

## To Our Shareholders

The Directors are pleased to announce that the Scotiabank Group realised net income after tax of \$141.6 million for the three months ended 31 January 2012, which was an increase of 6.1% over the comparative period, a year ago.

The ability of the Scotiabank Group to deliver sustainable results to its various stakeholders is testament to the success of its strategy of prudent risk and proactive treasury management.

Although the local economic conditions have stabilised, the commercial banking sector continues to be challenged by excess liquidity and lower lending volumes. However, the Directors are confident the Group has the appropriate mix of

products, leadership talent and strategy to successfully manage the risks associated with these evolving market conditions.

On the basis of performance to date, the Directors have resolved that the Bank pay a first interim dividend of 32 cents per ordinary share (2011: 32 cents) on 05 April 2012 to shareholders on record as at 06 March 2012.

23 February 2012



Dr. Trevor Farrell  
Deputy Chairman



Richard P. Young  
Managing Director

## Significant Accounting Policies

### Basis of preparation

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

### Comparative information

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

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

	UNAUDITED As at 31 January 2012	UNAUDITED As at 31 January 2011	AUDITED As at 31 October 2011
<b>ASSETS</b>			
Cash on hand and in transit	\$ 120,573	\$ 89,705	\$ 103,443
Due from banks and related companies	1,052,157	909,414	1,087,617
Treasury Bills	1,419,499	1,072,741	1,245,234
Deposits with Central Bank	2,829,403	2,744,625	2,780,695
Net loans to customers	10,051,446	10,284,986	10,666,965
Investment securities	688,144	673,344	687,151
Investment in associate companies	16,118	14,173	16,118
Property, plant and equipment	279,426	270,236	279,675
Miscellaneous assets	148,882	135,170	129,009
Goodwill	2,951	2,951	2,951
<b>TOTAL ASSETS</b>	<b>\$ 16,608,599</b>	<b>\$ 16,197,345</b>	<b>\$ 16,998,858</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>LIABILITIES</b>			
Deposits	\$ 12,093,700	\$ 11,695,317	\$ 12,423,682
Due to banks and related companies	119,517	109,367	69,619
Other liabilities	255,132	278,208	285,412
Securities sold under repurchase agreement	37,515	39,855	46,124
Provision for taxation	29,781	42,502	30,524
Policyholders' funds	553,821	470,225	532,978
Debt security in issue	618,000	1,000,000	800,000
Deferred tax liability	21,715	16,875	19,064
<b>TOTAL LIABILITIES</b>	<b>13,729,181</b>	<b>\$ 13,652,349</b>	<b>\$ 14,207,403</b>
<b>SHAREHOLDERS' EQUITY</b>			
Stated capital	267,563	267,563	267,563
Statutory reserve fund	417,563	377,563	397,563
Investment revaluation reserve	33,377	25,689	30,598
Retained earnings	2,160,915	1,874,181	2,095,731
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>2,879,418</b>	<b>2,544,996</b>	<b>2,791,455</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>\$ 16,608,599</b>	<b>\$ 16,197,345</b>	<b>\$ 16,998,858</b>

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

	UNAUDITED Three months ended 31 January 2012	UNAUDITED 31 January 2011	AUDITED Year ended 31 October 2011
<b>NET INTEREST AND OTHER INCOME</b>			
Net Interest Income	\$ 237,825	\$ 230,371	\$ 897,266
Other Income	91,733	92,097	360,432
Net Interest and Other Income	<b>329,558</b>	<b>322,468</b>	<b>1,257,698</b>
<b>NON-INTEREST EXPENSES</b>			
Loan loss expense	9,883	18,639	47,925
Other	137,711	132,117	511,533
Non-Interest Expenses	<b>147,594</b>	<b>150,756</b>	<b>559,458</b>
<b>INCOME BEFORE TAXATION</b>	<b>181,964</b>	<b>171,712</b>	<b>698,240</b>
Provision for taxation	(40,350)	(38,238)	(153,927)
<b>INCOME AFTER TAXATION</b>	<b>\$ 141,614</b>	<b>\$ 133,474</b>	<b>\$ 544,313</b>
Dividends Paid & Proposed for financial year	\$ 56,430	\$ 56,430	\$ 225,720
Dividends per share	32.0c	32.0c	128.0c
Earnings per share	80.3c	75.7c	308.7c
Return on Equity	19.87%	21.11%	20.68%
Return on Total Assets	3.35%	3.27%	3.28%
Market Value	52.00	37.50	50.00

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

	UNAUDITED Three months ended 31 January 2012	UNAUDITED 31 January 2011	AUDITED Year ended 31 October 2011
<b>NET INCOME:</b>	<b>\$ 141,614</b>	<b>\$ 133,474</b>	<b>\$ 544,313</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Revaluation of available-for-sale investments, net of tax	2,779	735	5,644
<b>TOTAL COMPREHENSIVE INCOME, NET OF TAX</b>	<b>\$ 144,393</b>	<b>\$ 134,209</b>	<b>\$ 549,957</b>

