SCOTIABANK

2023 Investor Day – International Banking

December 13, 2023

FORWARD-LOOKING INFORMATION

From time to time, our public communications include oral or written forward-looking statements. Statements of this type are included in this document, and may be included in other filings with Canadian securities regulators or the U.S. Securities and Exchange Commission (SEC), or in other communications. In addition, representatives of the Bank may include forward-looking statements orally to analysts, investors, the media and others. All such statements are made pursuant to the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995 and any applicable Canadian securities legislation. Forward-looking statements may include, but are not limited to, statements made in this document, the Management's Discussion and Analysis in the Bank's 2023 Annual Report under the headings "Outlook" and in other statements regarding the Bank's objectives, strategies to achieve those objectives, the regulatory environment in which the Bank operates, anticipated financial results, and the outlook for the Bank's businesses and for the Canadian, U.S. and global economies. Such statements are typically identified by words or phrases such as "believe," "expect," "aim," "achieve," "foresee," "forecast," "anticipate," "intend," "estimate," "plan," "goal," "strive," "target," "project," "commit," "objective," and similar expressions of future or conditional verbs, such as "will," "may," "should," "would," "might," "can" and "could" and positive and negative variations thereof.

By their very nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties, which give rise to the possibility that our predictions, forecasts, projections, expectations or conclusions will not prove to be accurate, that our assumptions may not be correct and that our financial performance objectives, vision and strategic goals will not be achieved.

We caution readers not to place undue reliance on these statements as a number of risk factors, many of which are beyond our control and effects of which can be difficult to predict, could cause our actual results to differ materially from the expectations, targets, estimates or intentions expressed in such forward-looking statements.

The future outcomes that relate to forward-looking statements may be influenced by many factors, including but not limited to: general economic and market conditions in the countries in which we operate and globally; changes in currency and interest rates; increased funding costs and market volatility due to market illiquidity and competition for funding; the failure of third parties to comply with their obligations to the Bank and its affiliates; changes in monetary, fiscal, or economic policy and tax legislation and interpretation; changes in laws and regulations or in supervisory expectations or requirements, including capital, interest rate and liquidity requirements and guidance, and the effect of such changes on funding costs; geopolitical risk; changes to our credit ratings; the possible effects on our business of war or terrorist actions and unforeseen consequences arising from such actions; technological changes and technology resiliency; operational and infrastructure risks; reputational risks; the accuracy and completeness of information the Bank receives on customers and counterparties; the timely development and introduction of new products and services, and the extent to which products or services previously sold by the Bank require the Bank to incur liabilities or absorb losses not contemplated at their origination; our ability to execute our strategic plans, including the successful completion of acquisitions and dispositions, including obtaining regulatory approvals; critical accounting estimates and the effect of changes to accounting standards, rules and interpretations on these estimates; global capital markets activity, the Bank's ability to attract, develop and retain key executives; the evolution of various types of fraud or other criminal behaviour to which the Bank is exposed; anti-money laundering; disruptions or attacks (including cyber-attacks) on the Bank's information technology, internet connectivity, network accessibility, or other voice or data communications systems or services; which may result in data breaches, unauthorized access to sensitive information, and potential incidents of identity theft; increased competition in the geographic and in business areas in which we operate, including through internet and mobile banking and non-traditional competitors; exposure related to significant litigation and regulatory matters; climate change and other environmental and social risks, including sustainability that may arise, including from the Bank's business activities; the occurrence of natural and unnatural catastrophic events and claims resulting from such events; inflationary pressures; Canadian housing and household indebtedness; the emergence or continuation of widespread health emergencies or pandemics, including their impact on the global economy, financial market conditions and the Bank's business, results of operations, financial condition and prospects; and the Bank's anticipation of and success in managing the risks implied by the foregoing. A substantial amount of the Bank's business involves making loans or otherwise committing resources to specific companies, industries or countries. Unforeseen events affecting such borrowers, industries or countries could have a material adverse effect on the Bank's financial results, businesses, financial condition or liquidity. These and other factors may cause the Bank's actual performance to differ materially from that contemplated by forward-looking statements. The Bank cautions that the preceding list is not exhaustive of all possible risk factors and other factors could also adversely affect the Bank's results, for more information, please see the "Risk Management" section of the Bank's 2023 Annual Report, as may be updated by quarterly reports.

