

The power of 55

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Scotiabank*

2009 ANNUAL REPORT

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



55 is the power of maturity

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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 customers become financially better off by providing relevant solutions to their unique needs.

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, 2009 (\$ thousands, except per share data)

	2009	2008
TOTAL ASSETS	16,015,627	14,329,347
DEPOSITS	11,919,474	9,671,628
NET LOANS TO CUSTOMERS	10,325,293	10,476,303
INCOME BEFORE TAXATION	585,495	557,610
NET INCOME	455,051	431,843
RISK ADJUSTED CAPITAL RATIO	20.91%	16.18%
NUMBER OF SHARES OUTSTANDING	176,343,750	176,343,750
NUMBER OF SHAREHOLDERS	7,796	7,859
EARNINGS PER SHARE	258¢	244.9¢
MARKET VALUE PER SHARE	\$30.02	\$31.00
NET BOOK VALUE PER SHARE	\$12.18	\$10.39

RETURN ON EQUITY (ROE)

2009	2008
22.86%	25.38%

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)

2009	2008
258 cents	244.9 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)

2009	2008
3.00%	3.34%

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

2009	2008
40.75%	41.61%

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.



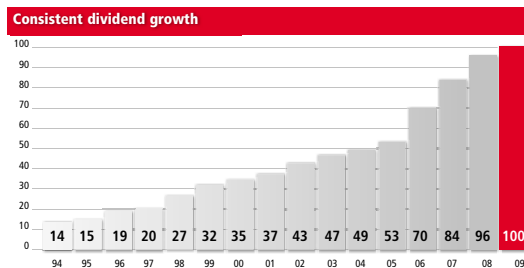
Robert Pitfield
Chairman

Chairman's Letter to Shareholders

In 2009, Scotiabank celebrated 55 years in Trinidad and Tobago. Throughout the history of Scotiabank Trinidad and Tobago Limited, we have maintained an unwavering focus on providing excellent customer service and shareholder value and, because of this, our customers, staff and shareholders can attest to the strength and stability of Scotiabank, even through economically challenging times.

Shareholders' Return

Total shareholders' equity grew by \$316.2 million to \$2.1 billion. For 2009, shareholders received quarterly dividends which totaled \$1.00 per share, compared to the \$0.96 earned last year; this was an increase of 4.2%. As a result of focused leadership and precise execution, we can proudly declare consistent dividend growth for well over a decade.



subdued demand conditions helped inflationary pressures to weaken significantly. Annual headline inflation eased to 2.7% while core inflation weakened to 2.2% by October 2009.

The limited credit expansion has resulted in elevated levels of liquidity in the financial system. Money market interest rates have been significantly reduced and, as a result, the Central Bank has intervened to absorb this excess liquidity. By the end of October, the repo rate had been reduced to 5.75% and the basic prime lending rate stood at 10.75%. The authorities continued to employ monetary policies to regulate the levels of liquidity, manage the foreign exchange market and ensure a stable rate of inflation.

Trinidad and Tobago's Economic Outlook

The international financial crisis morphed into a global recession, as virtually all regions were affected. After years of buoyant economic conditions related to the resource boom, Trinidad and Tobago is likely to see negative annual growth for the first time since 1993, with real GDP growth for 2009 projected at -2.0%. The government of Trinidad and Tobago utilized its fiscal resources to maintain expenditure levels in an attempt to mitigate the sharp declines in revenues. We witnessed a decline in commodity prices: oil prices plunged from US\$147 per barrel to as low as US\$40 per barrel, and gas prices from US\$8 per mmbtu to under US\$3 per mmbtu. A decline in economic activity caused the unemployment rate to increase slightly to 5.1% by mid-2009; meanwhile,

The government continues to adjust recurrent and capital spending plans to reflect lower energy prices and a corresponding fall in government revenues; it employed yet another budget deficit, estimated at 5.4% GDP for fiscal 2010. While low in regional terms, the level of public debt is set to increase to 46% of GDP. The government has expressed its commitment to balance public finances by 2012.

Global economic recovery is reflected in rebounding commodities prices, thereby providing support to the economic outlook of Trinidad and Tobago. A pickup in the country's energy sector activities, together with the Central Bank's accommodative monetary policy, should help improve consumer confidence, thereby leading to a lift in private demand in early 2010. Planned government expenditure on infrastructure projects, together with the robust capitalization of our financial system, will contribute to the achievement of the 2.0% growth



“ Looking ahead to 2010, we are confident in our future, but challenges remain and we need to be vigilant. We have the right strategy and most importantly, the right team to get us where we need to go. ”



International consulting firm Oliver Wyman named Scotiabank as “One of the Top 10 best performing financial services firms in the world”.

rate projected for 2010, whilst the target inflation rate remains at 5%.

Trinidad and Tobago has performed better than most of the other Caribbean economies during these difficult times, largely due to the low public debt, previous budget surpluses and a strong external position. The country continues to develop its human potential through education and training, as well as improved infrastructure to reduce bottlenecks. This directly affects productivity levels. Sustainable long-term growth can more easily be attained if the country is successful in its attempts to diversify the economy.

Strength and Stability of The Scotiabank Group

I’m sure you’ve heard that the World Economic Forum, the IMF, Standard and Poor’s and now, more recently, Moody’s, all ranked the Canadian banking system as number one in the world for its stability. All Scotiabank branches and subsidiaries the world over operate on the same foundation, structure and oversight. Our strategy of diversification by business and geography, and our focus on aggressively managing risk, has again enabled our Bank to earn through the challenges of volatile markets and difficult economic conditions. It was therefore no surprise that, in 2009, renowned international consulting firm Oliver Wyman named Scotiabank one of the top 10 best performing financial services firms in the world.


Looking ahead to 2010, we are confident in our future, but challenges remain and we need to be vigilant. We have the right strategy and, most importantly, the right team to get us where we need to go. As we move into a new year, I am optimistic that our well-diversified businesses, each with excellent growth opportunities, and our commitment to serving our shareholders, employees, customers and communities, will enable us to succeed.

We will continue to focus on our priorities of driving sustainable revenue growth; ensuring effective capital management that will allow us to explore opportunities for growth and provide shareholders with solid returns; and developing the Bank’s leadership at all levels of the organization. We are also committed to maintaining prudent risk and expense management.

We will maintain our focus on being a socially responsible organization by ensuring we continue to be a great place to work, by taking steps to minimize our impact on the environment, and by contributing to the local communities we serve – something that is ingrained in our culture.

Acknowledgements

As always, I must extend my sincerest thanks to the Trinidad and Tobago team for their invaluable role in the achievement of our successful results. A special thank you goes out to the Board of Directors for their input and governance over the past year. To the executive team, as well as the management and staff of Scotiabank Trinidad and Tobago Limited, I continue to applaud your commitment and exceptional work ethic. I also would like to express my appreciation to our shareholders for their unwavering loyalty and support.


Chairman

Mr. Robert Pitfield is the Group Head, International Banking, Scotiabank Group, responsible for all of the Scotiabank Group’s retail and commercial operations outside of Canada.





Richard P. Young
Managing Director

Managing Director's Review

The Balanced Scorecard strategic management tool is one of the mechanisms used to ensure that as a Bank we focus on all the key performance indicators that would lead to a successful organisation. As such we will review the 2009 fiscal year performance of Scotiabank Trinidad and Tobago Limited touching on these critical elements which redound to our ability to provide value to our shareholders.

Financial Highlights of the Scotiabank Group's Performance

The Scotiabank Group achieved Profit after Tax of \$455.1 million for the year ended October 31st 2009, an increase of 5.4% compared to 2008, which is laudable in light of the downturn in the economy. Net Interest and Other Income crossed the billion dollar mark at a record \$1.1 billion, up \$142 million or 14.3% from the same period last year. Earnings per share (EPS) closed the year at 258 cents, resulting in the total dividends for the year of 100 cents per share.

The Group continued to strengthen Shareholders' Equity through increased retained earnings as Total shareholders' equity grew to \$2.1 billion, up 17.3% compared to the same period in 2008. Return on Equity was 22.86% compared to 25.38% a year ago, whilst Return on Assets was reduced from 3.34% to 3.00%. The Bank's capital adequacy ratio measured 20.9% and continues to be well above the minimum capital adequacy ratio of 8% specified by regulators and is consistent with international standards.

The finely honed principles of prudent risk management and the implementation of cost containment tactics throughout the year proved to be sound strategies. Total

Non Interest Expenses (NIE) climbed to \$549.5 million, which was 26.2% higher than the previous year. The main cost drivers were increased salaries and staff benefit costs, which were necessary to maintain a competitive compensation market position. Premises expenditure, undertaken to upgrade security systems so as to create a safe and secure environment for both customers and employees, also contributed to the increased NIE. Loan Loss expenses as at October 31st, 2009 increased by \$64.8 million which was anticipated given the economic climate.

For the year ended October 31st, 2009, Total Assets grew by 11.8% or \$1.7 billion closing at a new record high of \$16 billion. Deposits with Central Bank carried the highest dollar increase of \$1.1 billion year over year. This was a direct consequence of the high liquidity levels coupled with increased statutory reserve requirements which were imposed during the 2009 fiscal. The Bank received more than its fair share of the market liquidity which resulted in a 23.2% growth in deposits to \$11.9 billion. Total Liabilities for the period measured \$13.9 billion, growing by 11% over the prior year.

The Group's performance was strengthened through the performances of Scotialife Trinidad and Tobago Limited (SLTT) as well as ScotiaTrust and Merchant Bank Trinidad and Tobago Limited in which the Merchant Banking Unit (MBU) is placed. SLTT's banc assurance model was executed according to plan and in so doing contributed approximately 10% to the Group's profits, delivering \$152.6 million gross premium income. The MBU enjoyed success as it established itself as a serious player in the Capital Markets not just locally but regionally in the English speaking countries.



“ With the close of a tumultuous 2009, we can undoubtedly expect 2010 to be a challenging year. In this environment Scotiabank Trinidad and Tobago Limited will persevere by maintaining focus on our strategic initiatives so as to continue to deliver returns to our shareholders. ”



Our core purpose - to be the best at helping customers become financially better off by providing relevant solutions to their unique needs.

Customer Centric and Community Involved

At Scotiabank, we appreciate the value of the various customer segments in the marketplace and work to stay true to our core purpose - to be the best at helping customers become financially better off by providing relevant solutions to their unique needs. Our robust sales platform provides our employees with the resources needed to acquire, deepen and retain customers. As part of our Sales and Service culture, Scotiabank has moved to better understand customer opportunities and improve the alignment of our staff against these opportunities. These initiatives offer customised customer solutions which cement the concept of the Right Officer servicing the Right Customer at the Right Time. Additionally, in recognising the challenges brought to bear due to the economic downturn and rising unemployment, Scotiabank introduced the Customer Assistance Programme demonstrating our commitment to our loyal customers and to our core purpose.

Taking a look at our community involvement, our staff went above and beyond in giving back to the communities in which we operate. The branch network embraced 23 charitable organisations where they gave of their time as they extended both heart and mind to help create a bright future for the upcoming generation. The Scotiabank Foundation supported a further 20 NGOs with funding to assist in the continuance of their good work. The Bank expended approximately TT\$2 million in fulfilling our corporate social responsibility. Under the philanthropic umbrella of The Scotiabank Trinidad & Tobago Foundation we have and will continue to seek opportunities to strengthen the Bright Future Program®, rally the fight against breast cancer as well as support

local sports and culture.

I invite you to learn more about the scope of work in our Corporate Social Responsibility section of this Annual Report.

Realising Our Human Resource Potential

The most important resource in any organisation is its people and at Scotiabank our people represent the foundation upon which all other things are achieved. Over the past year we have seen the strength of our people manifested throughout the organisation and our five Core Values of Integrity, Respect, Commitment, Insight and Spirit have steadfastly enabled us to steer through these turbulent economic times.

In 2009 we continued our efforts at refining those initiatives that are intended to promote a collaborative and supportive work environment. As such we've entrenched a number of feedback mechanisms which afford our staff every opportunity to share their insights. These effective communication channels allow for open and honest communication between staff and the Executive Team. The introduction of the Bank's Mentorship Programme is in keeping with our passion for leadership and talent development.

The "Applause – Cheers for Peers" programme affords staff the opportunity to recognise their colleagues based on the continued demonstration of the aforementioned Core Values. Our continuous training curriculum enabled the completion of 46 training sessions covering 70% of the staff.



