



GLOBAL WEALTH & INSURANCE
INVESTOR DAY

September 25, 2013



Global Wealth & Insurance



Investor Day

September 2013

Global Insurance

Chris Hodgson

Group Head

Global Wealth & Insurance

Agenda

The business today

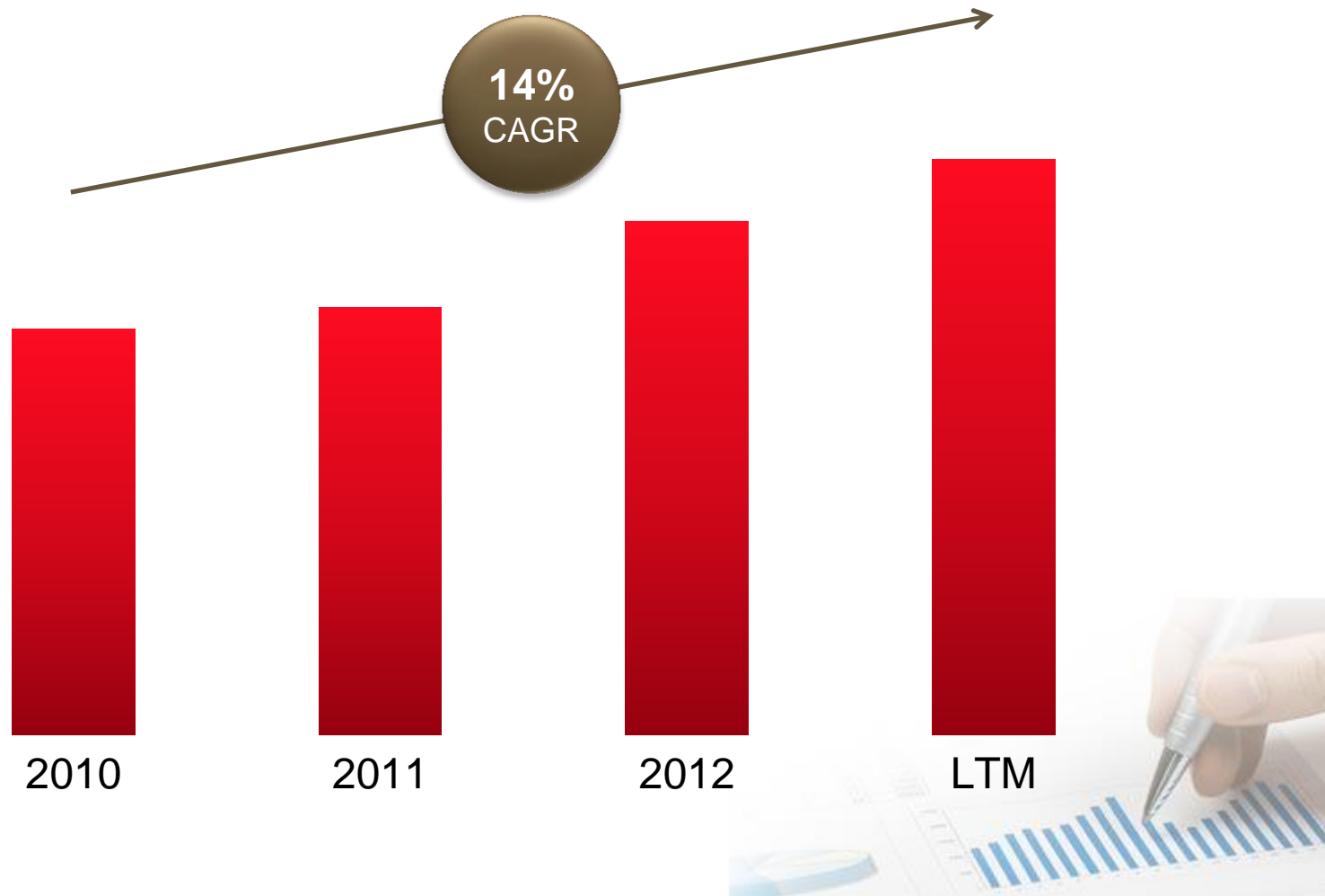
Our positioning in the marketplace

Strategic priorities



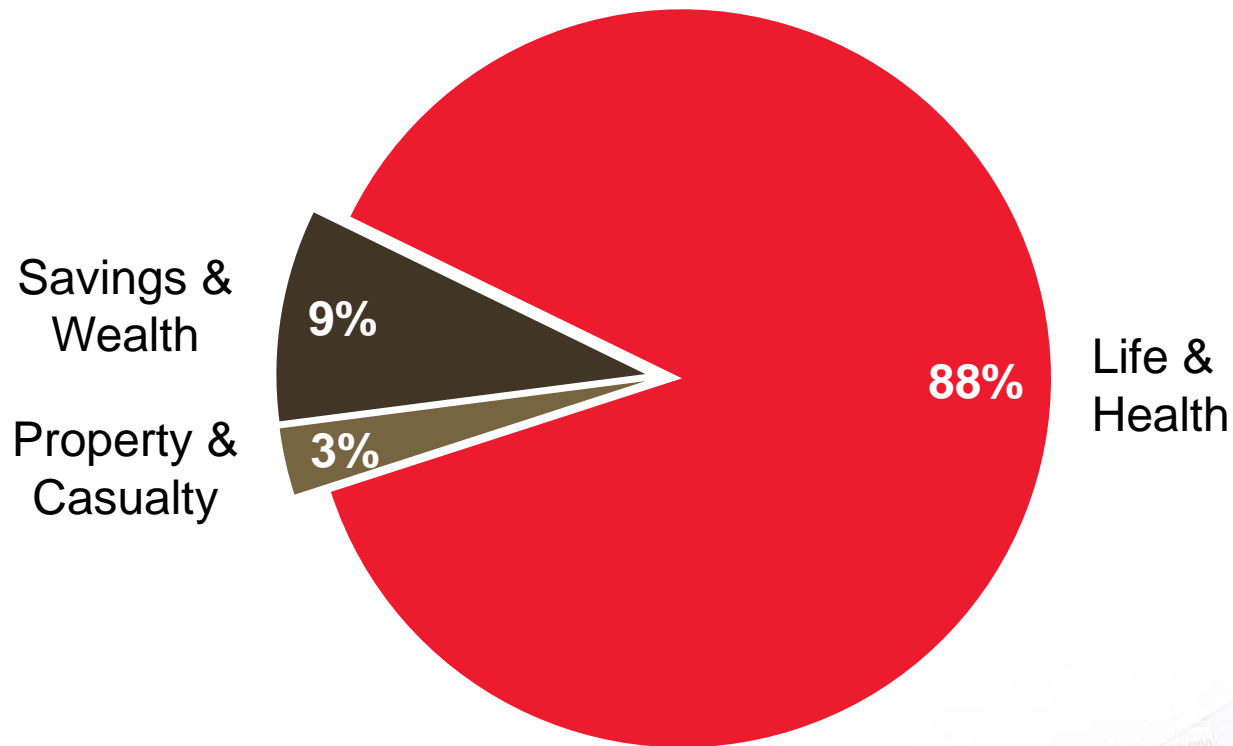
Sustainable Earnings Growth with Low Volatility