Material economic assumptions underlying the forward-looking statements contained in this document are set out in the 2023 Annual Report under the headings "Outlook", as updated by quarterly reports. The "Outlook" and "2024 Priorities" sections are based on the Bank's views and the actual outcome is uncertain. Readers should consider the above-noted factors when reviewing these sections. When relying on forward-looking statements to make decisions with respect to the Bank and its securities, investors and others should carefully consider the preceding factors, other uncertainties and potential events.

Any forward-looking statements contained in this document represent the views of management only as of the date hereof and are presented for the purpose of assisting the Bank's shareholders and analysts in understanding the Bank's financial position, objectives and priorities, and anticipated financial performance as at and for the periods ended on the dates presented, and may not be appropriate for other purposes. Except as required by law, the Bank does not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time by or on its behalf.

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.

CORPORATE PARTICIPANTS

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The Bank of Nova Scotia – SVP of Investor Relations

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

Welcome back. I hope you all enjoyed lunch. And now for a detailed look at our international business and go-forward strategy. Group Head, International Banking, Francisco Aristeguieta. Francisco is truly a global leader with regional CEO experience for some of the world's largest financial institutions with particularly relevant experience in our own Latin American geography. Welcome to the stage, Francisco.

PRESENTATION

Francisco Aristeguieta - The Bank of Nova Scotia – Group Head, International Banking

Good afternoon. Very excited to be here this afternoon to share our vision and ambition for the International Banking business at Scotia. I've met some of you for those that I haven't yet. My name is Francisco Aristeguieta like John said. I joined the group in April. I've have a lot of experience internationally, but let me clarify, I am not that old, and I am not retiring. So contrary what Scott, my partner friend, and boss said, I'm here to see this through. with the whole team. So you can count on my full engagement for a long time to come.

Joking aside, I -- making sure that everybody is awake. I do bring quite a bit of experience, relevant experience for the group. I've seen a lot in Latin America, which is my backyard. Over 20 years of my experience was operating complex businesses, transforming businesses, driving change. in Latin America in the majority of the countries, by the way, where Scotiabank is, but I also led complex businesses led, change in the United States, in Asia, Middle East and Eastern Europe.

Since I joined the group in April, I've traveled extensively throughout our footprint, visiting our markets several times, I spent time with our leaders, our clients, our staff, our regulators. identifying opportunities, learning about our culture, meeting our team and understanding the idiosyncrasy and philosophy and culture that makes this extraordinary institution.

I also invested a lot of my time joining Scott and the team in the strategic refresh exercise. So I am very excited to share with you this strategy this afternoon because this is our strategy. This is a strategy that I own with the team. This is not somebody else's. So I am confident that what we're going to share with you today is something we can do and do very well.

A couple of housekeeping things. The first is that the numbers I'm going to share with you are in constant FX. And that my numbers include the GBM business, although my partner, Jake, is going to cover that on a global basis after me.

So let me begin by framing a little bit of what this journey is about. And if I leave you with anything today, this journey is about value creation. This is about changing the way we operate through powerful execution to create value for our clients and you, our investors. What we're going to do is become client-centric. It is well known that the power of valuable businesses starts and ends with the quality of your client relationships.

Banking is no exception. We are focused on making sure that we become a powerful client-centric franchise as a result of this effort. We're going to be very focused on allocating capital to higher returning businesses. We're going to create a core competency around our efficiency, making sure that we generate scale as an integral part of the way we operate.

