

# 2008 Corporate Review



Scotiabank

Scotiabank is one of North America's premier financial institutions, and Canada's most international bank. Through our team of 69,000 employees, Scotiabank and its affiliates offer a broad range of products and services, including retail, commercial, corporate and investment banking to more than 12.5 million customers in some 50 countries around the world.

## Our Values

At the Scotiabank Group, the Core Values consistently define what we represent, and help us achieve our Corporate Goal. We can help ensure consistently rewarding experiences for everyone we interact with when we reflect these values in everything we do.

### Integrity

We exhibit integrity by always interacting with others ethically and honourably.

### Respect

We exhibit respect by empathizing and fully considering the diverse needs of others.

### Commitment

We are fully committed to achieving success for our customers, our teams and ourselves.

### Insight

We use our insight and high level of knowledge to pro-actively respond with the right solutions.

### Spirit

Our enthusiastic spirit enriches our work environment with teamwork, contagious enthusiasm and a "can-do" attitude.

Using these values as the common ground for working with customers and clients results in providing relevant solutions that meet their unique needs.

# Our goal is to be the best Canadian-based international financial services company.

# 3

## strong platforms for growth

Q1

Q2

Q3

Q4

### 1. Canadian Banking

Canadian Banking provides a broad range of financial products and services to retail, small business, commercial and wealth management customers through a multi-channel delivery network across the country.



Scotiabank partners with Western Union to offer international money transfer services.

Scotiabank launches "Bank the Rest," an innovative savings program that helps customers save every time they use their debit cards.



Scotiabank signs an agreement to purchase E\*TRADE Canada.

Scotiabank introduces the ScotiaHockey Visa card.



### 2. International Banking

International Banking encompasses Scotiabank's retail and commercial banking operations in more than 40 countries outside Canada – an international presence unmatched by our domestic competitors. This business line provides a full range of financial services across the Caribbean and Central America, Mexico, Latin America and Asia.

Scotiabank acquires assets from Grupo Altas Cumbres in the Dominican Republic and Guatemala.



Scotiabank expands in Peru by purchasing Banco del Trabajo.

Scotiabank purchases 47.5% of ProFuturo AFP, Peru's fourth-largest private pension fund.



Scotiabank creates a joint venture with Bank of Beijing in China.

### 3. Scotia Capital

Scotia Capital is the wholesale banking arm of the Scotiabank Group, offering a wide variety of products to corporate, government and institutional clients, and providing full-service coverage across the NAFTA region, as well as serving selected niche markets globally.

Scotia Capital named Best Foreign Exchange Bank in Canada for the fourth year in a row, by *Global Finance* magazine.

4<sup>th</sup>

YEAR IN A ROW!

Scotia Waterous acts as co-financial advisor to Bois d'Arc Energy, Inc. on the US\$1.8 billion acquisition of Bois d'Arc by Stone Energy Corporation.

Scotia Capital acts as joint bookrunner on a US\$1.3 billion multi-tranche offering of collateral trust bonds by National Rural Utilities Cooperative Finance Corporation.



Scotia Capital Mexico opens new state-of-the-art premises and trade floor.

# Diversity by business lines

Through our **3** platforms for growth

---

**Our core purpose** is to be the best at helping customers become financially better off. This guides all our decisions. **We are committed** to providing excellence in customer service by living our shared values, as a team and individually. **Diversification, by business and geography**, continues to be the focus of our strategy and underpins our potential for sustainable earnings growth in each of our **three business lines** – Canadian Banking, International Banking and Scotia Capital – over the long term.



**1**

## Canadian Banking

- More than 7 million customers
- 1,016 retail branches
- 102 wealth management branches
- 2,943 ABMs

**2**

## International Banking

- 48 countries
- 5.5 million customers
- 1,500 branches and offices (excluding affiliates)
- 2,660 + ABMs (excluding affiliates)

