



Scotiabank

International Banking

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Acquisition Strategy



Continue to use acquisitions to accelerate growth

- Unique position and expertise
- Disciplined approach
- Execution

Agenda

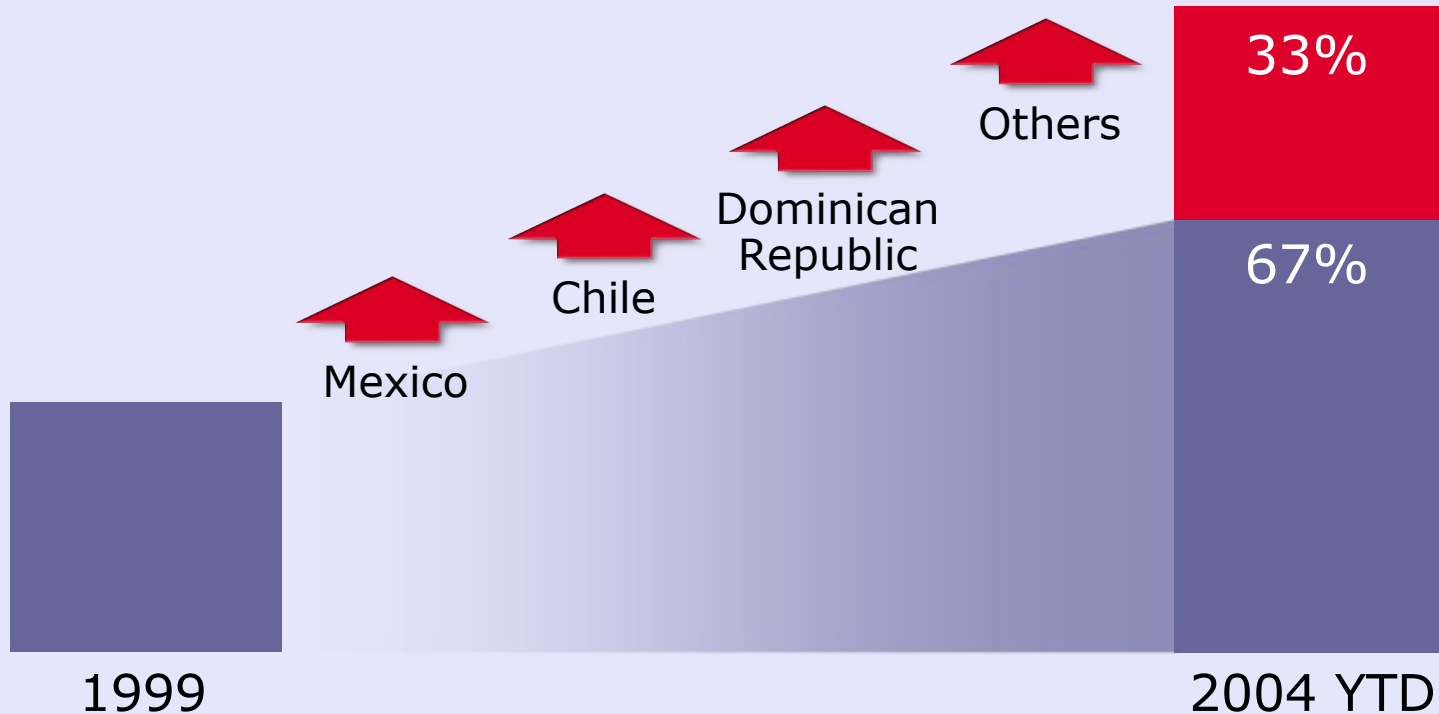
- The role of acquisitions
- Our acquisition strategy
- Dominican Republic example

Acquisitions – A Critical Component of Our Growth



% of Net Income

Key acquisitions since 1999



Why Growth in International Banking is Attractive



- ✓ Higher growth rates
- ✓ Large, young populations
- ✓ Low banking penetration
- ✓ Complementary businesses
- ✓ Build on existing platforms
- ✓ Core strengths bring value

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Our Approach to Acquisitions



- Proactive targeted search
 - 'Add-ons' in existing markets
 - New market entries
- Opportunistic
- Leveraging local presence to source leads

Target Characteristics

- Optimal deal size / hurdle rate
- Smaller markets
 - Larger entities
- Larger markets
 - Smaller/niche players
 - Underperformers
 - Portfolios
- Control, or clear path

A Disciplined Approach



- Good partner, governance and control
- Comprehensive due diligence & scoping of risk
- Disciplined on pricing
- Putting in the right team
- Leverage our best practices

Potential Targets



Types of Targets

- Personal and Commercial
- Insurance
- Asset Management

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Status Today

- More than 80 years on the ground
- Most credible bank in the system

A Disciplined Approach

- Multi-disciplinary due diligence
- Deal structured to mitigate risk
 - bought branches and selected loans, not legal entity
 - exclusive access to customers to open new deposits vs. assuming liabilities



Successful Execution/Integration

- Re-deployed staff from 6 countries
 - multidisciplinary, multinational team
- Purchased 39 branches, merged 6, opened 33 new with BNS branding, standard technology and systems (<5 months)
- Hired & trained 600 staff
- Set up and staffed call centre (1 month)
- Acquired 70,000 credit cards; system conversion and re-issued cards (2 months)
- Implemented collection process for managed assets

Summary

- Proven track record
- Plenty of opportunities
- Proactive and disciplined

