

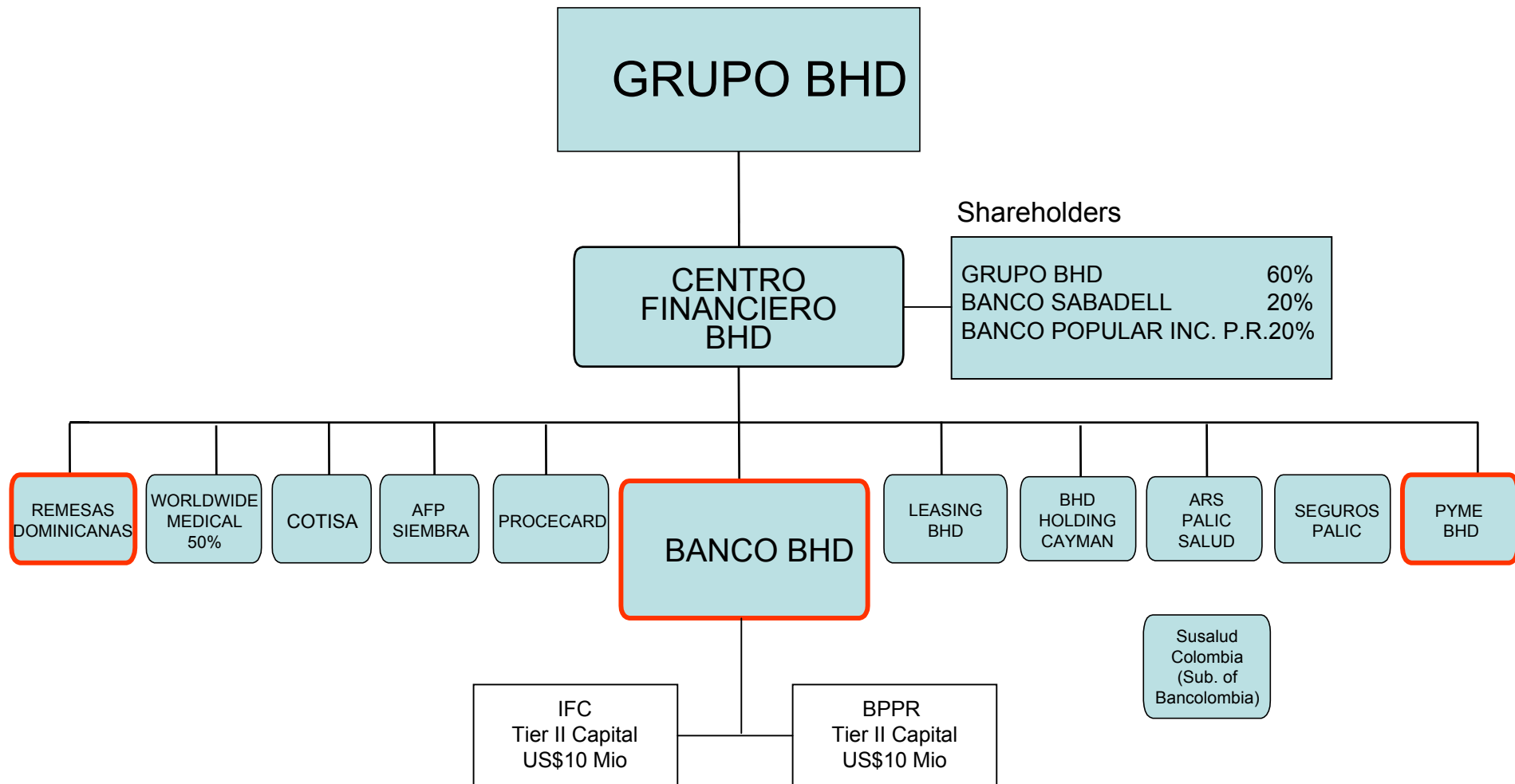


*Our approach to the
Remittance Distribution Business*



Carmen Cristina Álvarez
Calvarez@bhd.com.do
Vice President Institutional Banking
June, 2005

Centro Financiero BHD – Business Structure



Dominican Immigration

Family Remittances



2 Million Citizens
(Approx)

70% USA- Northeast
Region

30% Europe

US\$ 2.3 Billion p/year
(Approx)

10-12% Dominican National
Product

- A source of capital for small family owned enterprises
- The best and most efficient food coupon program
- Home purchase for family at home.

Challenging Factors for the Dominican Door to Door Delivery



- Increasing operating costs(Salaries,fuel,electricity,etc)
- Limited access to US Bank accounts.
- Local Banks limited appetite to service distribution companies.
- New local regulations' capital requirements and leverage ratios.
- A stable US\$-RD\$ Fx rate plus narrower margins.
- Increased number of assaults and robberies due to unemployment.