Managing Director's Review

Our efforts to establish Scotiabank Trinidad and Tobago Limited as an Employer of Choice are paying off. We proudly captured two major national awards which is testimony to the success of our efforts to put our staff first. The South Trinidad Chamber of Industry & Commerce named Scotiabank among the top three companies for the Corporate Social Responsibility Leadership Awards in the category "Recognising the Value of People". Notably we were the only financial institution to rank among the top three, in areas such as communication, equity, transparency, respect, OSH and concern for the environment. Scotiabank also received the National Safety Award 2009 from the Trinidad and Tobago Occupational Safety and Health Authority. This was no easy feat as a total of 91 companies vied for this honour. The award was based on the Bank's comprehensive and focused approach to adopting and implementing safety and health management systems and practices.

Operational Underpinning

Over the last fiscal year we have in fact been strengthening our position in the marketplace with the introduction of several new operating models, tools and systems. We also expanded our network footprint with the opening of the Point Fortin Sales Centre, the Trincity Branch and the Trincity ScotiaLife Trinidad and Tobago regional sales hub.

Furthermore, we continue to look for opportunities to improve product offerings and ensure efficient operations so as to deliver against the highest service standards. These improvements include the introduction of a management information system which would allow us to effectively determine the true cost and profitability of a transaction, a product or a customer. In addition we've set up a processing unit which would allow for a common end to end fulfillment for all retail lending products regardless of the channel used by the customer. The overall objective of many of these initiatives is the provision of an improved customer experience.

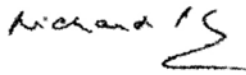
Looking Towards 2010

With the close of a tumultuous 2009, we can undoubtedly expect 2010 to be a challenging year. In this environment Scotiabank Trinidad and Tobago Limited will persevere by maintaining focus on our strategic initiatives so as to continue to deliver returns to our shareholders. Our overall strategy will continue to concentrate on the pillars of revenue growth, capital management, leadership, prudent risk management and cost containment, which when amalgamated brought us success in the midst of a

global economic crisis.

We will continue to build a customer centric organisation with a purposeful segment strategy delivered through the various business units and subsidiaries. The Merchant Banking Unit offers underwriting, syndication, structured financing, advisory services and derivative strategies to its customers. Scotia Private Client Group concentrates on providing specialised and tailored wealth management solutions to our high net worth clientele. Scotia Investments Trinidad and Tobago Limited, formerly Dehring, Bunting and Golding Trinidad Limited, delivers knowledge-based guidance and customised investment solutions, whilst the Small Business Banking services arm will continue to fulfill its mandate of working together to grow our customers' business. Through the launch of the various retail, small business and commercial business lines, we have built a tremendous platform for growth.

I am confident that through these strategies coupled with the direction of our Board of Directors as well as the commitment of the Scotiabank Team, we are well equipped to handle the most challenging tasks and deliver another successful year.



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)



Robert H. Pitfield
Chairman



Dr. Trevor Farrell†
Deputy Chairman



Richard P. Young
Managing Director



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



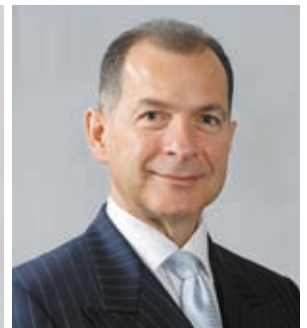
George Janoura*▲
Chairman and Managing Director
Janouras Limited



Robert Riley†
Chairman and CEO
BP Trinidad and Tobago LLC



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



Pasquale Minicucci*†
Senior Vice President
The Bank of Nova Scotia



Roxane De Freitas*
Managing Director
Unilever Caribbean Limited



Craig Reynald*
Consultant





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 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.

At fiscal year end, there were three committees operating out of the Board of Directors, which assist the Board in fulfilling its mandate and ensure that the Scotiabank Group is governed effectively.

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 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 scrutinizes 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 organization 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, 2009:-

FINANCIAL RESULTS AND DIVIDENDS

Your Directors' report that the Group's profit after taxation for the year ended October 31, 2009, was \$455 million. Dividends of 25 cents per share were paid to shareholders on April 08, 2009, July 06, 2009, October 08, 2009 and January 06, 2010, respectively, making a total distribution of \$1.00 on each share for the year ended October 31, 2009.

DIRECTORS

In accordance with paragraph 4.5 of the Company's By-Law No. 1, the terms of office of Mr. Robert Pitfield and Dr. Trevor Farrell expire at the close of the Annual Meeting to be held on February 26, 2010. Mr. Pitfield and Dr. Farrell, 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.

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 AND SUBSTANTIAL INTERESTS

In accordance with the requirements of Section 8(f) of our listing agreement with The Trinidad and Tobago Stock Exchange Limited, we record hereunder details of the beneficial interests of each Director of the Company as at the end of the Company's financial year, October 31, 2009. There are no non-beneficial interests held by the Directors.

DIRECTORS

DIRECTORS	ORDINARY SHARES FULLY PAID
Roxane De Freitas	2,000
Trevor Farrell	30,109
Daniel J. Fitzwilliam	10,441
George Janoura	18,026
Gisele Marfleet	7,425
Pasquale Minicucci	750
Robert H. Pitfield	825
Craig Reynald	Nil
Robert Riley	4,500
Richard P. Young	8,485

There has been no change in these interests between the end of the Company's financial year and January 01, 2010, being one (1) month prior to the date of the notice convening the Company's Annual Meeting.

In accordance with the requirements of Section 8(f) of our listing agreement with The Trinidad and Tobago Stock Exchange Limited, we also list substantial interests in the share capital of the Company as at January 01, 2010, being one (1) month prior to the date of the notice convening the Company's Annual Meeting.

SUBSTANTIAL INTERESTS

SUBSTANTIAL INTERESTS	ORDINARY SHARES FULLY PAID
The Bank of Nova Scotia	89,761,887 (50.9%)
The National Insurance Board	11,970,742 (6.79%)
RBTT Trust Limited	10,492,054 (5.95%)
Republic Bank Limited	9,841,827 (5.58%)

ON BEHALF OF THE BOARD

Robert H. Pitfield
Chairman

Richard P. Young
Managing Director

February 01, 2010
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, 2009.

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 produced commendable results given the challenging economic conditions in 2009. Net Income for the year was \$455.1 million, an increase of 5.4% when compared to the same period last year.

The 2009 results, which represent the Group's seventeenth consecutive year of increased profitability, are attributable to first class execution of our business strategies whilst

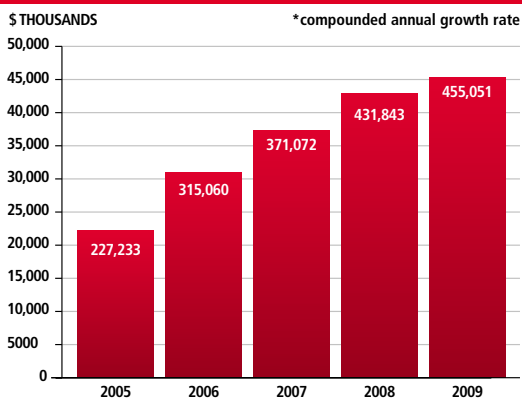
continuing to leverage on our core strength of managing risk.

Total revenues rose by 11% year over year which was mainly due to the combined effect of increases in interest income from investment securities, loans and other income.

Earnings per share for the year was 258.0 cents, compared to 244.9 cents last year, while Return on Equity remains strong at 22.86%.

Net Income

5 year CAGR* - 19%



Our capital base remains strong, as we continue to generate sufficient capital from operations. Total shareholders' equity grew to \$2.1 billion; \$316.2 million more than the prior year. Our risk based capital adequacy measured 20.9% as at October 31, 2009 which compared favourably to the 2008 figure of 16.18% and continues to be well above the minimum capital adequacy ratio of 8% specified by regulators.

STRONG SHAREHOLDER RETURN

Our solid financial performance continues to drive strong shareholder returns as the Group remains focused on achieving sustainable, long-term growth in profits attributable to shareholders and a high return on equity.

Total Shareholder Return

For the year ended October 31	2009	2008	2007	2006	2005
Ordinary shares in issue	176,343,750	176,343,750	176,343,750	176,343,750	176,343,750
Closing market price (\$ per share)	\$30.02	\$31.00	\$28.55	\$25.30	\$26.33
Dividend paid (cents per share)	100.0	96	84	70	53
Earnings per share (cents)	258.0	244.9	210.4	178.7	128.9
Dividend Payout Ratio	38.8%	39.2%	39.9%	39.2%	41.1%

Management Discussion & Analysis

Shareholders continue to receive quarterly dividends which totalled \$1.00 per share for this year, compared to the \$0.96 earned last year, this was an increase of 4.2%.

GROUP FINANCIAL PERFORMANCE

Total Revenue

Total revenue was \$1,514.6 million in 2009, an increase of 11.1% or \$151 million over the prior year. Core operations continued to produce higher returns with Interest Income increasing by 9.1% year over year. Income from Loans grew by \$66.9 million while Investment securities contributed \$28.8 million more to income.

Net Interest Income

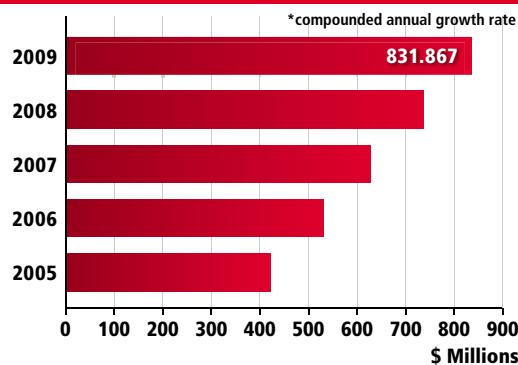
Net Interest Income was \$831.9 million in 2009, up 12.5% although the Loans portfolio actually declined marginally by 0.87%. This was achieved by continuous focus on managing margins as the credit origination teams battled with stifled credit demand and strived to keep new business ahead of portfolio payoff.

Additionally, a full year's income was also derived from Scotia Investments Ltd (formerly Dehring, Bunting and Golding Trinidad Limited).

Other Income also contributed handsomely to revenue as it grew by 19.7% year over year, with fees, commission and net premium income showing positive growth of 34% or \$55.9 million compared to 2008.

Net Interest Income

5 year CAGR* - 18.7%



Other Income

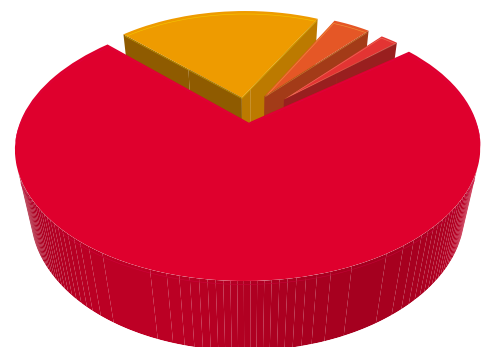
Other Income defined as all income other than interest income, amounted to \$303 million for this fiscal, an increase of \$49.9 million over the prior year. The overall increase was as a result of higher commissions and fees earned in the period, as this category, inclusive of net premium income grew by \$55.9 million.

Foreign exchange income held its position with earnings of \$75.3 million, a 2% increase over 2008 earnings.

Demand pressures for the US dollar remained high in the local market, as commercial banks continued to have queues of customers whose demand for US dollars could not be satisfied right away. This put upward pressures on the sell rate with the weighted average rate reaching a high of \$6.37999 on October 16th, 2009. However, spreads have seen declines as the buying rate also increased.

ScotiaLife Trinidad and Tobago Limited had another successful year with total gross premium income of \$152.6 million, 15% higher than the previous year.

Other Income



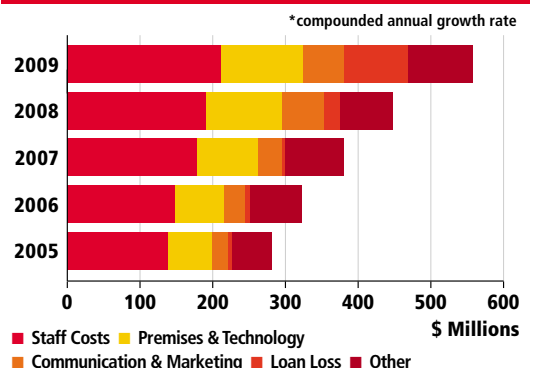
- Fees, Comm. & Net Premium Income: 72%
- Foreign Exchange: 25%
- Trustee & Other Fiduciary Fees: 2%
- Avl. For sale Investment Securities: 1%

Non-Interest Expenses

Non-Interest expenses, excluding loan loss expenses were \$462.6 million in 2009, an increase of 12% or \$49.4 million from last year. The major component of the increase was, salaries and staff benefits due to market level merit increases coupled with performance-based bonuses. Other expense categories also saw increases as a result of increased cost being passed on by suppliers and service providers; however they continue to be reigned in by management's cost containment strategies.

