

**SCOTIABANK GROUP -JAMAICA
ANNUAL GENERAL MEETING
JAMAICA PEGASUS HOTEL**

ADDRESS DELIVERED BY:

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THANK YOU, AND GOOD MORNING, LADIES AND GENTLEMEN.

AS ALWAYS, IT'S A GREAT PLEASURE TO BE HERE WITH YOU IN JAMAICA – TO CONNECT WITH OUR GREAT TEAM DOWN HERE – AND TO SEE THE MANY FRIENDS WE'VE MADE OVER THE YEARS.

THE PAST YEAR, OF COURSE, WAS CERTAINLY A VERY EVENTFUL ONE, AND A VERY CHALLENGING ONE AS WELL. WHEN WE MET AT THE ANNUAL MEETING LAST FEBRUARY, MARKET CONDITIONS AND THE GLOBAL ECONOMIC LANDSCAPE WERE MARKEDLY DIFFERENT THAN THEY ARE TODAY. AT THAT TIME, THERE WERE TROUBLES IN GLOBAL FINANCIAL MARKETS, BUT THE MAGNITUDE OF THE PROBLEMS HAD NOT YET COME INTO FOCUS.

DESPITE THE MANY CHANGES WE'VE WITNESSED IN THE PAST YEAR, ONE THING THAT HAS REMAINED CONSISTENT IS THAT SCOTIABANK JAMAICA HAS AGAIN PRODUCED EXCELLENT RESULTS – AND STRONG RETURNS FOR OUR SHAREHOLDERS. THIS IS AN IMPORTANT ACHIEVEMENT, AND I THINK IT SPEAKS TO THE STRENGTH OF THE ORGANIZATION, BOTH IN TERMS OF STRATEGY – AND OUR PEOPLE WHO EXECUTE THAT STRATEGY.

THIS MORNING, I WILL BRIEFLY ADDRESS WHAT TOOK PLACE IN 2008 FROM A MACRO PERSPECTIVE TO GIVE SOME CONTEXT FOR HOW THE SCOTIABANK GROUP WAS AFFECTED, AND WHERE WE STAND RIGHT NOW WITHIN THE BIGGER PICTURE.

I ALSO WANT TO FOCUS ON THE FUTURE – ON THE MANY POSITIVES THAT HAVE EMERGED FROM THE CHALLENGES WE'VE EXPERIENCED – AND WHY OUR BANK IS ON SOLID FOOTING, AND WELL POSITIONED FOR SUCCESS OVER THE LONG TERM.

LET ME BEGIN WITH A LOOK BACK.

TWO THOUSAND AND EIGHT WAS A VERY CHALLENGING YEAR FOR THE GLOBAL FINANCIAL SERVICES INDUSTRY. FINANCIAL MARKETS EXPERIENCED TREMENDOUS VOLATILITY. IT BEGAN WITH THE COLLAPSE OF THE U.S. HOUSING SECTOR, AND HAS SPREAD THROUGH A WEAKENING GLOBAL ECONOMY.

SOME REMARKABLE THINGS HAVE HAPPENED – PARTICULARLY IN THE UNITED STATES, THE U.K. AND OTHER PARTS OF EUROPE. SEVERAL OF THE WORLD'S LARGEST FINANCIAL INSTITUTIONS HAVE FAILED, AND OTHERS SURVIVE TODAY ONLY BECAUSE OF GOVERNMENT INTERVENTION ON AN UNPRECEDENTED SCALE.

AS A RESULT, THE ENTIRE LANDSCAPE OF THE GLOBAL FINANCIAL SERVICES INDUSTRY HAS BEEN PERMANENTLY ALTERED – AND, FROM A GLOBAL ECONOMIC STANDPOINT, A GREAT DEAL OF UNCERTAINTY REMAINS.

THAT'S THE GLOBAL PICTURE.

OF COURSE, THE SCOTIABANK GROUP IS BASED IN CANADA. OVERALL, THE CANADIAN BANKING SYSTEM – IN THE MIDST OF THE CRISIS – WAS RANKED AS THE SOUNDEST IN THE WORLD.

CANADIAN BANKS ARE VERY WELL CAPITALIZED BY INTERNATIONAL STANDARDS – AND WERE, WELL BEFORE THIS CRISIS HIT. THIS WAS BY CHOICE – NOT SIMPLY A RESULT OF REGULATORY REQUIREMENT. THAT SAID, THE CANADIAN BANKING SYSTEM IS VERY WELL REGULATED AND, INDEED, WELL MANAGED.

HERE IN JAMAICA, BOTH THE PRIME MINISTER AND THE FINANCE MINISTER HAVE RECENTLY AFFIRMED THEIR CONFIDENCE THAT THE JAMAICAN BANKING SYSTEM ALSO REMAINS SOUND AND WELL REGULATED.