As you heard Scott and my colleagues speak today, this is very much an execution journey. And our strategy in international is no different. In my experience of driving change and leading complex businesses around the world, culture and talent matter and matter a great deal, particularly when it comes to execution. So you're going to see us focusing on driving key attributes of execution in our culture.

As we move forward in this process, the management process will be key as well. to make sure that we have the right KPIs and that we drive the right execution on the back of those goals. In this strategic refresh, as Scott highlighted, we looked at every business, and we looked at it objectively. In that process, we looked at our past, and we looked at how we got here. In the next couple of slides, I'm going to share that with you.

Looking at our financial performance, what we realize is that it's been challenged, it's been volatile and underwhelming. When we compare our results with the average industry in the Pacific Alliance countries, we see significant underperformance in the key indicators that matter. What we also see is the opportunity to catch up, it's the opportunity to close that gap. It's the opportunity to improve performance because there is value to be created in closing that gap.

We need to understand how we got here. It's an important element of fixing the future. In our understanding, a few things that are important to share. The first one is that our international expansion was driven by the intent to diversify. Now the strategy that we drove on the back of that intent was one of size, volume and market share. That strategy of size and market share resulted in low primacy.

We did that with a monoliner lending first approach. That approach yielded low share of wallet. And unfortunately, volatility when stress came on our PCLs. That higher attrition also was a big contribution to low-share wallet. Sorry.

We ran a deliberate decentralized model, I call it a federation, a federation of countries that we run each one differently, customized for that market. That did not allow us to capture scale, and that's why you see a gap of over 500 basis points in productivity to the average industry in the Pacific Alliance countries. Sorry.

We deployed a significant amount of capital, more than $7 billion to expand in the Pacific Alliance, and that expansion has clearly underperformed. Now as I said, I've traveled extensively throughout our footprint since April. What I've learned in these travels, there are a few things that I want to share with you that we're going to build upon.

The first one is that we are incredibly relevant and of size and enjoy an aspirational brand in each of these markets. That is something that is powerful and very hard to replicate. We have more than 12 million clients in these countries. We run top 3 on average in every market that we're in. As I travel in these countries, I also met a lot of our teams and staff.

In my experience, talent matters a great deal in emerging markets. We are blessed with the quality of talent we have. In international, we are often the employer of choice. That gives me the confidence that we can retain the talent we want to retain. But more importantly, as we bring out this ambitious strategy, we can bring the skill sets we require to execute.

Now one particular thing that to me is super important that I've learned over the years is that when you walk the halls of our organization internationally, you pick up something that is very powerful, which is pride. You feel that pride of belonging. And that, in my experience, when you have it, enables outstanding results.

We also enjoy a presence in the markets that have the right dynamics, the right size, the right flows. And that allows us to think about how we focus more on the multinational opportunity. How do we drive a penetration on the North American market like Scott highlighted earlier today. All those dynamics allow us to think through how do we create value on top of what we have. And what we have is very hard to replicate.

When we look at our way forward, what I want to do is begin by framing our financial ambition. And our financial ambition is something that we can achieve, but it's different than the past. We're going to focus on growing our earnings faster in the future by becoming client-centric. So when you look at our revenue trajectory, we're going to grow at 7%, and we're going to keep our expenses flat over that period. And those 2 things are key to sink in because we're going to go through them in detail further in the presentation.

Now in order to achieve those results, we're going to go through a transformational period between 2024 and 2025, in which we go through a process of client deselection and reorganization for scale. And that process also, as Phil guided in Q4, will go through the impact of PCLs that we're still processing through.

Beyond that period, you're going to see us growing earnings at a CAGR of 8%. Generating higher return on equity north of 16%, RAM of north of 3.4% and be a market-leading productivity of 45% or better.

How are we going to do this? We're going to do this growing in priority markets, Mexico first. Mexico first, because for us, Mexico is the pillar for growth in the strategy. but we're going to do it in a way that we will develop capabilities, features and platforms that we roll out in Mexico first and leverage in the rest of the footprint. And that is fundamentally different than the way we've been running a federation of countries where we develop capabilities for each market that we couldn't leverage anywhere else.