Non Interest Expenses

5 year CAGR* - 19.4%



- Staff Costs
- Premises & Technology
- Communication & Marketing
- Loan Loss
- Other

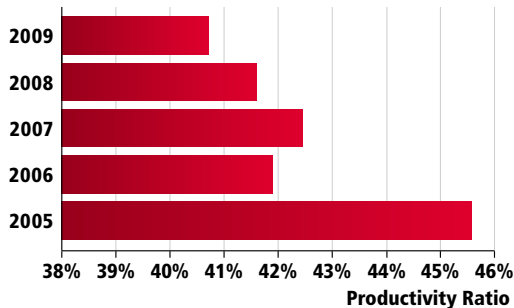


Management Discussion & Analysis

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 40.75% (2008: 41.61%).

Group Efficiency



Taxes

The 2009 tax provision was \$130.4 million, up \$4.7 million or 3.7% from 2008. This increase is purely due to growth in profits as the effective tax rate was maintained at approximately 22%.

Credit Quality

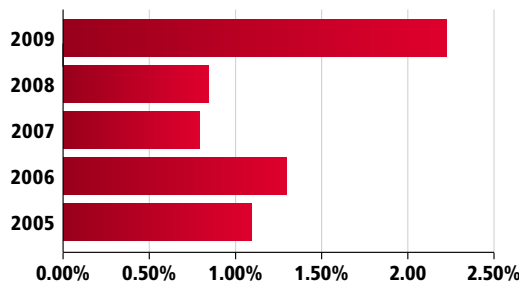
The Group's non-performing loans now represent 2.22% of gross loans compared to 0.84% in the prior year.

Due to the challenging economic conditions being faced by our customers and the worldwide economy our profitability was deflated by loan loss provisions which increased by \$64.8 million in the current year. While the increase in provisions was anticipated, Scotiabank is satisfied that their credit risk policies are adequate and provides the Bank with a sound risk management framework to achieve desired business and risk results.

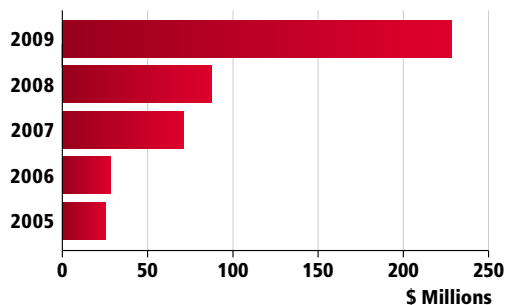
Additionally, the Bank is continuing its Customer Assistance Program (CAP) which was created to offer Retail customer-centric solutions to those who are currently experiencing a loss or reduction in income. While this situation is unprecedented, this approach reinforces the Bank's reputation as an international bank, with a long-standing commitment to the local community and our customer's long-term financial well-being.

Loan loss provisions also increased in tandem with non-performing loans as part of the bank's prudent approach to business. The final expense charged to our profits was \$86.9 million, up \$64.8 million over 2008, which is net of recoveries.

NAL as % of Gross Loans



Loan Loss Provisions



GROUP FINANCIAL CONDITION

Assets

The Group's total assets now stand at a record \$16 billion which was up by \$1.7 billion, 11.8% over 2008.

While credit demand was subdued for most of this financial year, growth was spurred by excessive liquidity within the financial system, which forced financial institutions to find assets to place funds which were readily available.

This led to the growth in assets being driven by non-core categories, such as Deposits with Central Bank, Investment Securities and Treasury Bills.

Cash Resources

The Group's cash resources inclusive of that held to meet statutory requirements at the Central Bank amounted to \$2.6 billion as at October 31st, 2009. Compared to \$1.6 billion at the prior year-end, this increased by 70.4%. In addition to increased statutory requirements of 2% over the prior year, the increase is also a factor of higher deposit liabilities from which reserves are calculated.

While these funds are held at the Central Bank as part of its monetary policy action and have increased as a consequence of excess market liquidity and high inflation, these are held in a liquid form and are available to meet the bank's liquidity needs in severe consequences. As at October 31, 2009

Management Discussion & Analysis

our reserves exceed the statutory minimum. The liquidity overhang in the financial system affected us as it did our counterparts with total commercial banks excess reserves reported at \$2.5 billion.

Securities

While investment securities grew by 8.6% from \$606 million to \$658 million in 2009, Treasury Bills had exceptional growth as the bank strived to find suitable assets to place funds which were no longer being demanded by credit or loans.

Treasury bills grew by 157.9% from \$279.5 million to \$441.5 million. This asset was considered suitable as risks are low and the tenors are within one year. Low credit demand also affected the availability of treasury bills as these instruments were always oversubscribed and competition pushed yields down.

Loans

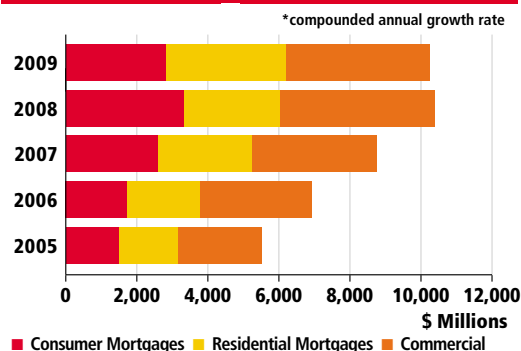
Net loans to customers closed the year at \$10.3 billion. Being the bank's core business product, this category continues to be the largest on the bank's balance sheet and represented 64.5% of the Group's total assets as at October 31st, 2009. The Consumer loan and Residential Mortgage portfolios continued to be the two largest concentration categories and when combined represented 61% of net loans.

Comparatively, 2009 was down 1.44% over 2008. This was due to the net result of lower credit demand and higher provisions. If we net off the effect of provisions, gross loans only showed a modest decline of 0.87% which is commendable as payoffs on the existing portfolio diluted the effect of new business.

The loan loss provision as a percentage of gross loans increased to 0.96% from 0.38% in 2008 and the Group considers this level of provisioning to be adequate.

Loan Portfolio

5 year CAGR* - 16.8%



LIABILITIES

Total Liabilities were \$13.9 billion as at October 31, 2009, an increase of \$1.4 billion or 11% from last year.

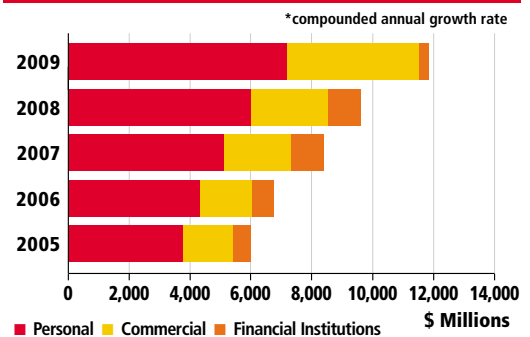
Deposits

The Group continued to derive most of its funding from customer deposits, which formed 86% of total liabilities in 2009 compared to 77% in the prior year.

Deposits grew by \$2.2 billion to \$11.9 billion in 2009, reflecting continued confidence in Scotiabank as a strong and stable financial institution.

Deposit Portfolio

5 year CAGR* - 18.7%



Other funding

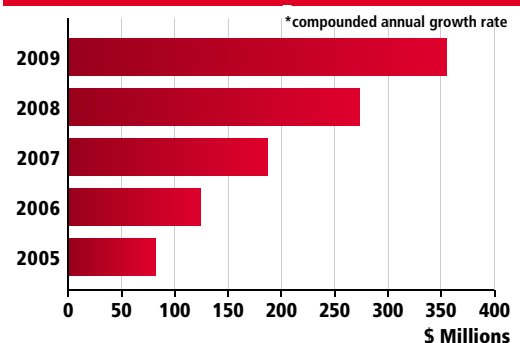
With the high growth in customer deposits the bank reduced its reliance on other sources of funding as Due to Banks and related companies fell by 78% or \$908.3 million year over year, while Securities sold under repurchase agreements also declined by 52% or \$87.7 million.

Policyholders' funds

Policyholders' funds from our 100% subsidiary Scotialife Trinidad and Tobago increased by \$81.5 million or 30% to \$354.8 million. This increase was representative of increases in premium income from ordinary life policies of \$51.8 million and individual annuity payments of \$28.9 million.

Policyholders' Funds

5 year CAGR* - 44.3%



Shareholders' Equity

The Group continued to maintain a strong capital base to support associated business risks as its capital adequacy ratio measured 20.9% as at October 31, 2009. This compared



Management Discussion & Analysis

favourably to the 2008 figure of 16.18% and continues to be well above the minimum capital adequacy ratio of 8% specified by regulators and is consistent with international standards.

Total shareholders' equity rose to \$2.1 billion in 2009 fuelled by retained earnings which increased by \$238.7 million in 2009.

Dividends

Our shareholders received increased dividends in 2009 as Dividends per share totalled \$1.00; an increase of 4.2% from 2008. The dividends paid for 2009 was \$176.3 million, up \$14.1 million from last year. The steady growth in dividends is a major contributor to the high long-term returns generated for shareholders. The dividend payout ratio was maintained at 39%.





Corporate Social Responsibility

Scotiabank recognizes that it is even more critical, based on worldwide events and the current economic climate, to step up to the plate and deliver a sustainable social outreach programme for the benefit of our nation.

GIVING BACK TO THE COMMUNITIES IN WHICH WE LIVE AND WORK

Scotiabank Trinidad & Tobago Limited has expended more than \$2 million in support of worthwhile causes throughout Trinidad and Tobago. In this regard the Bank deems it imperative not only to make financial donations to the disadvantaged in society, but also to encourage our employees to volunteer their time and energy to various non-governmental organisations, schools and clubs throughout Trinidad and Tobago. This dedication of personal time is what distinguishes us from others in the industry.



Over the past year The Scotiabank Trinidad and Tobago Foundation, which was established in February 2008, has made incredible strides in achieving its stated purpose of providing sustainable assistance to the disadvantaged in our society. 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 Gordon Cressy, Theresa Thompson Beard, and Richard P. Young with Gisele del V Marfleet as Chairman. More specifically, the Foundation has concentrated its resources on the following:

- The provision of grants, goods and services to the economically disadvantaged in an effort to relieve poverty, deprivation and distress.
- The facilitation of public education and screening initiatives on Breast Cancer.
- The funding of bursaries to the University of the West Indies and general assistance to schools and educational institutions in order to advance the education of the student population.
- The organisation of sporting events and provision of facilities, which will encourage community participation in health recreation for the benefit of our young people.
- The funding and support of Trinidad and Tobago's culture through the sponsorship of steel orchestras, the Trinidad and Tobago Music Festival and other such activities.

THE SCOTIABANK BRIGHT FUTURE PROGRAM®

The Scotiabank Bright Future Program® was established to help concentrate our charitable activities on enhancing the well-being of children, particularly in the key areas of education, health, the environment and community wellness. The programme grants every Scotiabanker the ability to be more strategic and focused in charitable efforts, ultimately making a bigger impact on the causes we wish to support — opportunities for helping children.



“ Scotiabank Trinidad & 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.

Community Involvement

Our ability to achieve our financial objectives and business growth goals is directly related to the strength, satisfaction and commitment of our employees. Our staff work tirelessly as volunteers, dedicating time, hard work and ideas. They work as committed fundraisers and generous donors, pledging their support whenever they hear the call for help.

In the last year Scotiabank's management and staff continued their "hands-on" involvement, undertaking a Bright Future Outreach initiative into the communities in which we live and operate. From Rio Claro to Sangre Grande, from Scarborough to Maraval and from Chaguanas to Princes Town, a total of 23 organisations received assistance with various initiatives such as library refurbishment or development, building of cricket fields and dormitories, computer room upgrades, computer and financial literacy classes as well as entrepreneurial and agricultural skill building.



SCOTIABANK WOMEN AGAINST BREAST CANCER PROGRAMME

Through this programme, Scotiabank has been active in the fight against breast cancer over the past eleven years since the inception and launch of the Women Against Breast Cancer Programme in 1999. The Bank's efforts cover many fronts including awareness, education, screening and counseling. Mass media campaigns and public education seminars are some of the channels used to inform the female population about this disease and alert women of the fact that early detection saves lives.

