SCOTIABANK

2023 Investor Day - All-Bank Q&A

December 13, 2023

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Additional information relating to the Bank, including the Bank's Annual Information Form, can be located on the SEDAR+ website at www.sedarplus.ca and on the EDGAR section of the SEC's website at www.sec.gov.

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ALL-BANK Q&A

John McCartney - The Bank of Nova Scotia – SVP of Investor Relations

Great. Thank you, Raj. Okay. First question at the back of the room, Sohrab?

Sohrab Movahedi - BMO Capital Markets Equity Research - MD of Financials Research

It's Sohrab Movahedi, BMO Capital Markets. Appreciate the effort and the details. Raj, in 2022, I think you had a slide up that the bank made about $10 billion in earnings. When you think about the objectives and the plans that you've laid out, when do you think the bank will make $10 billion again in earnings?

Raj Viswanathan - The Bank of Nova Scotia – Group Head & CFO

Yes. I think to put it in perspective, 2022 $10 billion earnings was aided by a lower PCL ratio as we're coming off the big build that we had relating to COVID. So normalizing for that, which has happened in '23 from a PCL ratio perspective, we think we'll get there towards the middle part of the 5-year plan, Sohrab.

We are closer to $8 billion now. It's going to continuously grow. '24, I pointed out will be slightly better than 2023, but not significantly better. From there, if we start growing between 5% to 7% in '25 and then beyond that 7% plus, I see that happening somewhere between late 2025, if you want to quarterize an earnings number to an annualized number, but definitely in 2026.

Sohrab Movahedi - BMO Capital Markets Equity Research - MD of Financials Research

Okay. And if I can just have one follow-up. I appreciate the targets specific to return on risk-weighted assets and the conservatism in assuming the floors have been met. Have you translated that into what sort of a return on asset that would imply? And is that something you could share with us?

Raj Viswanathan - The Bank of Nova Scotia – Group Head & CFO

No, absolutely. I think return on asset is also a key metric we focus on, particularly when we're going to move away from being balance sheet dependent and more fee income growth, our return on assets has always been sub-1% for the longest time, right? It's not new information over there.

Our plan contemplates that our return on assets, specifically in the Canadian banking business, which is a big consumer of our balance sheet, will be in excess of 1%, closer to 1.2% in the Canadian bank. That's what we expect to achieve through a lot of the initiatives that you'll hear Aris speak about later this morning, and we're bringing it together, but ROE is certainly a big component of achieving our medium-term objectives, which is the earnings growth and the ROE growth.

John McCartney - The Bank of Nova Scotia – SVP of Investor Relations

Ebrahim?

Ebrahim Poonawala – BofA Securities, Research Division - MD of United States Equity Research & Head of North American Banks Research

I guess let me just -- so the numbers make sense. I guess the question is, as you pointed out, Raj, you fell short on all the targets over the last 3 years. I guess the question is the lack of fee revenue growth, the risk -- is this all about of you not paying attention to the right things? Or are there significant amount of investments required in technology and personnel in order to achieve that?

Scott Thomson - The Bank of Nova Scotia – President & CEO

Yes. Listen, I think there's a real benefit of having a North Star, right? And so when we think about the importance of primacy, client primacy and having the whole organization mobilized around that, that does set the agenda. And I think, frankly, without changing incentives, which we have now done, without actually having the investments in the cash management, which we now have done, you still saw 9% deposit growth, right? And so when you move an organization and point it at an objective, things happen, and so I think that's point one.

Point two, there will have to be some investments for sure. And that's why this productivity initiative and what we did in October was so important because we need to create the capacity to fund the investments. And so what we said today was the commitment to cloud. We've committed with the Board to get the cloud quickly, and we'll make those investments to do it, and we will still get positive operating leverage in this plan.

And so undoubted cash management would be another example. We've recently reorganized the cash management to take a much more global approach under Francisco and having that cash management capability across our network is going to be critically important to driving primacy.

