BUILDING SUSTAINABLE GROWTH
International Banking
Dominican Republic: Achieving Critical Mass

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SVP and General Manager, Scotiabank Dominican Republic
Agenda

- Overview
- Strategic acquisitions and organic growth
- Positive outlook
Attractive Market

- Large, young population:
  - 9 million
  - Median age 24
- GDP: US$ 38 Billion
- Close ties to the U.S.
Strong Recovery from 2003 Crisis

GDP Growth

<table>
<thead>
<tr>
<th>Year</th>
<th>GDP Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>4.0%</td>
</tr>
<tr>
<td>2002</td>
<td>4.5%</td>
</tr>
<tr>
<td>2003</td>
<td>-1.9%</td>
</tr>
<tr>
<td>2004</td>
<td>1.9%</td>
</tr>
<tr>
<td>2005</td>
<td>9.5%</td>
</tr>
<tr>
<td>2006</td>
<td>10.7%</td>
</tr>
<tr>
<td>2007F</td>
<td>8.0%</td>
</tr>
</tbody>
</table>
Positive Economic Trends

- Monetary and fiscal tightening
- Inflation below 5% since 2005
- Interest rates declining
- Exchange rate stable
- Confidence rising
- Record international reserves

![Inflation Chart]

<table>
<thead>
<tr>
<th>Year</th>
<th>Inflation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2001</td>
<td>4.4%</td>
</tr>
<tr>
<td>2002</td>
<td>10.5%</td>
</tr>
<tr>
<td>2003</td>
<td>42.7%</td>
</tr>
<tr>
<td>2004</td>
<td>28.7%</td>
</tr>
<tr>
<td>2005</td>
<td>4.2%</td>
</tr>
<tr>
<td>2006</td>
<td>7.6%</td>
</tr>
<tr>
<td>2007F</td>
<td>5.5%</td>
</tr>
</tbody>
</table>
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Scotiabank in the Dominican Republic

- First branch opened in 1920
- During the crisis of 2003, acquired 33 branches from Baninter
- 58 branches, 80 ABMs
Acquisitions - Keys to Success

- Timing
  - purchased at bottom of economic cycle

- Deal structured to mitigate risk

- Successful integration
  - Multidisciplinary, multinational team

- Transformation strategy

Keys to Success
Our Initial Focus Was on People

- Recruiting the right employees
- Extensive training in new roles and Scotiabank culture

# of Employees

2002: 435
2003: 576
2004: 1,000
2005: 1,025
2006: 1,115
2007: 1,190

Baninter acquisition
Citibank acquisition
Building Our Local Funding...

Total Deposits
US$ Million

Averages at constant exchange rate
CAGR: 2002 - 2006
...Improving Productivity of In-branch Sales Staff...

**Weekly Averages**

**% of Time Spent Selling / Sales Officer**
- 2004: 26%
- 2007: 32%
- Increase: 23%

**Appointments / Sales Officer**
- 2004: 7
- 2007: 11
- Increase: 57%

**Unit Sales / Sales Officer**
- 2004: 4
- 2007: 11
- Increase: 175%

**Total Sales / Sales Officer (C$ 000)**
- 2004: $21
- 2007: $64
- Increase: 205%
...and Starting to Grow Our Assets

Total Loans
US$ Million

2002 2003 2004 2005 2006 Q3 YTD 2007

$283 $283 $283 $283 $283 $1,121

Averages at constant exchange rate
CAGR: 2002 - 2006
High Margin Retail Loans

Retail Loans (excluding credit cards)
US$ Million

Averages at constant exchange rate
CAGR: 2002 - 2006
Building the Customer Base Through Mortgages…

Mortgages
US$ Million

<table>
<thead>
<tr>
<th>Year</th>
<th>Value (US$ Million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>$7</td>
</tr>
<tr>
<td>2003</td>
<td>$7</td>
</tr>
<tr>
<td>2004</td>
<td>$7</td>
</tr>
<tr>
<td>2005</td>
<td>$10</td>
</tr>
<tr>
<td>2006</td>
<td>$120</td>
</tr>
<tr>
<td>Q3 YTD 2007</td>
<td>$190</td>
</tr>
</tbody>
</table>

Averages at constant exchange rate
...and Credit Cards

Credit Card Balances
US$ Million

2002  2003  2004  2005  2006  Q3 YTD 2007

$74

99% CAGR

Citibank acquisition

Averages at constant exchange rate
CAGR: 2002 - 2006
Scotiabank a Market Leader

Achieved Critical Mass

<table>
<thead>
<tr>
<th>2002</th>
<th>Today</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail Loans</td>
<td>9.0%</td>
</tr>
<tr>
<td>Credit Cards</td>
<td>1.5%</td>
</tr>
<tr>
<td>Mortgages</td>
<td>14.8%</td>
</tr>
<tr>
<td>Rank</td>
<td>9th</td>
</tr>
</tbody>
</table>
Recognition

- Best Bank 2006
- 3rd Most Admired Foreign Company
- Employee satisfaction

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**Employee Satisfaction**

<table>
<thead>
<tr>
<th>Year</th>
<th>Satisfaction Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>79</td>
</tr>
<tr>
<td>2004</td>
<td>83</td>
</tr>
<tr>
<td>2005</td>
<td>84</td>
</tr>
<tr>
<td>2006</td>
<td>90</td>
</tr>
<tr>
<td>2007</td>
<td>92</td>
</tr>
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Latest Acquisition

- Pension fund acquisition – BBVA Crecer AFP
  - 1st by membership
  - 2nd in assets under management
Key Takeaways

Dominican Republic

- Achieved critical mass
- Platform for growth
- Further potential