The Bank dedicates a large share of its CSR budget to fulfill this objective but also engages in annual fundraising activities to increase the impact of the initiative. Our staff members are quite enthusiastic about lending their support and they don't only do this in monetary terms, but also volunteer their time and energy to ensure that our major public fundraiser, the Scotiabank Women Against Breast Cancer 5k Classic, is a success. All the funds raised are utilised in a transparent manner to fund our annual screening clinics conducted in October at various Health Centres and Specialist Clinics both in Trinidad and Tobago. To date, over 9,500 women throughout Trinidad and Tobago have been able to access free breast cancer screening, ultrasounds and mammograms.

SPORT, CULTURE AND GENERAL PHILANTHROPY

Scotiabank has steadfastly supported our regional sporting heritage for over 10 years and proudly holds the title of "The Official Bank of West Indies Cricket"

Corporate Social Responsibility

as well as “The Exclusive Sponsor of Kiddy Cricket”. Our support of 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.

In support of our diverse local culture, we sponsor several unsponsored steel orchestras as they prepare for the Carnival season as well commit as a Gold sponsor of the Biennial Trinidad and Tobago Music Festival among others. An annual Deed of Covenant has been established through which Scotiabank assists numerous non-governmental organisations and charities so they can continue their good work. We accede to the requests of a number of schools, clubs and organizations to assist the socially disadvantaged in our society as we do our part to alleviate social disparity in Trinidad and Tobago.

ENVIRONMENTAL CONSIDERATIONS

Environmental risk refers to the possibility that environmental concerns involving the Scotiabank Group or its customers could affect the Bank’s financial performance. The environmental policy guides our day-to-day operations, lending practices, supplier agreements and the management of our real estate holdings. It is supplemented by specific policies and practices relating to individual business lines. Environmental risks associated with the business operations of each borrower and any real property offered as security are considered in the Bank’s credit evaluation procedures. Credit Risk Management has primary responsibility for establishing the related policies, processes and standards associated with mitigating environmental risk in the Bank’s lending activities.

Recently, the Bank’s environmental risk practices in the area of project finance were further enhanced with the adoption of the revised Equator Principles. These are environmental and social guidelines for project finance transactions with a capital cost of US\$10 million or higher, based on the policies of the International Finance Corporation, the private sector arm of the World Bank. The Equator Principles provide safeguards for sensitive projects to ensure protection of natural habitats and the rights of indigenous peoples, as well as safeguards against child and forced labour. The revised principles have been integrated into the Bank’s internal policies and procedures. Environmental concerns also play a prominent 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 processes. Some examples include:

ENERGY CONSERVATION:

Machinery & Equipment

The major supplier of photocopying machines to our branches and departments pays particular attention to the environmental impact of their products. All of these carry the Energy Star symbol, which identifies items that are among the most energy-efficient on the market.

Air Conditioning Systems

Through our contract with a Facility Management team, we ensure that our air conditioning units are serviced on a quarterly basis with ducts cleaned at least once per annum. The ongoing maintenance of these units coupled with the use of thermostats assist with energy conservation.

PROCUREMENT:

Machinery & Equipment

Our supplier of photocopying machines is not only mindful of energy consumption, but also of the materials used for production of the machines. All of the machines we purchase are made from 100% recycled material, and used machines are shipped abroad by the supplier to be recycled.

Janitorial Services

Our contracted service providers use environmentally friendly cleaning products, which are 90% water based. Other ingredients are consistent with the best standards in the industry, which ensure that the ingredients are not harmful to the environment.

Furniture

A major contractor in the industry supplies all of our office furniture. Their products are specifically designed with the environment in mind. Chairs that we purchase are 95%-100% recyclable, with up to 22% recycled content. Panels and other furnishings are 75% recyclable, and contain 32% recycled material. Other materials used, such as powder-coated paints and water based adhesives, are also environmentally friendly.

We continue to review our Corporate Social Responsibility criteria and include this in our standard supplier “Request



Corporate Social Responsibility

For Proposal” documents. Additionally, we may also request applicants to describe their Corporate Social Responsibility and environmental management systems, policies and practices or provide us with their accreditations, disposal and recycling methods and their programs to deliver energy efficient products and services.

We make it clear that adherence to our Corporate Social Responsibility principles is a significant factor in the Bank’s supplier sourcing process.





Management's Report on Internal Controls over Financial Reporting

The management of Scotiabank Trinidad & 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 organizational 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, 2009 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), set out on pages 23 to 57 which comprise the consolidated balance sheet as at October 31, 2009, and the consolidated statements of 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 judgment, 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, 2009, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Chartered Accountants
November 25, 2009
Port of Spain
Trinidad, W.I.




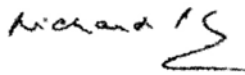

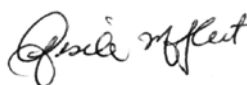
Consolidated Balance Sheet

Scotiabank Trinidad and Tobago Limited
October 31, 2009 (\$ thousands)

	Notes	2009	2008
Assets			
Cash on hand and in transit		\$ 83,281	86,888
Due from banks and related companies	4	1,161,750	938,228
Treasury bills		721,075	279,539
Deposits with Central Bank	5	2,648,623	1,554,206
Net loans to customers	6	10,325,293	10,476,303
Investment securities	7	658,275	606,421
Investment in associate companies		12,105	9,684
Assets purchased under resale agreements		8,271	13,876
Goodwill		2,951	2,496
Property, plant and equipment	8	243,085	209,741
Miscellaneous assets		43,612	41,283
Retirement benefit asset	9	107,306	110,682
Total Assets		\$ 16,015,627	14,329,347
LIABILITIES AND SHAREHOLDERS' EQUITY			
	Notes	2009	2008
Liabilities			
Deposits	10	\$ 11,919,474	9,671,628
Due to banks and related companies	11	250,040	1,158,308
Other liabilities		123,481	90,125
Securities sold under repurchase agreement	12	80,317	167,979
Provision for taxation		32,996	42,420
Policyholders' funds	13	354,831	273,329
Debt security in issue	14	1,000,000	1,000,000
Retirement benefit obligations	9	80,765	74,551
Deferred tax liability	15	25,016	18,519
Total Liabilities		\$ 13,866,920	12,496,859
Shareholders' Equity			
Stated capital	16	267,563	267,563
Statutory reserve fund	17	337,563	297,563
Investment revaluation reserve		34,034	(3,478)
Retained earnings		1,509,547	1,270,840
Total Shareholders' Equity		\$ 2,148,707	1,832,488
Total Liabilities and Shareholders' Equity		\$ 16,015,627	14,329,347

See accompanying notes to consolidated financial statements.

These financial statements have been approved for issue by the Board of Directors on November 25, 2009 and signed on its behalf:

			
Robert H. Pitfield Chairman	Richard P. Young Managing Director	Trevor Farrell Director	Gisele del V Marfleet Director

Consolidated Statement of Income

Scotiabank Trinidad and Tobago Limited

Year ended October 31, 2009 (\$ thousands except per share data)

	Notes		2009	2008
Net Interest and Other Income				
Total interest income	19	\$	1,211,477	1,110,497
Total interest expense	20		379,610	370,827
Net interest income			831,867	739,670
Other income	21		303,111	253,217
Net interest and other income			1,134,978	992,887
Non-Interest Expenses				
Salaries and staff benefits			207,797	186,281
Premises and technology			111,995	100,596
Communication and marketing			54,625	56,068
Loan loss expense	6		86,932	22,135
Other	22		88,134	70,197
Total non-interest expenses			549,483	435,277
Income before taxation			585,495	557,610
Income Tax Expense	23		130,444	125,767
Net Income For The Year		\$	455,051	431,843
Earnings per share	24	\$	258.0¢	244.9¢

See accompanying notes to consolidated financial statements.



Consolidated Statement of Changes in Shareholders' Equity

Scotiabank Trinidad and Tobago Limited
Year ended October 31, 2009 (\$ thousands)

	Notes	Stated Capital	Statutory Reserve	Investment Revaluation Reserve	Retained Earnings	Total Shareholders' Equity
Balance as at October 31, 2007		267,563	297,563	3,680	1,001,232	1,570,038
Revaluation of available-for-sale investments		-	-	(7,092)	-	(7,092)
Gains transferred to net profit, net of tax		-	-	(66)	-	(66)
Net income for the year		-	-	-	431,843	431,843
Dividends paid	18	-	-	-	(162,235)	(162,235)
Balance as at October 31, 2008		267,563	297,563	(3,478)	1,270,840	1,832,488
Revaluation of available-for-sale investments		-	-	37,512	-	37,512
Transfer to statutory reserve		-	40,000	-	(40,000)	-
Net income for the year		-	-	-	455,051	455,051
Dividends paid	18	-	-	-	(176,344)	(176,344)
Balance as at October 31, 2009		\$ 267,563	337,563	34,034	1,509,547	2,148,707

See accompanying notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Scotiabank Trinidad and Tobago Limited
Year ended October 31, 2009 (\$ thousands)

		2009	2008
Cash Flows From Operating Activities			
Income before taxation	\$	585,495	557,610
Adjustments to reconcile income before taxation to net cash from operating activities:			
Interest income		(1,211,477)	(1,110,497)
Interest expense		379,610	370,827
Depreciation and amortisation		15,554	14,763
Share of profit of associated company		(2,421)	(1,760)
Loss (gain) on disposal of property, plant and equipment		1,613	(595)
Net increase in deposits with Central Bank		(1,094,417)	(199,052)
Net increase in retirement benefit obligations		11,066	8,828
Increase in policyholders' funds		81,502	86,768
Net increase in loan loss provision		59,642	9,991
Net decrease (increase) in loans		90,863	(1,644,834)
(Increase) decrease in miscellaneous assets		(2,329)	8,484
Increase in deposits		2,243,224	1,219,411
(Decrease) increase in amounts due to banks and related companies		(908,268)	284,174
(Decrease) increase in assets sold under repurchase agreement		(87,662)	89,433
Decrease (increase) in assets purchased under resale agreement		5,605	(13,876)
Increase in other liabilities		33,356	2,949
Interest received		1,211,982	1,094,243
Interest paid		(374,988)	(354,321)
Medical and life contributions paid		(1,476)	(817)
Taxation paid		(144,144)	(120,403)
Net cash from operating activities		<u>892,330</u>	<u>301,326</u>
Cash Flows From Investing Activities			
Net increase in investments		(3,569)	(154,964)
Investment in subsidiary		(455)	(2,496)
Purchase of property, plant and equipment		(50,521)	(23,158)
Proceeds from disposal of property, plant and equipment		10	1,336
Net cash used in investing activities		<u>(54,535)</u>	<u>(179,282)</u>
Cash Flows From Financing Activities			
Debt security in issue		-	800,000
Dividends paid		(176,344)	(162,235)
Net cash (used in) from financing activities	\$	<u>(176,344)</u>	<u>637,765</u>
Increase in cash and cash equivalents	\$	661,451	759,809
Cash And Cash Equivalents, Beginning Of Year		<u>1,304,655</u>	<u>544,846</u>
Cash And Cash Equivalents, End Of Year	\$	<u>1,966,106</u>	<u>1,304,655</u>
Cash And Cash Equivalents Represented By			
Cash on hand and in transit	\$	83,281	86,888
Due from banks and related companies		1,161,750	938,228
Treasury Bills		721,075	279,539
	\$	<u>1,966,106</u>	<u>1,304,655</u>

See accompanying notes to consolidated financial statements.



Notes to Consolidated Financial Statements

Scotiabank Trinidad and Tobago Limited

October 31, 2009

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) 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		
Scotiitrust 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 (formerly Scotia Trinidad and Tobago (Investments) Limited)	Federation of St. Christopher & Nevis	100%
Scotia Investments Trinidad and Tobago Limited (formerly Dehring Bunting and Golding Trinidad 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%

Scotiitrust and Merchant Bank Trinidad and Tobago Limited (Scotiitrust) 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 (formerly Scotia Trinidad and Tobago (Investments) 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 (formerly Dehring Bunting and Golding Trinidad Limited) was acquired in 2008 by Scotiitrust and Merchant Bank Trinidad and Tobago Limited (see Note 30). Its 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, revaluation of property, 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.



Notes to Consolidated Financial Statements

Scotiabank Trinidad and Tobago Limited

October 31, 2009

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

2. Significant Accounting Policies (continued)

(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.

(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 balance sheet 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 balance sheet include cash resources, investments, securities purchased under resale agreements, loans and leases and 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 discussed 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 are 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 balance sheet, 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 balance sheet. Transfers of assets with retention of all or substantially all risks and rewards include, for example, securities lending and repurchase transactions.



Notes to Consolidated Financial Statements

Scotiabank Trinidad and Tobago Limited

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

2. Significant Accounting Policies (continued)

(e) Financial assets and liabilities (continued)

(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.