**3**

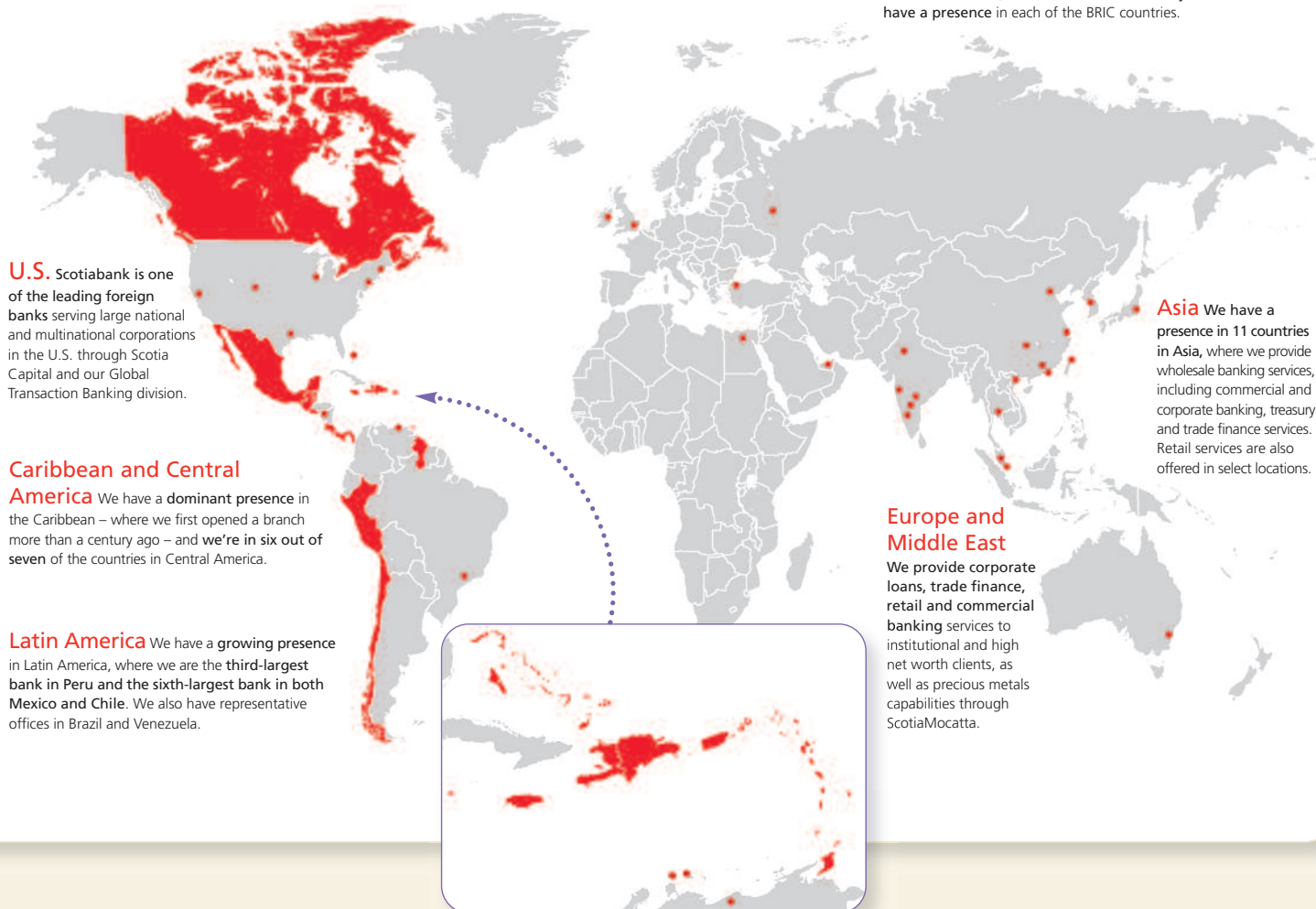
## Scotia Capital

- Longstanding relationships with corporate, government and institutional clients
- Sectoral focus
- NAFTA platform
- Prudent risk management

# and by geography

**Canada** Scotiabank is the third-largest bank in Canada by market capitalization. Founded in 1832, Scotiabank's horizons have steadily expanded from one small four-person office in Halifax to operating in some 50 countries around the world.

**Russia** With the opening of a representative office in Moscow in November 2007, Scotiabank became the only Canadian bank to have a presence in each of the BRIC countries.