So there's another example of something from a technology perspective that will be helpful, particularly in Mexico and the U.S. In Canada, we're in actually really good shape from a cash management perspective. But in Mexico and the U.S., we're going to have to continue to enhance those capabilities to drive the type of primacy that we want.

Ebrahim Poonawala – BofA Securities, Research Division - MD of United States Equity Research & Head of North American Banks Research

And just one follow-up on the deposit growth. We structurally could be in a higher rate environment versus the last decade. I think the concern from an investor standpoint is these are rate sensitive deposits. We're paying up to bring them. Why is that the wrong way to think about it? And why can you actually grow sticky relationship core deposits?

Scott Thomson - The Bank of Nova Scotia – President & CEO

So let me start, and then you correct -- I mean, I think we've proved this year that we didn't focus on paying up for deposits. You saw the NIM expansion in the plan, and you saw the deposit growth. And so this wasn't about price. This was actually about the hard work of getting the data take deposits and making progress. So I guess that would be point one.

The second thing I would say is it's loan to deposits, right? And so we have both -- focus on both sides of the balance sheet. And the commitment here is to grow both at the same time, right? And we're not going to have outsized growth on the asset side without actually having the deposit side. And so that philosophical change, which you saw get a lot of traction this year is going to continue for the next 10 years.

Raj Viswanathan - The Bank of Nova Scotia – Group Head & CFO

I also think, Ebrahim, it's a trade-off for us between -- even if it's a term deposit, which is what you call about being pricier deposits and wholesale funding. So that's an easier trade for us because we're coming from a wholesale funding ratio, which we want to improve. We have already improved 100 basis points, but we want to continue to improve it.

And that to us, as long as you can deploy profitably on the other side, either through client primacy or any other product which has got a better return, that produces a better risk-adjusted return for us. So the deposit focus will continue. It's not going to be 9% every year. I want to be very clear, right, over there.

But to Scott's point, we wanted to grow in line with our loans. That's the discipline on both sides of the client relationship that I briefly touched on and that's what you'll hear a lot of our business line leaders talking about.

John McCartney - The Bank of Nova Scotia – SVP of Investor Relations

Okay. Gabriel -- sorry. Is that Lemar? Yes, Lemar.

Lemar Persaud - Cormark Securities Inc., Research Division - Research Analyst

Gabriel is a little taller than me. I have to admit. So maybe for Raj, in your slides, the slower earnings growth in 2024 and 2025, what assumptions are you baking in for those turnaround or exit operations?

Raj Viswanathan - The Bank of Nova Scotia – Group Head & CFO

Yes. I think it's not a meaningful contributor because Colombia is close to 0 as far as my contribution goes. So anything, let's call it, $10 million, it's not meaningful to the improvements that we are seeing at the all-bank level, they're going to get better. There's no doubt, right? We already demonstrated how we can use the expense lever to improve the Colombian operations in Q3, Q4.

The biggest contributors come from -- when I think about '25 more than '24 because '24 is kind of similar to '23. We're not assuming massive rate cuts, Lemar, to be clear. We are only assuming 2 rate cuts in Canada and 3 rate cuts in the U.S. in Q3 and Q4 '24, and then we're assuming another 5 rate cuts in 2025. So the rate situation is a contributor which is very important to this bank, but we're still assuming conservatively that the rate position will be around 3.5%, both in Canada and the U.S. And likewise, for our international locations, we've already seen rate cuts happening in Chile and so on, which is definitely helpful.

The biggest contribution comes from our priority businesses, the first 2 pillars that we talked about and the others, which you'll hear Francisco talk about, which is Peru and Chile, where the productivity initiatives is going to be key to transforming those businesses to becoming more profitable. That's built into '24 and '25 but the biggest benefit of that will start seeing towards the latter part of '25 and '26 in these numbers.

Generally, I would characterize all the assumptions we've used as quite conservative as we went through this profit plan.