Financial assets at fair value through the statement of revenue and expenses

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.

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 balance sheet date 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 balance sheet date 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 comprise 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 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.



Notes to Consolidated Financial Statements

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

2. Significant Accounting Policies (continued)

(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.

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 are 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



Notes to Consolidated Financial Statements

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

2. Significant Accounting Policies (continued)

(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 in the asset to the lessee are classified as finance leases. A receivable at an amount equal to the present value of the lease payments, including any guaranteed residual value, is recognised.

The difference between the gross receivable and the present value of the receivable is unearned finance income and is recognised over the term of the lease using the effective interest rate method. Finance lease receivables are included in loans and advances to customers.

(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 balance sheet date, green fund levy and any adjustment of tax payable for previous years.

Deferred tax is provided using the balance sheet liability method on all temporary differences between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes, except differences relating to the initial recognition of assets or liabilities which affect neither accounting nor taxable income (loss). Net deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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

(l) Policyholders' funds

Provision for future policy benefits are calculated using the Policy Premium Method of valuation. Under this method explicit allowance is made for all future benefits and expenses under the policies. The premiums, benefits and expenses for each policy are projected and the resultant future cash flows are discounted back to the valuation date to determine the reserves. 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 expense. Post-employment benefits are accounted for as described below.



Notes to Consolidated Financial Statements

Scotiabank Trinidad and Tobago Limited

October 31, 2009

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

2. Significant Accounting Policies (continued)

(m) Employee benefits (continued)

(ii) Post-employment

Independent qualified actuaries carried out a valuation of the Group's significant post-retirement benefits as at October 31, 2006. The results of that valuation were projected to October 31, 2009 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.

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, 2009 totalled \$1,071 million (2008 - \$1,330 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, 2009 totalled \$514 million (2008 - \$508 million).

(p) Dividends

Dividends that are proposed and declared after the balance sheet date are not shown as a liability on the balance sheet 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 collateralised 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.

Notes to Consolidated Financial Statements

Scotiabank Trinidad and Tobago Limited

October 31, 2009

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

2. Significant Accounting Policies (continued)

(t) Impairment

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

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

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

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

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

(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 interpretation adopted

IFRIC 14, The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction became effective for annual periods beginning on or after January 1, 2008. It provides guidance relating to the recognition of a Defined Benefit Asset in relation to minimum funding requirements which may be a feature of the plan.

(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, 2009. The Group did not early adopt, as permitted the following standards, amendments and interpretation which have not been applied in preparing these consolidated financial statements:

- IFRS 1 First-time Adoption of International Reporting Standards - Revised as part of the annual improvement project July 1, 2009
- IFRS 2 Share-based Payment - Amendment relating to vesting conditions and cancellations January 1, 2009
- IAS 1 Presentation of non-consolidated financial statements - Amendments resulting from May 2008 Annual Improvements to IFRSs January 1, 2009



Notes to Consolidated Financial Statements

Scotiabank Trinidad and Tobago Limited

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

2. Significant Accounting Policies (continued)

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

• IAS 16 Property, Plant and Equipment - Amendments resulting from May 2008 Annual Improvements to IFRSs	January 1, 2009
• IAS 19 Employee Benefits - Amendments resulting from May 2008 Annual Improvements to IFRSs	January 1, 2009
• IAS 23 Borrowing Costs - Amendments resulting from May 2008 Annual Improvements to IFRSs	January 1, 2009
• IAS 27 Consolidated and Separate Financial Statements - Amendments resulting from May 2008 Annual Improvements to IFRSs	January 1, 2009
• IAS 28 Investments in Associates - Consequential amendments arising from amendments to IFRS 3	July 1, 2009
• IAS 28 Investments in Associates - Amendments resulting from May 2008 Annual Improvements to IFRSs	January 1, 2009
• IAS 36 Impairment of Assets - Amendments resulting from May 2008 Annual Improvements to IFRSs	January 1, 2009
• IAS 39 Financial Instruments: Recognition and Measurement - Amendments resulting from May 2008 Annual Improvements to IFRSs	January 1, 2009
• IAS 39 Financial Instruments: Recognition and Measurement - Amendments for eligible hedged items	July 1, 2009
• IAS 40 Investment Property - Amendments resulting from May 2008 Annual Improvements to IFRSs	January 1, 2009
• IFRIC 15 Agreements for the Construction of Real Estate	January 1, 2009
• IFRIC 17 Distribution of Non-cash Assets to Owners	July 1, 2009

The adoption of these standards and interpretations are not expected to have a material impact on the financial statements.

(y) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographic segment), which is subject to risk and rewards that are different from those of other segments. The Group's primary format for segment reporting is based on business segments. Geographical segments as the secondary reporting format is not applicable due to the Group's activities being concentrated within the geographic confines of Trinidad and Tobago.

(z) Comparative information

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



Notes to Consolidated Financial Statements

Scotiabank Trinidad and Tobago Limited

October 31, 2009 (\$ thousands)

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

3. Use of Accounting Estimates and Judgments

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.

Judgments 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 judgments 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.

(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 judgment 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 at fair value through Statement of Changes in Equity, 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).

	2009	2008
4. Due from Banks and Related Companies		
Due from related companies	\$ 996,364	419,162
Due from other banks	95,869	360,016
Cheques and other instruments in the course of clearing	69,517	159,050
	\$ 1,161,750	938,228

Notes to Consolidated Financial Statements

Scotiabank Trinidad and Tobago Limited

October 31, 2009 (\$ thousands)

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

5. 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% (2008 - 15% and 9%), respectively, of total prescribed liabilities. Additionally, the Bank is required to maintain several other interest bearing reserves as detailed below.

	2009	2008
Primary reserve	\$ 1,926,385	976,070
Secondary reserve	184,384	155,756
Other reserves	537,854	422,380
	\$ 2,648,623	1,554,206

6. Net Loans to Customers

6.1 Principal neither past due nor impaired	\$ 9,040,579	9,272,399
Principal which is past due but not impaired	1,070,118	1,070,277
Principal which is impaired	229,032	87,916
Gross loans	10,339,729	10,430,592
Loan loss provision	(99,061)	(39,419)
Total loans net of provision	\$ 10,240,668	10,391,173
Interest receivable	84,625	85,130
	\$ 10,325,293	10,476,303

6.2 Financial assets past due but not impaired

Loans and advances to customers

	2009			
	Less than 30 days	30 - 60 days	61 - 90 days	Total
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

Loans and advances to customers

	2008			
	Less than 30 days	30 - 60 days	61 - 90 days	Total
Commercial loans	\$ 235,952	30,421	6,839	273,212
Retail loans	497,019	240,216	59,830	797,065
	\$ 732,971	270,637	66,669	1,070,277

6.3 Financial assets whose terms have been renegotiated

	2009	2008
Loans and advances	\$ 111,095	1,745

6.4 Concentration of credit

Consumer	\$ 2,848,780	2,850,688
Mortgages - residential	3,355,251	3,206,223
Manufacturing and assembly	193,532	275,931
Mortgages - commercial	606,871	661,208
Business and personal services	371,111	786,366
Distributive trades	479,344	469,679
Energy and petrochemical	516,633	554,426
Communication and transport	507,805	585,334
Construction and engineering	725,651	381,424
Hospitality industry	35,744	34,777
Financial services	594,031	577,408
Agriculture	5,915	7,709
	\$ 10,240,668	10,391,173



Notes to Consolidated Financial Statements

Scotiabank Trinidad and Tobago Limited

October 31, 2009 (\$ thousands)

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

6. Net Loans to Customers (continued)

6.5 Analysis of movement of loan loss provision

	2009	2008
Provision, beginning of year	\$ 39,419	29,428
Provision for the year	98,642	37,670
Reversal of provision no longer required	(4,242)	(6,809)
Loan loss charge for the year	94,400	30,861
Write-offs	(34,758)	(20,870)
Net increase in loan loss provision for the year	59,642	9,991
Provision, end of year	99,061	39,419

6.6 Loan loss expense

Loan loss charge for the year	94,400	30,861
Recoveries	(7,468)	(8,726)
	\$ 86,932	22,135

7. Investment Securities

Securities available-for-sale		
- Equity securities	\$ 8,611	8,631
- Government debt securities	381,328	368,939
- Corporate debt securities	50,708	37,695
	\$ 440,647	415,265
Securities at fair value through profit and loss		
- Equity securities	\$ 1,559	1,716
- Government debt securities	9,423	14,429
- Corporate debt securities	11,925	4,431
	\$ 22,907	20,576
Securities held-to-maturity (Note 27)		
- Government debt securities	\$ 169,721	136,026
- Corporate debt securities	25,000	34,554
	\$ 194,721	170,580
Total investment securities	\$ 658,275	606,421
Pledged securities (Note 12)	\$ 80,317	167,979
Provision for impairment loss	\$ -	-

Notes to Consolidated Financial Statements

Scotiabank Trinidad and Tobago Limited

October 31, 2009 (\$ thousands)

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

8. Property, Plant and Equipment

	Land	Buildings	Leasehold Improvements	Equipment & Furniture	Construction in progress	2009 Total	2008 Total
Cost							
At beginning of year	\$ 19,200	101,556	43,281	165,343	16,779	346,159	324,812
Additions	-	-	9,351	22,063	19,107	50,521	23,158
Transfers	-	4,612	3,658	-	(8,270)	-	-
Disposals	-	-	(146)	(4,417)	-	(4,563)	(1,811)
At end of year	19,200	106,168	56,144	182,989	27,616	392,117	346,159
Accumulated depreciation and amortisation							
At beginning of year	-	32,835	13,276	90,307	-	136,418	122,725
Charge for year	-	2,735	534	12,285	-	15,554	14,763
Disposals	-	-	(146)	(2,794)	-	(2,940)	(1,070)
At end of year	-	35,570	13,664	99,798	-	149,032	136,418
Net book value	\$ 19,200	70,598	42,480	83,191	27,616	243,085	209,741

9. Retirement Benefit Assets (Obligations)

9.1 Amounts recognised in the balance sheet are as follows:

	Defined Benefit Pension Fund		Post-Retirement Medical and Life Benefits	
	2009	2008	2009	2008
Defined funded obligations	\$ (434,814)	(370,541)	(83,134)	(64,483)
Fair value of plan assets	485,390	477,865	-	-
	50,576	107,324	(83,134)	(64,483)
Unrecognised actuarial gain (loss)	56,730	3,358	6,941	(5,157)
Unrecognised past service cost	-	-	(4,572)	(4,911)
Net asset (liability)	\$ 107,306	110,682	(80,765)	(74,551)

9.2 Reconciliation of change in defined benefit obligation:

	Defined Benefit Pension Fund		Post-Retirement Medical and Life Benefits	
	2009	2008	2009	2008
Defined benefit obligation at beginning of year	\$ (370,541)	(336,776)	(64,483)	(63,696)
Current service cost	(18,636)	(15,068)	(2,469)	(3,913)
Interest cost	(31,878)	(29,057)	(5,508)	(5,472)
Benefits improvement	-	-	-	5,080
Actuarial loss	(27,046)	297	(12,150)	2,701
Benefits paid	12,698	9,587	1,476	817
Expenses paid	589	476	-	-
Defined benefit obligation at end of year	\$ (434,814)	(370,541)	(83,134)	(64,483)

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9. Retirement Benefit Assets (Obligations) (continued)

9.3 Reconciliation of the fair value of plan assets:

	Defined Benefit Pension Fund	
	2009	2008
Plan assets at beginning of year	\$ 477,865	450,038
Expected return on plan assets	47,138	44,513
Actuarial loss	(26,326)	(6,623)
Benefits paid	(12,698)	(9,587)
Expenses paid	(589)	(476)
Plan assets at end of year	\$ 485,390	477,865

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

9.4 The actual return on plan assets is as follows:

	Defined Benefit Pension Fund	
	2009	2008
Expected return on plan assets	\$ 47,138	44,513
Actuarial loss on plan assets	(26,326)	(6,623)
Actual return on plan assets	\$ 20,812	37,890

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

	Defined Benefit Pension Fund		Post-Retirement Medical and Life Benefits	
	2009	2008	2009	2008
Opening defined benefit asset (liability)	\$ 110,682	110,294	\$ (74,551)	(66,152)
Net pension costs	(3,376)	388	(7,690)	(9,216)
Medical and life contributions paid	-	-	1,476	817
Closing defined benefit asset (liability)	\$ 107,306	110,682	\$ (80,765)	(74,551)

9.6 The amount recognised in the statement of income comprised:

	Defined Benefit Pension Fund		Post-Retirement Medical and Life Benefits	
	2009	2008	2009	2008
Current service cost	\$ (18,636)	(15,068)	\$ (2,469)	(3,913)
Interest cost on benefit obligation	(31,878)	(29,057)	(5,508)	(5,472)
Expected return on plan assets	47,138	44,513	-	-
Amortised loss	-	-	(52)	-
Past service cost	-	-	339	169
Net pension cost	\$ (3,376)	388	\$ (7,690)	(9,216)

9.7 Experience history:

	Defined Benefit Pension Fund	
	2009	2008
Defined benefit obligation	\$ (434,814)	(370,541)
Fair value of Plan assets	485,390	477,865
Surplus	\$ 50,576	107,324
Experience adjustment on plan assets	\$ (26,326)	(6,623)
Experience adjustment on plan liabilities	\$ 3,065	(297)

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9. Retirement Benefit Assets (Obligations) (continued)

9.8 Experience history:

	Post-Retirement Medical and Life Benefits	
	2009	2008
Defined benefit obligation	\$ (83,134)	(64,483)
Fair value of plan assets	-	-
Deficit	\$ (83,134)	(64,483)
Experience adjustment on plan assets	\$ -	-
Experience adjustment on plan liabilities	\$ (7,932)	2,701

9.9 Asset allocation:

	Defined Benefit Pension Fund	
	2009	2008
Equity securities	28.8%	32.2%
Debt securities	53.1%	52.1%
Property	4.6%	4.7%
Other	13.5%	11.0%
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.

