

**Brian Porter**  
**Trinidad and Tobago AGM speech**  
**February 25, 2011**

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**Opening**

Ladies and Gentlemen, it's an honour to address you for the first time as Chairman.

Today, I will speak about Scotiabank's economic outlook globally and locally – and express my confidence in the ongoing success of our Bank in Trinidad and Tobago.

**Strong Performance**

In 2010, Scotiabank Trinidad and Tobago continued its strong record of success despite some challenging economic conditions. We posted net income of TTD\$509 million for the year. This represents a substantial 11.9 per cent increase compared to 2009 – a testament to the strength of our team.

We were honoured to be named Bank of the Year for 2010 in Trinidad and Tobago by *The Banker* magazine, as well as Best Emerging Market Bank and Best Internet Bank by *Global Finance* magazine.

I would like to thank our entire team here in Trinidad and Tobago, led by our Managing Director, Richard Young, for their commitment and hard work in achieving these strong results.

While the strength of our team and the way we manage our business are both critical to our performance, economic conditions are also a key factor.

**Global Economic Outlook**

The broader financial landscape continues to be dominated by the economic recovery.

The transition from recession to recovery has been quite uneven. It was widely predicted that the rebound would be slow and difficult – which we're seeing in Europe and the United States.

In Europe, sovereign debt concerns and the effects on several banks are significant. This has been a leading contributor to the weakness of the region's recovery.

Meanwhile, the United States has continued to work through ongoing difficulties in the housing sector and a slow rebound in employment.

Globally, the recovery is being led by high-growth emerging economies – particularly in the Asia-Pacific region. Closer to home, Latin America is on the upswing. This is a positive development for Trinidad and Tobago.

Although the price of oil and gas remain below their pre-crisis levels, we foresee relatively stable energy prices throughout this year and next.

Private sector credit markets are continuing to improve, particularly in the U.S. This is due to several factors, such as liquidity and reduced loan losses in the financial sector.

Overall, confidence is improving, and we expect consumer spending and business investment to make gains this year. GDP growth in the U.S. is expected to be about 3.1 per cent in 2011, with slightly lower growth in 2012. However, this still represents an underperforming economy.

Despite the slow and uneven recovery in the U.S., there are signs that things are moving in the right direction. This is critical for the Caribbean economy and for Trinidad and Tobago.

Globally, we expect 2011 to be an uncertain year with volatility in growth rates, currencies and markets. The trend is up, but it could be well into 2012, or even 2013, before we see more normal and sustainable growth on the world stage.

### **Caribbean Regional Outlook**

Turning our attention to the Caribbean, economic recovery from the recession has been slow.

There are signs of improving conditions as the effects of the global recovery gradually spread into the region.

Future growth will be tied to the slower trajectory of the U.S. recovery due its strong influence on the Caribbean, particularly through tourism, remittances and foreign investment.

However, as the lag in U.S. employment catches up to the rest of the recovery so will the tourism sector, providing a vital boost to the region.

### **Growth in Trinidad and Tobago**

Here in Trinidad and Tobago, economic conditions are gradually improving.

Although the economy dipped back into negative growth in the second quarter of 2010, it finished the year in positive territory. We expect that output will pick up to about 2.5 to 3 per cent in 2011 to 2012.

Labour market conditions remain uncertain, which has kept domestic demand weak and the private sector's appetite for credit low. However, domestic demand is gradually picking up as it responds to loose monetary conditions and further fiscal stimulus measures.

The energy sector continues to be the driving force behind economic growth, and its prospects will determine the direction of the overall economy, as it has for many years.

As global demand for energy and particularly natural gas continues to improve, this will contribute to the broader economic outlook. The ongoing strength of the energy sector is critical to the economic condition of Trinidad and Tobago, and to the quality of life here.

Moreover, fiscal responsibility in the management of energy revenues has provided protection against external shocks and continues to offer stability in a time of elevated economic and market volatility.

The federal government continues to develop commercial ties with gas-importing countries such as the United States and Venezuela.