Global Insurance Earnings



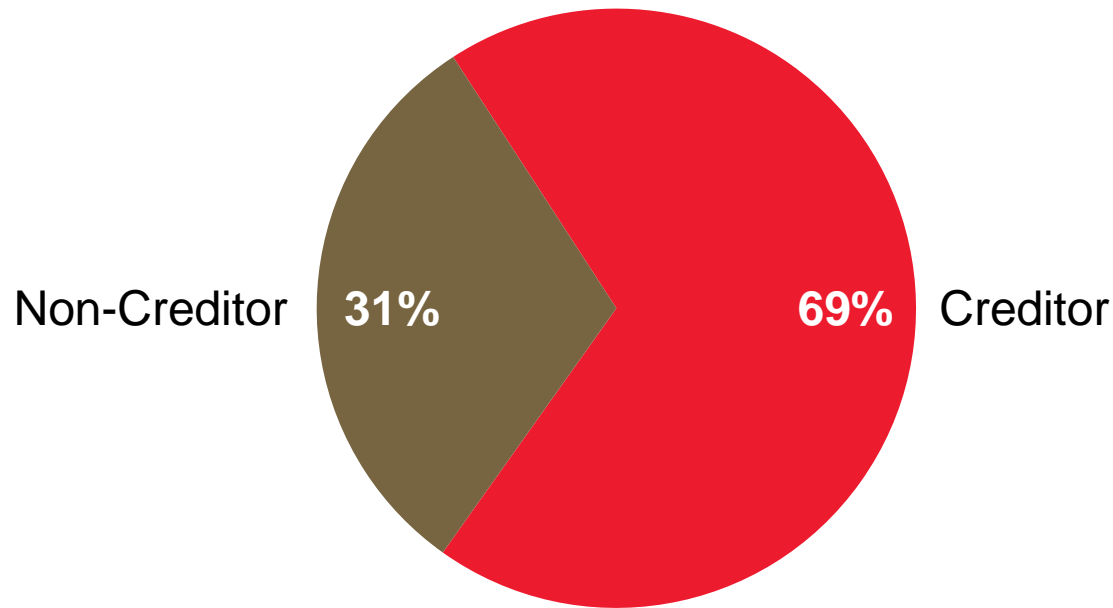
Primary Exposure is to Low Risk Products

Insurance Risk Exposure by Segment



Diversified by Product and Geography

Revenue Mix by Product



Top 5 Countries > 80% of Revenue



Canada



Chile



Jamaica



Mexico



Peru

Agenda

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Major Industry Trends

Knowledge

Clients' understanding and knowledge of insurance solutions increasing

Integration

Need for integrated financial solutions

Distribution

Direct distribution increasing importance

Technology

Technology has potential to transform industry risks

Catastrophic Events

Severity and frequency of catastrophic events is increasing

Growing Successfully in Different Regulatory Environments



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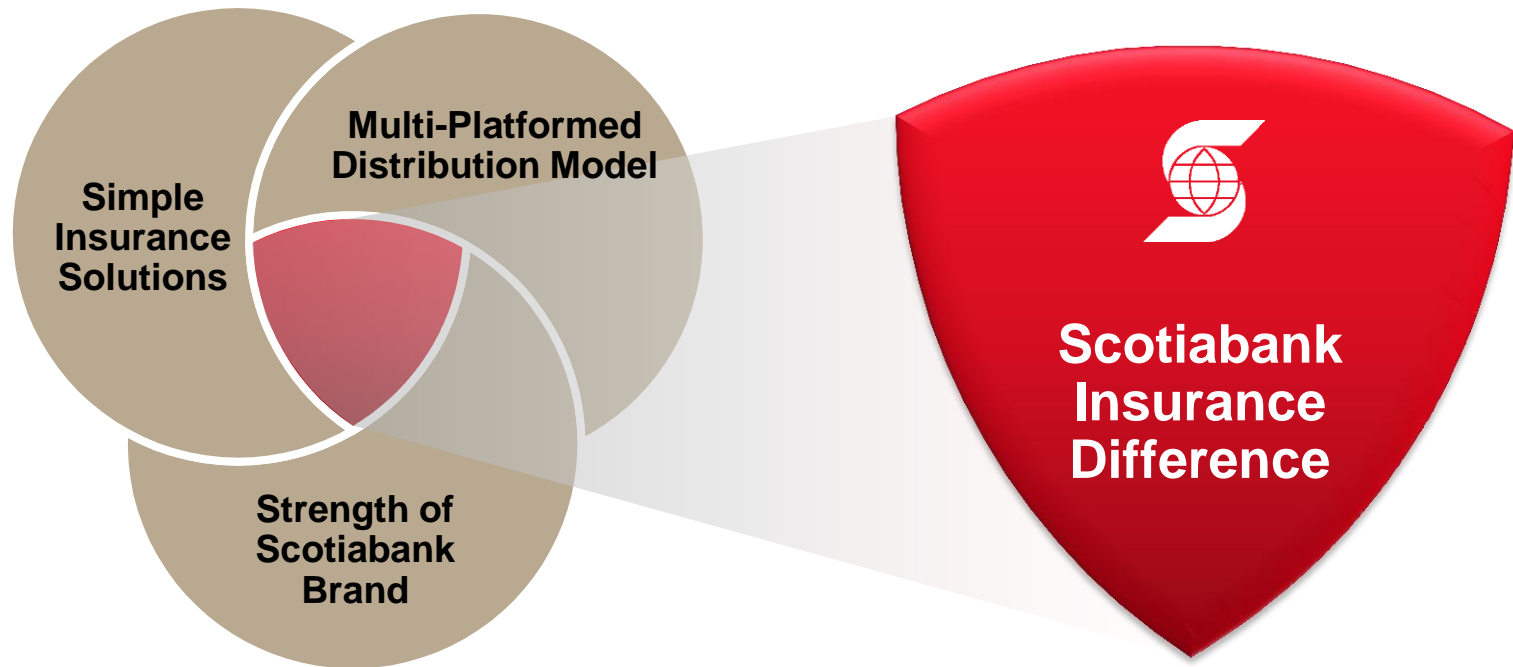
The business today

Our positioning in the marketplace

Strategic priorities



Our Winning Client Proposition



Global Insurance Strategic Initiatives

GWI Strategic Focus

Global Insurance Strategic Initiatives

Client Centric Model

- Satisfy simple insurance needs of underserved middle class

Internal Collaboration

- Bundle insurance products wherever possible
- Take advantage of Scotiabank brand and global distribution network

