



**ADDRESS TO BE DELIVERED BY
RICHARD P. YOUNG, MANAGING DIRECTOR**

**THE 37th ANNUAL MEETING OF SHAREHOLDERS
SCOTIABANK TRINIDAD AND TOBAGO LIMITED**

February 23, 2007

Thank you Chairman. Let me begin by saying how pleased I am to report to our shareholders today at our 37th Annual Meeting of Shareholders of Scotiabank Trinidad and Tobago Limited for the year ended October 31st 2006.

Last year, I indicated that we expected 2006 to be full of challenges and in rising to these challenges, we will continue to focus on building deeper and more profitable relationships and optimizing the use of our resources on the following

- Build on our core strengths of customer satisfaction
- Our people
- Diversification
- Expense Management
- Risk Management and
- Execution.

I am delighted to report that we have certainly delivered. But first, I would like to acknowledge the Bank's Executive Team whom I introduced earlier and to thank them publicly for the support they have given me in the last twelve months. At the Bank and in fact throughout the world of BNS, we live by 4 simple words. One Team One Goal. Words easy to say, but I stand here confidently today saying that we have lived that philosophy in 2006.

Ladies & Gentlemen, allow me to review 2006 over the following headings:

- Our strategic initiatives
- Key 2006 financial performance metrics
- People
- Community
- Customer,

and I will close by sharing some of our key strategies for 2007.

Our success continues to be focus on bringing our core purpose to life of being the best at helping customers become financially better off by providing relevant solutions to their financial needs. The picture on the screen, which represents a house, depicts the Bank's four key strategic initiatives – Sales & Service, Complementary Business, Efficiency Platform and Acquisitions all geared towards driving sustainable and profitable growth.

We launched key sales and service capacity generating initiatives and other programs that contributed to top line growth. Our contact and sales management tool were enhanced thereby allowing our Sales and Service staff more time to do what they do best – proactively contacting customers and managing relationships. This has helped us in closing the profit gap by growing our base of high-value customers and deepening the relationships we have with our existing customers. In serving our customers this way, we deliver value to our shareholders.

We have made tangible progress in enhancing our Contact Centre focusing on effectively managing both outbound and inbound service, sales and referrals as well as supporting our branches frontline sales staff. In the past year this Centre handled on an average 20,000calls daily. The concerted efforts and commitment of the Contact Centre staff have resulted in increased sales and confirms that the Contact Centre is indeed an integral part of the Sales & Service strategy.

To deliver on our promise to help customers get ahead financially, it is important to have a thorough understanding of the goals that are associated with various life events and the solutions that we provide to help them reach their goals. The Four Cornerstones strategy refer to the four primary financial needs of our customers:

1. Day-to-Day Banking, which addresses a customer’s day-to-day needs and could mean ensuring a customer has a bank account with a ScotiaCard, a Cashback feature, and Internet Banking.

2. Within the Borrowing cornerstone, we can provide an appropriate loan or mortgage solution.
3. Within the Savings and Investment cornerstone, we can show our customers how a Pre-Authorized Contribution can help save for a child's education or a ScotiaLife policy.
4. And within the Protection cornerstone, we explain the peace of mind that comes with creditor life insurance.

Most importantly, these Four Cornerstones helps our Sales and Service staff in identifying cross-selling opportunities ensuring that all our customers meet their financial needs and expressed needs.

In July 2006, we implemented the relocation of the Retail Administrative services to the Processing Support Centre, a project that was designed to deliver support services better and faster, and enable the branch network to focus on sales and service activities.

The Fundamentals of Coaching Excellence program, launched in May 2006, was developed to strengthen the coaching skills of our managers and is aligned with the Bank's objective to create a coaching and performance management culture and strengthen our leadership qualities. Effective coaching by managers helps employees to develop professionally and achieve their goals, as well as those of the Bank.

Our Executives were the first to attend this program, and it has led to greater collective enthusiasm, commitment and a deeper understanding of how all employees contribute to the Bank's success. I would say that our goals are better aligned!

As the times have changed so too has the role of our human resources department changed. Our HR department is no longer keeper of the records; they have become the keepers of the flame...the Scotia flame. Our organization is made up of a unique group of people, and our HR department has taken the responsibility to mesh the people - with varying backgrounds with the Bank's vision and goals and have been successful in creating a merger that seeks to accomplish the objectives of both the employee and the Bank. I must pay a special tribute to our staff all of whom have contributed to the success of our organization. Such efforts, ladies and gentleman do not appear on our Financial Statements - the intellectual capital of the organization, the knowledge our people possess.