That will allow us to improve performance across the international bank as we grow faster in Mexico and capture more share and higher returns across our international footprint. And we will turn around the underperforming businesses or redeploy, and I will talk more about that in a second.

Primacy is our North Star, is what we're aiming to do. All of our client journeys and experiences will be designed, developed and implemented for primacy. But equally important in this journey for the international bank is client profitability. You will see us not only striving for primacy, but driving more clients above the profitability threshold, by selecting clients differently and lowering our cost to serve.

Operating differently from a federation to a republic where we not only leverage the footprint we have internationally, but we leverage Canada as a source of scale, operating truly globally with Aris and the team, identifying opportunities to co-ideate co-develop, co-invest and roll out capabilities common that we can scale together is something we have not captured historically that we intend to capture going forward.

And as I said, execution is everything in this plan. The culture needs to reflect that goal and we're going to create a robust and powerful meritocracy, where career advancement in Scotiabank International will be the result of performance. We're going to have very clear goals that I'm going to share with you later on, and those goals will be shared across the organization and we're going to have significant accountability to each and every one of those as we go in quarter and to quarter.

What I'd like to do now is share with you a cool video around Mexico and our international business. roll it, please.

(Video Presentation)

Thank you. Mexico for us is a unique opportunity. We can look at Mexico as a single market, and you will say, well, we have almost 10% of that market already. We have 500 branches, 2.3 million clients, an extraordinary team. We have Adrian Otero here, a CEO by the way, if you haven't met them, you should spend time with him, great leader for the bank.

But when I see Mexico, I see the potential to capture the power of the North American corridor. I see the unique opportunity to be the Canadian bank that enables that corridor for our clients. So as we capture share in Mexico, we're going to do it in a way that we capture the space of clients that operate within that corridor. 14% of our commercial bank clients in Canada operate in that corridor. We have the capacity to capture that business in a way that we haven't historically.

When you see the dynamic behind the Mexican market that gives us the confidence to grow in that market as we are saying here, we will. When you see the flows between Mexico and the U.S. are impressive. 15% of all Mexican exports go to the United States, 17% of all United States exports go to Mexico. It's the most important partner for that country.

What that translates to is in unique technology transfer investment around near-shoring or ally shoring, like President Biden mentioned it recently. That's how we see demographics around wealth creation and foreign direct investment at record levels. This very year is the second highest year ever for Mexican foreign direct investment and the government didn't do anything particularly different this year to do that.

This is the result of the focus of the multinationals coming into Mexico, diversifying their supply chains away from China. And we see Mexico at the center of it, but the rest of the international footprint in which we're in, will be beneficiaries too.

So connecting these markets on behalf of these clients is the power of our idea. When you see the numbers going forward out of Mexico, you will see us capturing 12% growth in the multinational business in that market. 50% of our commercial bank incremental earnings will come from Mexico and 50% of the incremental earnings on wealth will come from that market. And Jacqui mentioned that in her presentation earlier today.

So Mexico, for us, has a multiplier effect. That multiplier effect is -- will be reflected in higher returns that we can achieve just because we enable not only Mexico, but the North American corridor.

Now when you see our results going forward, what you will see is that over the next 5 years, more than 70% of our capital in the international bank will be allocated to higher returning businesses in priority segments and markets. Close to 50% of our incremental earnings of almost $1 billion will come from Mexico in that period.

Mexico is incredibly important in this strategy. But also what you will see is that the remainder of the international bank has to improve its performance for these results to come through. And we're going to do that Mexico first, co-investing, codevelopment, bringing capabilities to bear, creating scale for investment and doing things on a common fashion regionalize where we can generate scale.