International Capabilities

- Leverage product and distribution successes across our global footprint



Global Insurance: A Compelling Opportunity

Key Takeaways

- ✓ Substantial insurance operations
- ✓ Well diversified and low risk business
- ✓ Significant opportunities for Scotiabank





Global Wealth & Insurance



Investor Day

September 2013

Canadian Insurance

Mark Cummings
Senior Vice President & Head
Canadian Insurance

Agenda

The business today

Market dynamics

Growth strategy



Strong Canadian Footprint



- Operate in **all** provinces
- More than **3 million** policies
- Over **1,000** branches
- **2** call centres and **7** processing centres
- **5** key underwriting partners



Conservative Risk Management Aligns with Unique Business Model

Business Model

- ✓ Comprehensive risk management framework
- ✓ Low risk products with no tail risk or equity market exposure
- ✓ Leverage insurance partners or reinsure risk
- ✓ Do not distribute our products through brokers or agents



Stable Sustainable Earnings Growth



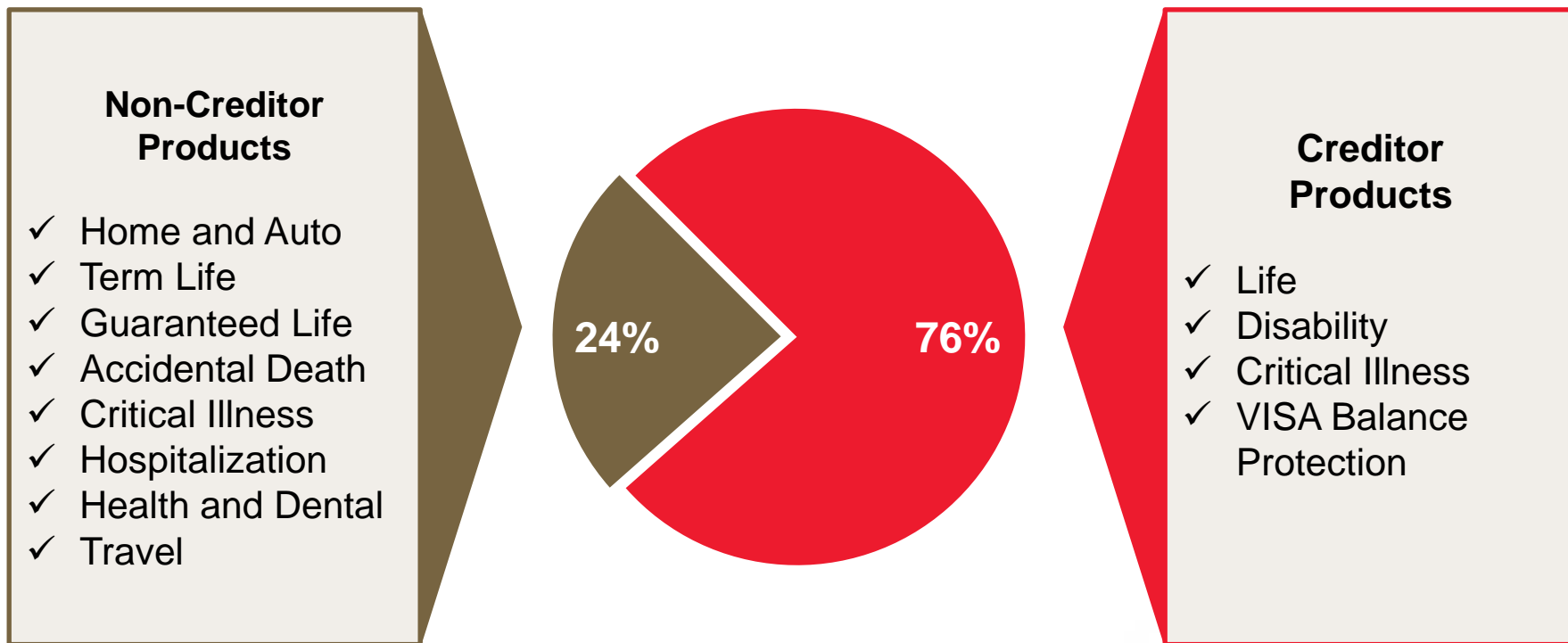
Canadian Insurance: Four Segments with Multiple Distribution Channels

Segments	Distribution Channel			
	Retail Branches	Online	Contact Centres	Insurance Centres
Creditor Insurance	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	
Life & Health Insurance		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Home & Auto Insurance		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Travel Insurance	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>



Wide Product Mix Maximizing Client Offering & Potential

Revenue Mix by Product



■ Non-Creditor Products ■ Creditor Products

Our Product Mix Matches Our Risk Appetite

Our Product Offering

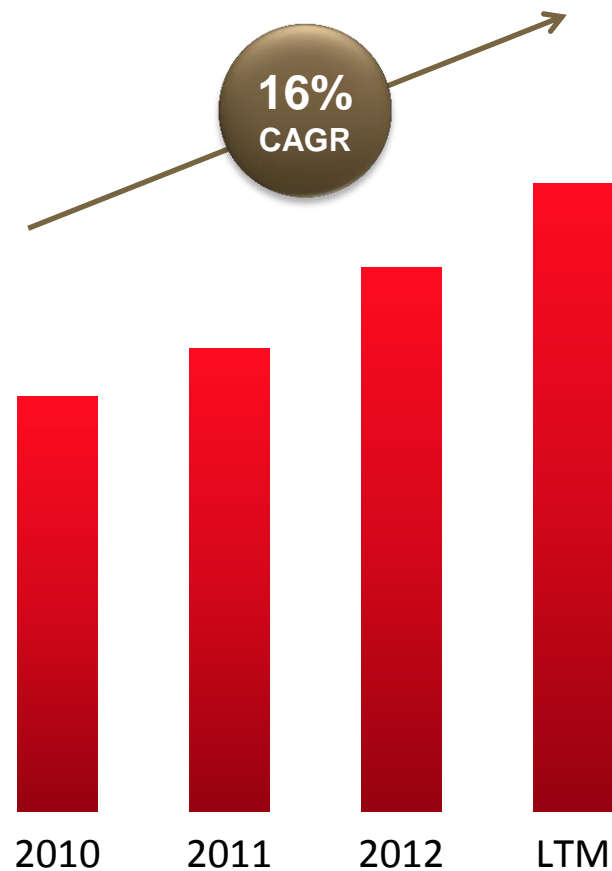
- Creditor Life
- Creditor Critical Illness
- Individual Life
- Home and Auto
- Creditor Disability
- Creditor Balance Protection
- Group Life and Health
- Travel