Some of Trinidad and Tobago's other strengths are economic factors such as investment grade sovereign credit ratings, relatively stable currency and strong reserves position.

A robust local banking sector also encourages important long-term stability, despite some of the ongoing challenges stemming from government intervention in the financial sector in 2009 (bailout of CL Financial and CLICO insurance).

As the largest economy in the English-speaking Caribbean, Trinidad and Tobago continues to play a leading role in the Caribbean Community (Caricom).

This past year saw a change in political leadership, and on behalf of Scotiabank I would like to congratulate Prime Minister (Kamla) Persad-Bissessar and her government on their victory. We look forward to working closely with them in the coming months and years.

With its vibrant cultural hub, stable and strong tradition of civil liberties, Trinidad and Tobago holds a crucial position in the regional economy.

All of this contributes to our confidence in the prospect for growth and stability for Trinidad and Tobago as it builds on its core strengths.

### **Scotiabank's Presence**

Scotiabank is a multinational organization with operations in more than 50 countries. Our international presence began here in the Caribbean more than 120 years ago.

Trinidad and Tobago is an important part of Scotiabank – both in terms of our strategy and the strong contribution it makes each year to the success of the overall Bank.

We have been serving our customers here in Trinidad and Tobago since 1954. We have witnessed – and played an active role – in the remarkable development of this country.

We have grown with Trinidad and Tobago and, today, have more than 1,100 employees in 30 branches across the country.

We are proud of our growth and long-standing commitment to the Caribbean. Today, we are a leading bank across the region.

In 2010, Scotiabank expanded our Caribbean footprint by acquiring R-G Premier Bank in Puerto Rico, and the Wealth Management operations of BNP Paribas in Panama, the Bahamas and the Cayman Islands.

We continue to invest in our businesses to improve the service to our customers. Last year, we introduced our mobile banking platform across the Caribbean in 20 countries.

We've also had tremendous success with our online banking offerings. Here in Trinidad and Tobago, the number of online customers grew by 50 per cent in 2010, and our customers now log in more than 100,000 times a month.

While we are committed to enhancing the level of service we provide to our customers, we are equally committed to supporting our communities. It's something that we take extremely seriously.

Our Bank and our many employee volunteers are active in communities across the country and the wider region. As part of these efforts, we provide grassroots support to the sport of cricket here in Trinidad and Tobago and across the Caribbean.

Our Bright Future program – which focuses on the well-being of children across the Caribbean and Latin America – has been so successful that it has formed the model for Scotiabank's global philanthropic program.

### **Scotiabank's Strength and Stability**

Scotiabank Trinidad and Tobago – as with all of Scotiabank's international subsidiaries – benefits from the strength and stability of the entire Scotiabank Group. In 2010, *Global Finance* magazine named Scotiabank one of the world's 50 safest banks.

We also benefit from being based in Canada, which the World Economic Forum has named the soundest banking system in the world for three years in a row.

Across our operations, we are defined by our culture and values that are rooted in our key strengths of diversification, execution, efficiency and expense management – and risk management.

The careful management of our risks and our expenses has helped keep us strong and stable over the long term. We support our customers and provide good returns for our shareholders through economic ups and downs, as well as a few crises.

### **Looking ahead**

The continuing difficult economic conditions over the past several years here in Trinidad and Tobago have called for the careful management of our business. However, we know we have an important role to play in helping our customers achieve their financial goals – and in the continued economic development of the country.

Richard and his team have led the way – from building deep and long lasting relationships with our customers, to demonstrating a strong record of long-term success for our shareholders.

We remain absolutely committed to Trinidad and Tobago, just as we have been for more than 55 years. We see great potential in the people and businesses of this country. And we look forward to working with our customers in the months and years ahead.

I would like to thank our shareholders for your continued loyalty.

I would also like to thank each and every one of our customers for your business and for placing your trust in Scotiabank.

Thank you.

I will now ask Mr. Young to deliver his remarks.