We continue to be cognizant of the training and development needs of the organization so that human development can be propelled in the right direction. Last year, 26 management officers successfully completed the Executive Diploma in Business Management – a collaborative effort between the Bank and the Arthur Lok Jack Graduate School of Business. We also completed 165 internal training programmes , and 52 external programmes. The reciprocal relationship between these two areas of our human resource management confirms that this sort of Scotia symbiosis is needed to achieve the desired outcomes from both perspectives.

We continue to maintain our commitment to corporate social responsibility and strong community involvement. I am proud to say that last year we contributed more than \$3 million in donations and sponsorships to organizations and causes in Trinidad and Tobago. Our employees continue to volunteer their time and donate money to their communities on behalf of Scotiabank, and we are extremely proud of and grateful for their generosity.

We continued with our fight against Breast Cancer with another successful year. To date we have facilitated over 7,000 women in their fight against breast cancer. We will be teaming with United Way next month by using Dragon boat racing as the event to raise funds, which we will share with United Way. It will therefore be a win win for United Way and us.

This year Scotiabank worldwide is a sponsor to the ICC Cricket World Cup as we continue our Kiddy cricket initiative. We believe as a Caribbean Bank, we must support regional activities such as cricket especially when we are host to this international sporting event.

Ladies and gentlemen, we live in a world where the customer is always the king, we at Scotiabank are going the extra mile to get to know our customers and make them feel happy. Our customers want more than just courtesy of the person serving them, they want us to know them, recognize them and understand them. Here, the word “relationship” comes into place. Customers want a business relationship with us because at Scotiabank they feel appreciated and respected.

Our Customer Relationship Management (CRM), strategic approach combines our business processes, technology, employees, and information to attract and retain customers, that is, it is focused on placing customers at the heart of the business.

Implementing this CRM strategy over the years has not been easy as it requires a well thought out plan, lots of time, energy and money.

Our delightful financial performance is also attributed to exceeding the expectations of satisfied customers as evidenced by the 2006 Customer Satisfaction and Loyalty survey, which showed an overall satisfaction index of 69%.

So let us now look at how all I have described has translated into our excellent financial performance. Our Consolidated Profit After Tax amounted to \$315.1 million in 2006, representing the fourteenth consecutive year of increased profitability for the Scotiabank Group. When compared to 2005 this represents a significant increase of 38.7% a performance which by was the best in the Sector for 2006.

Looking now at Consolidated Net Interest Income, an increase of 24.2% was achieved, bringing it to TT\$520.5 million. The main contributors to the increase were strong growth in retail loans, coupled with focused treasury management.

Consolidated Non-interest income on the other hand stood at TT\$193.9 million, an increase of 19.1% from last year as our next slide shows. The

composition of this non-interest income included Commercial and Corporate Fees, Foreign Exchange and Retail Fees. If you compare the composition of our fees year over year, it's reflective of our strategy of balanced and sustainable growth.

With regard to our Foreign Exchange Earnings, a significant 18.7% increase was noted, bringing total earnings in this area to TT\$56.2 million.

When we look at Consolidated Total Expenses before Loan Losses they also went up by 13.0% to TT\$299.6 million. Expenditure for the year was well controlled, increases were in the main due to various initiatives carried out during the year related to marketing, security and technology enhancements.

We now look at the Appropriation of Income. We paid interest 20%, other expenses at 19%, 11% in taxes, distributed 12% to you the shareholders, 12% for our Personnel expenses, retaining 22% for expansion and building of our Capital base.

Turning to our Balance Sheet, Consolidated Assets stood at \$9.2 billion, an increase of \$1.3 billion dollars or 16.9 percentage growth year over year. This resulted from record Growth in Net Loans to Customers, which increased by \$1.4 billion. This is indeed a tremendous achievement.

This next slide provides a breakdown of the Group Concentration of Credit, and this is well spread over a diversity of both retail and commercial loans with mortgages being the anchor and which reflected an increase of 3% year

over year. The portfolio continues to be diversified with growth seen in all areas.

Let us look now at Loan Loss Expense. This has been declining steadily since 2002 and our gross loan loss expense was 0.26%, while net loan loss expense was 0.10%. Loan Losses for 2006 stood at TT\$5.9 million, an increase of a mere \$0.7 million in 2006 as a result of growth in the loan portfolio. Our credit risk management policies continue to be prudent, while we maintained focused collection efforts across our branches and other distribution networks.