THERE'S NO QUESTION THAT ALL BANKS – INCLUDING OURS – FACE MANY CHALLENGES IN THE MONTHS AND YEARS AHEAD. BUT SCOTIABANK IS IN A POSITION OF RELATIVE STRENGTH, AND IT'S FROM THAT PERSPECTIVE THAT I DELIVER YOU MY MESSAGE TODAY – AND THAT IS: DESPITE THE CURRENT ENVIRONMENT, THERE ARE MANY REASONS TO BE OPTIMISTIC ABOUT THE FUTURE.

ONE OF THE KEY REASONS FOR SOME CAUTIOUS OPTIMISM IS THE LEVEL OF CO-OPERATION THAT'S TAKING PLACE AMONG ALL GLOBAL STAKEHOLDERS IN ADDRESSING THE CURRENT SITUATION. THIS IS VERY IMPORTANT.

AS BRITISH PRIME MINISTER GORDON BROWN SAID IN A SPEECH ABOUT THE GLOBAL ECONOMY LAST FALL:

"WHAT THE MARKETS ARE TELLING US IS THAT HOWEVER COMPREHENSIVE A NATIONAL PLAN MAY BE, NO ONE COUNTRY

ALONE CAN RESOLVE WHAT IS TRULY A GLOBAL PROBLEM THAT REQUIRES A TRULY GLOBAL SOLUTION.”

GONE ARE THE DAYS WHEN ECONOMIES OPERATED IN RELATIVE ISOLATION. THINGS NOW HAPPEN ON A GLOBAL SCALE, AND WE ARE MORE AFFECTED THAN EVER BY WHAT OTHERS AROUND THE WORLD ARE DOING – WHETHER IT'S OUR NEIGHBOURS, TRADING PARTNERS – OR OUR COMPETITORS.

WHEN IT COMES TO SOLVING COMPLEX PROBLEMS, CO-OPERATION IS ESSENTIAL. I BELIEVE THIS IS HAPPENING IN THE GLOBAL RESPONSE TO THE FINANCIAL CRISIS, AND THAT THE RIGHT STEPS ARE BEING TAKEN.

ALL STAKEHOLDERS ARE ENGAGED IN THE ISSUE – INCLUDING GOVERNMENTS, CENTRAL BANKS, REGULATORS, AND MANY MORE.

THESE GROUPS ARE WORKING TOGETHER IN A COORDINATED MANNER THAT HAS NEVER BEEN SEEN BEFORE. AND WE ARE SEEING EARLY INDICATORS THAT EFFORTS BY POLICYMAKERS TO SUPPORT FINANCIAL MARKETS ARE BEGINNING TO GAIN TRACTION. THERE ARE TENTATIVE SIGNS OF IMPROVEMENT WITH REGARDS TO LIQUIDITY, CREDIT SPREADS AND THE UNCLOGGING OF CERTAIN MARKETS THAT SUGGEST THAT SOME HEADWAY IS BEING MADE. HOWEVER, THERE IS STILL A LOT OF UNCERTAINTY AND VOLATILITY IN THE MARKETPLACE.

ALSO VERY IMPORTANT IS THAT INSTITUTIONS, SUCH AS THE INSTITUTE OF INTERNATIONAL FINANCE ("THE IIF") – IN WHICH SCOTIABANK'S PRESIDENT AND CEO, RICK WAUGH, HAS PLAYED A MAJOR ROLE – SWIFTLY PUT OUT RECOMMENDATIONS ON MARKET BEST PRACTICES FOR BANKS – AND THEY ARE BEING WIDELY IMPLEMENTED.

AS WELL, SIGNIFICANT ECONOMIC STIMULUS PACKAGES ARE BEING PUT IN PLACE BY GOVERNMENTS AROUND THE WORLD

TO HELP EASE THE EFFECTS OF THIS ECONOMIC DOWNTURN –
AND POSITION ECONOMIES FOR LONG TERM GROWTH.

OF COURSE, IN THE UNITED STATES, A MASSIVE NEW STIMULUS
PACKAGE OF NEARLY US\$800 BILLION WAS RECENTLY PASSED
INTO LAW, AND SUPPORT HAS ALSO BEEN ANNOUNCED FOR
SOME DISTRESSED U.S. MORTGAGE HOLDERS TO HELP ADDRESS
HIGH RATES OF FORECLOSURES.

A CRITICAL ASPECT OF STIMULATING THE GLOBAL ECONOMY IS
FOSTERING FREE AND OPEN TRADE. UNFORTUNATELY, CERTAIN
GOVERNMENTS HAVE RECENTLY PROMOTED NATIONAL AID IN
RETURN FOR INDUSTRY AND/OR JOB PROTECTION.

