



**ADDRESS TO BE DELIVERED BY
RICHARD P. YOUNG, MANAGING DIRECTOR
SCOTIABANK TRINIDAD AND TOBAGO LIMITED
THE 40th ANNUAL MEETING OF SHAREHOLDERS
HILTON TRINIDAD AND CONFERENCE CENTRE**

February 26th 2010

Distinguished Shareholders of Scotiabank Trinidad and Tobago Limited;
Mr. Robert H. Pitfield, Chairman of the Board of Scotiabank Trinidad and Tobago and Executive Vice President - International Banking, The Bank of Nova Scotia;

Fellow Board Members;

Senior Management of Scotiabank Trinidad and Tobago Limited;

Members of the media;

Good morning and welcome to you all.

Today marks the 40th Annual Meeting of the Shareholders of Scotiabank Trinidad and Tobago Limited and as I share our 2009 performance we are witnessing another milestone. In 2009 Scotiabank celebrated 55 years of operations within Trinidad and Tobago. These signposts, 40th year and 55th year, should not be taken lightly as it signals a maturity and stability that redounds to the success of our organization.

In recognizing that we've crossed certain landmarks I felt it necessary to re-evaluate how we communicate the Scotiabank vision with you, our valued Shareholders. In so doing, I reflected on the pertinent facts that we needed to share today. This reflection is even more relevant in the current climate whereby economic activity in Trinidad & Tobago has slowed. The international and local financial services sectors have experienced a tumultuous 2009 to the extent that we have even witnessed the dismantling of local, regional and international financial giants. Fortunately the local banking sector has survived which may underpin the saying that 'God is a Trini'.

With these factors as the background, I am certain that you are more focused on achieving your objective of receiving value for your investment. Fundamentally the tangible measure of shareholder value is established through the receipt of financial returns in the form of dividends as well as in the actual share price. These measures are of course a function of the Bank managing a healthy balance sheet and driving growth. Another driver of shareholder value is the sustainability of these earnings which is fostered through sound strategy, executed in a consistent and timely fashion by trained, knowledgeable and engaged staff. And of course, all done with the expectation of adequate and timely disclosure guided by experienced stewards.

Let us start with a review Scotiabank Trinidad and Tobago Limited financial performance in 2009. I am proud to say that we can boast of more than a decade of consistent earnings. For the year ending 31 October 2009 our

consolidated profits after tax stood at \$455 million, an increase of 5.4% year over year. Thus our proven profitability remains established as demonstrated by a solid 10 year compounded annual growth rate of 13.1%.

Despite a severe reduction in the country's demand for borrowings, resulting in a marginal decline in the Loan portfolio, Scotiabank's Net Interest Income grew to \$832M, up 12.5%. This increase in Net Interest Income can be attributed in part to the Bank's careful management of our interest rate spread to provide competitive rates for our customers whilst ensuring a fair return on our assets. Non- Interest Income also increased to \$303M, approximately a 20% improvement.

We can also examine the current appropriation of Income earned by Scotiabank Trinidad & Tobago. For each dollar earned, one quarter or 25 cents is paid out to customers in the form of interest expense. Approximately 14% is used to cover staffing cost with a further 23% representing other expenses. Taxes paid to the government accounts for 8% of income. 18% is retained profits while 12% is paid out in dividends to you, our shareholders.

As at October 31, 2009, the Group's balance sheet grew by 11.8% to a record \$16 billion. While credit demand was subdued, the excess liquidity in the financial services sector resulted in customers' seeking avenues to place their funds. Scotiabank is positioned as a stable and secure institution and so received more than its fair share of deposits.

The Group's Credit Concentration is sufficiently diverse as the Bank continues to finance a range of retail and commercial lines. On the retail side we have grown our funding of Mortgages while we also fund various sectors such as petroleum and other energy related, construction and manufacturing as well as transport and distribution industries.

I would now like to spend some time reviewing the Bank's Loan Loss expense. Gross Loan Loss expense increased significantly in 2009 to 0.9% however this is consistent with the industry trend given the current economic conditions. The Loan loss provision also increased in tandem with non-performing loans as part of the bank's prudent approach to business. However Loan Provision as a percentage of Non-Accrual Loans fell slightly from last year to 43%. Taken as a percentage of Total Loans, Net Loan Loss Expense stood at 0.84% which is in line with the industry. Looking at the composition of our Financial Assets Past Due but Not Impaired, we see that we've remained flat at \$1,070 million but a larger share is less than thirty days in arrears. We should also note that the overall credit quality of our asset book is considered "Good" such that a higher percentage has been rated as "Very Good".

Turning to the performance ratio, we can proudly state that Scotiabank Trinidad and Tobago Limited Return on Assets at 3% and Return on Equity at 22.86% are both well above the industry averages. Another noteworthy accomplishment is evidenced by Scotiabank's Productivity Ratio which is the lowest in the industry and as you know a lower ratio indicates superior productivity and overall efficiency.

Ladies and Gentlemen, what does all this translate into? This means that Scotiabank's solid performance continues to drive strong returns to you as Scotiabank shareholders. Today one Scotiabank share is valued at \$37.00 and shareholders continue to receive dividends which are paid on a quarterly basis, something that very few companies do in Trinidad & Tobago.

In 2009 dividends totaled \$1.00 per share, compared to \$0.96 in 2008, an increase of 4.2%. The dividends paid for 2009 were \$176.3 million, up \$14.1 million from last year which reflects a dividends payout ratio of 39%. The Returns to Shareholders, that is the share price appreciation plus dividends has achieved a return of 200% from 10 years ago, with a 10 year compounded annual growth rate of 12.04%

The steady growth in dividends is a major contributor to the high long-term returns generated for investors. This growth along with the timely and regular dividends is an assurance that Scotiabank is a wise and profitable investment that continues to yield value for our shareholders.