Scott Thomson - The Bank of Nova Scotia – President & CEO

I think the business mix transition too, right, is important. As you look at '24, reallocation of capital, I'm using one example out of GBM LatAm into GBM U.S., slows down the growth of that GBM LatAm business and then takes a little bit of time to get the earnings growth from the GBM U.S. business. So that business mix transition that you're seeing, it just takes a little bit of time to start to get some traction.

Lemar Persaud - Cormark Securities Inc., Research Division - Research Analyst

Bottom line then, you don't foresee us having an Investor Day 2 years from now where explaining the earnings loss from disposed operations. That's not a reasonable assumption?

Scott Thomson - The Bank of Nova Scotia – President & CEO

I want to make it really clear. Chile and Peru, although they're in the managed column, are extremely important franchises to us. We are the third biggest bank in both of these businesses. We've got an unbelievable team. We've got an unbelievable opportunity in front of us, but we have to run those businesses differently. We have to close the gap between best in class, and they've got sufficient capital to do it.

We have focus on primary clients allow them to build deeper relationships, equal focus on the deposit and the loans and get after this regional operating model, which you'll hear more about from Francisco, will have a significant impact on the earnings growth.

Now in terms of the turn around or exit businesses, we're going to be decisive on those businesses. And they've got a plan. They're executing on that plan, but we will determine whether to continue on that plan or redeploy capital in relatively short order. What Raj said, though, is they are not meaningful contributors to the NIAT of this bank. And so that is not something that you should worry about as shareholders from an impact on the overall projections that we've put forth.

John McCartney - The Bank of Nova Scotia – SVP of Investor Relations

Great. Gabriel?

Gabriel Dechaine – National Bank Financial, Inc., Research Division - Analyst

I thought I was going to ask about the LatAm businesses, but actually, the U.S. is what's sticking out to me here in the 90% of the core businesses. It's 9% of your lending, 11% of your profits. The lending, I must have mistaken, is primarily corporate, which is one of the categories -- major categories, I guess, that's created the issue with the output floor there. So that begs the question, if you're allocating more capital to that market, where are you allocating that capital? How are you allocating capital? And what's the difference in the growth strategy in the U.S., given there's possibly -- quite possibly a constraint on the expansion of the corporate lending book because of the rules?

Scott Thomson - The Bank of Nova Scotia – President & CEO

Yes. Let me start and then you can add in, Raj. So what a lot of people don't recognize is 10% of the bank's earnings are from the U.S. right now. And I think we're the tenth largest foreign bank in the U.S. -- 11%. There you go. Thank you. And so that's -- it's a key contributor already to the bank.

The first protocol in terms of that capital reallocation will be Canada, then it will be the U.S. and then it will be Mexico in that priority. And that's because the allocation opportunity in the U.S. is not as big as it is in Canada, and was also very thoughtful about some of the political issues in Mexico that I think we'll get confidence in over time. That's point 2.

Point 3 is we have done a great job in the U.S. on building out that franchise beyond the balance sheet, and you'll hear about that from Jake today. But from a DCM capacity perspective, from an FX perspective, we brought a lot of capabilities from a relationship advisory perspective to build beyond the loan.

And then third, I do think we have additional opportunities there. As you think about Jacqui's business, we've got a great Canadian wealth platform and a great international wealth platform, but we need some U.S. connectivity. And we can do that organically or we could look at doing it inorganically. We've looked at both, and that's going to continue to be part of the plan.

And then longer term, I think there's commercial connectivity across the platform as well. But to be clear, in that plan, there's no inorganic assumptions around the U.S. We've got an opportunity in front of us to build out what we already have if inorganic opportunities come about at some point, we'll have the capital to do it. But right now, we're focused very much on the organic opportunities in Jake's business and Jacqui's business to build that connectivity further.