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

	2009	2008
Fair value of properties occupied by the Group	\$ 22,300	22,300
Fair value of parent equities held by the Plan	\$ 43,166	44,980

9.11 The effects of a 1% movement in the medical cost trend rate were as follows:

	Increase	Decrease
Effect on aggregate current service cost and interest cost	\$ 2,301	(1,772)
Effect on defined benefit obligation	\$ 20,652	(15,725)

9.12 The principal actuarial assumptions of the pension plan and post-retirement benefits were:

	2009 % pa	2008 % pa
Discount rate:		
- Active members and deferred pensioners	7.50	8.75
- Current pensioners	7.50	8.75
Expected return on plan assets	10.00	10.00
Future salary increases	5.50	6.50
Future pension increases	0.00	0.00
Medical expenses increases	6.00	7.00

10. Deposits

	2009	2008
10.1 Deposit balances	\$ 11,849,802	9,606,579
Interest payable	69,672	65,049
	\$ 11,919,474	9,671,628
10.2 Concentration of liabilities		
Personal	\$ 7,182,688	6,022,092
Commercial	4,354,298	2,511,294
Financial institutions	312,816	1,073,193
	\$ 11,849,802	9,606,579



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11. Due to Banks and Related Companies

	2009	2008
Due to related companies	\$ 210,527	868,541
Due to banks	39,513	289,296
Cheques and other instruments in the course of clearing	-	471
	\$ 250,040	1,158,308

12. Securities Sold Under Repurchase Agreements

Debt securities are pledged as collateral under repurchase agreements with other financial institutions. As of October 31, 2009 these pledged assets totalled \$80,317 (2008 - \$167,979).

13. Policyholders' Funds

	2009	2008
Ordinary life - non-participating policies	\$ 269,782	217,955
Individual annuities - non-tax exempt	61,355	36,827
Individual annuities - tax exempt	14,743	10,369
Group life - creditor life	5,857	6,717
Other policy liabilities	3,094	1,461
	\$ 354,831	273,329

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

Balance at beginning of year	\$ 273,329	186,561
Increase in reserves	78,408	85,307
Increase in other policy liabilities	3,094	1,461
Balance at end of year	\$ 354,831	273,329

14. 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, 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.

15. Deferred Taxation

15.1 The net deferred tax liability is attributable to the following items:

	2009	2008
Deferred tax liability		
Retirement benefit asset	\$ 26,827	27,671
Property, plant and equipment	10,711	11,660
Available-for-sale securities	5,414	-
Miscellaneous assets	3,289	2,986
	46,241	42,317
Deferred tax asset		
Retirement benefit obligations	(21,225)	(19,638)
Available-for-sale securities	-	(4,160)
Net deferred tax liability	\$ 25,016	18,519

15.2 The movement in the deferred tax account comprised:

Balance at beginning of year	\$ 18,519	21,322
Available-for-sale securities fair value remeasurement	10,595	(1,312)
Current year's deferred tax charge	(4,098)	(1,491)
Balance at end of year	\$ 25,016	18,519

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16. Stated Capital

	2009	2008
Authorised		
Authorised capital consists of an unlimited number of ordinary shares		
Issued and fully paid		
176,343,750 ordinary shares of no par value	\$ 267,563	267,563

17. Statutory Reserve Fund

In accordance with the Financial Institutions Act, 2008, Scotiabank and Scotiastart are required to transfer at the end of each financial year no less than 10% 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 Scotiastart as follows:

	2009			2008
	Scotiabank	Scotiastart	Total	Total
Balance, beginning of year	\$ 267,563	30,000	297,563	297,563
Add amount transferred	40,000	-	40,000	-
Balance, end of year	\$ 307,563	30,000	337,563	297,563

18. Dividends

18.1 Subsequent to October 31, 2009, the Board of Directors, in a meeting on November 25, 2009, has resolved that the Bank pay a fourth interim dividend of \$0.25 per share, bringing the total dividends in respect of the current year to \$1.00 per share (2008 - \$0.96 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, 2010.

18.2 Dividends paid and proposed are analysed as follows:

	2009		2008	
	¢ per share	\$	¢ per share	\$
Dividends paid				
First interim dividend	25	44,086	23	40,558
Second interim dividend	25	44,086	23	40,558
Third interim dividend	25	44,086	25	44,086
	75	132,258	71	125,202
Dividends proposed				
Fourth interim dividend	25	44,086	25	44,086
Total dividends paid and proposed	100	176,344	96	169,288

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

Total dividends paid and proposed	100	176,344	96	169,288
Less: dividends proposed	(25)	(44,086)	(25)	(44,086)
Add: dividends paid during the year in respect of prior year	25	44,086	21	37,033
Dividends paid during the year	100	176,344	92	162,235

19. Total Interest Income

	2009	2008
Deposits with Central Bank	\$ 36,585	32,005
Loans and receivables	1,084,658	1,017,762
Investment securities	87,813	58,970
Other interest income	2,421	1,760
	\$ 1,211,477	1,110,497

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20. Total Interest Expense

	2009	2008
Customer deposits	\$ 278,993	279,321
Due to banks	77	4,347
Securities sold under repurchase agreement	8,022	12,008
Debt security in issue	80,634	27,296
Other interest expense	11,884	47,855
	<u>\$ 379,610</u>	<u>370,827</u>

21. Other Income

Fees, commission and net premium income	\$ 220,337	164,447
Available-for-sale investment securities	1,559	9,385
Securities at fair value through the statement of income	815	50
Trustee and other fiduciary fees	5,115	5,530
Foreign exchange earnings	75,285	73,805
	<u>\$ 303,111</u>	<u>253,217</u>

Net premium income comprises premium income of \$152.6 million (2008: \$132.8 million) less related expenses of \$132.1 million (2008: \$111.3 million).

22. Other Expenses

Deposit insurance premium	\$ 15,704	13,089
Directors' fees	908	897
Other operating expenses	71,522	56,211
	<u>\$ 88,134</u>	<u>70,197</u>

23. Taxation

23.1 Provision for taxation

Current tax provision	\$ 132,936	125,796
Deferred tax provision	(4,098)	(1,491)
Green fund levy	1,606	1,462
	<u>\$ 130,444</u>	<u>125,767</u>

23.2 Taxation reconciliation

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

Income before taxation	\$ 585,495	557,610
Computed tax using the prima facie tax calculated at a rate of 25%	\$ 146,374	139,403
Tax effect of items that are adjusted in determining taxable profit:		
Effect of different tax rate of life insurance companies	(2,717)	(3,976)
Effect of different tax rates in other countries	(4,963)	(4,851)
Tax effect of non-deductible costs and non-taxable income	(9,127)	(6,992)
Green fund levy	1,606	1,462
Other	(729)	721
Current tax provision	<u>\$ 130,444</u>	<u>125,767</u>

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.

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24. Earnings Per Share

The calculation of basic earnings per share is based on:

- Net income for the year attributable to ordinary shareholders of \$455.1 million (2008 - \$431.8 million).
- Weighted average number of ordinary shares outstanding during the year was 176,343,750 shares (2008 – 176,343,750 shares).

25. 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, 2009, 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:

	2009	2008
Rental due within one year	\$ 12,221	16,303
Rental due between one and five years	19,707	25,031
Rental due after five years	7,563	1,435
	\$ 39,491	42,769

26. 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 Committee (ALCO) and the 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.

26.1 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.

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26. Financial Risk Management (continued)

26.1 Credit risk (continued)

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.

Collateral

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 reviews 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

Repossessed collateral

The Group enforces its power of sale agreements over various types of collateral (as noted above) 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:

	2009	2008
On-balance sheet credit risk		
Due from banks and related companies	\$ 1,161,750	938,228
Treasury bills	721,075	279,539
Deposits with Central Bank	2,648,623	1,554,206
Net loans to customers	10,325,293	10,476,303
Investment securities (excluding equities)		
- available for sale	432,036	406,634
- fair value through profit and loss	21,348	18,860
- held to maturity	194,721	170,580
Assets purchased under resale agreement	8,271	13,876
	15,513,117	13,858,226
Off-balance sheet credit risk		
Acceptances, guarantees and letters of credit	1,071,434	1,329,929
Total credit risk exposure	\$ 16,584,551	15,188,155

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26. Financial Risk Management (continued)

26.1 Credit risk (continued)

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.

Internal Rating	2009				
	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
2008					
Internal Rating	Excellent	Very Good	Good	Acceptable	Total
Assets					
Due from banks and related companies	\$ 4,627	837,341	96,260	-	938,228
Treasury bills	-	279,539	-	-	279,539
Deposits with Central Bank	-	1,554,206	-	-	1,554,206
Loans and advances	362,152	2,530,824	4,494,399	1,885,024	9,272,399
Investment securities excluding equities	-	481,233	93,768	21,073	596,074
Assets purchased under resale agreement	-	-	13,876	-	13,876
	\$ 366,779	5,683,143	4,698,303	1,906,097	12,654,322

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 obligors 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.



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26. Financial Risk Management (continued)

26.2 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.

The Group measures and control 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:

26.2.1 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, 2009 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	
	2009	2008	2009	2008
1%	\$ 1,474	(3,242)	1,106	(2,432)
(1%)	\$ (1,474)	3,242	(1,106)	2,432

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26. Financial Risk Management (continued)

26.2 Market risk (continued)

26.2.1 Currency risk (continued)

Concentration of Assets and Liabilities

The Group has the following significant currency positions:

	2009			
	TT	US	Other	Total
Assets				
Cash	\$ 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 bank 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 obligations	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 balance sheet position	\$ 1,999,681	147,628	1,398	2,148,707
Undrawn credit commitments	\$ 1,735,417	68,723	-	1,804,140



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26. Financial Risk Management (continued)

26.2 Market risk (continued)

26.2.1 Currency risk (continued)

Concentration of Assets and Liabilities

The Group has the following significant currency positions:

	2008			
	TT	US	Other	Total
Assets				
Cash	\$ 79,082	6,042	1,764	86,888
Due from banks and related companies	214,595	712,236	11,397	938,228
Treasury bills	279,539	-	-	279,539
Deposits with Central Bank	1,554,206	-	-	1,554,206
Net loans to customers	8,698,300	1,778,003	-	10,476,303
Investment securities	529,655	76,766	-	606,421
Investment in associate companies	9,684	-	-	9,684
Assets purchased under resale agreement	13,876	-	-	13,876
Goodwill	2,496	-	-	2,496
Property, plant and equipment	209,741	-	-	209,741
Miscellaneous assets	29,807	11,465	11	41,283
Retirement benefit asset	110,682	-	-	110,682
Total assets	11,731,663	2,584,512	13,172	14,329,347
Liabilities				
Deposits	7,908,778	1,757,672	5,178	9,671,628
Due to bank and related companies	3,920	1,149,719	4,669	1,158,308
Other liabilities	131,218	1,327	-	132,545
Securities sold under repurchase agreement	167,979	-	-	167,979
Policyholders' funds	273,329	-	-	273,329
Debt security in issue	1,000,000	-	-	1,000,000
Retirement benefit obligations	74,551	-	-	74,551
Deferred tax liability	18,519	-	-	18,519
Total liabilities	9,578,294	2,908,718	9,847	12,496,859
Net balance sheet position	\$ 2,153,369	(324,206)	3,325	1,832,488
Undrawn credit commitments	\$ 1,311,812	48,812	-	1,360,624