IT'S NATURAL UNDER THE CURRENT CIRCUMSTANCES FOR
GOVERNMENTS TO BE TEMPTED TOWARD NATIONAL ECONOMIC
SOLUTIONS OR PROTECTIONISM – BUT THIS IS NOT THE
APPROACH THAT WILL GET US THROUGH THESE CHALLENGING

TIMES. AS IT'S BEEN SAID BEFORE – IT'S TIME TO BUILD BRIDGES, NOT WALLS.

AT SCOTIABANK, WE BELIEVE IN FREE AND OPEN MARKETS, AND THEIR ABILITY TO GENERATE ECONOMIC ACTIVITY THAT BENEFITS ALL STAKEHOLDERS. OUR BANK IS A GREAT EXAMPLE OF THIS. AND, IN OUR LONG INTERNATIONAL HISTORY, WE'VE ALSO SEEN FIRST HAND THE POSITIVE EFFECTS OF FREE TRADE ON ECONOMIES AROUND THE WORLD. THIS MUST CONTINUE.

BUT LET'S FOCUS ON JAMAICA NOW.

WE APPLAUD THE GOVERNMENT'S EFFORTS TO PUT FORTH A COMPREHENSIVE STIMULUS PACKAGE TO HELP ADDRESS RISING ECONOMIC CHALLENGES STEMMING FROM WEAKENED TOURISM, WEAKENED REMITTANCES AND WEAKENED DEMAND FOR EXPORTS FROM THE UNITED STATES.

IMPORTANTLY, THE STIMULUS INCLUDES LOANS AND SUPPORT FOR KEY SEGMENTS OF THE ECONOMY – SUCH AS SMALL BUSINESSES – AS WELL AS TAX RELIEF.

THE GOVERNMENT OF JAMAICA HAS ALSO MOVED DECISIVELY TO SECURE SUPPORT FROM MULTILATERAL LENDERS THAT WILL IMPROVE FISCAL SUSTAINABILITY – AND ALSO HAVE A STRONG IMPACT ON INFRASTRUCTURE, THE AGRICULTURAL SECTOR AND SOCIAL PROGRAMS.

AND THE TOURISM SECTOR – WHICH IS SUCH AN IMPORTANT PART OF THE ECONOMY – HAS ALREADY SHOWN SIGNS THAT THE AGGRESSIVE ADVERTISING CAMPAIGN UNDERTAKEN BY THE JAMAICA TOURIST BOARD IS HAVING AN EFFECT.

THESE EFFORTS ARE ALL VERY IMPORTANT IN POSITIONING JAMAICA FOR LONG-TERM SUCCESS.

BUT FROM JAMAICA AND OTHER CARIBBEAN COUNTRIES – TO THE REST OF THE WORLD – WE ALL NEED TO WORK TOGETHER TO SEE THE WORLD THROUGH A DIFFICULT TIME.

AND THAT GOES NOT ONLY FOR GOVERNMENTS AND CORPORATIONS, BUT FOR THE PEOPLE WHO COMPRISE THEM.

WHICH BRINGS ME TO SCOTIABANK, AND HOW WE ARE POSITIONED FOR THE FUTURE.

TO BEGIN WITH, WE ARE VERY OPTIMISTIC ABOUT OUR LONG-TERM FUTURE – OVERALL, AND HERE IN JAMAICA. FUNDAMENTALLY, AND RELATIVE TO OUR PEERS, OUR BANK IS STRONG.

IN FACT, CONSULTING FIRM OLIVER WYMAN RATED SCOTIABANK ONE OF THE TOP TEN PERFORMING BANKS IN THE WORLD DURING THE RECENT CREDIT CRISIS, IN ITS 2009 REPORT ON THE STATE OF THE FINANCIAL SERVICE INDUSTRY.

WE ARE WELL CAPITALIZED, WE HAVE A SOLID BALANCE SHEET, WE ARE WELL DIVERSIFIED BY BUSINESS LINE, GEOGRAPHY AND PRODUCTS GLOBALLY, AND WE HAVE A STRONG RISK MANAGEMENT CULTURE.

WE HAVE A SOLID FOUNDATION AND WE'VE WEATHERED ECONOMIC UPS AND DOWNS FOR 177 YEARS. THE YEAR 1832 IS AN IMPORTANT ONE FOR OUR BANK – THE YEAR OF OUR FOUNDING – BUT SO TOO IS 1889, THE YEAR WE OPENED OUR FIRST BRANCH IN JAMAICA, AND BEGAN OUR VERY SUCCESSFUL INTERNATIONAL EXPANSION, WHICH CONTINUES TODAY.