Gabriel Dechaine – National Bank Financial, Inc., Research Division - Analyst

Okay. And then well, I guess, I will ask about LatAm. And I've been on a few of these events over the years. And in the past, the message was quite different. Chile is great, Peru is great. And obviously, things have changed in the world. I'm wondering not to get too far ahead into the presentation later today. But is it the capital rules changed and what used to be a great return market isn't anymore? Or are the markets structurally different, i.e. worse post-COVID than they were? And that's just on the brakes. What's the...

Scott Thomson - The Bank of Nova Scotia – President & CEO

It's a fundamentally different philosophy on how to create value for shareholders. And my view is we're going to create that through value, profitable growth, there will be volume growth, but it will be value as opposed to a focus on driving volume through the balance sheet. And you see that very clearly in the GBM business, where we've been driving that GBM LatAm business hard, asset-heavy, low-yielding smaller pools where we've got a great opportunity in the U.S. to actually drive greater return on risk-weighted assets.

So I'm glad you noticed it's a fundamental change because it is a fundamental change, but it does come down to a view on what's going to reward shareholders. And I believe the value, profitable growth is going to reward shareholders more than a view on balance sheet heavy asset growth and a volume-based market share approach.

John McCartney - The Bank of Nova Scotia – SVP of Investor Relations

Yes, sir?

Nigel D'Souza – Veritas Investment Research Corporation - Senior Investment Analyst

Nigel D'Souza, Veritas Investment Research. I wanted to touch on your medium-term objective for ROE. 14%, I believe, is medium term, and then I think you outlined 15% by 2028. And when I look at your historical ROE pre 2020 on an adjusted basis, you've exceeded 14% and 15%, I think, multiple times.

So two-part question here. Given the improvements you're outlining, are they structural reasons? You've highlighted the new capital framework in the rules that are going to limit ROE going forward? And the second part of that is, I think 14% to 15% is the floor, but what would you see as a ceiling once you fully optimize your ROE because it looks like there's more room here to improve on that?

Scott Thomson - The Bank of Nova Scotia – President & CEO

Yes, I'm going to start again because I actually agree with you. I think there is more room to do better here. But the 14%, we have to recognize that the capital floor has increased. It's increased meaningful. And so even though 14% was our medium-term ambitions 3 or 4 years ago, getting to 14% now is more difficult in light of those capital rules.

That being said, the plan that we've laid out actually builds capital through the piece and the plan also shows, as you see on Raj's place -- page, something that's greater than 14%. So I am very confident. I said that in my prepared remarks. I am very confident that we will exceed those medium-term objectives, but it's so important for the credibility of this team that we do what we say we're going to do. And that's why you've got the 14% number up on the page.

Nigel D'Souza – Veritas Investment Research Corporation - Senior Investment Analyst

I think your comments are on a fully optimized ROE. I know it's longer term than 5 years, but you fully execute on your end game here, what is the potential ROE this bank could generate relative to peers or just as a ceiling?

Raj Viswanathan - The Bank of Nova Scotia – Group Head & CFO

I think the success that we're going to have over the next 5 years will determine how high we can go. Scott talked about the E. The E is as best as we know today, how it's going to evolve and how we want to operate as a bank. But fundamentally, if you have a strong balance sheet metric, the way we'd laid out over here, how we're going to lend, who we're going to focus on client profitability. And the most important aspect of the R is a continuous drive to efficiency.

Our business is going to be challenged everywhere. I'm talking about it as an industry, not Scotiabank. Over there, the more efficient we become, the more profitable we will always be. And that's also about thoughtful allocation of capital, we want to allocate capital to the most profitable relationships. Once you see us executing through that, I agree with you, this has to be greater than 15% when it comes from execution and discipline.

John McCartney - The Bank of Nova Scotia – SVP of Investor Relations

Is that Mike?