26.2.2 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, 2009 on the impact on net profits before tax and on equity as a consequence of changes in interest rates are presented below:

Change in interest rate	Effect on PBT		Effect on equity	
	2009	2008	2009	2008
1%	\$ (11,527)	(8,488)	(8,645)	(6,366)
(1%)	\$ 11,527	8,488	8,645	6,366

Notes to Consolidated Financial Statements

Scotiabank Trinidad and Tobago Limited

October 31, 2009 (\$ thousands)

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

26. Financial Risk Management (continued)

26.2 Market risk (continued)

26.2.2 Interest rate risk (continued)

Interest Sensitivity of Assets, Liabilities and Equity

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

	2009					
	Due on demand	Due in one year	Due in two to five years	Over five years	Non-interest bearing	Total
Assets						
Cash	\$ -	-	-	-	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	-	-



Notes to Consolidated Financial Statements

Scotiabank Trinidad and Tobago Limited

October 31, 2009 (\$ thousands)

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

26. Financial Risk Management (continued)

26.2 Market risk (continued)

26.2.2 Interest rate risk (continued)

2008

	Due on demand	Due in one year	Due in two to five years	Over five years	Non-interest bearing	Total
Assets						
Cash	\$ -	-	-	-	86,888	86,888
Due from banks and related companies	70,041	849,433	18,754	-	-	938,228
Treasury bills	-	279,539	-	-	-	279,539
Deposits with Central Bank	155,757	322,115	100,265	-	976,069	1,554,206
Net loans to customers	776,722	4,232,730	2,694,764	2,684,171	87,916	10,476,303
Investment securities	14,777	190,020	183,855	217,769	-	606,421
Investment in associate companies	-	-	-	-	9,684	9,684
Assets purchased under resale agreement	-	13,876	-	-	-	13,876
Goodwill	-	-	-	-	2,496	2,496
Miscellaneous assets	-	-	-	-	251,024	251,024
Retirement benefit asset	-	-	-	-	110,682	110,682
Total assets	1,017,297	5,887,713	2,997,638	2,901,940	1,524,759	14,329,347
Liabilities and Shareholders' Equity						
Deposits	4,868,012	2,665,286	1,200,441	-	937,889	9,671,628
Due to banks and related companies	287,156	849,433	18,754	-	2,965	1,158,308
Securities sold under repurchase agreement	-	167,979	-	-	-	167,979
Debt security in issue	-	-	200,000	800,000	-	1,000,000
Retirement benefit obligation	-	-	-	-	74,551	74,551
Other liabilities	273,329	-	-	-	151,064	424,393
Shareholders' equity	-	-	-	-	1,832,488	1,832,488
Total liabilities	5,428,497	3,682,698	1,419,195	800,000	2,998,957	14,329,347
Net Gap	\$ (4,411,200)	2,205,015	1,578,443	2,101,940	(1,474,198)	-
Cumulative Gap	\$ (4,411,200)	(2,206,185)	(627,742)	1,474,198	-	-

26.2.3 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.

Notes to Consolidated Financial Statements

Scotiabank Trinidad and Tobago Limited

October 31, 2009 (\$ thousands)

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

26. Financial Risk Management (continued)

26.3 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:

		2009				
		Due on demand	Up to one year	Two to five years	Over five years	Total
Assets						
Cash	\$	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
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		270,550	84,281	-	-	354,831
Debt security in issue		-	-	200,000	800,000	1,000,000
		7,359,774	3,457,214	1,987,674	800,000	13,604,662
Net Gap	\$	(4,011,584)	3,210,515	1,019,342	1,773,463	1,991,736
Cumulative Gap	\$	(4,011,584)	(801,069)	218,273	1,991,736	-



Notes to Consolidated Financial Statements

Scotiabank Trinidad and Tobago Limited

October 31, 2009 (\$ thousands)

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

26. Financial Risk Management (continued)

26.3 Liquidity risk (continued)	2008				
	Due on demand	Up to one year	Two to five years	Over five years	Total
Assets					
Cash	\$ 86,888	-	-	-	86,888
Due from banks and related companies	70,041	849,433	18,754	-	938,228
Treasury bills	-	279,539	-	-	279,539
Deposits with Central Bank	1,131,826	322,115	100,265	-	1,554,206
Loans to customers	864,638	4,232,730	2,694,764	2,684,171	10,476,303
Investment securities (excl. equities)	4,430	190,020	183,855	217,769	596,074
Assets purchased under resale agreement	-	13,876	-	-	13,876
	2,157,823	5,887,713	2,997,638	2,901,940	13,945,114
Liabilities					
Deposits	5,805,902	2,665,286	1,200,440	-	9,671,628
Due to banks and related companies	290,121	849,433	18,754	-	1,158,308
Securities sold under repurchase agreement	-	167,979	-	-	167,979
Policyholders' funds	190,828	82,501	-	-	273,329
Debt security in issue	-	-	200,000	800,000	1,000,000
	6,286,851	3,765,199	1,419,194	800,000	12,271,244
Net Gap	\$ (4,129,028)	2,122,514	1,578,444	2,101,940	1,673,870
Cumulative Gap	\$ (4,129,028)	(2,006,514)	(428,070)	1,673,870	-

26.4 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	2009	2008
Scotiabank Trinidad and Tobago Limited	8%	20.91%	16.18%
Scotiastudent and Merchant Bank Trinidad and Tobago Limited	8%	314.76%	227.05%



Notes to Consolidated Financial Statements

Scotiabank Trinidad and Tobago Limited

October 31, 2009 (\$ thousands)

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

26. Financial Risk Management (continued)

26.5 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.

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.

27. Fair Value of Financial Assets and Liabilities

The fair value of on- and off-balance sheet financial instruments are based on the valuation methods and assumptions set out in the significant accounting policies Note 2(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.

Due to the judgment 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 balance sheet at fair value.

	Carrying Value		Fair Value	
	2009	2008	2009	2008
Financial Assets				
Held-to-maturity investment securities	\$ 194,721	170,580	214,626	169,551
Assets purchased under agreement	8,271	13,876	8,271	13,876
	\$ 202,992	184,456	222,897	183,427
Financial Liabilities				
Securities sold under repurchase agreement	\$ 80,317	167,979	80,317	167,979
Debt security in issue	1,000,000	1,000,000	1,114,570	929,920
	\$ 1,080,317	1,167,979	1,194,887	1,097,899

Notes to Consolidated Financial Statements

Scotiabank Trinidad and Tobago Limited

October 31, 2009 (\$ thousands)

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

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

(a) Cash on hand and due to banks

These amounts are short-term in nature and are taken to be equivalent to fair value.

(b) 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 average portfolio rate approximate market conditions and yield discounted cash flow values are consistent with their carrying values.

(c) 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.

(d) Customer 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.

(e) Securities sold under repurchase agreement

The fair value of securities sold under repurchase agreement 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.

(f) 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.

28. 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.

Outstanding balances	2009	2008
Loans, investments and other assets		
Directors, key management personnel and close family members	\$ 11,607	14,569
Other related entities	975,905	406,328
	987,512	420,897
Provisions for amounts due from related parties	\$ -	-



Notes to Consolidated Financial Statements

Scotiabank Trinidad and Tobago Limited

October 31, 2009 (\$ thousands)

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

28. Related Party Balances and Transactions (continued)

Outstanding balances (continued)

Deposits and other liabilities

Directors, key management personnel and close family members
Other related entities

	2009	2008
\$	11,046	15,960
	1,091,561	1,393,123
\$	1,102,607	1,409,083

Interest and other income

Directors, key management personnel and close family members
Other related entities

\$	803	826
	10,600	13,912
\$	11,403	14,738

Interest and expenses

Directors, key management personnel and close family members
Other related entities

\$	127	1,853
	33,462	68,801
\$	33,589	70,654

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

Key management compensation

Short-term benefits
Post employment benefits
Share based payment

	2009	2008
\$	16,793	13,665
	4,396	3,995
	261	245
\$	21,450	17,905

29. Segment Information

The operations of the Group are concentrated within the Republic of Trinidad and Tobago and are subject to the varied risks inherent with the provision of financial services within this geographical market. As a consequence it is impractical to provide geographical segment information.

The Group evaluates and manages its risk (credit and market) by business segments as disclosed below:

- Retail and Commercial Banking – Includes loans, deposits, foreign exchange trading and other transactions and balances with retail and commercial customers.
- Other Financial Services – Includes Insurance services and the arranging and underwriting issues of marketable securities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets other than goodwill.

29.1 By business segment

	2009		
	Retail and Commercial Banking	Other Financial Services	Total
Net interest income	\$ 762,617	69,250	831,867
Other income	242,165	60,946	303,111
Net interest and other income	1,004,782	130,196	1,134,978
Operating expenses	443,943	18,608	462,551
Loan loss expenses	86,932	-	86,932
Profit before tax	473,907	111,588	585,495
Total assets	\$ 14,839,986	1,175,641	16,015,627
Total liabilities	\$ 13,133,204	733,716	13,866,920
Depreciation	\$ 15,420	134	15,554
Capital expenditure	\$ 50,239	282	50,521

Notes to Consolidated Financial Statements

Scotiabank Trinidad and Tobago Limited

October 31, 2009 (\$ thousands)

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

29. Segment Information

29.1 By business segment

	2008		
	Retail and Commercial Banking	Other Financial Services	Total
Net interest income	\$ 689,434	50,236	739,670
Other income	220,549	32,668	253,217
Net interest and other income	909,983	82,904	992,887
Operating expenses	399,751	13,391	413,142
Loan loss expenses	22,135	-	22,135
Profit before tax	488,097	69,513	557,610
Total assets	\$ 12,704,049	1,625,298	14,329,347
Total liabilities	\$ 11,202,535	1,294,324	12,496,859
Depreciation	\$ 14,668	95	14,763
Capital expenditure	\$ 22,698	460	23,158

30. Acquisitions and Disposals

Scotia Investments Trinidad and Tobago Limited (SIL) (formerly Dehring Bunting & Golding Trinidad Limited) was fully acquired on October 1, 2008 by Scotiastream and Merchant Bank Trinidad and Tobago Limited.

Details of the fair value of assets and liabilities acquired and goodwill arising are as follows:

	Fair Value		Carrying Value Prior to Acquisition 2008
	2009	2008	
ASSETS			
Cash resources	\$ 8,998	8,998	8,998
Investments	25,971	25,971	25,971
Securities purchased under resale agreement	8,876	8,876	8,876
Other assets	\$ 1,184	1,184	1,184
	\$ 45,029	45,029	45,029
LIABILITIES			
Securities sold under repurchase agreement	\$ 31,633	31,633	31,633
Other liabilities	13,396	13,396	13,396
	\$ 45,029	45,029	45,029
NET ASSETS			
Purchase consideration	\$ 2,951	2,496	-
Goodwill	\$ 2,951	2,496	-

Fair value of assets and liabilities acquired were determined internally using current market values of similar assets and liabilities.

Goodwill is attributable to the future expected profits that SIL is expected to generate and the synergies to be achieved by the inclusion of complementary business lines to the Group's financial services offered to customers.

