

To Our Shareholders

The Directors are pleased to announce that the Scotiabank Group realised net income after tax of \$268.7 million for the six months ended 30 April 2012, which was an increase of 2.4% over the comparative period, a year ago.

The Board attributes the Group's sustainable profitability and growth to its proactive treasury management, credit risk and expense management philosophies, which have allowed it to weather the worst of the economic downturn. In addition, the Bank has successfully harnessed its efforts to deliver superior and relevant financial solutions to customers, thereby providing its clients with exceptional customer experiences through tailored products and delivery channels.

These results were achieved in a highly competitive and challenging environment as the Group continues to manage the effects of excess liquidity, historically low returns and a limited supply of high quality investment opportunities. The Group, however, continues to

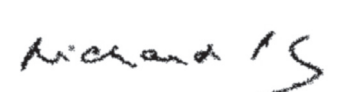
maintain its conservative credit risk strategy and places focus on value for money spent on all its operations.

On the basis of performance to date, the Directors have resolved that the Bank pay a second interim dividend of 32 cents per ordinary share (2011 - 32 cents) on 06 July 2012 to shareholders on record as at 08 June 2012.

31 May 2012



Dr. Trevor Farrell
Deputy Chairman



Richard P. Young
Managing Director

Significant Accounting Policies

Basis of preparation

These financial statements, in all material aspects, have been prepared in accordance with International Financial Reporting Standards. The accounting policies used in the preparation of the financial statements are the same as were followed in the financial statements as at 31 October 2011.

Comparative information

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

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

	UNAUDITED As at 30 April 2012	UNAUDITED As at 30 April 2011	AUDITED As at 31 October 2011
ASSETS			
Cash on hand and in transit	\$ 117,095	\$ 131,645	\$ 103,443
Due from banks and related companies	1,255,390	988,922	1,087,617
Treasury Bills	1,587,035	1,083,917	1,245,234
Deposits with Central Bank	2,977,428	2,745,378	2,780,695
Net loans to customers	10,192,718	10,544,209	10,666,965
Investment securities	739,453	645,326	687,151
Investment in associate companies	16,118	14,173	16,118
Property, plant and equipment	275,634	270,365	279,675
Miscellaneous assets	141,165	131,715	129,009
Goodwill	2,951	2,951	2,951
TOTAL ASSETS	\$ 17,304,987	\$ 16,558,601	\$ 16,998,858
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Deposits	\$ 12,769,768	\$ 11,908,857	\$ 12,423,682
Due to banks and related companies	54,813	151,581	69,619
Other liabilities	257,148	306,897	285,412
Securities sold under repurchase agreement	35,052	38,352	46,124
Provision for taxation	23,950	33,207	30,524
Policyholders' funds	586,288	492,421	532,978
Debt security in issue	618,000	1,000,000	800,000
Deferred tax liability	17,708	15,737	19,064
TOTAL LIABILITIES	14,362,727	13,947,052	14,207,403
SHAREHOLDERS' EQUITY			
Stated capital	267,563	267,563	267,563
Statutory reserve fund	417,563	377,563	397,563
Investment revaluation reserve	25,563	19,865	30,598
Retained earnings	2,231,571	1,946,558	2,095,731
TOTAL SHAREHOLDERS' EQUITY	2,942,260	2,611,549	2,791,455
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 17,304,987	\$ 16,558,601	\$ 16,998,858

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

	UNAUDITED Three months ended 30 April 2012	UNAUDITED 30 April 2011	UNAUDITED Six months ended 30 April 2012	UNAUDITED 30 April 2011	AUDITED Year ended 31 October 2011
NET INTEREST AND OTHER INCOME					
Net Interest Income	\$ 224,125	\$ 222,288	\$ 461,950	\$ 452,659	\$ 897,266
Other Income	80,391	91,926	172,124	184,023	360,432
Net Interest and Other Income	304,516	314,214	634,074	636,682	1,257,698
NON-INTEREST EXPENSES					
Loan loss expense	660	14,014	10,543	32,653	47,925
Other	142,057	135,197	279,768	267,314	511,533
Non-Interest Expenses	142,717	149,211	290,311	299,967	559,458
INCOME BEFORE TAXATION	161,799	165,003	343,763	336,715	698,240
Provision for taxation	(34,713)	(36,197)	(75,063)	(74,435)	(153,927)
INCOME AFTER TAXATION	\$ 127,086	\$ 128,806	\$ 268,700	\$ 262,280	\$ 544,313
Dividends Paid & Proposed for financial year	\$ 56,430	\$ 56,430	\$ 112,860	\$ 112,860	\$ 225,720
Dividends per share	32.0c	32.0c	64.0c	64.0c	128.0c
Earnings per share	72.1c	73.0c	152.4c	148.7c	308.7c
Return on Equity	17.75%	20.49%	18.85%	20.81%	20.68%
Return on Total Assets	3.05%	3.23%	3.15%	3.23%	3.28%
Market Value	\$ 55.24	\$ 40.26	\$ 55.24	\$ 40.26	\$ 50.00