We're going to capture more of the Caribbean market. And I love the question about the Caribbean, how is it that you're talking about the Caribbean. Well, we've been in the Caribbean for 200 years. We were in Jamaica before we were in Toronto as a matter of fact. We have 2 million clients in the English Caribbean. I didn't even know we could have 2 million clients in the Caribbean, let alone we have them. We are an aspirational brand. We are a dominant force in the English Caribbean, but you know what, we can do a lot more with those clients of what we do today, and we will.

Peru and Chile, powerhouses of franchises. We're top 3 in each of those markets, over 1 million clients in each one. Enviable position, fantastic talent, great clients. We need to get better returns out of those franchises, because our strategy going in was of size, was of market share, wasn't about higher returns, wasn't about profitability necessarily. It was about diversification. But this journey going on is not about being the number one bank or the biggest bank. This is about higher returns, profitability and primacy. And we can do that in those 2 markets. And we already are in that path. We have underperforming businesses in our portfolio. We are the first ones to call it out.

Scott did, Colombia, Central America, consumer finance. We have very robust plans to turn around those businesses. I've been there, I looked at those plans. We enhanced the plans. We implemented a management process around those plans to make sure that we can deliver improvement.

Well, let me be as clear as I can be. If we don't see a path to an improvement, we're going to redeploy that capital as fast as we can. But we've got to give a chance for these plans to happen, because if we don't, we missed the opportunity to create value for you. And as we look at the heart of this business, objectively, the conclusion is that we can.

And I'll tell you, Colombia, for example, which gets disproportionate headlines, I think. This year, 10% inflation in Colombia. Our plant delivered 8% reduction in expenses. We can do it. We just need to focus and deliver. But if we can't, because the circumstances don't allow us, we're going to redeploy it, simple as that. We're committed to it.

A significant portion of our plan and delivering the incremental earnings is efficiency. And as I said, it has to become our core competency for the group. 60% of our incremental earnings come from that, our ability to operate differently. This is not about becoming smaller. This is about becoming more efficient, and let's understand the journey.

So we're not going to go out and shrink. We're going to go out and do it differently. Doing it differently will allow us to reduce by $860 million, our expense roll rate by 2028, that will be the result of allowing my partners to support the international business differently. It is not the same to support a federation of countries where we do everything differently in every country. And that I have to be fully deployed in every country, every role, every function is different than saying, no, no, we're going to serve the same client, we're going to have the same product base, we're going to share the same chassis, we're going to have the same processes and procedures and that allows you support function, control function, finance risk to do it at scale. That is the power of this change. It's regionalizing.

And on your mind, someone say, so what, how are you going to compete domestically? Well, we're going to leave the last mile domestically. Where we can partner up for distribution and customize those common chassis for local relevance. I've done that. We did that in Asia for 23 countries that couldn't be more different from one another. It can be done. You just need to decide to do it. and the power behind it is lower cost to serve, faster rollout of capabilities, more capacity to invest because you're doing it for a larger pool.

In that process, we're going to reduce our acquisition cost. Today is unsustainably high, north of $80 per client. We can't sustain that. It has to be much lower, lower than $50. That will allow us to have more clients above the profitability threshold. So this strategy, this journey is not only about the aspiration of primacy, it is very much about being much more efficient when we do things.

We have to talk about risk. We're talking about emerging markets after all. Scotiabank is very proud, and I am very proud of that legacy. We are known to be conservative risk takers. This plan does not change that, not one bit. Historically, in the international banks, we've been focused on volume and size. What we're saying here is we're going to do more with clients. We want to know them more. We want to know them better. We want to have better data.

As we do that, what we've learned in places like Chile, for example, is that when you have clients that are highly transactional with you or primary in nature, they behave much better than clients that are not in times of stress. That is a fact.

So what you're going to see us do is penetrate relationships further, not only in retail, by the way, certainly in the commercial bank as well, where we lead with the balance sheet, we won't going forward. So what that is going to allow us to do is as we transact in a different way with clients using credit as an enabler of primacy rather than the enabler of the relationship, that allows us to deal with relationships that perform better over time. The clients that are more loyal and that ultimately allow us to predict cost of credit better going forward with less volatility.

