



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

**THE 36th ANNUAL MEETING OF SHAREHOLDERS
SCOTIABANK TRINIDAD AND TOBAGO LIMITED**

**CROWNE PLAZA
JANUARY 26th 2006**

Mr. Robert Pitfield, Chairman of the Board of Directors, fellow Board Members, shareholders, fellow Scotiabankers, members of the media and specially invited guests. Welcome to the 36th Annual Meeting of Shareholders of Scotiabank Trinidad and Tobago Limited for the year ended October 31st 2005.

When Scotiabank began its operations here in 1954, little did we know that in such a short space of time, it would have evolved into one of the most progressive, service-driven and competitive financial institutions in Trinidad and Tobago.

Throughout the years, we have made a concerted effort to impact positively our shareholders, customers, employees and the local community through our day-to-day interaction and emphasis on customer-centric operations. And I hasten to add that the fiscal year 2005 was no different. My address this morning would highlight some of the key activities as it impacts all our stakeholders and the communities that we serve.

In keeping with our desire to communicate effectively with our shareholders, this presentation shall be made available to the public later today via our recently enhanced website www.tt.scotiabank.com

Furthermore, keeping abreast of Scotiabank's activities throughout the year is made even easier, since we routinely publish our financial results on a quarterly basis in the local newspapers - And they are also available on our website.

At this point I would like to turn your attention to our Board of Directors who continue to function effectively in their governance over the bank's affairs, keeping a close watch on strategic management practices.

This year, Dr. Trevor Farrell, an international business consultant, assumed the position of Deputy Chairman. Dr. Farrell has consulted extensively for institutions such as the Organization of American States, United Nations Industrial Development Organization, the Commonwealth Secretariat and the CARICOM Secretariat. In fact this is why Dr Farrell could not be with us this morning as he could not get rescheduled one of his assignments.

Dr. Farrell replaced Mr. Audley L. Walker who has made an invaluable contribution to Scotiabank's growth and development over the last 18 years. We must also take this opportunity to thank Mr. Walker for his years of dedicated service and wish him all the best in the future.

We also warmly welcome our new member to the Board - Mr. Michael Anthony Fifi. Mr. Fifi's background is real estate planning and development.

He is the driving force behind the Home Construction Group of Companies, the group that is responsible for a significant number of housing and industrial developments throughout Trinidad and Tobago. We look forward to his guidance, invaluable advice and counsel in the coming term.

Let us now turn our attention to Scotiabank's financial performance in fiscal 2005. Consolidated Assets stood at \$8.7 billion, an increase of \$2.2 billion dollars or 15.9 percentage growth year over year. 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 8% year over year. The portfolio continues to be diversified with growth seen in all areas.

In the next slide we can also observe a steady expansion in our Consolidated Profit before Tax over the last nine years and this year was no exception, as showing an increase of 11%, bringing us to a final figure of \$311.7 million.

Our Consolidated Profit After Tax naturally also displays an upward trend, as this amounted to \$227.2 million in 2005, representing the thirteenth consecutive year of increased profitability for the Scotiabank Group. This increase is driven by strong growth in our core retail business, coupled with focused wealth and treasury management.

Looking now at Net Interest Income, an increase of 10.1% was achieved, bringing it to TT\$419 million. The main contributors to the increase were strong growth in retail loans, coupled with focused treasury management.

Non-interest income on the other hand stood at TT\$162.9 million, a slight increase from last year and as our next slide shows, the composition of this non-interest income included Commercial and Corporate Fees, Foreign Exchange and Retail Fees.

With regard to our Foreign Exchange Earnings, a significant 18% increase was noted, bringing total earnings in this area to TT\$47.3 million.

Ladies and Gentlemen, it is often said that productivity is never an accident. It is the result of a commitment to excellence, intelligent planning and a focused effort. It therefore gives me great pleasure to let you know that in 2005, our productivity ratio stood at 45.55%, one of 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 60%.

Let us look now at Loan Loss Expense. This has been declining steadily since 2002 and our gross loan loss expense was 0.27%, while net loan loss expense was 0.10%. Loan Losses, which actually stood at TT\$5.16 million, continued to decline in 2005 as a result of a reduction in commercial loan losses, prudent credit risk management policies and focused collection efforts across our branches and other distribution networks.

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, 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.

