



**ADDRESS BY
RICHARD P. YOUNG, MANAGING DIRECTOR
SCOTIABANK TRINIDAD AND TOBAGO LIMITED
THE 42nd ANNUAL MEETING OF SHAREHOLDERS
Hyatt Regency Trinidad**

February 24th 2012

- Distinguished Shareholders of Scotiabank Trinidad and Tobago Limited;
- Mr. Brian J. Porter, Chairman of the Board of Scotiabank Trinidad and Tobago and Group Head - International Banking, The Bank of Nova Scotia;
- Fellow Board Members;
- Senior Management of Scotiabank Trinidad and Tobago Limited;
- Members of the media;
- Ladies & Gentlemen.

Good morning and welcome to you all.

Like the Chairman, I am also pleased to see so many of you here today and trust that you have all recovered from Carnival. As a Trinidadian I am proud to serve you the shareholders as the Managing Director of a company such as Scotiabank that has

operated locally for over 58 years. As some of you would know first hand, there have been many ups and downs in our economic and political history. There have been many changes of genre in our social fabric and consistent with all of this, there have been changes on the financial services landscape. At our meeting in 2011 we spoke of some of those changes and how we managed to sail those rough seas and still be able to see the horizon beyond. Today is exactly one year since we last met and I am particularly happy to say that Scotiabank Trinidad and Tobago has managed to get closer to that horizon of success compared to some of our peers in business.

Financial performance:

The Scotiabank Trinidad and Tobago Group delivered a decade of consistent earnings with a 10 year Compounded Annual Growth Rate of 13.60% with a year-on-year increase of 6.89% with an After Tax Profit of \$544.3 Million. The Bank on its own improved its earnings by 12% and ScotiaLife delivered a 23% increase and now contributes 15% of the Group's earnings. ScotiaLife is now the 4th largest Life Insurance Company in Trinidad and Tobago.

This slide gives you an idea of how the Pre tax earnings of the group is made up with our Corporate and Merchant Banking business and Retail Banking business contributing around the same level of about 47 % each of the Group's profits before tax with Insurance at around 12 %.

For fiscal 2011 total assets were \$17 Billion, a 5.3% increase over the previous year, a strong balance sheet that continues to be guided by our strategy to prudently manage your assets.

At the close of fiscal 2011 Net Loans stood at \$10.7 Billion, an increase of 2.9%. The quality of our credit remains quite good and over the last four years as shown on the slide. In comparison to the larger commercial banks we have had consistently lower loan losses over the last two years than the competitors.

Our Returns on Assets and Equity both indicate strong performance against others in the industry with the Return on Assets being 121 basis points higher than the average for the Banking sector and the Return on Equity 440 basis points higher than the nearest competitor. Let me take the opportunity to point out that the “Equity” I refer to is your equity as a shareholder, so what I am saying is that we are “working the equity” you have entrusted with us!

These figures speak to the success of our strategy to manage our appetite for risk and as a result we remained in a positive position to deliver the Earning per Share for fiscal 2011 of 308.7c for you the shareholder.

This consistent dividend growth resulted in total dividends for the year of \$1.28 per share, with a dividend yield of 2.56% and over the last decade the CAGR has been 12.91%. If you cast your minds back to 2001 when our annual combined earning was \$0.38 cents per share

and compare it to \$1.28 in 2011, I am sure you will agree that our growth has been consistent to this point. This is reflected also in the share price appreciation plus the dividend received slide which shows that you have enjoyed close to a 20% Compounded Annual Growth Rate for the last 10 years!

Overall when you examine how the Bank's performance impacts the market value, you would note that the share price has been on a consistent upward trend ending at \$50 at the end of calendar year 2011. Collectively Scotiabank's shares have a market value worth of \$8.8 Billion. As shareholders of the Bank, if I may say so myself, you have invested wisely.

Operationally:

As a measure of our efficiency we recorded a 0.52% decrease in our Productivity Ratio, which I may suggest is exemplary. We conduct a lot of work to keep our shop in order as we focused on ensuring that we were in compliance with our regulators' expectations, managing our Operational risks all the time.

A strategy we have employed in order to be efficient is to centralize support functions thereby creating Centres of Excellence. This is done in collaboration with our major shareholder under the concept of outsourcing of business processing which we refer to as Shared Services. Functions like Collections, Processing and Accounting, Commercial customer support, Operational support and Retail Lending Adjudication are some areas of support. Besides Trinidad &

Tobago, the unit referred to as the South Caribbean Hub also supports 10 other countries in the region. This ‘hub’ of shared services has created over 150 new jobs for Trinidad & Tobago.