Obviously, we're going to continue to invest in AML, in compliance, in cybersecurity that we've done robustly over the years, and that will be shared that scale going forward. So I feel very confident that the principle that attracts you to Scotia as a conservative risk taker is actually enhanced with this strategy.

The retail bank is a fundamental component of our earnings growth. I call it 1 of the 2 engines. That's a big one. And we are aiming to grow our revenues at a 7% CAGR with expenses flat. We have in the international bank, the resources we need, capital and spend. We just need to put it to work harder. And in the case of the retail bank, as we refocus our organization during the transformational period of 2 years, where we're going to go through a period of deep selection of clients to ensure that we focus on the clients that we can compete and win for business, what you're going to see us is growing faster and at a higher return than what we have historically been able to generate.

We're going to increase the number of primary clients by $1 million. We're going to grow it, doubling it from 7% to 15%. But you're going to see us improve our productivity dramatically over the 5-year plan from 63% to less than 50% in the retail bank. You're going to see us reduce attrition post the client deselection phase in 2024 and 2025 to a market-leading 5% or less compared to the average in the industry in the Pacific Alliance.

And you're going to see us growing deposits at twice the speed of loans because we're going to focus on primary highly transactional relationships where deposits, payroll, insurance and transactional lending create the right type of relationship we want. That will help us on the primary front, allow us to segment consistently across all markets in the affluent, emerging affluent and top of mass.

You're going to see us operate consistently in every market, deploying the same supplementation, all that anchored in payroll. We see primary clients and highly transactional clients generating 6x the revenue that our clients that don't fall in that category. So you will see in the retail space, that growth will come for the aspiration of primacy but also will come from having more clients being profitable with us.

And that means that we're going to change the way we acquire. In our strategy historically, where we're going for size and market share. Basically every potential prospect that came through the door, became a client, and we didn't segment that client, we will, going forward. As you come through the door, we're going to segment you and see if you can be a client. And if so, what segment do you belong. So I can deploy the right value proposition for you day 1.

It is known in all retail businesses, ours is no exception, that if I don't cross-sell you in the first 30 to 90 days, you becoming a trader. It's a fact. This is no exception. So we need to change our acquisition. The funnel needs to reflect the target client I want and the moment you're come through the door I need to know who you are, so I can position the right value proposition that drives the right economics for you as a client. That allows us then to adjust the cost of the value proposition I deploy.

Today, I deploy the same value proposition across my retail base. For example, in Peru, I give you 3 ATM transactions, regardless of what segment you're in, in third-party ATMs. Why would I do that if you're in a segment that you can afford to do that, right? So it's basic principles of segmentation that we will apply. We're going to move away from the consumer finance business, monoliner, volatile. I can't penetrate those relationships. I don't have the appetite. That would not be part of our core in the future. And we're going to continue with the balanced risk taking approach.

What that will do is that we're going to have clients that generate 30% more revenue at the end of year 5. And we're going to have 25% more clients with at least 3 products or more at the end of the 5-year plan.

Channels are key in all retail businesses. Ours is no exception. We've made tremendous progress over the last few years on the last mile of digitization. We are recognized consistently across our markets for being first in the digital space when it comes to the last mile and client engagement.

By the way, we're going to leverage that in Canada, as Aris said. What is important to understand around digital is that will become our primary channel for onboarding and self-service. That channel will be supported with the virtual branch, which we have deployed selectively, where we bring in human interaction on a targeted approach, where we give you support for complex sales and advice. And that has been incredibly well received, and we're going to bring that to scale.

And finally, the physical branch role would evolve in this 5-year plan. From a channel that today on boards, acquires, sells and everything, to a channel that focuses on advice, complex sales and more importantly, deliberately support the commercial bank, wealth management and SME. So you're going to see the role of the physical branch change and therefore, allowing us to bring efficiency and savings around our distribution channels. That is the power of a digitized strategy that for us is key in this strategy.