Products We Don't Offer

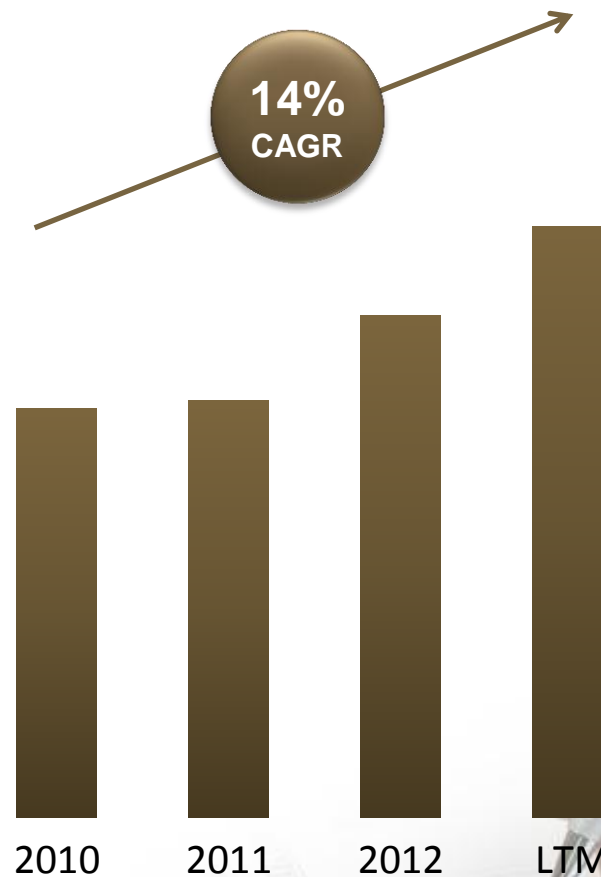
- Whole Life
- Segregated Funds
- Universal Life

Strong Top and Bottom Line Growth in Canada

Revenue Growth



Earnings Growth



Agenda

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Regulatory Environment



Heavily regulated
federally and provincially.
Bank Act limits what can
be sold in branches.



We have a low risk business
model, product suite and
distribution strategy.



Capitalizing on the Market Opportunity

Mid-Market Opportunity¹

% of middle market
Canadians without enough
life insurance

58%

+

Under-Served Mass Market²

% of market preferring to
buy life insurance via direct
channels

30%

Direct to Consumer Model

The Canadian Insurance Difference



Agenda

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Growth Priorities



Increase distribution capabilities and channels



Deepen existing and create new strategic partnerships



Foster internal collaboration to realize untapped potential



Execute comprehensive customer retention and acquisition strategy



Capitalize on our mortgage broker channel – a distinct advantage

Deepen Existing and Create New Strategic Partnerships

Strategic Partnerships

- Enables a low cost model
- Requires less capital investment
- Allows us to get to market quickly
- Reduces earnings volatility and risk in uncertain markets
- Facilitates best practices

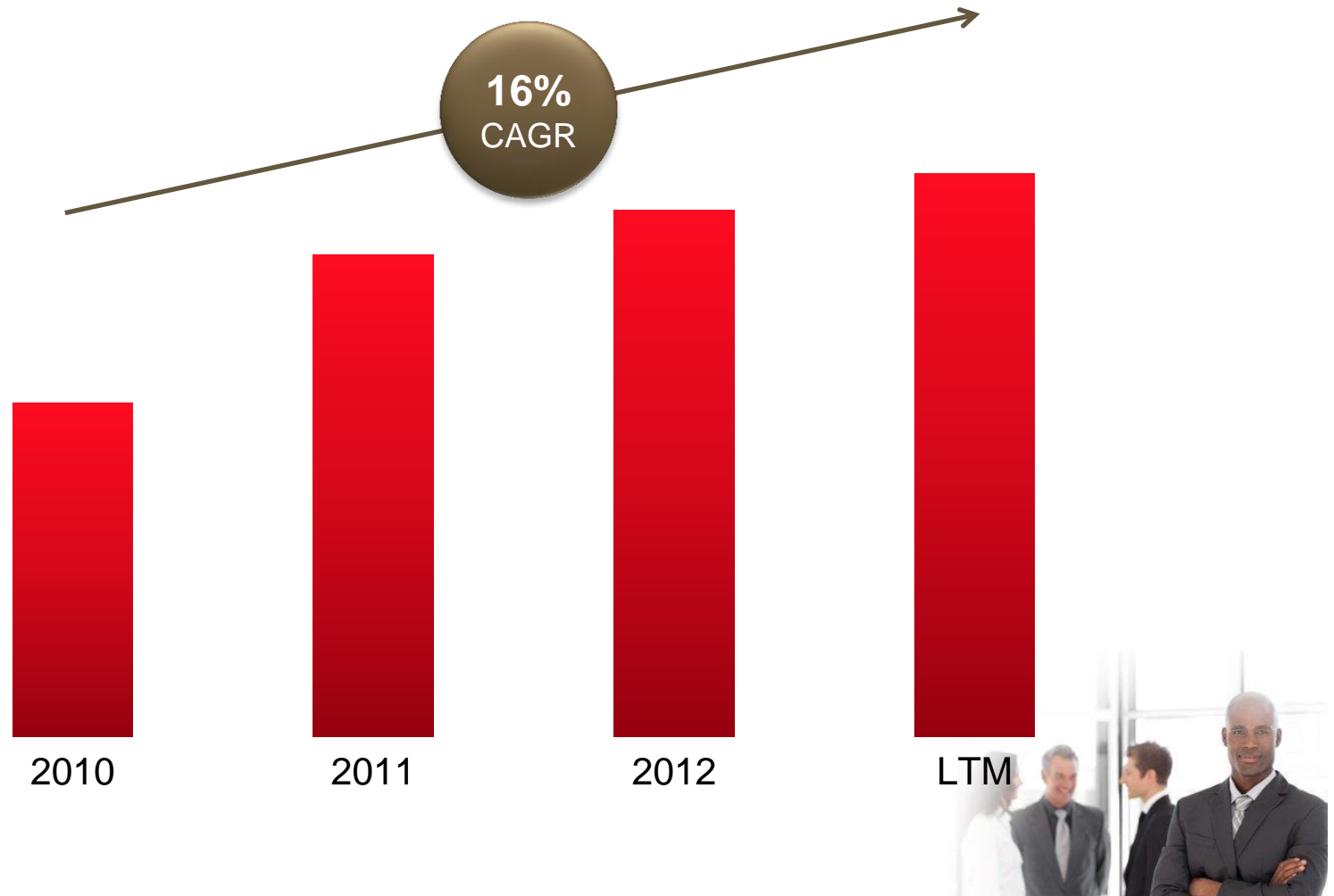


**Optimizes &
Maximizes
Growth**



Collaboration is Critical to Continuing to Unlock Our Untapped Potential

Creditor Insurance Penetration Growth



A Bright Future in Canadian Insurance

Key Takeaways

- ✓ Low risk business model and distinct strategy generates stable and sustainable earnings
- ✓ Leveraging the Scotiabank brand and infrastructure of external partners
- ✓ Multiple distribution channels
- ✓ Our direct to consumer business model - a proven strategy for success