WE BELIEVE WE HAVE THE RIGHT STRATEGIES IN PLACE FOR LONG-TERM SUCCESS, AND WE CONTINUE TO LOOK FOR GROWTH OPPORTUNITIES. AT THE SAME TIME, WE REMAIN COMMITTED TO OUR STRONG PRINCIPLES OF RISK MANAGEMENT – AND FOCUSED ON KEEPING EXPENSES UNDER

CONTROL AND OUR OPERATIONS EFFICIENT WHILE STILL PROVIDING SUPERIOR CUSTOMER SERVICE.

OUR OPERATIONS IN JAMAICA REMAIN A VERY IMPORTANT PART OF OUR BANK – JUST AS THEY HAVE BEEN FOR THE PAST 120 YEARS. WE HAVE EXCELLENT LEADERSHIP HERE, HEADED BY BRUCE BOWEN, AND A GREAT TEAM OF EMPLOYEES. WE'RE COMMITTED TO JAMAICA, AND WE CONTINUE TO BELIEVE IN THE GREAT POTENTIAL OF JAMAICANS.

AND WHILE THERE'S NO DOUBT THAT THE GLOBAL ECONOMY IS EXPERIENCING A SIGNIFICANT DOWNTURN – AND THAT IT'S BEING FELT HERE – WE MUST KEEP IN MIND THAT ECONOMIES MOVE IN CYCLES. WE FULLY EXPECT STABILITY TO RETURN TO THE FINANCIAL SECTOR – AND ECONOMIC PROSPECTS WILL IMPROVE AS WELL.

ALREADY, AS I MENTIONED, WE HAVE SOME UNCLOGGING IN FINANCIAL MARKETS AND MASSIVE STIMULUS LINED UP TO

BOOST THE WORLD ECONOMY. INTEREST RATES ARE LOW, AND THE PRICE OF OIL HAS DROPPED DRAMATICALLY – EASING THE DEBT BURDEN FOR GOVERNMENTS AND MAKING AIR TRAVEL MORE AFFORDABLE.

AND LOOKING LONG TERM – THE APPEAL OF JAMAICA AND THE REST OF THE CARIBBEAN AS A DESTINATION HASN'T DIMINISHED – IN FACT, IT'S PROBABLY GETTING STRONGER. THIS REGION IS STILL ONE OF THE MOST BEAUTIFUL AND HOSPITABLE PLACES ON THE PLANET, AND IT'S VERY CLOSE TO THE UNITED STATES. AND AS LIVES GET FASTER AND BUSIER, AND CITIES GROW, THERE WILL BE EVEN GREATER NEED FOR EXCELLENT VACATION DESTINATIONS.

FROM A DEMOGRAPHICS STANDPOINT – ALTHOUGH THE BABY BOOMERS MAY HAVE LOST SOME OF THEIR RETIREMENT SAVINGS, THEY HAVEN'T LOST IT ALL, AND THEY ARE YOUNG ENOUGH THAT ONCE A RECOVERY TAKES HOLD, THEY WILL

STILL HAVE PLENTY OF TIME TO ENJOY IT ON HOLIDAY OR AT A VACATION PROPERTY.

AND WHAT'S MORE, THEIR CHILDREN – THE ECHO GENERATION – ARE ALREADY IN THEIR 20S, AND ARE FORMING THE BEGINNINGS OF AN ENTIRELY NEW MARKET SEGMENT.

AND WHEN THEY MAKE THEIR FIRST TRIP TO THE CARIBBEAN, THEY'RE NOT ONLY GOING TO FIND WARMTH AND STUNNING SCENERY – THEY ARE GOING TO FIND A REGION THAT'S STEADILY IMPROVING ITSELF IN EVERY WAY. THE POLITICAL SYSTEMS, INFRASTRUCTURE – AND MOST IMPORTANTLY, QUALITY OF LIFE – ARE ALL GETTING BETTER, WHICH ONLY INCREASES THE APPEAL OF THIS REGION AS A DESTINATION.

AND HERE IN JAMAICA, VISITORS WILL FIND A NATION OF PROUD PEOPLE – STRONG PEOPLE, WHOSE RESILIENCE HAS GOTTEN THEM THROUGH DIFFICULT TIMES BEFORE – AND WILL AGAIN.

FOR OUR PART, SCOTIABANK WILL CONTINUE TO PARTNER WITH THE PEOPLE, BUSINESSES AND GOVERNMENT OF JAMAICA THROUGH THIS PERIOD. WE WILL CONTINUE TO WORK HARD FOR OUR CLIENTS AND OUR SHAREHOLDERS – WE’LL CONTINUE TO STRIVE TO BE A GREAT PLACE TO WORK FOR OUR EMPLOYEES – AND TO BUILD AND SUPPORT OUR COMMUNITIES HERE.

THANK YOU FOR YOUR TIME, AND YOUR CONTINUED INTEREST IN THE AFFAIRS OF SCOTIABANK JAMAICA.