Our vision

ReD
Remesas Dominicanas



What do we want to accomplish ?:

1. **Increase** the distribution volume, while reducing costs, and mitigating risks.
2. **Motivate** the migration of current remittance flows through banking channels.
3. **Create** value-added services as a tool for economic development.
4. **Promote** the participation of SMEs as value-added distribution channels.

Growth Strategy

ReD Growth Strategy



- Expand distribution system, thru “**ReD**” to reach 20% market share (up from 13%).
- Improve operation efficiency.
- Develop local markets.
- Consolidate the position as the first choice for distribution.
- Advertising campaign, educational and loyalty programs.
- Accomplish Full Brand Development.
- Reduce impact of intermediaries (To Accomplish a fee-based pricing structure).
- Advertising Campaign by means of community projects.
- Introduce loyalty programs

Fitting our company looks!



Original Company Logotype



ReD

Remesas Dominicanas



Where are we standing...

ReD
Remesas Dominicanas



Our strategy is consistent and adaptable to market changes.

	1998	2004
Delivery Outlets	8	287
Number of remittances	80,000	1,300,000
Market Share	3%	13%

*Since 2002 business volume
has increased by 33%...*

2002

US\$ 200 mm

2003

US\$ 233 mm

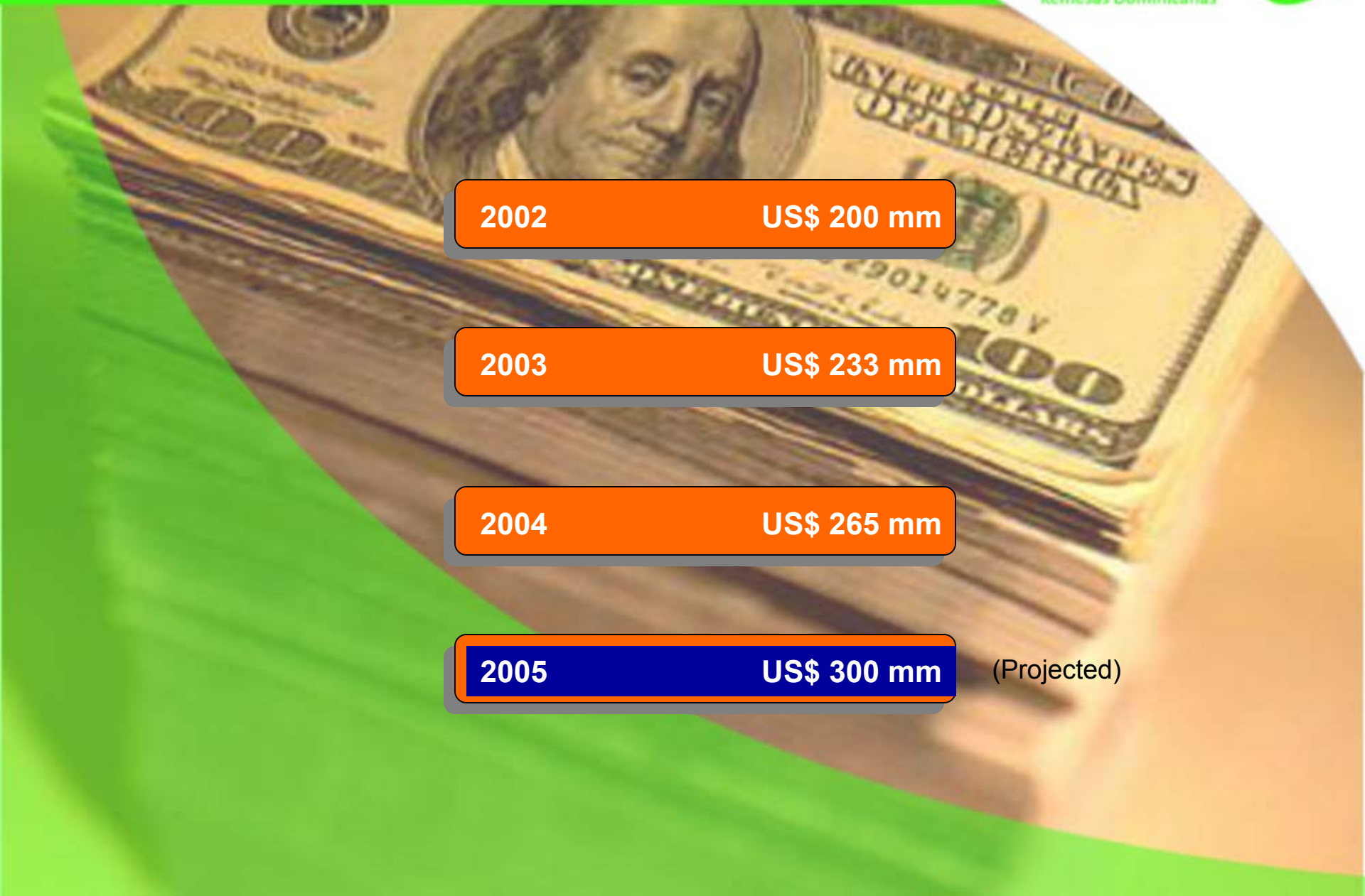
2004

US\$ 265 mm

2005

US\$ 300 mm

(Projected)