**Consolidated Cash Flows (Stated In \$'000)**

	UNAUDITED Three months ended 31 January 2012	UNAUDITED Three months ended 31 January 2011	AUDITED Year ended 31 October 2011
<b>Cash flows from operating activities</b>			
Net income before taxes	\$ 181,964	\$ 171,712	\$ 698,240
Change in loans	615,519	79,786	(302,193)
Change in assets purchased under resale agreement	-	-	-
Change in deposits	(329,982)	182,828	911,194
Change in securities sold under repurchase agreement	(8,609)	(1,762)	4,507
Taxation paid	(40,007)	(29,035)	(159,350)
Other adjustments to reconcile income before taxation to net cash from operating activities	(21,095)	(407,183)	(395,885)
<b>Net cash from operating activities</b>	<b>\$ 397,790</b>	<b>\$ (3,654)</b>	<b>\$ 756,513</b>
<b>Cash flows used in investing activities</b>			
Increase in Treasury Bills with original maturity date over 3 months	\$ (260,226)	\$ (375,899)	\$ (747,528)
Decrease/(Increase) in investments	3,351	(2,532)	(6,595)
Purchase of property, plant & equipment	(6,876)	(9,866)	(35,351)
Proceeds from disposal of property, plant & equipment	100	146	3,250
<b>Net cash used in investing activities</b>	<b>\$ (263,651)</b>	<b>\$ (388,151)</b>	<b>\$ (786,224)</b>
<b>Cash flows used in financing activities</b>			
Decrease in debt security in issue	\$ (182,000)	\$ -	\$ (200,000)
Dividends paid	(56,430)	(61,721)	(231,010)
<b>Net cash used in financing activities</b>	<b>\$ (238,430)</b>	<b>\$ (61,721)</b>	<b>\$ (431,010)</b>
Decrease in cash and cash equivalents	\$ (104,291)	\$ (453,526)	\$ (460,721)
Cash and cash equivalents, beginning of period	1,291,869	1,752,590	1,752,590
<b>Cash and cash equivalents, end of period</b>	<b>\$ 1,187,578</b>	<b>\$ 1,299,064</b>	<b>\$ 1,291,869</b>
<b>Cash and cash equivalents</b>			
Cash on hand and in transit	\$ 120,573	\$ 89,705	\$ 103,443
Due from banks and related companies with original maturity date not exceeding 3 months	1,052,157	909,414	1,087,617
Treasury Bills with original maturity date not exceeding 3 months	14,848	299,945	100,809
<b>Cash and cash equivalents</b>	<b>\$ 1,187,578</b>	<b>\$ 1,299,064</b>	<b>\$ 1,291,869</b>

**Consolidated Statement Of Changes In Equity For The Period Ended 31 January 2012 (Stated In \$'000)**

	Stated Capital	Statutory Reserve	Investment Revaluation Reserve	Retained Earnings	Total Shareholders' Equity
<b>UNAUDITED THREE MONTHS ENDED 31 JANUARY 2012</b>					
Balance as at 31 October 2011	\$ 267,563	\$ 397,563	\$ 30,598	\$ 2,095,731	\$ 2,791,455
Net income for the year	-	-	-	141,614	141,614
<b>Other comprehensive income, net of tax</b> - Revaluation of available-for-sale, investments	-	-	2,779	-	2,779
<b>Total comprehensive income</b>	-	-	2,779	141,614	144,393
<b>Transactions with owners, recorded directly into equity</b>					
Transfer to statutory reserve	-	20,000	-	(20,000)	-
Dividends paid	-	-	-	(56,430)	(56,430)
	-	20,000	-	(76,430)	(56,430)
<b>Balance as at 31 January 2012</b>	<b>\$ 267,563</b>	<b>\$ 417,563</b>	<b>\$ 33,377</b>	<b>\$ 2,160,915</b>	<b>\$ 2,879,418</b>
<b>UNAUDITED THREE MONTHS ENDED 31 JANUARY 2011</b>					
Balance as at 31 October 2010	\$ 267,563	\$ 377,563	\$ 24,954	\$ 1,802,428	\$ 2,472,508
Net income for the year	-	-	-	133,474	133,474
<b>Other comprehensive income, net of tax</b> - Revaluation of available-for-sale, investments	-	-	735	-	735
<b>Total comprehensive income</b>	-	-	735	133,474	134,209
<b>Transactions with owners, recorded directly into equity</b>					
Transfer to statutory reserve	-	-	-	-	-
Dividends paid	-	-	-	(61,721)	(61,721)
<b>Balance as at 31 January 2011</b>	<b>\$ 267,563</b>	<b>\$ 377,563</b>	<b>\$ 25,689</b>	<b>\$ 1,874,181</b>	<b>\$ 2,544,996</b>
<b>AUDITED YEAR ENDED 31 OCTOBER 2011</b>					
Balance as at 31 October 2010	\$ 267,563	\$ 377,563	\$ 24,954	\$ 1,802,428	\$ 2,472,508
Net income for the year	-	-	-	544,313	544,313
<b>Other comprehensive income, net of tax</b> - Revaluation of available-for-sale investments	-	-	5,644	-	5,644
<b>Total comprehensive income</b>	-	-	5,644	544,313	549,957
<b>Transactions with owners, recorded directly into equity</b>					
Transfer to statutory reserve	-	20,000	-	(20,000)	-
Dividends paid	-	-	-	(231,010)	(231,010)
	-	20,000	-	(251,010)	(231,010)
<b>Balance as at 31 October 2011</b>	<b>\$ 267,563</b>	<b>\$ 397,563</b>	<b>\$ 30,598</b>	<b>\$ 2,095,731</b>	<b>\$ 2,791,455</b>