Commercial banking is the second engine that we're going to be focusing on. For us, the commercial bank is an extraordinary opportunity that we believe is underserved in the markets that we're in when compared to international banks. We also, through our own data know that our commercial bank client generates 2.5x higher returns than a GBM client. For us, it's a no-brainer to focus on the commercial bank, particularly the commercial bank, as you see that space between domestic and multinational. That allows us to grow our revenue line in the commercial bank business by 5%.

And you're going to see us do that, again, keeping expenses flat because we have the resources we need. We just need to redeploy them and put them to work harder. That would allow us to double the number of primary clients in the commercial bank. But you got to think, the clients that I have today, primarily monoliner lending clients because we led with the balance sheet.

And historically, we really haven't focused on the commercial bank. It's been really a corporate strategy. with some commercial focus, particularly in the international bank. So the opportunity is really to change that dynamic and make it a core effort that we can penetrate with all of our offering, not just lending.

So you're going to see us grow deposits at twice the pace of loans. You're going to see us increase the number of commercial bank clients by 30% in the 5 years. And you're going to see us increase the number of commercial bank clients with cash management service by 13,000.

So as we look at how we're going to do this, we're not going to service any commercial bank client. We're going to be very targeted. There are sectors in which we're known to compete and win. Where we have the expertise, the knowledge, the industrial expertise that really allows us to be compelling. Those are the ones we want to work with.

But also, we're going to be looking for these biased towards multinationals. We want to work with commercial bank clients that operate beyond their country, either because they transact internationally or they have a presence beyond their home market. That, for us, that's the sweet spot. That's the one that I salivate when I say. That's the one that's going to say Scotia is my bank. I don't need a local bank. I need more than that. That's where we come in.

And you're going to see us do that striving for primacy. This is about the product set. This is not about lending. And this is about a consistent value proposition of service and scale on everything we do around the commercial bank. That is why we're going to be able to keep our expenses flat while changing the way we operate this business.

Remember, we are fully deployed in all of these markets. We already have the branches. We have the knowledge. We understand them like nobody else. We just need to leverage that and focus it on the commercial space.

I'm going to talk about 2 very important global initiatives. The first one is multinationals. Multinationals, I'm leading with Jake. And multinationals for us is, I think, something that our clients have been asking us. As I meet most of our clients around the world, as I travel, all they will tell me, I want to do more with you. And as they operate with us in these countries, what they say is, I don't want to work with all these local banks, I want a regional proposition. When are you guys going to offer me a package that I can operate with you in all these countries. That's what the clients want.

For me, it's a no-brainer, I grew up in that environment, right? So when I see the opportunity to connect to all these markets, particularly the North American market, on behalf of our clients, is such a powerful, compelling opportunity for us. right? When you think about how we're going to do this? This is about things that we control. We're going to deploy a different coverage model, parent account manager, subsidiary account manager. We're going to approve credit centrally for parents and avail it seamlessly to subsidiaries. The power of that is that after I approve credit for a parent and avail it to a subsidiary, I can go to that CFO and treasurer and say, I'm going to give you that credit line you want in Colombia, sure, but I want your cash management too.

But when I don't do it like that, when I do it disaggregated, I don't have the leverage to go talk to the treasurer and ask for that business. We're going to create a central repository of documentation for AML and compliance. So we don't have to ask for the documents every time they want to open a subsidiary account.

We're going to have a differentiated service experience through a centralized service desk that handholds these clients as they transact with us and open subsidiary accounts. We're going to go to a master contract agreement when the parents sign one contract for all the subsidiaries across all of our footprint, and we can add the services to one contract rather than having hundreds of contracts as they work with us in different countries. That is the power of a multinational proposition.