Ladies and Gentlemen, I think it is appropriate for me to say that whilst the Economy is booming, we have maintained the same standards in our conservative credit adjudication and we have been very deliberate in not getting carried away and lowering our standards of credit adjudication and have continued to engage in prudent underwriting

This next slide examines trends in industry loan loss statistics and as you can see when compared to the industry Scotiabank has been faring very well.

Ladies and Gentlemen, it is often said that productivity and the growth of productivity must be the first economic consideration at all times, not the last. It therefore gives me great pleasure to let you know that in 2006, our productivity ratio stood at 41.9%, the strongest in the financial services sector. If you are not aware the smaller the figure the better, especially where the industry average is at 50.5%. The key to maintaining a strong productivity ratio is ensuring that you maintain positive Operating Leverage

i.e. ensuring the % increase in your revenues outstrip the % increase in expenses. In our case for 2006 our revenues increased by 24.2% whilst our costs only increased by 13.0%, giving an Operating Leverage of 9.2%.

When we review our Performance Ratios, return on assets, an indication of how much profit Scotiabank generated for each dollar in assets, was calculated as 3.7% for 2006, above the industry average of 2.4%.

On the basis of performance to date, the total dividend paid to shareholders is 70 cents – up from 53.3 cents in 2005 (restated for 1:2 bonus issue of shares on September 28, 2006).

Our next slide shows earnings per share for the period, which was 178.7 cents, compared with 128.9 cents over the similar period last year. Consistent growth over the last ten years in this area is apparent.

Return on equity, a measure of how much profit we have generated with the money, you the shareholder have invested in Scotiabank, stood at 25.05%, above the industry average of 17.45%.

Ladies and Gentlemen, it is our goal here at Scotiabank to create long-term value for you - the shareholder. The next slide shows various performance measure ratios sorted by bank, and it is clear from this slide that Scotiabank continues to perform favorably against industry standards. In fact for 2006 you'll note we're top of the class in all three performance related ratios.

Turning our attention to the value of Scotiabank's shares over the last year, shareholders would have observed that the Composite Index decreased by 20.6% year over year compared to the share price of Scotiabank Trinidad and Tobago Limited, which decreased by 3.9% from \$26.33 on October 31st 2005 to \$25.30 on October 31st 2006. This once again highlights the markets confidence in the underlying value of your shareholding in Scotiabank.

Today one Scotiabank share is valued at \$31.00

It is noteworthy also that Scotiabank was included on the top 5 picks for the majority of the brokers for 2007.

Moving on to Market Price Capitalization. Market price capitalization, which is defined as the value of a corporation determined by the market price of its issued and outstanding common stock, stood at TT\$4.5 billion as at October 31st 2006.

Furthermore, aggregate returns to shareholders over the past ten years to October 31, 2006 was 30.11% per annum, which include dividends and appreciation in the price of ordinary shares.

Last year, we also sought feedback from you, our shareholders, as to these proceedings. I am delighted to share with you some of the key questions asked and the favorable feedback obtained:

That 10:00 a.m. was a convenient time for the meeting	75%
Length of time of the proceedings	79%
Agenda format	97%
Registration process	97%
After meeting refreshments	89%
Delivery of Chairman's speech – very comprehensive	79%
My speech was rated	87%

I thank you for your valuable feedback.

In summing up, I'd like to come full circle, and end with one of my earlier comments made: "Yes, we have delivered".

I am very pleased with the progress we have made in fiscal 2006. I hope you are too.

We have defined the following key priorities for 2007:

- Top line growth through sales and service.
- Review and improve the business process where necessary.
- Network expansion.
- Improve customers' experience through channel innovation.
- Focus on business continuity.

Yesterday we held our First Quarter board meeting and some of you might have seen the results in the newspapers this morning.

Allow me to highlight them briefly.

I'm proud to announce that First Quarter 2007 is one of the most profitable quarter's results in the history of the Group and positions us well, for me to report to you at next year's AGM our 15th consecutive year of record profitability. This slide highlights the performance to date and as you can observe we continue to grow from strength to strength.

The performance has resulted in the directors resolving to pay an interim dividend of 21 cents per share.

Ladies & Gentlemen, we have a momentum going into 2007, and I believe that we will be able to meet the challenges of what continues to be a very competitive market place.

Again, I salute all of the Scotiabank stakeholders especially our loyal and dedicated employees.

I thank you all for your support.