Mike Rizvanovic – Keefe, Bruyette, & Woods, Inc., Research Division - Research Analyst

Mike Rizvanovic, KBW Research. For Scott, I just wanted to touch a little bit on the deposit strategy. And it sounds like you've had some success over the past year on those core deposits. What I'm trying to understand better is when you talk about market share gains in core deposits, what you're really saying is you're going to take share from established relationships with your competitors and I'm wondering what's the big driver that makes that happen? Is it just capital allocation, more capital, more front client-facing staff? What is it that sort of drives that? Because it does seem like in some cases, you could get some early gains, and then it gets a lot harder over time because you've got entrenched relationships with the other big 6 banks with those same clients that you're chasing.

Scott Thomson - The Bank of Nova Scotia – President & CEO

Yes, Mike, you raised a great issue. I mean this is all about execution, right? And we're in an execution game in our Canadian business. So as we allocate capital back, we're going to have to take share from others to meet those primary client objectives. But I think what you'll feel today from Aris, when you hear him speak, is the execution plan is robust. And with the focus of the organization with reallocated capital, you're going to see actually a doubling in the Canadian business in terms of the capital that we allocate to that business. You're going to see a change in incentives that you -- that we've implemented between Jacqui's businesses and Aris' business. You're seeing actually the traction of Scene+, which is something we didn't have before, which has gotten a lot of traction. I think 14 million members.

And you've seen some success in the new to Canada market as well. And so we recognize it's execution. We recognize it's quarter-by-quarter. We recognize it's a game of inches. But if we keep that consistency, you're going to see results. And I think this year was a good first step. It becomes harder from here. I agree with that. But when you have that North Star and everyone is focused and mobilized on it, I think we'll make results.

Mike Rizvanovic – Keefe, Bruyette, & Woods, Inc., Research Division - Research Analyst

And just really quickly for Raj, just on the dividend, not to harp on this. I know it's a longer-term strategy to get that back to the 40% to 50% target range. But should we be thinking about the dividend in a sense that maybe you just don't grow it because you're waiting to -- for that bit of catch up, I think you're north of 60 now. Is that a fair way to look at it? Or do you just -- should we just think that maybe the bank doesn't really care so much about being a bit above target for an extended period of time here?

Raj Viswanathan - The Bank of Nova Scotia – Group Head & CFO

I think we are comfortable operating about the target, Mike. There's no doubt, over the next couple of years, because we know we have to reposition the business, reallocate capital and then the earnings are going to follow the way I talked about. The dividend payout ratio is actually a philosophical conversation. The 50% comes in saying, okay, we want to invest half back into the business, so we continue to grow the business.

We're quite comfortable the way we have looked at our plan between capital liquidity and how we want to reinvest in the business, that we're not short changing anything, although we might be operating like you pointed out, a little over 60% for the next 2 years.

The eventual philosophy is we want to grow dividend in line with our earnings growth. So the moment it gets to about 7%, we'll get back to our traditional growth of 6%. But even through '24 and '25, we expect our dividend to grow modestly in this plan. So it's not about not growing dividend, growing modestly lower than we would normally like to in line with the earnings, but that also ensures that we have sufficient capital retained in the business to continue to grow and invest in all those initiatives like cloud and so on, it requires a lot of investment.

So it's a balanced approach, I think. The dividend payout ratio will fall in place like in the second half of the plan, the way I see it.

John McCartney - The Bank of Nova Scotia – SVP of Investor Relations

Okay. Next question?

Paul Holden - CIBC Capital Markets, Research Division - Executive Director of Institutional Equity Research

Paul Holden, CIBC. First question is with respect to capital allocation. Assuming the plan is drawn up based on current minimum required CET1 despite the reprevewe've got last Friday, not insignificant probability that CET1 requirements go up over time. We can run the math on that. So my question is not so much related to the ROE, but rather if CET1 requirements continue to push higher, is there a reason to accelerate this plan or push even like the internal capital generation to more of those core markets even more than you have in the current plan?