**Segment Reporting For The Period Ended 31 January 2012 (Stated In \$'000)**

	Corporate/Commercial & Merchant Banking	Retail Banking	Insurance Services	Other	Total Segments	Unallocated Amounts/ Eliminations	Total
<b>UNAUDITED THREE MONTHS ENDED 31 JANUARY 2012</b>							
Net interest income (expense)	\$ 54,299	167,566	13,587	(1,282)	234,170	3,655	237,825
Fees and commissions	28,557	27,126	18,484	9,296	83,463	8,270	91,733
Other revenues	-	-	-	-	-	-	-
<b>Net segment interest and other income excluding intersegment revenues</b>	<b>\$ 82,856</b>	<b>194,692</b>	<b>32,071</b>	<b>8,014</b>	<b>317,633</b>	<b>11,925</b>	<b>329,558</b>
Inter-segment revenues	142	-	26	4	172	(172)	-
<b>Net segment interest and other income</b>	<b>\$ 82,998</b>	<b>194,692</b>	<b>32,097</b>	<b>8,018</b>	<b>317,805</b>	<b>11,753</b>	<b>329,558</b>
Net segment profit (loss) before taxes	\$ 73,268	78,186	26,379	(7,623)	170,210	11,754	181,964
Segment Assets	\$ 4,474,948	6,135,692	916,528	6,923,892	18,451,060	(1,842,461)	16,608,599
Segment Liabilities	\$ 4,558,147	7,522,385	566,239	5,135,687	17,782,458	(4,053,277)	13,729,181
<b>UNAUDITED THREE MONTHS ENDED 31 JANUARY 2011</b>							
Net interest income (expense)	\$ 68,053	160,953	12,325	(13,297)	228,034	2,337	230,371
Fees and commissions	32,157	31,981	8,468	(3,475)	69,131	22,966	92,097
Other revenues	-	-	-	-	-	-	-
<b>Net segment interest and other income excluding intersegment revenues</b>	<b>\$ 100,210</b>	<b>192,934</b>	<b>20,793</b>	<b>(16,772)</b>	<b>297,165</b>	<b>25,303</b>	<b>322,468</b>
Inter-segment revenues	429	-	6	49	484	(484)	-
<b>Net segment interest and other income</b>	<b>\$ 100,639</b>	<b>192,934</b>	<b>20,799</b>	<b>(16,723)</b>	<b>297,649</b>	<b>24,819</b>	<b>322,468</b>
Net segment profit (loss) before taxes	\$ 90,476	71,230	18,249	(33,062)	146,893	24,819	171,712
Segment Assets	\$ 3,688,794	5,842,569	747,752	7,886,744	18,165,859	(1,968,514)	16,197,345
Segment Liabilities	\$ 3,372,537	8,058,512	482,355	3,557,118	15,470,522	(1,818,173)	13,652,349
<b>AUDITED YEAR ENDED 31 OCTOBER 2011</b>							
Net interest income (expense)	\$ 236,410	649,042	51,441	(46,021)	890,872	6,394	897,266
Fees and commissions	122,848	133,313	46,715	13,584	316,460	43,972	360,432
Other revenues	-	-	-	-	-	-	-
<b>Net segment interest and other income excluding intersegment revenues</b>	<b>\$ 359,258</b>	<b>782,355</b>	<b>98,156</b>	<b>(32,437)</b>	<b>1,207,332</b>	<b>50,366</b>	<b>1,257,698</b>
Inter-segment revenues	2,869	-	24	60	2,953	(2,953)	-
<b>Net segment interest and other income</b>	<b>\$ 362,127</b>	<b>782,355</b>	<b>98,180</b>	<b>(32,377)</b>	<b>1,210,285</b>	<b>47,413</b>	<b>1,257,698</b>
Net segment profit (loss) before taxes	\$ 324,598	332,943	85,997	(92,710)	650,828	47,412	698,240
Segment Assets	\$ 4,781,630	6,090,128	874,277	6,132,955	17,878,990	(880,130)	16,998,860
Segment Liabilities	\$ 4,546,917	7,326,971	545,138	4,795,843	17,214,869	(2,333,208)	14,881,661