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

	UNAUDITED Three months ended 30 April 2012	UNAUDITED 30 April 2011	UNAUDITED Six months ended 30 April 2012	UNAUDITED 30 April 2011	AUDITED Year ended 31 October 2011
NET INCOME:	\$ 127,086	\$ 128,806	\$ 268,700	\$ 262,280	\$ 544,313
OTHER COMPREHENSIVE INCOME					
Revaluation of available-for-sale investments, net of tax	(7,814)	(5,824)	(5,035)	(5,089)	5,644
TOTAL COMPREHENSIVE INCOME, NET OF TAX	\$ 119,272	\$ 122,982	\$ 263,665	\$ 257,191	\$ 549,957

Consolidated Cash Flows (Stated In \$'000)

	UNAUDITED Six months ended 30 April 2012	UNAUDITED Six months ended 30 April 2011	AUDITED Year ended 31 October 2011
Cash flows from operating activities			
Net income before taxes	\$ 343,763	\$ 336,715	\$ 698,240
Change in loans	474,247	(179,437)	(302,193)
Change in deposits	346,086	396,368	911,194
Change in securities sold under repurchase agreement	(11,072)	(3,265)	4,507
Taxation paid	(81,466)	(78,130)	(159,350)
Other adjustments to reconcile income before taxation to net cash from operating activities	(184,944)	(306,923)	(395,885)
Net cash from operating activities	\$ 886,614	\$ 165,328	\$ 756,513
Cash flows used in investing activities			
Increase in Treasury Bills with original maturity date over 3 months	\$ (148,961)	\$ (387,250)	\$ (747,528)
(Increase) / Decrease in investments	(58,863)	22,123	(6,595)
Purchase of property, plant & equipment	(10,148)	(14,453)	(35,351)
Proceeds from disposal of property, plant & equipment	482	146	3,250
Net cash used in investing activities	\$ (217,490)	\$ (379,434)	\$ (786,224)
Cash flows used in financing activities			
Decrease in debt security in issue	\$ (182,000)	\$ -	\$ (200,000)
Dividends paid	(112,860)	(118,150)	(231,010)
Net cash used in financing activities	\$ (294,860)	\$ (118,150)	\$ (431,010)
Increase / (Decrease) in cash and cash equivalents	\$ 374,264	\$ (332,256)	\$ (460,721)
Cash and cash equivalents, beginning of period	1,291,869	1,752,590	1,752,590
Cash and cash equivalents, end of period	\$ 1,666,133	\$ 1,420,334	\$ 1,291,869
Cash and cash equivalents			
Cash on hand and in transit	\$ 117,095	\$ 131,645	\$ 103,443
Due from banks and related companies with original maturity date not exceeding 3 months	1,255,390	988,922	1,087,617
Treasury Bills with original maturity date not exceeding 3 months	293,648	299,767	100,809
Cash and cash equivalents	\$ 1,666,133	\$ 1,420,334	\$ 1,291,869

Consolidated Statement Of Changes In Equity For The Period Ended 30 April 2012 (Stated In \$'000)