Raj Viswanathan - The Bank of Nova Scotia – Group Head & CFO

Yes. I think so I'll call out a little bit about how this plan was built. It was obviously built before December 8, right? So it was done with the assumption that we will run closer to 12.5% and beyond, including the impact of the capital flows that I talked about. So I believe those returns over there are clearly reflective of a higher capital ratio if that were to become the reality whether later in '24 or beyond.

The more important decision for us is how do we deal with the DRIP soon enough before we determine how much more capital we want to put into these priority businesses. We know we'll keep the DRIP in this plan through to 2024. But our intention is to say, once we know how our capital generation activities happen, and we eventually determine where the capital rules might lead us to, all that has been baked into this plan.

So we feel quite comfortable even if the domestic stability buffer goes up, it shouldn't impact any of our plans. And frankly, when we start generating more capital, like I said, which is more around the 15 to 20 basis points per quarter, which this bank has to generate, which will start happening sometime in '25, it gives us a lot more flexibility to even increase our investment in the priority businesses that has not been factored into this plan. So I think there's more upside than not.

Paul Holden - CIBC Capital Markets, Research Division - Executive Director of Institutional Equity Research

Second question is with respect to the ROE and Raj, you focused on risk-adjusted margins a couple of times. But when I look at this plan and reemphasis on Canada, a little bit of a deemphasis on LatAm, not only do you see a higher ROE ceiling, but also, I would say, a better risk-adjusted ROE. Maybe you can adjust -- or sorry, maybe you can sort of speak to that point in terms of how you're thinking about risk to earnings given the reallocation of capital.

Raj Viswanathan - The Bank of Nova Scotia – Group Head & CFO

Yes, no problem, I can start and maybe, Scott, you might want to add a few things. The return on equity for this year, 2023 was 11.7%. The easy math will tell you when the rate situation normalizes in line with the plan that I put in there. That's about $1 billion of earnings. It takes us well past

13.5%, if you did the simple math, right? So that's where it's really our starting point. To answer even Nigel's question, that's why 14% is kind of there once the rate situation evolves and it happens.

The priority businesses to us, like you rightly pointed out, is all about risk-adjusted margin. As long as we get paid for the risk, we think it's the right decision. And that's how we built this whole plan, the 100 units that Scott talked about that we analyzed in great detail to understand through the cycle, not necessarily if it's a good cycle or not, what is the risk-adjusted return that we should be earning on the capital that's deployed. And that's how we identify these are our priority businesses. Obviously, there is a slant towards North America.

So risk-adjusted margin is the way we've tried to disclose even in the last 4 to 6 quarters rather than focusing on net interest margin and PCL ratio separately. The 2 have a great relationship, and that's how we'd like to run our businesses going forward.

Risk taking, I think Scott pointed out in his prepared remarks, is part of the business. We just want to ensure we get paid appropriately for the risk we take. We appropriately provide through the ACL coverage that we want to maintain on the balance sheet. And yes, you could have a black swan event where everybody will get impacted. That's not what we put in this plan, but it's appropriately providing for on the balance sheet, and therefore, generating risk-adjusted margin next of 2%, like I called out in my prepared remarks.

That I think is easily achievable with the assumptions that we have made, and I believe there are some tailwinds, which has not been factored into this, frankly.

Scott Thomson - The Bank of Nova Scotia – President & CEO

And just a couple of comments. What I like about this plan so much is if you think of where we were in international back to Gabe's question, a volume-based approach in LatAm, which meant that you attracted a lot of monoline customers in non-credit quality -- high credit quality segments, which then impacts your volatility and your PCLs and your write-offs.

This reversion back to primary clients and high credit quality segments with less of a focus on volume and more of a focus on value, one drives higher profitability, but it's also a lower risk proposition from a net write-off perspective. And so the combination of that in international with the reallocation back into developed markets of the capital makes for a more profitable or sustainable and lower risk proposition for investors in my mind.