Global Wealth & Insurance



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International Insurance

Antonio Mijares
Senior Vice President & Head
International Insurance

Agenda

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Our International Footprint



- **29** countries
- More than **5 million** policies
- Over **2,000** branches
- **6** customer contact centres



International Insurance Business Environment

More Flexible

- ✓ More favourable regulations on distribution
- ✓ Can buy insurance in most branches with or without a loan
- ✓ Creditor insurance is mandatory in some markets and clients tend to purchase from credit provider
- ✓ Auto insurance typically has low bodily injury benefits



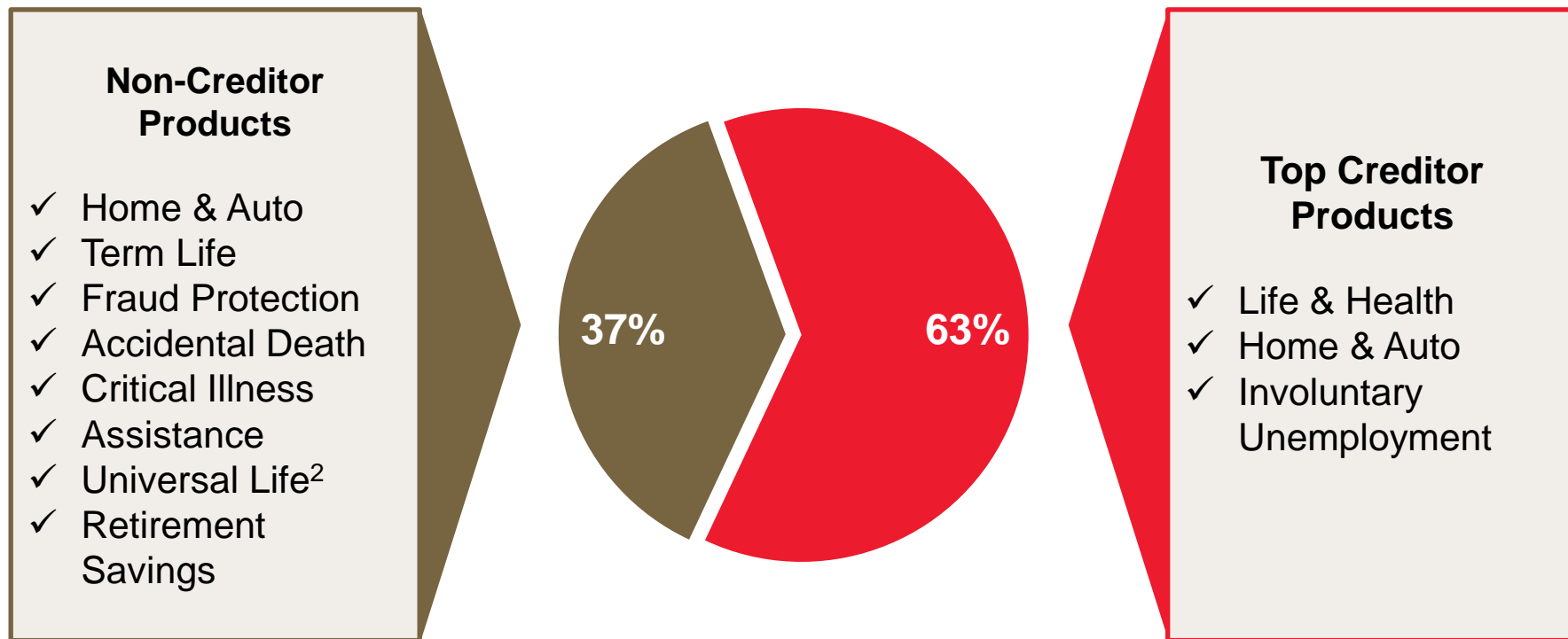
Low Risk Business Model Drives Consistent Earnings Growth



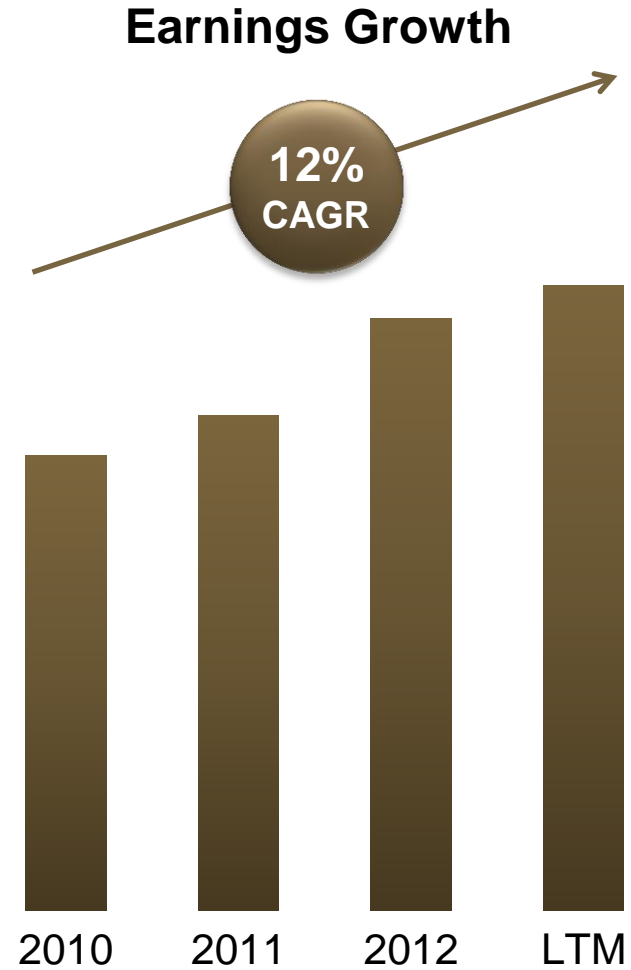
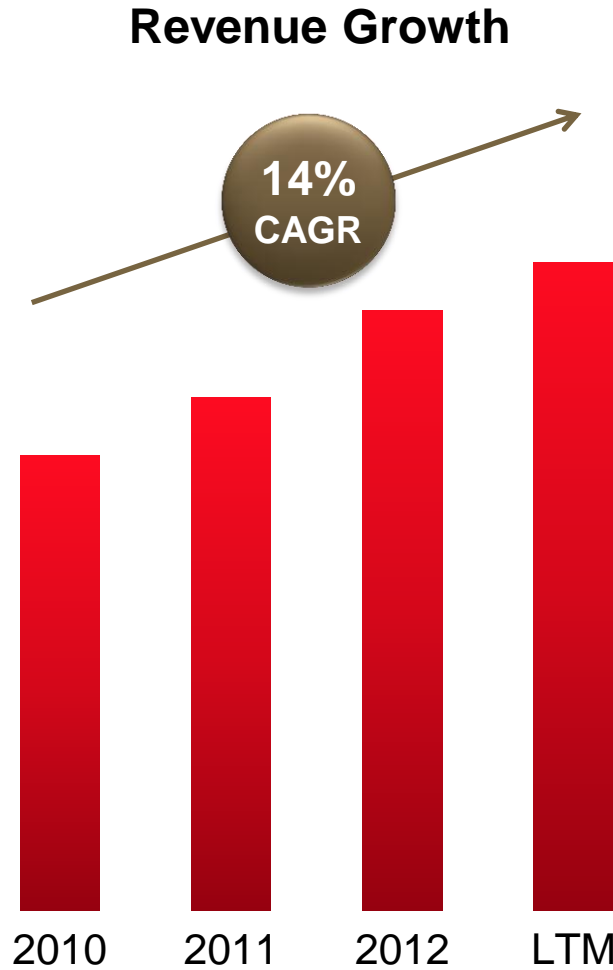
Low Risk Business Model

