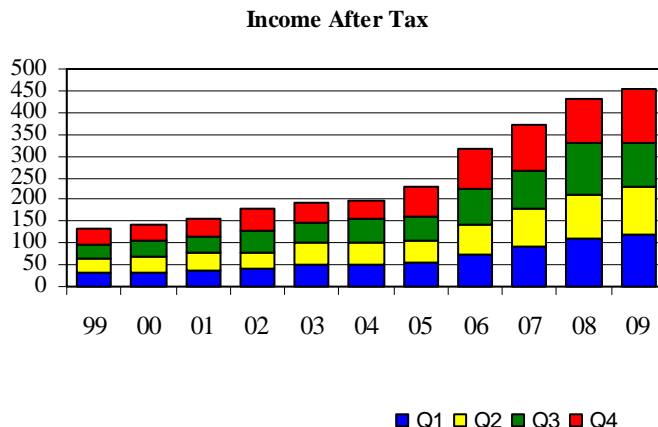


**Date:** November 25<sup>th</sup>, 2009  
**For further information contact:**  
**Adrian Lezama**  
**Assistant General Manager – Finance**  
**Tel: 625-3566 extension 2300**  
**Fax: 627-5278**  
**Email: adrian.lezama@scotiabank.com**

# MEDIA RELEASE

## SCOTIABANK GROUP MAINTAINS ITS STATUS AS ONE OF THE STRONGEST AND MOST STABLE FINANCIAL INSTITUTIONS IN TRINIDAD & TOBAGO.

**Net Income** \$455.1MM  
**Dividends per share** 100.0 c  
**Earnings per share** 258.0 c  
**Return on Equity** 22.86%  
**Return on Assets** 2.95%



Against a challenging year, the Scotiabank Group ended its fiscal year 2009 with net income of \$455.1 million compared to \$431.8 million in 2008. This yielded a notable 5.4% growth in the context of the current economic environment both within the industry and the country.

The industry was challenged with Low credit demand resulting in high liquidity. The CL financial debacle also fuelled this situation as funds sought more stable financial institutions.

As indicated in our last media release, our profitability was deflated by loan loss provisions which increased by \$64.6MM in the current year. Due to the challenging economic conditions being faced by our customers and the worldwide economy, the increase in provisions was anticipated, however Scotiabank is satisfied that its credit risk policies are adequate and provides the Bank with a sound risk analysis framework to achieve desired business and risk results.

Additionally, the Bank is continuing its Customer Assistance Program (CAP) which was created to offer customer centric solutions to those Retail customers who are currently experiencing a loss or reduction in income. While this situation is unprecedented, this approach re-enforces 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.

Earnings per share closed the year at 258 cents, which translated into Shareholders being rewarded with a dividend of 25 cents per share for the three months to October 31st, 2009. This brought total dividends for the year to 100 cents per share.

While performance ratios showed a year over year decline they still remained strong as, Return on Equity was 22.86% compared to 25.38% a year ago and Return on Assets measured 2.95% compared to 3.34% a year earlier.

## **Revenue**

Net Interest and Other Income crossed the billion dollar mark at a record \$1.1 billion for the year ended October 31<sup>st</sup>, 2009, up \$142 million or 14.3% from the same period last year.

Year over year growth reflected higher net interest income of \$831.9 million for 2009 which showed positive growth of 12.5% or \$92.2 million. Other Income also showed commendable growth of 19.7% or \$49.9 million. This growth was achieved even as the Bank's main asset category, Loans to Customers showed a year over year decline as payments outweighed new business. Revenue was supported by investments into Treasury bills and other securities as the Bank made strong efforts to deployed liquidity which was not being utilised as demand for loans dried up.

## **Non- Interest Expenses**

Total Non Interest Expenses (NIE) climbed to \$549.5 million, which was 26.2% higher than the prior year.

Loan Loss expenses as at October 31<sup>st</sup>, 2009 was \$86.9 million. This represented a year over year growth of \$64.8 million which related to the general loan portfolio as indicated earlier, the increased Loan losses are due to the generally slow economic conditions which has directly affected the income of many households. Businesses have also experienced a decline in activity and slowdown in Income and cash flows. Scotiabank remains committed to helping its customers through this period and as such has continued its Customer Assistance Program.