Distribution Channels

Traditional Channels



- 37 ReD branches located in main cities
- 175 messengers for door-to-door delivery
- Door-to-door average delivery time: 2.5 hours

Distribution Channels
Bank Branches



Banco BHD



- **75 bank branches countrywide (2005)**
- **End-to-End delivery time: 10 minutes**
- **Extended hours availability**

Distribution Channels
Rural Coop's



- **Cooperativa La Vega Real**
- **10 Branches**
- **Located in rural and Sub-urban areas**
- **End-to-End delivery time: 2.5 hours**

Distribution Channels
ATM Cards



ReD
Remesas Dominicanas
Agente de Cambio



CajeroAgil BHD



Launching in August 2005.

- **Over 350,000 SMEs.**
- **Contribute to over 20% of GDP.**
- **25% of the Workforce works for an SME.**
- **60% of SMEs are located in Santo Domingo and inland cities.**
- **40% are rural “subsistence” SMEs.**
- **17% produce for exports.**

(Source: Fondo Micro 2003-Labor Surveys Central Bank.)

Distribution Channels
Affiliated SMEs



- More than 170 points of delivery (PODs).
- Supermarkets, drugstores, covering the entire dominican territory
- 10 minutes end-to-end delivery.
- Flexible schedules.

Why the connection?

ReD
Remesas Dominicanas



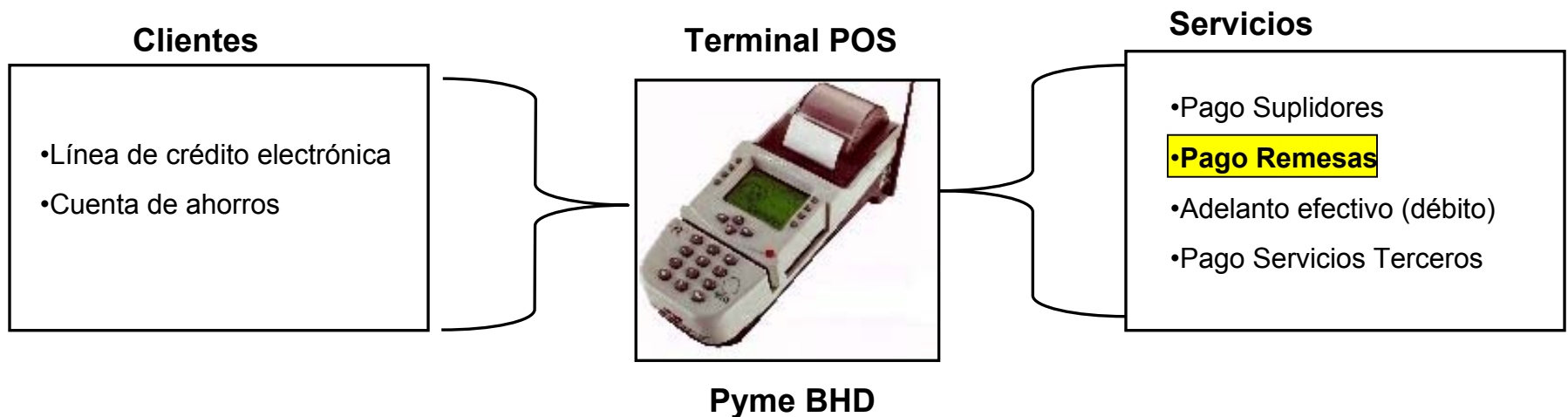
- Remittances are a source of capital.
- 89% are one owner SME; 7% are relatives ownership.
- 60% share the family house as premises.
- 66% customers are in same neighborhood.
- Under served by banks.

(Source: Fondo Micro 2003-Labor Surveys Central Bank.)

Sinergias

- Apoyo CF BHD
 - Contabilidad, auditoría, Planificación, mercadeo, tecnología, RR HH, Operaciones etc.
- Red de Oficinas BHD
 - Pagos, Depósitos, Referidos, Venta valores, etc.
 - Espacio para centros de servicios, Pyme BHD

Nuevas Tecnologías



SPANISH MARKET

Over 5,000 branches in all Spain

50% lower fees .