Customer:

In 2011 we adopted and rolled out to our Staff a Service Promise that speaks to making every customer feel **welcome**. Don't take this at face value only, it goes on to state that in servicing our customers needs we must take the time to **understand and anticipate**, to **advise and provide solutions**. When we give advice and provide solutions there must be individual alignment to the customers needs that will be **followed through**, because we want to ‘do the right thing, the first time’, and finally we must be grateful and gracious in **thanking our customers** for their business. This Promise is what has and will continue to set us apart from the rest of our peers in the financial services sector.

People:

In the People quadrant our Employee Engagement Survey suggests that over 80% of our staff is engaged with close to 40% strongly engaged. For a leader to achieve scores like these is a very gratifying feeling knowing such a high percentage of your staff are “singing from the same song sheet”! It is after all their hard work and commitment that enabled the delivery of the results we have before us today.

Having been with the Bank for 15 years now I have been present during quite a few peak and trough cycles. The thing that consistently takes us out of the troughs is our prudent management of our costs and assets, including risk considerations in everything we do and our human capital – our people. Without our people we would not have been able to make the strides we have in delivering superior customer service and in being able to position Scotiabank Trinidad and Tobago as a talent pool for the Scotiabank network worldwide. Our chairman mentioned this is his address. Let me take this opportunity to thank the staff and the management team for their commitment and undying support.

Each year I also thank our Board of Directors, the members of which have also been loyal and supportive of our growth strategies and initiatives. This year I would like to make special mention of two of our departing Directors. The first one left us and our shores to go to an assignment in the United Kingdom in May of last year, and that is Robert Riley. Known to most in the business community and many of you I am sure, Robert was a great asset to the Board and while he is missed, his moving on is testament to the fact that in Trinidad and Tobago we have great talent, not just for Carnival, but in business also.

The second Director, who this year is not offering himself up for re-election, is Daniel J. Fitzwilliam who has given 18 years of service to Scotiabank. Danny is a person who believes strongly in his responsibility as a member of our Board and has always been quick

to review our work to ensure we practise first class governance and have keen over-sight of the shareholders' assets. Danny will be missed by the Board and by me personally as to me, he represents what it means to be objective, particularly when hard decisions had to be made. On behalf of the management and Staff of the Bank I say a heart felt thank you to Danny, a gentleman and scholar.

The Bank's success cannot however only be viewed in terms of its stability and financial performance. Indeed any leading organization recognizes the importance of balancing our commitment to our customers and also to giving back to the country through our corporate social responsibility or CSR.

Each year we deepen our commitment to the CSR work we do and are pleased to say that we continue to strengthen our regional programmes, such as the Kiddy Cricket and the Bright Future initiatives also referred to previously by our Chairman, the successes of which make us proud. Locally we have also strengthened our Women Against Breast Cancer initiative which, like the Bank, is growing each year. To date over 16,000 women have had an examination and possibly followed up with either a mammogram or ultrasound. Details of many of the programmes are in the CSR section of the Annual Report, so I won't go through all of them with you now. I will say though that the Foundation, in its fourth year of existence in 2011 provided support of over \$2 Million to various community and youth based initiatives. Let me also thank the Board

of the Foundation and its patron, former first Lady Zelaya Harassanali for helping us to help make a brighter future for our country.

I am humbled by the great efforts being made by so many worthy organizations and associations in Trinidad and Tobago, but to give praise where it is due I would now like to make mention of a few accolades we received in the last fiscal. The Bank was recognized locally via the Employers' Consultative Association (the ECA), which shortlisted Scotiabank Trinidad and Tobago among the Champion Employers in the country. We were also shortlisted by the Association of Female Executives of Trinidad and Tobago (AFETT) among the Top 10 companies for Female Executives in the country. No offense to the men in the audience. Again these accolades would not have been possible if we did not have the kind of people, the kind of Bankers, the kind of Scotiabankers, who are committed and deeply so to doing their best and being their best.

As we turn the pages of fiscal 2011, the Bank will continue to focus on the pillars of Revenue Growth, Capital Management, Leadership, Prudent Risk Management and Appetite and Cost Containment. A strategy that, as the results show, has borne fruit.

Looking to 2012, our first quarter total assets now stand at \$ 16.6 Billion with an after tax profit of \$141.6 Million for the first quarter, an improvement of some 6% over last year. Earning per share is 80.3 cents with a dividend payment maintained at 32c. This represents a

39.85% dividend payout. There is a strong capital ratio of 31.96 % with cash reserves of \$1.2B, so we continue to have strong liquidity. All these are positive indications that the rest of 2012 has the potential to be yet another successful year for Scotiabank Trinidad and Tobago Limited albeit challenging.

Ladies and gentlemen, it has been an honour to serve you our shareholders in the past year and I stand in front of you pledging the commitment of all Scotiabankers and myself to deliver in fiscal 2012.

I thank you.