Wide Product Mix to Maximize Client Offering and Potential, Suiting Our Risk Appetite

Revenue Mix by Product¹



Double Digit Growth in Top and Bottom Line



Agenda

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International Insurance Positioned to Capitalize on Significant Market Tailwinds



Economic growth



Emerging middle class



Growing lending market in LatAm



Agenda

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Leveraging Our Competitive Advantages



Growth Priorities



Strengthen collaboration



Focus on non-creditor insurance products



Leverage successes globally



Continue to improve client retention



Ensure right product mix

Positive Outlook for International Insurance



Key Takeaways

- ✓ Well diversified and low risk business with significant upside
- ✓ More favourable regulatory environment
- ✓ Growing economies with emergence of significant middle class
- ✓ Leveraging Scotiabank brand and infrastructure





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Mexico Wealth & Insurance

Troy Wright

Executive Vice President and President & CEO

Grupo Financiero Scotiabank Mexico

Agenda

Scotiabank Mexico overview

The wealth and insurance business today

Major market trends

Wealth and insurance growth strategies



Scotiabank Mexico at a Glance^{1,2}

Group ranking in Mexico	7 th
Group loans	\$13.2B
Customers	2.2 MM
Car loans	2 nd
Mortgage origination & total	4 th / 5 th
Bank deposits (demand / term)	6 th
Number of branches	943
Employees	13,265

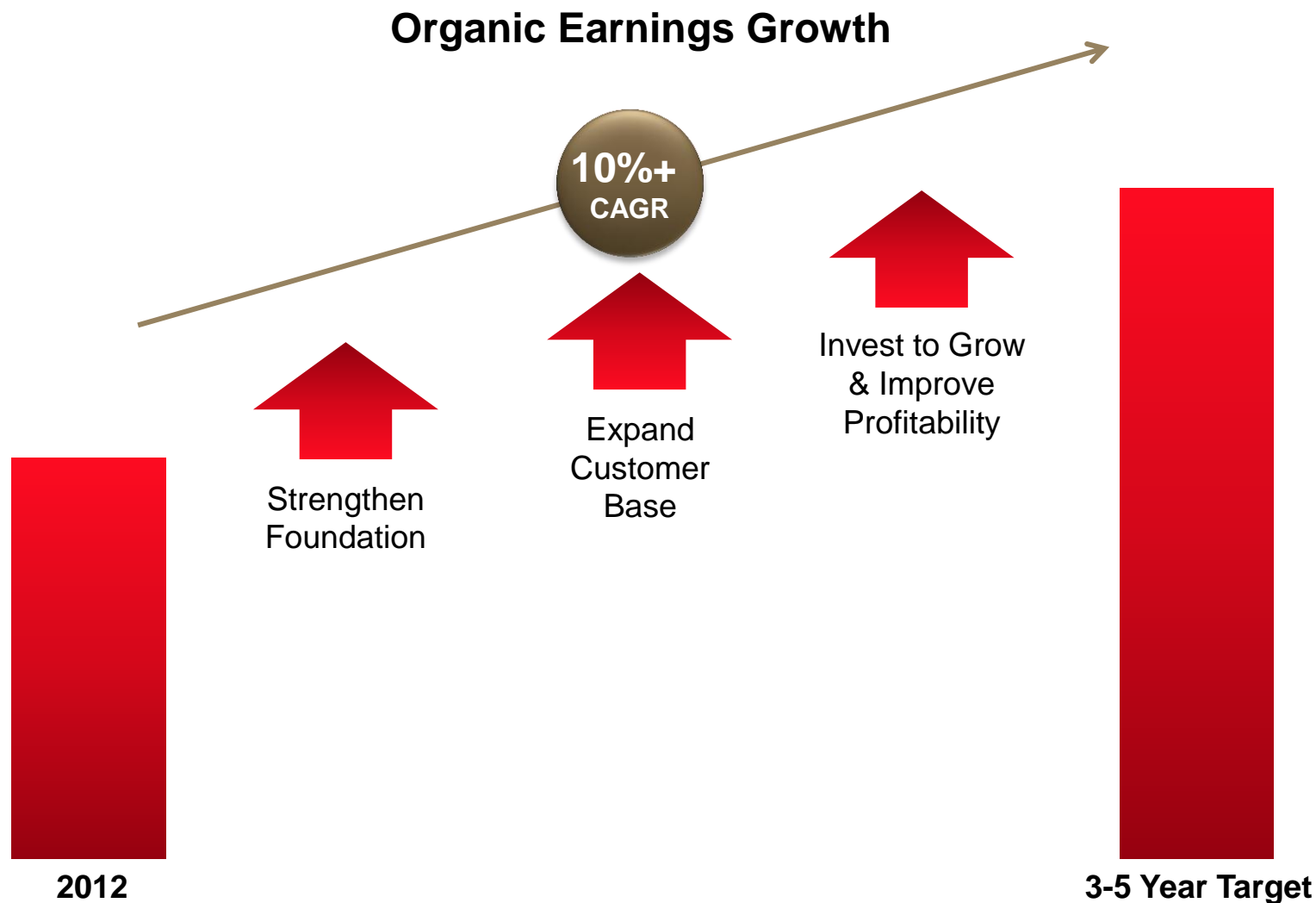


Three Point Business Strategy

- 1** Strengthen foundation – optimize control structures
- 2** Expand customer base & revenues across all business lines
- 3** Invest to accelerate growth & improve profitability