John McCartney - The Bank of Nova Scotia – SVP of Investor Relations

Darko?

Darko Mihelic – RBC Capital Markets, Research Division - MD & Equity Analyst

Can you hear me now? Here we go. My questions are all directed at Scott. My first question, Scott, is a year ago, you came into this role on the outside essentially is from a director position to the CEO. I didn't hear anything mentioned in your presentation today about forward succession plans. Can you give us an idea of how you're laying the groundwork for the future CEO?

Scott Thomson - The Bank of Nova Scotia – President & CEO

Yes. It's a great question, Darko. So one, I think it's important to recognize that we have a very strong and capable team at the bank. And this shift here from volume to profitable growth isn't a comment on actually the people and the capabilities in the bank. It's a philosophical shift in terms of how you run that bank is point one.

Point 2, you think about some of the people that we have at the EVP level, at the SVP level and even around my table, they've been at the bank for a long time. They've got a massive runway. They've moved around in different verticals, and there's an opportunity for them to continue to grow.

We have brought in some senior leaders from global institutions who have seen it and done it before. But they're also at the end of their career in terms of experience in the case of Aris and Francisco. They've done it before in various industries. In the case of Aris, I actually brought them out of retirement to do this job. So thank you very much.

And they have the opportunity to actually mentor the next generation, to lead the next generation to actually then lead the bank. And so this has been a very intentional way that we've reworked this team to be able to provide the opportunities for the senior leaders within the bank to continue to develop and grow within the bank.

Darko Mihelic – RBC Capital Markets, Research Division - MD & Equity Analyst

But there's been -- sorry, just to follow up on that. There's nothing fundamentally changed about the process that would disallow somebody from the outside or there's no fundamental core process now that says the next CEO of Scotiabank is coming from within.

Scott Thomson - The Bank of Nova Scotia – President & CEO

Listen, it would be a failure on my part if I did not have the next CEO from within the ranks of the bank. I made that a massive priority at my last job, was very successful in doing it and that will be a legacy that I will leave at this job.

Darko Mihelic – RBC Capital Markets, Research Division - MD & Equity Analyst

Great. That's an excellent answer. And my next question, following along Gabe's sort of line of questioning, when I think of the 3 surprises that I'm hearing here today, we can debate whether it's USA or moving away from developing to more developed markets. I don't know if 1 or 2. But the third surprise is actually the Caribbean. And I'm interested in why the Caribbean has been lumped in with an area where you would actually throw more capital that I've seen other banks suggest that they want to exit the Caribbean. It seems to be up and down. Is it just a function of the fact that it's there and it's not going to receive a lot of capital? Or is there actually an intention to throw a lot of capital to Caribbean?

Scott Thomson - The Bank of Nova Scotia – President & CEO

Yes. I think it's not -- it's in the priority business, but it wasn't in the accelerated growth category. So it is a business that grows at GDP and there's no -- we're not trying to confuse anybody with that. But as we went through this process, I think you really have to look at competitive advantage, like where do you have a competitive advantage where you know you can win. We have 30% of the deposits in the Caribbean at the Bank of Nova Scotia. We are more trusted than the governments in these regions. As we went through COVID, we saw deposits come into the business, right? Sorry, not through COVID, through SVB -- sorry, through SVB, when we went through that disruption, where a lot of banks were worried about deposits.

Actually the diversified platform of this business is in our international bank, we saw incoming deposits. In the Caribbean, we saw incoming deposits. And so I know we haven't talked a lot about the Caribbean, but it's a massive competitive advantage for us. And it also -- it does fit in North America. It is part of that North American flow. So it is going to be highlighted more going forward for sure.

John McCartney - The Bank of Nova Scotia – SVP of Investor Relations

Okay. Next question? Any other questions for this session? Okay. So we'll take our first break, and we'll be back in the room just shortly after 11, 11:00 for the Canadian banking presentation. Thank you.

[Break]