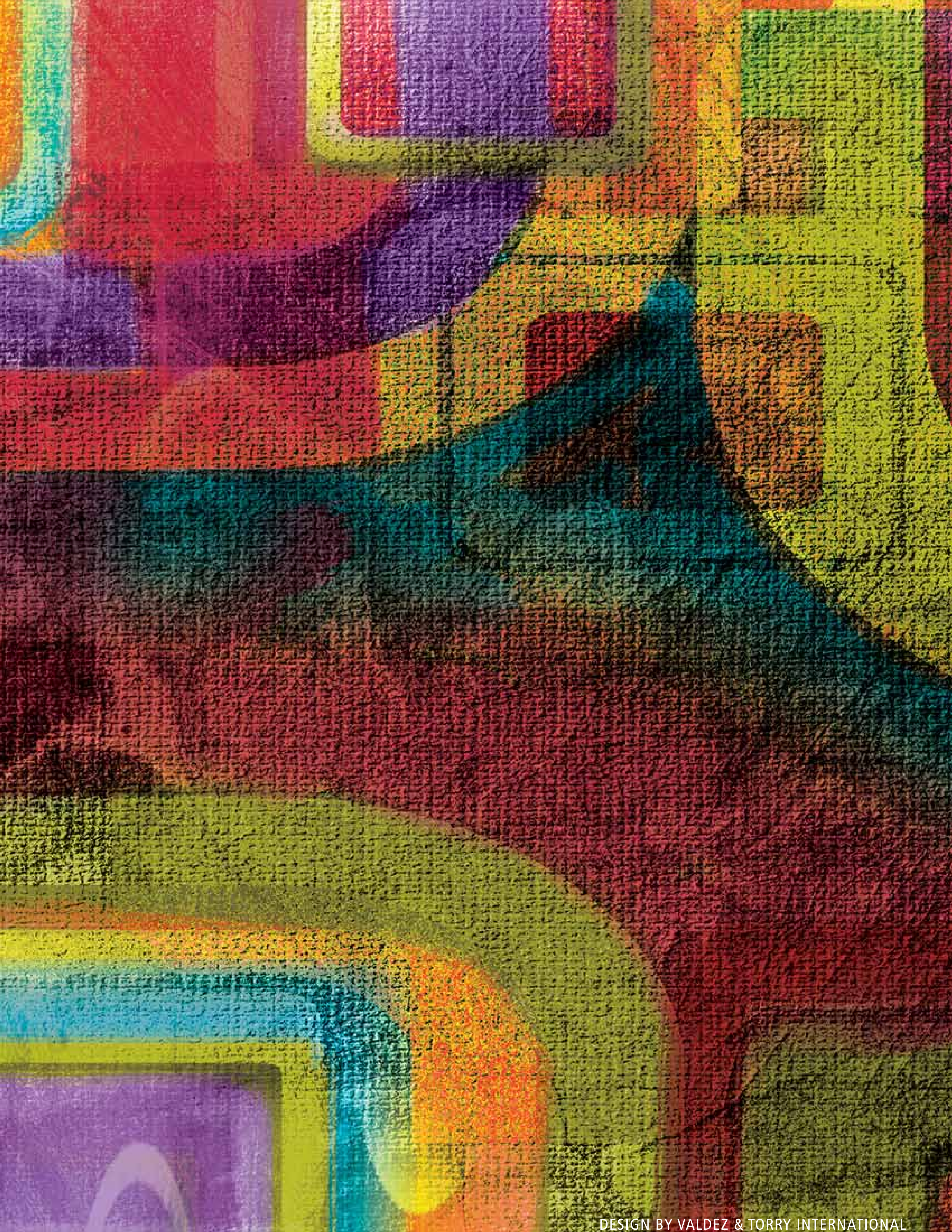

DESIGN BY VALDEZ & TORRY INTERNATIONAL