The Bank's Earnings Per Share which is a measure of the Net Income generated per common share has steadily increased and now stands at 258 cents up from 244.9 cents in 2008. Finally, Market price capitalization - defined as the value of a corporation determined by the market price of its issued and outstanding common stock - stood at \$5.3 billion as at October 31st 2009. Today, based on yesterday's price, the market capitalization is \$6.5 B.

To ensure sustainable, long-term growth and shareholder returns, Scotiabank continues to strengthen and evolve new strategies that enable us to deliver on our core purpose “to be the best at helping customers become financially better off by providing relevant solutions to their unique needs”. These strategies are anchored in the Scotiabank philosophy which is visually captured in a “house” with the pillars representing our strategic initiatives built on the sturdy foundation of our staff all working to provide a superior customer experience, the ring beam!

As a Group Scotiabank has identified the following bank-wide Strategic Priorities

- **Sustainable revenue growth** – whereby our efforts will be balanced in delivering both revenue growth and positive operating leverage
- **Capital management** – to ensure we use our capital wisely and efficiently in order to deliver consistent and adequate returns to our shareholders
- **Leadership** – as we believe that the quality of our leadership is a source of competitive advantage and our international platform allows us to source talent from around the globe
- **Prudent risk management and appetite** – which is one of our traditional strengths and is particularly important in this economic environment
- **Efficiency and expense management** – as we are vigilant in our attempts to find the right balance between investing in growth initiatives and keeping expenses under control.

Let me spend a few minutes highlighting some of the local strategies and tactics that combine to assure our shareholders of the ongoing strength of their investment.

Over the last year and into fiscal 2010 we have in fact been strengthening our position in the marketplace with the introduction of several new operational models, tools and systems as well as an expanded branch footprint. In May and then again in June 2009, we expanded our network with the opening of the Trincity branch and Point Fortin Sales Centre. We also converted the Trincity Sales Centre into a SLTT regional sales hub.

We've set up the Caribbean South HUB in Trinidad and Tobago, which is responsible for processing and support activities. A key priority in fiscal 2010 would be to build out the Lending Service Unit so as to allow for one common end to end fulfillment environment for all retail products regardless of the channel used by the customer.

Scotiabank will also adopt a management information system that would measure and accurately allocate all the relevant costs across customer, product or channel lines, thereby allowing us to effectively determine the true cost of a transaction, a product or a customer. Signature Card Imaging was also launched in 2009 and now provides online access to every signature card across the bank network, thereby reducing customer wait times and improving the overall in branch experience.

As we continue to fine-tune our Sales and Service disciplines our systems and processes now ensure that the Right Officer services the Right Customer

at the Right Time. As part of this bank-wide initiative, Scotiabank has moved to better understand customer opportunities, improve alignment of staff against these opportunities and improve the measurement, management and compensation of staff.

In 2010 many of the planned system changes will serve to improve the customer experience while simultaneously reducing the impact on the environment. Scotiabank will increasingly utilize systems and channels such as on-line, mobile and other electronic methods which would lessen the use of paper products and improve the speed and convenience of our service delivery.

As shown in the illustration and analogy of the house, we consider our people to be the foundation upon which our success is built. We will continually ensure that the right people are on hand to successfully steer our course and service our clients. As such the Bank engages in ongoing training and in 2009 we hosted numerous workshops whereby approximately 70% of our staff participated. We also launched a Mentorship Programme, which is also in keeping with the Bank's passion for Leadership and Talent Development.

Our efforts have already borne fruit as we copped the National Safety Award 2009 from the Trinidad and Tobago Occupational Safety and Health Authority. Another major accolade was our standing among the top three companies for the Corporate Social Responsibility Leadership Awards in the category "Recognising the Value of People". This award was based on such areas as communication, equity, transparency, respect, OSH and concern for

the environment. And true to form, Scotiabank was the only financial institution to rank among the top three.

Corporate social responsibility (CSR) is fundamental to our business at Scotiabank. It's an opportunity for us to build better relationships with our customers, employees, shareholders and community partners while fulfilling our social, economic, environmental and ethical responsibilities. Our 2009 Annual Report is an example of Scotiabank's commitment to Corporate Social Responsibility and to sustainable business. The 2009 Annual Report was posted on our website and produced electronically on CD as well as in a summarized hardcopy Highlights. This served to reduce the volume of paper used and is in keeping with Scotiabank's focus on managing our environmental footprint. Even the token given today to mark your attendance at this year's Annual Meeting is congruent with our environmental mindset.

Taking a look at our community involvement, our staff went above and beyond in giving back to the communities in which we operate. The branch network embraced 23 charitable organizations where they gave of their time as they extended both heart and mind to help to create a Bright Future for the upcoming generation. The Bank, working through our branches and MDO, has spent approximately TT\$2 million in fulfilling our corporate social responsibility. Under the umbrella of The Scotiabank Trinidad & Tobago Foundation we have and will continue to seek opportunities to strengthen the Bright Future Program, the fight against breast cancer as well as support our sports and culture. To date we have provided screening, ultrasounds or mammograms to close to 12,000 women.

Shareholders, we recognize that even with the best laid plans we must ensure that we execute in a timely and consistent manner. And in times such as these we are even more aware of the need for effective stewardship. Scotiabank's commitment to operating with integrity is rooted in a strong corporate governance structure and culture based on the principles of accountability and openness so as to ensure adequate and timely disclosure. I take this opportunity to reiterate our Scotiabank's core values of Integrity, Respect, Commitment, Insight and Spirit.

We are a tremendous organization of strong business lines and passionate people, and we will continue to take full advantage of business opportunities, synergies, best practices and our global talent pool.

I thank you for your time and attention here today.