We now look at the Appropriation of Income. For 2005, interest paid accounted for 17%, personnel expenses 19%, other expenses 20%, taxation 12%, while 13% was paid as dividends to you the shareholders with the bank retaining 19% to continue its expansion drive.

Turning our attention to the value of Scotiabank's shares over the last year, shareholders would have observed that the share price of Scotiabank Trinidad and Tobago Limited rose by 25.4% from \$31.50 on October 31st 2004 to \$39.50 on October 31st 2005. As can be seen from the slide, Scotiabank's share price has been steadily increasing over the last four years.

Today one Scotiabank share is valued at \$40.23.

Furthermore, aggregate returns to shareholders, which include dividends and appreciation in the price of our shares, continue to increase.

Someone purchasing a share in 1997 at a value of \$16.54 would have received dividends and appreciation at an average return of 35.4% per

annum over the last eight years or an aggregate return of approximately 280%.

On the basis of performance to date, the total dividends paid to shareholders in 2005 totalled 80 cents – up from 74 cents in 2004.

Moving on to Market Capitalization, which is defined as the value of a corporation determined by the market price of its issued and outstanding common stock, this stood at TT\$4.6 billion as at October 31st 2005.

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 2.81% for 2005, above the industry average of 2.7%.

Return on equity, a measure of how much profit we have generated with the money, you the shareholder have invested in Scotiabank, stood at 20.72%, above the industry average of 19.55%.

Our next slide shows earnings per share for the period, which was 193 cents, compared with 173 cents over the similar period last year. Consistent growth over the last nine years in this area is apparent.

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 measures ranked by bank, and it is clear from this slide that Scotiabank continues to perform favorably against industry standards.

It is also worth mentioning that in 2005, the bank reached another milestone in its history when the Merchant Banking Unit of Scotiabank and Merchant Bank Trinidad and Tobago Limited successfully arranged and syndicated a Fixed Rate Bond worth TT\$200 million for the Bank. This represented the first bond ever raised locally by Scotiabank in its over 50 years of operations on the local market. A significant achievement indeed!

In November 2005, we were named “Bank of the Year” in the Caribbean by leading finance and investment magazine, Latin Finance. By winning this award, Scotiabank tangibly outperformed the other players in the regional financial market in six areas that were evaluated, namely:

- Profitability
- Asset growth
- Stock price performance
- Strategic vision
- Quality of management
- Technological sophistication

Ladies and Gentlemen, I am confident that we can continue to build on our strengths and achieve even greater success in 2006. Allow me now to turn to the other key factors that contributed to the success I mentioned earlier, how as a Group we accomplished and fulfilled our purpose of helping our customers become financially better off.

First I will turn to our Insurance subsidiary ScotiaLife Trinidad and Tobago Limited, which has made noticeable strides in the last year, demonstrating a

commitment to assisting customers in building wealth over time and save towards specific medium to long-term financial goals such as home ownership, retirement, education and financial independence.

ScotiaLife's efficiency and ability to offer a customer-centric experience are enhanced significantly by its automated Needs Analysis System. This system is used during the fact-finding discussions with the customer to capture personal and financial data for a medium to long term financial goal. It also provides information on the impact of inflation and the cost of waiting on the desired goal.

The needs analysis system then indicates whether there is a range of products offered by ScotiaLife which will be suitable as a solution or if an alternative product should be considered. If the recommended solution is accepted by the customer, the system then automatically generates the necessary documentation.

Ladies and Gentlemen, we are the only Bank to have a fully integrated bancassurance model. Sales are conducted via the branch network using the CRM, Customer Relationship Management approach and all our sales officers are trained and state licensed.

The road thus far has been successful as ScotiaLife continues to perform above expectations and going forward we intend to diversify by introducing more risk-based products into the portfolio, explore alternate delivery channels such as direct marketing and continue to build brand awareness.

On the topic of Sales and Service, we are working assiduously towards raising the bar with respect to customer relationship management in this highly competitive financial services sector. We are always looking at new ways to improve our service and we have developed a structural platform and new branch environment that will allow our staff to be more customer focused, productive, effective and successful. We have established a foundation for a sales and service culture in the future.

We have implemented technology and processes that have tripled our sales capacity. We have invested in a technology platform, which is aimed at maintaining the bank's competitive advantage in providing superior customer service using cutting edge technology. This has allowed us to improve our sales and service platform and further refine our sales disciplines. Moreover, this technology resulted in customers being exposed to the benefits and convenience of paperless banking services.