- Strong commitment to service inmigrants' needs
- A successfull effort in banking ecuadorian inmigrants
- Initiating a housing project in Ecuador

La Caixa

Ceca groups 46 "Cajas".

One common operating platform.

- 36 of its 46 members will use common platform for remittances.
- Ceca has develop programs for loans to inmigrants reporting 3,000 in first QTR 2005.

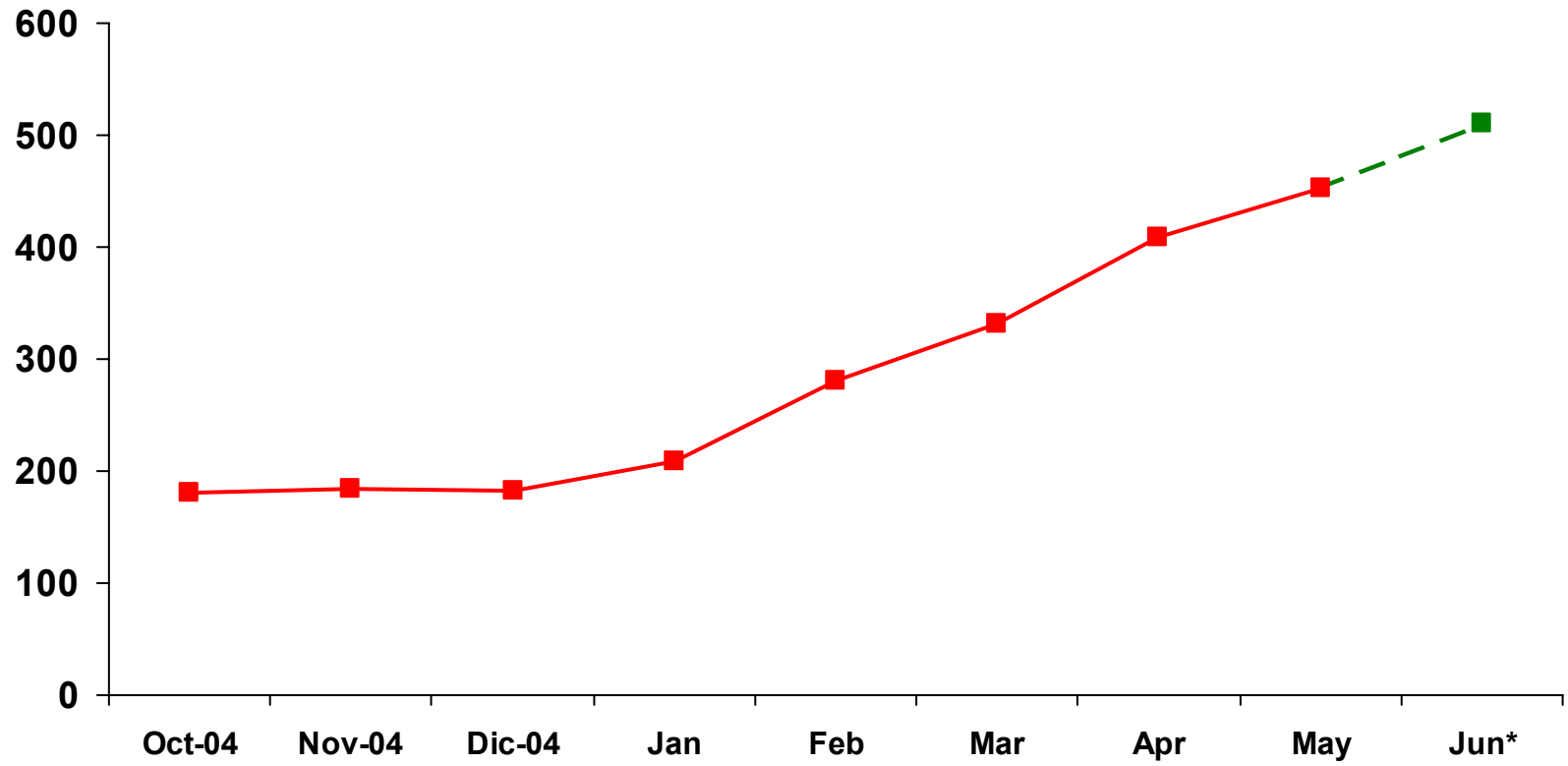
CECA



Since October 2004 through May 2005, remittances from La Caixa grew 183% without any formal advertising campaign.



La Caixa reports 7,000 Dominican clients
Who will be the focus of our initial joint strategy



* Projection

Conclusions

- We are convinced that remittances are an instrument for the economic development of our countries.
- We are working to build the infrastructure to support it efficiently.
- We are committed to accomplish it.



THANKS!

ReD

Remesas Dominicanas