#### North American Locations:

Canada, Mexico, United States

#### Central & South American Locations:

Belize, Brazil, Chile, Costa Rica, El Salvador, Guatemala, Guyana, Nicaragua, Panama, Peru, Venezuela

#### Caribbean Locations:

Anguilla, Antigua and Barbuda, Bahamas, Barbados, British Virgin Islands, Cayman Islands, Dominica, Dominican Republic, Grenada, Haiti, Jamaica, Netherlands Antilles and Aruba, Puerto Rico, St. Kitts and Nevis, St. Lucia, St. Maarten, St. Vincent and the Grenadines, Trinidad and Tobago, Turks and Caicos, U.S. Virgin Islands

#### European & Middle Eastern Locations:

Egypt, Ireland, Russia, Turkey, United Arab Emirates, United Kingdom

#### Asia/Pacific Locations:

Australia, China, Hong Kong SAR, People's Republic of China, India, Japan, Korea (Republic of), Malaysia, Singapore, Taiwan, Thailand, Vietnam

- Areas in red indicate a full range of corporate, commercial, trade finance or retail services.
- Areas with a red dot indicate global corporate and investment banking, or capital market businesses, Scotiabank representative offices or retail operations with less than 10 branches.

# Canadian Banking

1



**Scotiabank continues to build** on its commitment to bring more hockey to more people across Canada. Extending our official status with the NHL and NHL Players Association in Canada, Scotiabank has partnered with the NHL Alumni Association; the Canadian Women's Hockey League; Jarome Iginla, captain of the Calgary Flames; and Cassie Campbell, former captain of the Canadian National women's hockey team, to find **new ways to involve Canadians in the game**. In addition, we introduced our **Scotia Community Hockey Sponsorship Program**, which allows our branch managers to identify teams for local hockey sponsorship initiatives.



**Photo:** Jarome Iginla, Captain of the Calgary Flames, has joined Cassie Campbell, two-time gold medal Olympian, as Scotiabank Special Advisors on Hockey. "I am excited to partner with Scotiabank as the Bank continues to distinguish itself through grassroots involvement in hockey programs across the country," said Iginla.

Canadian Banking is committed to **deepening relationships** with retail, small business, commercial and wealth management customers; **acquiring new customer relationships** through our innovative programs and partnerships; driving profitable revenue growth; and continuing to **build on leadership** and talent development.

**Partnerships:** Scotiabank partnered with The Western Union Company, a global leader in money-transfer services, to offer international money transfer services. Customers now have the ability to send money to family members, friends and business colleagues in more than 200 countries and territories across the world. This is a further step in our ongoing commitment to meet the unique needs of our multicultural communities.

To grow our wealth management business, we signed an agreement to purchase a 38% ownership in mutual fund giant CI Financial Income Fund.

**Distribution network:** We continued the strategic expansion of our distribution network, adding 13 new branches and 91 new ABMs in high-growth markets this year. We also expanded our sales capacity in key growth markets by hiring an additional 171 personal and small business sales officers and 32 call centre officers.

**Sponsorships:** We launched a new hockey website in March, [scotiahockey.com](http://scotiahockey.com), to showcase our continued association with Canada's favourite sport. The launch was promoted with a national contest called Build Stanley, which challenged Canadians

to create their own replicas of the Stanley Cup. In just seven weeks, the contest reached more than 100,000 hockey fans from coast to coast, primarily through the Internet, adding to our national visibility and increasing brand awareness.

### New products and programs:

To meet evolving customer needs and improve the customer experience, we continued to develop new products and programs:

- Scotiabank launched the **ScotiaHockey™ Visa card** along with the **ScotiaHockey Rewards™ program** to meet the unique needs of hockey fans and families seeking to earn one-of-a-kind NHL rewards.
- The new **ScotiaGold Passport** for business Visa card enables small business customers to keep their business and personal spending separate while earning valuable reward points that can be redeemed for an extensive array of rewards.



### SCENE

Membership in SCENE, Scotiabank's free entertainment rewards program, has grown to 1.2 million.



- Scotiabank launched the **Bank the Rest** program, a first-of-its-kind savings program in Canada that helps customers save every time they use their Scotiabank debit cards.
- Scotiabank was the first Canadian bank to offer a **euro currency savings account**.
- Scotiabank was the first bank to give Canadians the opportunity to pre-register for a **Tax Free Savings Account**.