We have embarked on a sophisticated customer relationship management tool that directly supports our strategies to provide customers with creative solutions to meet their unique needs and also leverage the technology to optimize efficiency and quality of delivery. We are well on our way to develop an expertise that is second to none in delivering Sales and Service to our key market segments.

In the coming year, it is our intention to continue to build our customer base through the acquisition of new customers. Concomitantly, we shall retain and expand existing customer relationships by providing excellent customer service, aligning our sales force with customer segments, emphasizing

needs-based selling and providing innovative bundled products. In essence, we will remain focused on meeting the needs of our customers with relevant financial solutions and exceptional service delivery.

We are also attempting to boost our efficiency through the implementation of Shared Services. The objective of this Shared Services concept is to remove as much administrative activities from the branches and centralize them, which would allow the branches to handle higher volumes and focus on implementing best practices.

Over the last year, we also embarked on an initiative called Customer Connect. Customer Connect provides a forum for the customer to easily access a Telescotia employee to deal with inquiries. This minimizes the number of telephone calls that employees have to deal with in the branches, allowing them to focus on service delivery on site.

As we strive to be an employer of choice, development and recognition of our human capital was again a priority for us in 2005. Specifically, employees were encouraged to access training opportunities both within the bank and at external training institutions. Internally, a total of 65 management trainees benefited from training, whilst 217 staff members went on external programmes. Overall in 2005, Scotiabank's Human Resources Department hosted 63 workshops attended by 1,416 participants.

Ladies and gentlemen, the employees' annual meeting is also an important forum for staff members to be briefed on major developments taking place within the bank, as well as the outlook for the upcoming fiscal year. Indeed,

employees also look forward to the question and answer session which allows for direct communication with myself and other senior managers of the bank. This communication process is further concretized through our Town Hall meetings throughout the year at various branches where staff members can openly and without fear, obtain answers to any burning issues facing them from a professional perspective.

At our Annual Employees' Meeting held in November 2005, reward and recognition were the order of the day. For the first time in the fifteen-year history of the programme, results for our employee of the year award resulted in a tie. The joint winners for Employee of the Year 2005 were Laura Maharaj of our Rio Claro branch and Terrance Mohammed of our Marabella branch. I now invite Ms. Maharaj and Mr. Mohammed to stand and be recognized by our audience here today.

The Branch of the Year Award for 2005, which was granted based on Assets, Net Profit, Expenses, Liabilities, Trade Finance, Non-Interest Revenues, ScotiaLife Sales and Mutual Funds, went to our Cunupia branch which repeated their 2004 performance.

Turning now to our community initiatives, our efforts to meet our corporate social responsibility have not wavered. In the area of health, the Women Against Breast Cancer programme continued to be a resounding success in 2005 and once again, we were able to facilitate mammograms for women of all ages across the country at designated clinics.

The clinics were funded from the proceeds of a number of fund-raising activities, including the 5k Classic and Ladies' Golf Tournament. This was the 7th year of the Golf Tournament which raised TT\$60,000, while our 5k Classic, the largest women only race in the Caribbean had over 3,500 participants. It is noteworthy perhaps that since inception of this programme, 5,616 women have benefited from the Scotiabank Breast Cancer Screening Programme and 3,469 from ultrasounds and mammograms.

Supporting sport and youth development is also important to us at Scotiabank as we play our part in community regeneration. The Kiddy Cricket programme and Scotiabank Table Tennis Tournament continue to provide a forum for our nation's youth to benefit from sporting activities.

On the cultural front, we were pleased to lend our support to 35 steelband groups for the upcoming Carnival season. Donations were made to steelband groups from North, South-Central and East Trinidad, as well as Tobago.

In closing, we can undoubtedly expect the new fiscal year to be full of challenges. It is our intention to rise to these challenges by focusing on building deeper and more profitable relationships and optimizing the use of our resources.

We shall also build on our core strengths of customer satisfaction, our people, diversification, expense management, risk management and execution. This, of course, will be coupled with developing, expanding and retaining customer relationships, bearing foremost in our minds the four

cornerstones of Scotiabank: day-to-day banking, savings and investing, borrowing and protection.

Ladies and gentlemen, I thank you.