Five Year Review

Scotiabank Trinidad and Tobago Limited and its wholly-owned subsidiary companies
October 31, 2009 (\$ thousands, except per share data)

CONSOLIDATED BALANCE SHEET	2009	2008	2007	2006	2005
Assets					
Cash resources	\$ 4,614,729	2,858,861	1,904,079	1,323,782	1,341,568
Loans and Investments (includes Reverse Repos)	\$ 11,003,944	11,106,284	9,288,978	7,532,114	6,184,024
Property, plant and equipment	243,085	209,741	202,087	185,886	182,933
Other assets	153,869	154,461	160,061	150,559	151,947
Total Assets	\$ 16,015,627	14,329,347	11,555,205	9,192,341	7,860,472
Liabilities and Shareholders' equity					
Deposits	\$ 11,919,474	9,671,628	8,435,711	6,772,531	5,992,884
Other liabilities	1,947,446	2,825,231	1,549,456	1,066,486	705,248
Shareholders' equity	2,148,707	1,832,488	1,570,038	1,353,324	1,162,340
Total Liabilities and Shareholders' equity	\$ 16,015,627	14,329,347	11,555,205	9,192,341	7,860,472

CONSOLIDATED STATEMENT OF INCOME

Interest income	\$ 1,211,477	1,110,497	901,298	696,441	540,753
Interest expense	(379,610)	(370,827)	(279,118)	(175,895)	(121,773)
Net interest income	831,867	739,670	622,180	520,546	418,980
Other income	303,111	253,217	212,770	193,939	162,900
Net interest and other income	1,134,978	992,887	834,950	714,485	581,880
Non-interest expenses	(549,483)	(435,277)	(358,472)	(305,478)	(270,184)
Income before taxation	585,495	557,610	476,478	409,007	311,696
Provision for taxation	(130,444)	(125,767)	(105,406)	(93,947)	(84,463)
Net income for the year	\$ 455,051	431,843	371,072	315,060	227,233

OTHER STATISTICS

Return on average assets	3.00%	3.34%	3.58%	3.70%	3.16%
Return on average equity	22.86%	25.38%	25.39%	25.05%	20.72%
Number of shares	176,343,750	176,343,750	176,343,750	176,343,750	176,343,750
Dividends per share	100	96	84	70	53.3
Earnings per share	258	244.9	210.4	178.7	128.9
Number of offices (including subsidiary companies)	29	29	29	27	27



Corporate Information

Scotiabank Trinidad and Tobago Limited

BOARD OF DIRECTORS

Robert H. Pitfield

B.A., LL.B.
Chairman

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

Pasquale Minicucci

B. Comm.

Craig Reynald

F.C.M.A., C.A.

Roxane De Freitas

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

Dave Ramsumair

F.I.C.B., M.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,
Strategic Marketing,
Sales and Marketing

Ian Narine

F.C.C.A.
Centre Director,
Wealth Management
Scotia Private Client Group
Managing Director,
Scotia Investments Trinidad
and Tobago Limited

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

CORPORATE ADMINISTRATION/ MANAGEMENT

Belinda James

LL.B. (Hons.), L.E.C., A.C.I.S.
Assistant 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

Valvie Hernandez

B.Sc.
Senior Manager,
Security and Investigations

Christopher Hosein

Senior Manager, Treasury

Katishé Serrette

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

Mohammed Sulaman

Senior Manager,
Systems Support Centre

Dhanraj Persad

A.C.C.A.
Comptroller

Nigel Pantin

Sales Leader,
Small Business

Donna Latiff

B.Comm. (Hons.), M.B.A.
Manager,
Alternate Delivery

SHARED SERVICES

Ian De Silva

Vice President,
Operations and Shared Services

Martinez S. Garcia

Assistant General Manager,
Field Operations

Angelique Patience

Assistant General Manager,
Operations Support

Denyse Bhikarrie-Khan

B.Sc.
Assistant General Manager,
Processing Support Centre

Raymond Smith

B.A.
Assistant General Manager,
Lending Services

Joseph Rajah

Senior Manager,
Centralised Retail Collections Unit

Donna-Mae Valentine

B.Sc.
Senior Manager,
Regional Contact Centre
Trinidad and Tobago

Frank Rampersad

Manager,
Real Estate

Contacts at a Glance

MANAGING DIRECTOR'S OFFICE

Scotia Centre

56-58 Richmond Street, Port of Spain
Tel: 868-625-3566/Fax: 868-624-2179
Email: scotiainmain.tt@scotiabank.com
Website: www.tt.scotiabank.com

CORPORATE BANKING CENTRE

Scotia Centre

56-58 Richmond Street, Port of Spain
Tel: 868-625-3566/Fax: 868-625-5633

Sean Albert

sean.albert@scotiabank.com

Gayle Pazos

gayle.pazos@scotiabank.com

SCOTIA PRIVATE CLIENT GROUP

Ian Narine

56-58 Richmond Street, Port-of-Spain
Tel: 868-625-3566/Fax: 868-625-4404
ian.narine@scotiabank.com

SCOTIA INVESTMENTS

TRINIDAD AND TOBAGO LIMITED

Ian Narine

56-58 Richmond Street, Port-of-Spain
Tel: 868-625-3566/Fax: 868-627-4192
ian.narine@scotiabank.com

SCOTIATRUST AND

MERCHANT BANK

TRINIDAD AND TOBAGO LIMITED

56-58 Richmond Street, Port of Spain
Tel: 868-625-3566/Fax: 868-625-4405

Mitchell De Silva

mitchell.desilva@scotiabank.com

Fabian Keil

fabian.keil@scotiabank.com

SCOTIALIFE TRINIDAD

AND TOBAGO LIMITED

Robert Soverall

1 Frederick Street, Port of Spain
Tel: 868-623-6170/Fax: 868-623-0162
Email: robert.verall@scotiabank.com

Trincity Mall, 1st Floor, Trincity

Tel: 868-640-2183/Fax: 868-640-3070

ARIMA

Talia Aparicio-Owen

5 Hollis Avenue
Tel: 868-667-4895/Fax: 868-667-2956
talia.aparicio-owen@scotiabank.com

CHAGUANAS

Dirk Hart

Main Road
Tel: 868-671-4635/Fax: 868-672-5747
dirk.hart@scotiabank.com

CIPERO & RUSHWORTH STREETS

Pooran Rampersad

Corner Ciperio and Rushworth Streets,
San Fernando
Tel: 868-657-8354/Fax: 868-652-0819
pooran.rampersad@scotiabank.com

COUVA

Azam Khan

Southern Main Road
Tel: 868-679-6985/Fax: 868-679-2274
azam.khan@scotiabank.com

CUNUPIA

Paul Jackson

7 Southern Main Road
Tel: 868-693-0416/Fax: 868-665-1021
paul.jackson@scotiabank.com

DEBE SALES CENTRE

Amit Maraj

1096 SS Erin Road, Debe
Tel: 868-647-4726/Fax: 868-647-8098
amit.maraj@scotiabank.com

DIEGO MARTIN

Kenrick Sealey

Starlite Shopping Plaza
Tel: 868-637-5445/Fax: 868-633-4441
kenrick.sealey@scotiabank.com

FREDERICK STREET

Naseeb Mohammed

1 Frederick Street, Port of Spain
Tel: 868-624-0649/Fax: 868-623-4185
naseeb.mohammed@scotiabank.com

MARABELLA

Sundarsen Vishnu

Allum's Shopping Centre
Tel: 868-658-3154/Fax: 868-658-4681
sundarsen.vishnu@scotiabank.com

MARAVAL

Frank Stone

Ellerslie Plaza
Tel: 868-622-0722/Fax: 868-628-0279
frank.stone@scotiabank.com

MID CENTRE MALL

Sandra Ramnath-Singh

Mid Centre Mall, Chaguanas
Tel: 868-672-4737/Fax: 868-671-7408
sandra.ramnathsingh@scotiabank.com

PARK & PEMBROKE STREETS

Anderson Samaroo

Corner Park and Pembroke Streets,
Port of Spain
Tel: 868-627-2497/Fax: 868-623-8552
anderson.samaroo@scotiabank.com

PENAL

Rajindra Changoor

4 Penal Junction
Tel: 868-647-8993/Fax: 868-647-3574
rajindra.changoor@scotiabank.com

POINT FORTIN SALES CENTRE

Sheldon Seepersadsingh

48 Main Road, Point Fortin
Tel: 868-648-5459/Fax: 868-648-2022
sheldon.seepersadsingh@scotiabank.com

PRICEPLAZA

Carol John

PricePlaza, Chaguanas
Tel: 868-665-4200/Fax: 868-665-4222
carol.john@scotiabank.com

PRINCES TOWN

Roy Raghunanan

High Street
Tel: 868-655-2875/Fax: 868-655-7809
roy.raghunanan@scotiabank.com

PRINCES TOWN SALES CENTRE

Shanti Jattan-Boodhan

Junction #1, Craignish Village
Tel: 868-655-1997/Fax: 868-655-9558
shanti.jattan-boodhan@scotiabank.com

RIO CLARO

Darren Katwaroo

Naparima Mayaro Road
Tel: 868-644-1212/Fax: 868-644-2217
darren.katwaroo@scotiabank.com

SAN FERNANDO

Colin Hosein

49 High Street
Tel: 868-652-9942/Fax: 868-653-2227
colin.hosein@scotiabank.com

SANGRE GRANDE

Lynette Mahadeosingh

Eastern Main Road
Tel: 868-668-1264/Fax: 868-668-0677
lynette.mahadeosingh@scotiabank.com

SAN JUAN

Reza Mohammed

Eastern Main Road
Tel: 868-638-5970/Fax: 868-674-6181
reza.mohammed@scotiabank.com

SCOTIA CENTRE BRANCH

Nerry Matthew-Eugene

56-58 Richmond Street, Port of Spain
Tel: 868-625-3566/Fax: 868-625-4393
nerry.matthew-eugene@scotiabank.com

SIPARIA

Marc Cassim

55 High Street
Tel: 868-649-3814/Fax: 868-649-2996
marc.cassim@scotiabank.com

ST. JAMES

Simone Cools-Lartigue

Cor. Western Main Road and Bengal Street
Tel: 868-628-1943/Fax: 868-622-3944
simone.cools-lartigue@scotiabank.com

TOBAGO, SCARBOROUGH

Joseph Morrison

Milford Road, Scarborough
Tel: 868-639-1897/Fax: 868-639-5541
joseph.morrison@scotiabank.com

TOBAGO, LOWLANDS MALL

Richard Edoo

Gulf City Mall, Lowlands
Tel: 868-631-1512/Fax: 868-639-5541
richard.edoo@scotiabank.com

TRINCITY MALL

Rory Bhikarrie

Western Car Park, Trincity Mall, Trincity
Tel: 868-640-0532 Fax: 868-640-5135
rory.bhikarrie@scotiabank.com

TUNAPUNA

Derek Patience

Cor. St. John's Road and Eastern Main Road
Tel: 868-645-1038/Fax: 868-663-1894
derek.patience@scotiabank.com

CONTACT CENTRE

Donna-Mae Valentine

Tel: 868-62-SCOTIA (627-2684)
Fax: 868-627-1989
donna-mae.valentine@scotiabank.com

CENTRALISED RETAIL

COLLECTIONS UNIT (CRCU)

Joseph Rajah

Tel: 868-672-7100/Fax: 868-672-7105
joseph.rajah@scotiabank.com

BUSINESS SUPPORT CENTRE

Arthur Gomez

Nealco Building
61-63 Edward Street, Port-of-Spain
Tel: 868-627-9772/ Fax: 868-624-3889
arthur.gomez@scotiabank.com



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 Meeting

NOTICE IS HEREBY GIVEN that the FORTIETH ANNUAL MEETING OF SHAREHOLDERS OF SCOTIABANK TRINIDAD AND TOBAGO LIMITED ("the Company") will be held at The Ballroom, Hilton Trinidad and Conference Centre, Lady Young Road, Port of Spain, Trinidad, on Friday, February 26, 2010 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, 2009, together with the Reports of the Directors and the Auditors thereon.
2. To re-elect Mr. Robert Pitfield 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 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.
4. To appoint Messrs. KPMG as the Auditors of the Company to hold office until the close of the next Annual Meeting.

By Order of the Board

Belinda James

Secretary

Nos. 56-58 Richmond Street,

Port of Spain,

Trinidad, West Indies.

Date: February 01, 2010

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.

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:

Fortieth Annual Meeting of Shareholders to be held at The Ballroom, Hilton Trinidad and Conference Centre, Lady Young Road, Port of Spain, Trinidad on Friday, February 26, 2010, at 10.00 a.m.

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

<i>Date</i>	<i>Name and Title</i>	<i>Signature</i>
<i>February 01, 2010</i>	<i>Belinda James Secretary</i>	



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:

Fortieth Annual Meeting of Shareholders to be held at The Ballroom, Hilton Trinidad and Conference Centre, Lady Young Road, Port of Spain, Trinidad on Friday, February 26, 2010, 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 _____, 2010.

(Signature(s) of Member(s))

(Please indicate with an "X" in the spaces 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:

To adopt the Audited Financial Statements of the Company and its subsidiaries ("the Group") for the
financial year ended October 31, 2009, together with the Reports of the Directors and the Auditors thereon.

FOR	AGAINST
<input type="checkbox"/>	<input type="checkbox"/>

Resolution 2:

To re-elect Mr. Robert Pitfield 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.

FOR	AGAINST
<input type="checkbox"/>	<input type="checkbox"/>

Resolution 3:

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.

FOR	AGAINST
<input type="checkbox"/>	<input type="checkbox"/>

Resolution 4:

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

FOR	AGAINST
<input type="checkbox"/>	<input type="checkbox"/>



Form of Proxy

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

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.



DESIGN BY VALDEZ & TORRY INTERNATIONAL