	Stated Capital	Statutory Reserve	Investment Revaluation Reserve	Retained Earnings	Total Shareholders' Equity
SIX MONTHS ENDED 30 APRIL 2012					
Balance as at 31 October 2011	\$ 267,563	397,563	30,598	2,095,731	2,791,455
Net income for the year	-	-	-	268,700	268,700
Other comprehensive income, net of tax					
- Revaluation of available-for-sale investments	-	-	(5,035)	-	(5,035)
Total comprehensive income					
-	-	-	(5,035)	268,700	263,665
Transactions with owners, recorded directly into equity					
Transfer to statutory reserve	-	20,000	-	(20,000)	-
Dividends paid	-	-	-	(112,860)	(112,860)
	-	20,000	-	(132,860)	(112,860)
Balance as at 30 April 2012	\$ 267,563	417,563	25,563	2,231,571	2,942,260
SIX MONTHS ENDED 30 APRIL 2011					
Balance as at 31 October 2010	\$ 267,563	377,563	24,954	1,802,428	2,472,508
Net income for the year	-	-	-	262,280	262,280
Other comprehensive income, net of tax					
- Revaluation of available-for-sale investments	-	-	(5,089)	-	(5,089)
Total comprehensive income					
-	-	-	(5,089)	262,280	257,191
Transactions with owners, recorded directly into equity					
Transfer to statutory reserve	-	-	-	-	-
Dividends paid	-	-	-	(118,150)	(118,150)
Balance as at 30 April 2011	\$ 267,563	377,563	19,865	1,946,558	2,611,549
YEAR ENDED 31 OCTOBER 2011					
Balance as at 31 October 2010	\$ 267,563	377,563	24,954	1,802,428	2,472,508
Net income for the year	-	-	-	544,313	544,313
Other comprehensive income, net of tax					
- Revaluation of available-for-sale investments	-	-	5,644	-	5,644
Total comprehensive income					
-	-	-	5,644	544,313	549,957
Transactions with owners, recorded directly into equity					
Transfer to statutory reserve	-	20,000	-	(20,000)	-
Dividends paid	-	-	-	(231,010)	(231,010)
	-	20,000	-	(251,010)	(231,010)
Balance as at 31 October 2011	\$ 267,563	397,563	30,598	2,095,731	2,791,455

Segment Reporting For The Period Ended 30 April 2012 (Stated In \$'000)

	Corporate/Commercial & Merchant Banking	Retail Banking	Insurance Services	Other	Total Segments	Unallocated Amounts/ Eliminations	Total
UNAUDITED SIX MONTHS ENDED 30 APRIL 2012							
Net interest income (expense)	\$ 107,041	329,832	27,231	(6,949)	457,155	4,795	461,950
Fees and commissions	55,845	52,900	30,455	6,589	145,789	26,335	172,124
Other revenues	-	-	-	-	-	-	-
Net segment interest and other income excluding inter-segment revenues	\$ 162,886	382,732	57,686	(360)	602,944	31,130	634,074
Inter-segment revenues	493	-	56	6	555	(555)	-
Net segment interest and other income	\$ 163,379	382,732	57,742	(354)	603,499	30,575	634,074
Net segment profit (loss) before taxes	\$ 144,233	153,465	46,622	(31,133)	313,187	30,576	343,763
Segment Assets	\$ 4,129,227	6,121,810	966,340	6,865,965	18,083,342	(778,355)	17,304,987
Segment Liabilities	\$ 4,347,604	7,569,140	600,621	4,912,879	17,430,244	(3,067,517)	14,362,727
UNAUDITED SIX MONTHS ENDED 30 APRIL 2011							
Net interest income (expense)	\$ 125,270	323,419	24,954	(24,337)	449,306	3,353	452,659
Fees and commissions	63,784	64,805	19,348	5,627	153,564	30,459	184,023
Other revenues	-	-	-	-	-	-	-
Net segment interest and other income excluding inter-segment revenues	\$ 189,054	388,224	44,302	(18,710)	602,870	33,812	636,682
Inter-segment revenues	1,126	-	11	52	1,189	(1,189)	-
Net segment interest and other income	\$ 190,180	388,224	44,313	(18,658)	604,059	32,623	636,682
Net segment profit (loss) before taxes	\$ 170,011	146,712	38,449	(51,081)	304,091	32,624	336,715
Segment Assets	\$ 3,771,067	5,972,878	764,429	8,062,645	18,571,019	(2,012,418)	16,558,601
Segment Liabilities	\$ 3,445,338	8,232,466	492,767	3,633,903	15,804,474	(1,857,421)	13,947,053
AUDITED YEAR ENDED 31 OCTOBER 2011							
Net interest income (expense)	\$ 236,410	649,042	51,441	(46,021)	890,872	6,394	897,266
Fees and commissions	122,848	133,313	46,715	13,584	316,460	43,972	360,432
Other revenues	-	-	-	-	-	-	-
Net segment interest and other income excluding inter-segment revenues	\$ 359,258	782,355	98,156	(32,437)	1,207,332	50,366	1,257,698
Inter-segment revenues	2,869	-	24	60	2,953	(2,953)	-
Net segment interest and other income	\$ 362,127	782,355	98,180	(32,377)	1,210,285	47,413	1,257,698
Net segment profit (loss) before taxes	\$ 324,598	332,943	85,997	(92,710)	650,828	47,412	698,240
Segment Assets	\$ 4,781,630	6,090,128	874,277	6,132,955	17,878,990	(880,130)	16,998,860
Segment Liabilities	\$ 4,546,917	7,326,971	545,138	4,795,843	17,214,869	(2,333,208)	14,881,661