Other non-interest expenses were \$462.6 million which increased by \$49.4 million or 12% year over year.

## **Balance Sheet**

Scotiabank's balance sheet now boasts an asset base of \$16 billion, supported by Shareholders' Equity of \$2.1 billion and liabilities of \$13.9 billion.

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 current state of the financial market of high liquidity levels coupled with increased statutory reserve requirements which were imposed during the 2009 fiscal.

Treasury bills also had a huge increase of 158% or \$441.5 million as the Bank sought interest-earning instruments for its excess liquidity in lieu of high credit demand. This translated into the Bank's loan portfolio showing a marginal year over year decrease of 1.44% as staff worked to keep new business ahead of payoffs. The loan portfolio remained strong at \$10.3 billion net of provisions. While Loan losses saw a sizeable jump to \$86.9 million the Bank boasts a solid coverage ratio i.e. allowances as a percentage of gross impaired loans of 43%.

Total Liabilities for the period measured \$13.9 billion, growing by 11% over the prior year.

Deposits continued to hold the spotlight as the Bank received its share of the unrelenting market liquidity which grew by 23.2% to \$11.9 billion. This generated \$2.2 billion in additional funding for the Bank's operations in 2009. With such strong influx of deposits the Bank reduced its reliance on other funding sources by reducing its Due to banks and other related companies by 78.4% or \$908.3 million and securities sold under repurchase agreements by 52.2% or \$87.7 million.

### **Shareholders' Equity**

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.

The Bank's capital adequacy ratio measured 20.9% as at October 31<sup>st</sup>, 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 and is consistent with international standards.

### **Liquidity Management**

The Bank continues to maintain high liquidity reserves with Deposits of \$2.6 billion at the Central Bank which places Scotiabank in a strong coverage position at 22% of the bank's customer deposits.

### **Corporate Social Responsibility**

The Scotiabank Women Against Breast Cancer 5k Classic was held on September 12, 2009 at King George V Park in Port-of-Spain, Trinidad and simultaneously at NIB Mall Car Park in Tobago. The Scotiabank Trinidad and Tobago Foundation, a separate entity governed by a Board of Directors that oversees the charitable work of the Group, funds the hosting of this event as part of the Group's financial investment in assisting communities throughout Trinidad and Tobago. The 2009 event represents the highest patronage in the event's history with over 4,000 women participating. All funds raised from the 5k Classic go directly into the Scotiabank Women Against Breast Cancer Account.

These resources are then used annually in October, which is designated as Breast Cancer Awareness Month. The funds raised are used to pay doctors, nurses and clerks who conduct Scotiabank's Women Against Breast Cancer Screening Programme and to offset the cost of utilizing the clinic and specialist centres that provide screening, ultrasounds, mammograms and counselling. In October 2009, Scotiabank Trinidad & Tobago Limited expanded its network of screening clinic in order to enable even greater access to the women of Trinidad as well as Tobago.

The Group's investment is focused on educating the public about the importance of early detection in the fight against breast cancer. As such, our staff members take a hands-on approach to managing the Scotiabank Women Against Breast Cancer Screening Programme to ensure that the funds are efficiently and effectively utilized. The result is that more than 7,000 women have benefited from screening, mammograms and ultrasounds under this programme since 1999.

Scotiabank is committed to supporting the communities in which we live and work, both locally and abroad. Recognized as a leader internationally and among Canadian corporations for its charitable donations and philanthropic activities, in 2008 the Bank provided about US\$43 million globally in sponsorships and donations to a variety of projects and initiatives, primarily in the areas of healthcare, education, social services and arts and culture. Scotiabank's Bright Future Program is on the World Wide Web at [www.scotiabankbrightfuture.com](http://www.scotiabankbrightfuture.com).

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### Financial Statements

Hereunder are the abbreviated financial statements for the Scotiabank Group for the year ended October 31<sup>st</sup>, 2009.