**Acquisitions:** We completed the purchase of top-ranked online brokerage E\*TRADE Canada from its U.S. parent, E\*TRADE Financial Corporation. The deal doubles Scotiabank's footprint in the Canadian online investing market and demonstrates our commitment to pursuing opportunities to grow our wealth management business and drive revenue growth.

Scotiabank's Roynat Inc. purchased the lease portfolio assets of Irwin Commercial Finance Canada, a recognized leader and provider of lease finance services across Canada.

## Get *growing* to a million

As part of the Bank's "Get Growing to a Million" campaign to help small business owners identify strategies to grow their businesses, we rolled out an innovative way to reach this market segment. Using a specially equipped travelling Tour RV, our Small Business team visited more than 70 communities across Canada during a five-month road trip. At each stop, we advised owners about the unique tools and resources that we've built to help them take their small businesses to the next level.



# International Banking

2



**We are broadening our focus** beyond our traditional retail customer base to gain access to new high net worth clients and sustain growth. **To better serve our high net worth customers**, we opened Scotia Private Client Group offices in Barbados, El Salvador, Peru, Trinidad and Tobago, and Turks and Caicos, complementing our other SPCG offices in the Bahamas, Cayman Islands and the Dominican Republic.

**Photo:** Dr. Hugh Thomas leads a busy life lecturing, consulting and managing his thriving OB/GYN practice. He relies on the professional and personal service of the Scotia Private Client Group team in Barbados to make his financial life easier by utilizing their day-to-day private banking, credit facilities and wealth management services.

We believe that Scotiabank's greatest opportunities for growth can be found outside of Canada. Our International Banking division is growing through both organic initiatives and acquisitions in new and existing markets. We are building our distribution networks and our capabilities in key product areas, and we are also expanding beyond our traditional retail customer base to increase our presence in insurance and pension fund management.

**Expanding our international footprint:** We continued to expand our distribution network in key markets, adding more than 90 branches, including 58 in Mexico. We are also upgrading our contact centres, rolling out new Internet banking solutions and growing our external sales forces.

#### Broadening our reach:

In 2008, we launched the enhanced ScotiaCard Visa Debit in Dominica, British Virgin Islands, Turks and Caicos and the Bahamas, allowing customers to make payments for purchases anywhere Visa is accepted, at home or abroad, including with online merchants. Visa Debit is now available in 11 countries across the Caribbean, and rollout to other markets will continue in 2009.



#### Customer experience:

We are providing better service, greater convenience and more personalized financial solutions for our international

customers by launching a multi-year initiative to improve how we interact with them. We are reviewing and then re-engineering key processes, such as account opening and complaint resolution, to reduce time and cost while improving the customer experience.

#### Acquisitions:

We made strategic acquisitions and investments in key markets, including Peru, by increasing our ownership of Scotiabank Peru to 98%; purchasing Banco del Trabajo's operations in that country, making Scotiabank number one in consumer finance; and acquiring 47.5% of Profuturo, Peru's fourth-largest private pension fund.

As part of our strategy to increase our presence in Asia, we formed a joint venture with the Bank of Beijing. Together, we will help create a new Chinese-based fund management company that will design and market a wide variety of mutual funds.



**Awards:** We continue to be recognized for our commitment to excellence, including strong customer satisfaction and loyalty. *The Banker* magazine selected Scotiabank as Bank of the Year 2008 in Canada, Belize, Costa Rica, Guyana, Trinidad & Tobago, and Turks & Caicos. Scotiabank Jamaica was selected Bank of the Year 2008 in Jamaica by Latin Finance. And in Mexico, Central America and the Caribbean, we were named as one of the 2008 Best Places to Work by the Great Place to Work Institute.

We were also honoured for our commitment to corporate social responsibility when the Mexican Center for Philanthropy (CEMEFI) recognized Scotiabank Mexico as a Socially Responsible Business (Empresa Socialmente Responsable), the non-profit organization's most important recognition. In addition, we received the Mejores Prácticas de Responsabilidad Social (Social Responsibility Best Practices) award from the institute.

## Helping energize the cricket experience

Since 1999, Scotiabank's Kiddy Cricket program has introduced more than 200,000 primary schoolchildren across the West Indies to the popular sport, realizing benefits both on and off the playing field.