That is what we're going to build, and that we're already on our way in that process. That is going to allow us to capture more of the revenue opportunity of 2.5x more revenue coming out of this multinational approach than one that is just domestic, capturing our fair share with 45,000 strong multinationals that operate in this space and capturing our fair share of the $20 billion revenue pool that is in the multinational space.

The second global opportunity which is key for our strategy and not only for the international bank. And as Scott mentioned, I'm also responsible for the cash management business for the group recently. And the idea here like with multinationals is a global business that we're going to deploy consistently in Canada and beyond.

Today, we have a competitive domestic offering in most of the markets that we're in. Receivables, collections, payments, factoring effects, we do that well domestically today. Canada too. You heard it from Scott and Aris, we are competitive.

The opportunity though is to make that more robust, make it cohesive, make it consistent, run it at scale. But on top of that, do what our clients are asking us to do, connect the countries for me. And that's what we're going to do. We're going to build an overlay that connects the onshore with the offshore, show our treasury management portal. Nothing new. We've got to build our own. We got to do that.

And then offer offshore cash management connectivity for offshore receivables, trade, paying your vendors, cash pooling, factoring, that is the power that brings us the opportunity to do more with our clients and become primary banks, because you insert yourself in the middle of a value proposition that nobody can replicate.

Imagine that in the commercial space. Because I know you're thinking, oh, what, JPMorgan is there, Citi is there, how are you going to compete? The space is what defines our role. We are uniquely positioned to be the only Canadian bank that enables the North America corridor with those tools. That is the power of this proposition.

This is going to bring 11% higher deposits and 11% higher fees as a result of this. Very excited about the opportunity for the group behind cash management and multinationals.

Any change story in my experience depends on clear goals and execution. We spent a lot of time as a team in developing the set of goals and KPIs that will drive performance for us. Here, we share with you that ambition. By 2028, 70% or more of the IB capital will be in priority segments, higher returning and priority markets. In those that we need to turn around, we will turn around or redeploy.

You're going to see us pushing hard on primacy, doubling the number of primary clients in the retail bank and in the commercial bank in that period. But equally important, if not more, is increasing the number of profitable clients we serve. It is a combination of the 2 that unlocks the true power of value creation here.

We're going to be deliberately -- deliberate in generating efficiency and scale. And we're going to be market-leading with productivities lower than 45%, has to be the outcome. We can. We own all these franchise. We are a powerhouse in these countries and in Canada, we just need to connect the dots for scale, and that's what our plan entails. And our culture will reflect execution, leave it and breathe it. That is how we're going to operate to make sure that these results come through.

Now as we see this ambition, and it is an ambition. And as I said at the beginning, I was delivering in the clarification, more than waking you up from lunch, is that I'm going to see this through. I didn't come here for a year or 2. I came here to see this through. And this is something that we can do and that I'm energized with my team to do. We're going to grow this business at 8% CAGR in terms of earnings or more. We're going to generate 16% or more ROE. We're going to generate 3.4% RAM or higher, and we're going to be as productive as we can be market-leading with the right-hand side of the page, client dynamics that I already explained.

It is ambitious, but we deserve the chance to do this, and we believe we can. That has been the result of the strategic refresh. So if I leave you with a thought, before I invite my colleague, Jake to present, What you're going to see is that this is an execution journey that aims at value creation. That is what we're here to do.

We're going to do that by being client-centric, absolutely obsessed with client centricity. We're going to reallocate, optimize and redistribute capital for growth and higher returns in the places that we can compete and win. And where we can't, we're going to redeploy it for higher returns. That is our commitment.

Efficiency and scale are critical. And by changing our operating model, we can deliver it in a way that historically we have not focused on. And our culture will be evolving towards execution. That is the power of the value creation journey that we've been working on for the last 10 months. I'm incredibly excited about the power of this offering and the strategy. The team is all behind it and aligned not only across the countries that we are in, but also my partners here in Toronto. We're all committed to this. I am personally committed to this. We will do this. Thank you very much.