

# Bloomberg Businessweek

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## Bank of Nova Scotia to Meet Profit Targets, Chief Waugh Says

April 5, 2011

Bank of Nova Scotia, which reported record profit last year and in the first quarter of 2011, will meet its annual profit target this year on higher earnings from international banking and asset management, Chief Executive Officer Richard Waugh said.

Canada's third-largest bank has targeted 7 percent to 12 percent profit growth from a base of C\$4.24 billion (\$4.38 billion) in the fiscal year that ended Oct. 31. The bank is forecast to earn C\$4.69 billion this year, based on a Bloomberg survey of nine analysts.

"We set our targets in growth; the first quarter certainly achieved that, and I'm pretty comfortable that we're going to be able to continue," Waugh said during an interview in Halifax, Nova Scotia, where the Toronto-based lender holds its annual meeting today. "We're confident we can achieve these targets."

Scotiabank's expansion in Asia and Latin America, as well as growth in the mutual fund business in Canada, will offset a slower pace of growth in domestic consumer banking as clients manage higher household debt, Waugh said. The bank's first-quarter profit rose 19 percent to C\$1.17 billion.

"I think the real gains for us right now are in international and global wealth," said Waugh, 63. "Probably for the next 24 or 36 months, those two probably have the best leverage."

Over time, Waugh would like to see about 20 percent to 30 percent of revenue come from each of his four business units -- domestic banking, international banking, asset management and investment banking. At the end of the fiscal first quarter, about 38 percent came from domestic banking.

'Diversify'

"You have to be diversified, because there are always unforeseen circumstances, and that will continue," said Waugh. "Diversify but keep to your competitive strengths."

One way Scotiabank may diversify is by seeking bond underwriting mandates outside Canada. The Inter-American Development Bank said last month it plans to help Latin American countries "de-dollarize" their economies by providing more financing in local currencies. Scotiabank last year bought an investment-banking business from Royal Bank of Scotland Group Plc in Colombia and has operations in countries including Mexico, Peru and Chile.

"We have lots of room in the trading markets because of our reputation and the quality of our rating," said Waugh, who also serves as vice chairman of the Institute of International Finance. "So we're going to try to capitalize on that."

Waugh travels to Washington this week as one of the 2011 recipients of the Horatio Alger Association Award.

Horatio Alger

The award, which will also be given to actor Leonardo DiCaprio and New York Mayor Michael Bloomberg among others this year, awards individuals who “have succeeded in spite of adversity”.

Waugh, who said he fought a “serious illness” at the age of 12 and paid for his university education himself, said he will use the award as a platform to establish scholarships for Canadians.