# Scotia Capital

3



**Scotia Waterous**, the oil and gas M&A division of Scotia Capital, acted as **exclusive financial advisor** to Penn West Energy Trust, the dominant independent oil producer in Western Canada, on its acquisition of Canetic Resources Trust. The combination created the **largest conventional oil and gas trust in North America**.

**Photo:** Scotia Waterous provided exclusive financial advisory services to executives of Penn West Energy Trust, including (from left) Murray Nunns, President and Chief Operating Officer; William Andrew, Director and Chief Executive Officer; and Todd Takeyasu, Executive Vice-President and Chief Financial Officer.

Scotia Capital remains focused on **growing revenue while prudently managing risk**. Revenue growth is expected to come from **establishing new client relationships**; building global capabilities in selected industries and sectors where we have a competitive advantage such as oil and gas, mining, power, infrastructure and institutional investor (buy-side) clients; and **leveraging our NAFTA platform**.

**NAFTA platform:** Scotia Capital acted as joint bookrunner on a US\$1.3 billion multi-tranche offering of collateral trust bonds by National Rural Utilities Cooperative Finance Corporation. The transaction was the largest U.S. dollar bond offering ever led by Scotia Capital.

We also acted as financial advisor and placement agent on a \$500 million equity private placement for Aurigen Re Capital Limited, a Bermuda-based reinsurance company. The transaction represented one of the largest equity private placements in Canadian history.

Scotia Capital's Global Energy Solutions team, working closely with Scotiabank's International Banking division, acted as lead arranger and lead hedge advisor for AES, one of the world's largest power companies, on a hedging program for a new power plant in Panama.

**Scotia Capital Mexico** opened new premises, including a state-of-the-art trading floor, in Mexico City, integrating more than 200 employees in one location at the Scotiabank Plaza building. The new premises and trade floor demonstrate Scotia Capital's ongoing, long-term commitment to its operations and to providing clients with the best possible service.

### Oil & gas:

Scotia Waterous acted as co-financial advisor to Bois d'Arc Energy, Inc. on the US\$1.8 billion acquisition of Bois d'Arc by Stone Energy Corporation. The combined company is one of the largest Gulf of Mexico-focused operating companies.

Scotia Waterous also acted as exclusive financial advisor to Hupecol Caracara LLC, on its sale of Colombian oilfield assets for US\$920 million to CEPSA Colombia S.A., a wholly owned subsidiary of Compañía Española de Petróleos, S.A.

**Mining:** As well as being financial advisor to Hecla Mining Co., on its purchase of Rio Tinto's interest in the Greens Creek silver mine for US\$750 million, Scotia Capital, in association with the transaction, acted as sole lead arranger and administrative agent on US\$380 million of credit facilities, and provided the interest rate hedging program.



### Awards and recognition:

On Dec. 1, 2007, ScotiaMocatta celebrated its 10th anniversary. ScotiaMocatta was created in 1997 with the purchase of Mocatta, the world's oldest bullion dealer, and its amalgamation with Scotiabank's precious metals division. In addition, for the second consecutive year, ScotiaMocatta received a prestigious award from the Gem & Jewellery Export Promotion Council of India, for being the largest supplier of gold to manufacturing jewellery exporters across India. ScotiaMocatta is the only bullion bank to receive this award.



Scotia Capital was recognized with two *Project Finance* magazine awards:

- North American Nuclear Deal of the Year (Bruce Power), and
- North American Acquisition Deal of the Year (Ontario Teachers' Pension Plan acquired marine container terminals from Orient Overseas).

## Joining the *Shanghai Gold Exchange*

ScotiaMocatta was granted membership as a foreign financial member of the Shanghai Gold Exchange, China's leading precious metals exchange, and is conducting business through its branch in Guangzhou, in southern China.



# Corporate Social Responsibility



In 2008, we marked the first full year of operation for the [Scotiabank Bright Future Program](#), our new corporate giving program that focuses on enhancing the well-being of children in the Caribbean and Latin America. Projects in the areas of education, health, fitness and poverty reduction are chosen by local management teams, and employees are encouraged to participate.

**Photo:** Employees from the Venezuela Branch in the Dominican Republic get involved in their community through their adoption of the Padre Joseph Mejac preschool, which cares for about 50 children. Here, branch employees volunteer their time to give the school a fresh coat of paint.