Our Three Point Strategy will Drive Double Digit Growth over Next 3 to 5 Years



Agenda

Scotiabank Mexico overview

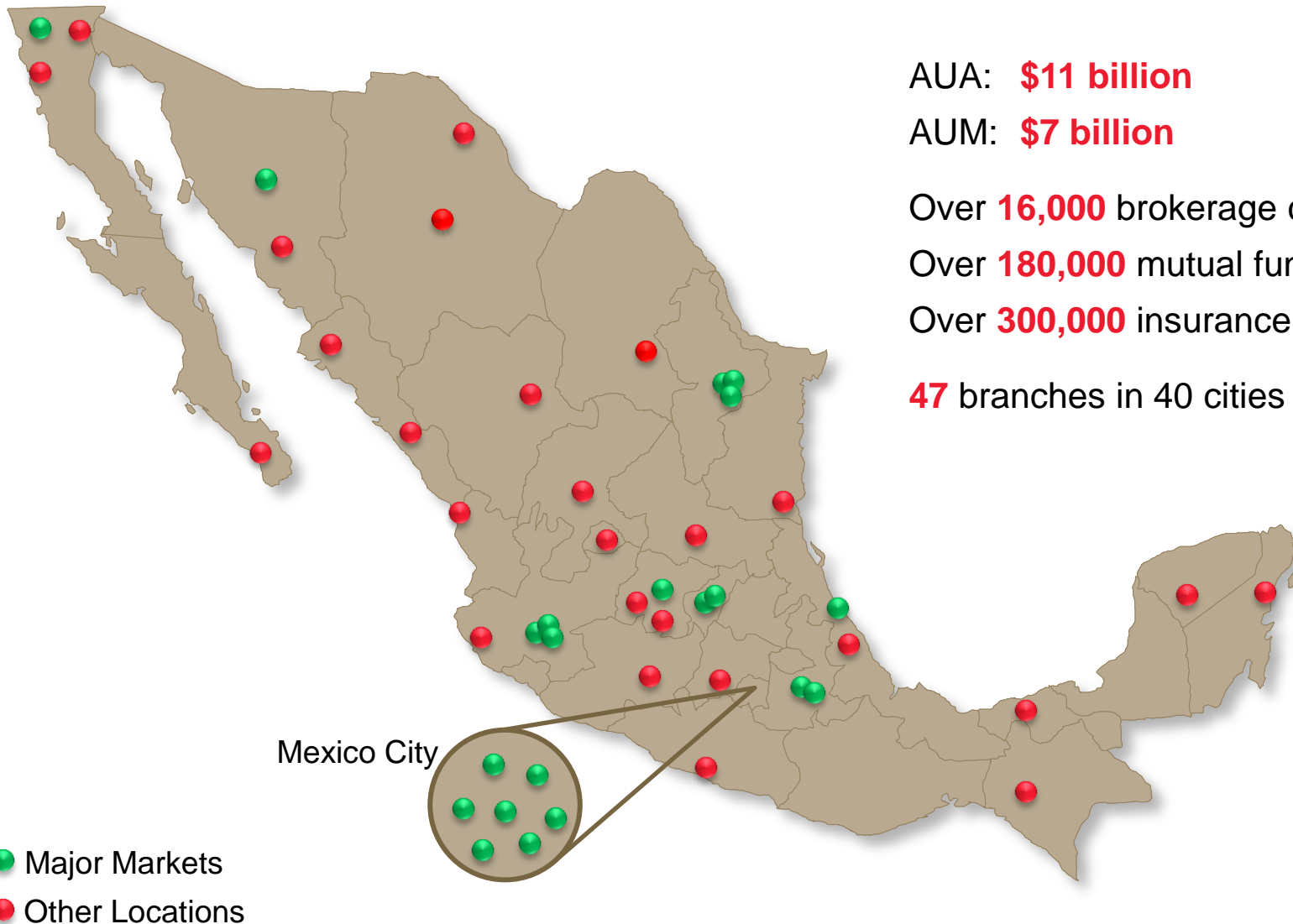
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Wealth & Insurance in Mexico – At a Glance



AUA: **\$11 billion**

AUM: **\$7 billion**

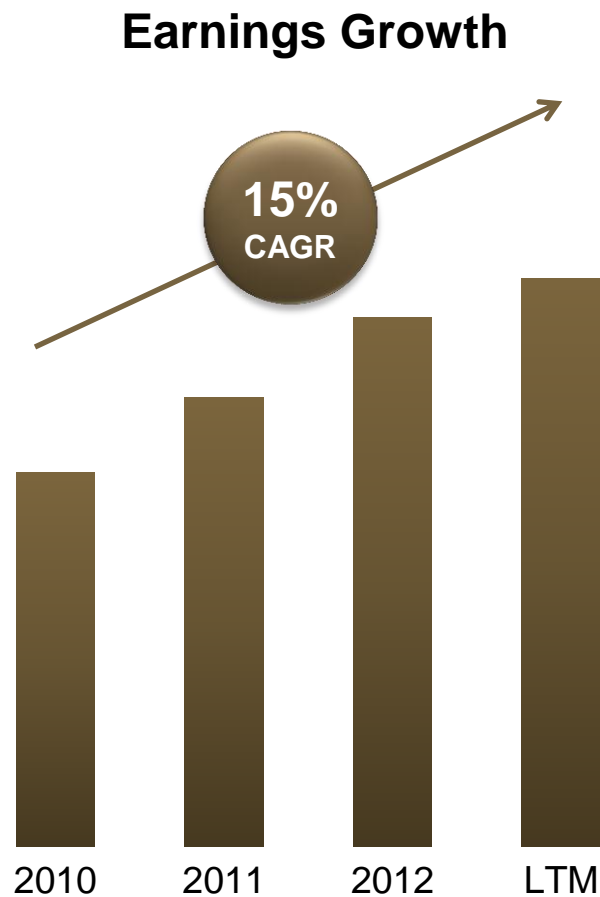
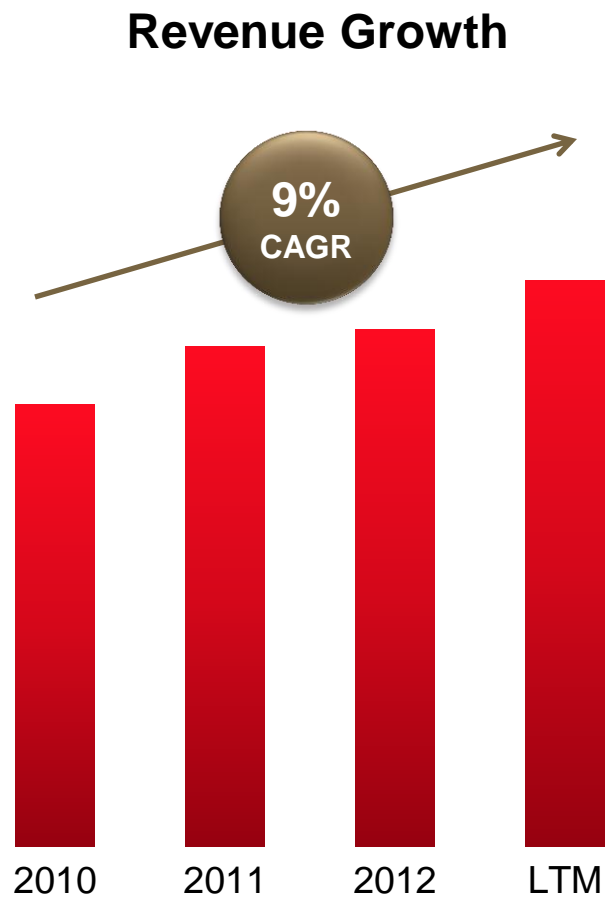
Over **16,000** brokerage clients

Over **180,000** mutual fund clients

Over **300,000** insurance policies

47 branches in 40 cities

Consistent Growth in Wealth & Insurance



GWI accounts for 19% of Mexico's bottom line

An Award Winning Team and Product Offering



**The best
Brokerage House
in Mexico
2013**



**The best short-term
mutual fund in Mexico
2012**



**The best long-term
mutual fund in Mexico
2012**



**The best IPyC index
mutual fund in Mexico
2012**

Agenda

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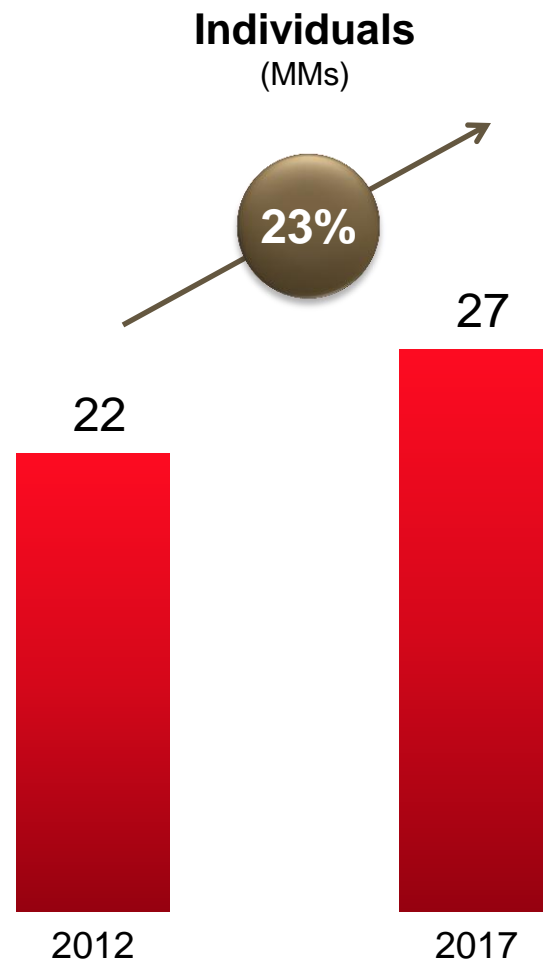
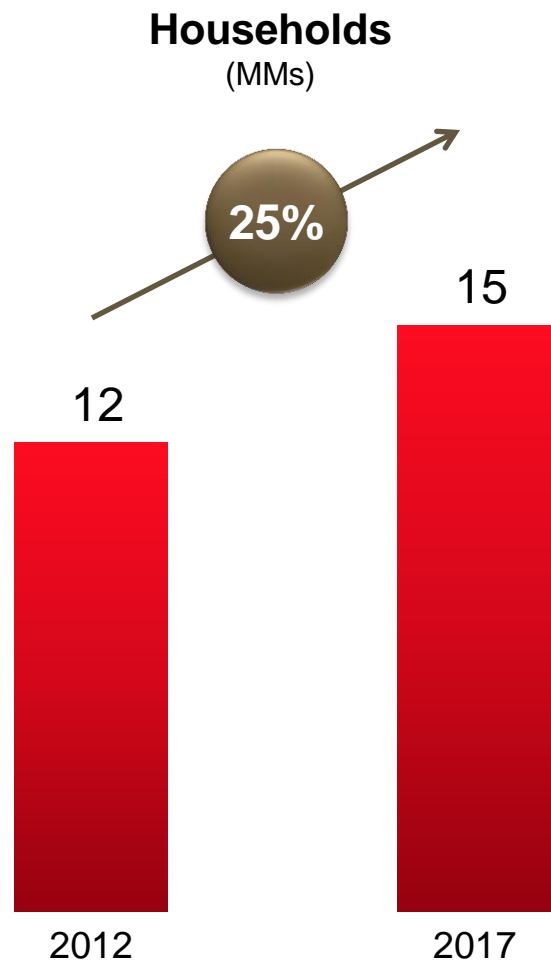
Wealth and insurance growth strategies



Strong Tailwinds Driving Significant Growth Opportunities



Strong Demographics – Growth in Middle Class



Political & Economic Reforms Leading to Continued Growth

Continued Growth

Increased Investment

- More global firms entering / investing in Mexico

Future Reforms

- Energy and Fiscal
- Regulatory

Approved Reforms

- Education, Labour, Financial, Telecom



Agenda

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Our Value Proposition – A Strong Platform for Growth



Focus on Three Key Drivers to Deliver Sustainable Growth in Mexico



Growth Initiatives: Client Experience

Mexico W&I Segments

Growth Initiatives

Brokerage

- Grow our Mexican advisor team
- Provide new tools and services that enhance the client experience

Mutual Funds

- Deliver investment value proposition for each client segment
- Double investment specialists

Insurance

- Enhance client relationships to increase retention
- Leverage new distribution channels to increase optional sales



Growth Initiatives: High Value Products & Solutions

Mexico W&I Segments

Growth Initiatives

Brokerage

- New products
- Move upmarket
- Off-shore partnerships

Mutual Funds

- Launch products tailored to client segment & need
- Easy / simple products to sell
- Leverage Scotia asset mgmt bench strength

Insurance

- Increase sales capabilities to help focus on solutions for clients
- New segments (SME, CrediScotia, CreditoFamiliar)



Growth Initiatives: Leverage Our Footprint

Mexico W&I Segments

Growth Initiatives

Brokerage

- Continue to work with internal partners to identify potential clients

Mutual Funds

- Focus on continued collaboration and referral to improve cross sell

Insurance

- Strengthen bancassurance channel
- Leverage footprint to increase non-creditor insurance, such as health or unemployment



Key Takeaways

Key Takeaways

- ✓ Expect strong top and bottom line growth for Scotiabank Mexico – with Wealth and Insurance being a significant contributor
- ✓ Significant demographic, economic and political tailwinds for strong growth and development in Mexico
- ✓ Solid strategy will leverage Scotiabank capabilities & trends to drive double digit growth





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A Key Growth Engine

Sustained Earnings Growth

- Expect continued strong, organic double digit growth



Substantial Canadian Scale

- Solid Canadian base driving significant organic growth



International Expansion

- Expect continued international focus and expansion



Global Insurance Opportunities

- Insurance will continue to be a strong earnings contributor



Global Wealth & Insurance: 3-5 Year Targets

Key Financial Targets	Target	Q3 2013 YTD
Organic Earnings Growth	10%+	12%
% International Earnings	30%+	25%
ROEE	16-20%+	18%
% of All-Bank Earnings	20-30%	19%



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