**Corporate social responsibility (CSR)** is a fundamental part of the way we do business at Scotiabank. It's an opportunity for us to build better relationships with all our stakeholders by paying closer attention to how we fulfill our **social, economic, environmental and ethical responsibilities**. CSR allows us to align our operations with **standards and expectations that are increasingly important** to our shareholders, employees, customers and the communities where we operate.

## CSR Achievements in 2008

### Continued high levels of employee satisfaction

In 2008, 82% of the Scotiabank Group workforce took part in the annual ViewPoint employee survey. Our Employee Satisfaction Index, a measure of the overall level of employees' satisfaction with their immediate work environment, remained high at 86%. Our Diversity Index, which measures employee perceptions of workplace fairness, respect, and manager sensitivity to work/life demands, also remained strong at 88%.

### Top employer recognition

Scotiabank continued to be recognized as a top employer by a number of independent surveys and publications in many of the markets where we operate. The Bank was named among the 50 Best Employers in Canada for the fourth straight year by *Report on Business* magazine, and a top employer in Mexico for the fifth consecutive year by the Great Place to Work Institute. The institute also recognized Scotiabank among the best places to work in Central America and the Caribbean.

### Spreading a culture of employee recognition worldwide



Scotia Applause, the Bank's award-winning employee recognition program, went global in 2008, reinforcing a recognition culture across the organization. While Canadian employees sent more than 600,000 online peer recognition certificates during the year, the program was introduced in Jamaica, Bahamas, Guyana, Trinidad and Tobago, and Dominican Republic, with plans to expand to all of the Caribbean and Latin America by early 2010.

### Reducing our environmental footprint

To help reduce paper consumption and promote sustainable forestry, Scotiabank introduced a new Environmental Paper Policy, which details the Bank's commitment to integrating environmental considerations into its purchasing decisions. The policy mandates that purchased paper must come from legal and sustainable sources, and also sets



reduction targets for paper use and expansion of recycling programs, domestically and internationally.

### Providing investors with green options

In 2008, we launched the Scotia Global Climate Change Fund, the first of its kind in Canada, which gives Canadians the opportunity to invest in environmentally responsible companies that adopt technological and environmental practices to address climate change without compromising solid returns.

### Creating sustainable rainforest solutions

We began a five-year gift to the Tides Canada Foundation to help preserve British Columbia's Great Bear Rainforest, a 6.4 million hectare area, which is home to 25% of the earth's remaining ancient coastal temperate forest and diverse wildlife. The donation will enable the foundation to create an innovative sustainability model in the region and establish a permanent endowment fund to support science and stewardship jobs among local First Nations communities.

## Proud employees tell their story through *Scotia Vibe*

To celebrate the strong relationships that Scotiabankers share with each other, we invited our employees to describe how proud they are to work for Scotiabank as part of our Scotia Vibe contest. More than 400 individual employees and teams submitted stories, photos, video and audio clips to explain, in their own words, why it is great to be a Scotiabanker, and over 4,900 employees cast online votes to help award an array of weekly and grand prizes.



### Adhering to the highest standards of business conduct

In 2008, the Scotiabank Guidelines for Business Conduct underwent a comprehensive review and update in order to provide employees with additional guidance on commonly occurring ethics issues, address emerging legal and regulatory requirements and better reflect the increasingly global nature of our Bank. As an important part of our commitment to integrity and ethical business practices, employees participate in an annual certification process and training programs to ensure they are fully versed in a variety of business conduct issues.

### Serving customers with distinct needs

Scotiabank's newly established Multicultural Banking team launched numerous initiatives to support immigrants before and after they arrive in Canada. The Scotiabank Start Right program includes free day-to-day banking for one year, a no-fee safety deposit box and access to VISA credit cards, specifically created after amending Bank credit policies to help newcomers build a Canadian credit history.



### Growing microfinance offerings in the Caribbean, Central and South America

Building upon Scotiabank's long-standing microfinance activities in Jamaica, where we have offered borrowing and savings support in poor communities since 2002, we recently expanded our microfinance activities to new locations. Through our purchase of Banco del Desarrollo in Chile, we provided small loans, banking and insurance services to 75,000 micro-business clients during 2008. And with the purchase of Banco del Trabajo in Peru, Banco de Antigua in Guatemala and Soluciones in

Dominican Republic, we now deliver innovative lending services to small-scale businesses, ranging from single-mother entrepreneurs to farmers, fishermen and shopkeepers.

### Meeting the needs of small business entrepreneurs

Using feedback we obtained from small business owners working in skilled trades, we launched new tools and services to help them reach their goals. The Skilled Trades Edition of the Scotia Blueprint for business™ Check-up is a financial diagnostic tool to offer entrepreneurs relevant advice through online resources, which complements our new customized business and personal banking package and credit options.

### Building international learning partnerships

Scotiabank made a donation to the University of Alberta to establish The Scotiabank Mexico Corporate Social Responsibility Fund. Benefiting both graduate and undergraduate students, who are either coming from or going to Mexico, the fund will expand the faculty's focus on key economic, social and environmental impacts such as sustainable agriculture and renewable resources.

### Promoting healthy community involvement

The 2008 Scotiabank Toronto Waterfront Marathon enjoyed the most successful year in its nine-year history, raising over \$1.2 million to benefit 63 community charities. More than 1,000 children trained for and participated in the Scotiabank MarathonKIDS event to promote active



youth lifestyles. On the West Coast, the Scotiabank Vancouver Half-Marathon & 5K Run raised \$205,700 for 10 area charities, including the Rick Hansen Foundation and BC Children's Hospital.

### Involving our employees in local solutions

Scotiabank Group employees helped the organization extend our community donations even further through their year-round involvement with countless local, national and global non-profit organizations and charitable causes. Supported by our Team Scotia Community Program and Scotiabank Employee Volunteer Program, which provide matching grants or contributions for employee involvement, our staff spent more than 240,000 hours volunteering and fundraising during the year.

Scotiabank is listed on the Dow Jones Sustainability Index (North America), the Jantzi Social Index, the FTSE4Good Index and the Carbon Disclosure Project, Canada's Climate Leadership Index, which recognizes the world's financial, social and environmental corporate leaders.

# Additional information

## **Corporate Headquarters**

Scotiabank  
Scotia Plaza  
44 King Street West  
Toronto, Ontario  
Canada M5H 1H1  
Tel: (416) 866-6161  
Fax: (416) 866-3750  
E-mail: [email@scotiabank.com](mailto:email@scotiabank.com)

## **For further information**

### **PUBLIC, CORPORATE AND GOVERNMENT AFFAIRS**

Scotiabank  
44 King Street West  
Toronto, Ontario  
Canada M5H 1H1  
Tel: (416) 866-3925  
Fax: (416) 866-4988  
E-mail: [corpaff@scotiabank.com](mailto:corpaff@scotiabank.com)

### **CUSTOMER SERVICE CENTRE**

1-800-4-SCOTIA

## **Online**

For product, corporate, financial and shareholder information: [www.scotiabank.com](http://www.scotiabank.com) and [www.scotiacapital.com](http://www.scotiacapital.com)



## SCOTIABANK BRIGHT FUTURE PROGRAM

Scotiabank is one of North America's premier financial institutions and Canada's most international bank, present in some 50 countries around the world. Scotiabank is investing in the future of our communities by supporting opportunities for children where we live and work. Because our children deserve a bright future!

- ◆ In **Peru**, schoolchildren learn about plants and animals by planting seeds in recycled plastic bottles, a project sponsored by the Scotiabank-supported organization Tierra de Niños (pictured above).
- ◆ In **Costa Rica**, Scotiabank is working to restore a 72-hectare Metropolitan Park by revitalizing its natural vegetation.
- ◆ In **Jamaica**, Scotiabank is proud to support a local school program, which provides children with a nutritious breakfast daily.
- ◆ In **Guyana**, Scotiabank was recognized with the Award for Excellence in the workplace for its work with HIV/AIDS Awareness Campaigns.

For more information on what Scotiabank is doing in your community, visit:

[www.scotiabankbrightfuture.com](http://www.scotiabankbrightfuture.com)

[www.scotiabankiluminandoelmanana.com](http://www.scotiabankiluminandoelmanana.com)



\*Trademarks of the Bank of Nova Scotia, used under licence (where applicable).

