
SCOTIABANK'S ANTI-MONEY LAUNDERING/ANTI-TERRORIST FINANCING AND SANCTIONS STATEMENT

Scotiabank is committed to sustaining a secure financial system in the countries around the world in which it maintains operations by taking the necessary action, using a risk-based approach, to deter and detect the use of its products, services and delivery channels for illegal purposes, and to comply with the anti-money laundering (AML), anti-terrorist financing (ATF) and sanctions laws to which it is subject.

In furtherance of this commitment, Scotiabank has established a Global AML/ATF and Sanctions Compliance Program (the "Program") as the key vehicle for effective control over money laundering (ML), terrorist financing (TF) and sanctions risks in all relevant areas of Scotiabank.

The Scotiabank Global Chief AML Officer (CAMLO) has accountability for the design, development, implementation and maintenance of the Program. The key elements of the Program are set out below:

- *Risk Management Principles:* ML, TF and sanctions risks management principles have been established to serve as Scotiabank's benchmark of risk tolerance in respect of ML, TF and sanctions risks.
- *Assessment of Inherent Risks:* Scotiabank conducts an inherent risk assessment to address customer risk, business relationship risk, product/service risk, delivery channel risk, geographic risk and other relevant risk factors.
- *Roles and Responsibilities:* All Scotiabank employees play a part in the implementation of the Program with certain specific roles and responsibilities assigned to key management roles and designated functional areas.
- *Customer Due Diligence (CDD):* CDD is an essential tool to avoiding involvement in ML, TF or sanctionable activity. It includes Know Your Customer (KYC) processes and, when pertinent, application of Enhanced Due Diligence (EDD) measures. All account relationships with correspondent banks are subject to these processes and measures.
- *Screening Compliance:* Screening processes are used to assist with CDD, KYC and EDD processes.
- *Employee Recruitment and Training:* The objective of employee recruitment and training is to attract and retain employees who are competent, qualified and ethical.
- *Records Retention:* Scotiabank maintains records that are required to be kept under AML/ATF and sanctions laws for at least such period of time as may be required by applicable laws and in a way that makes them accessible within the time frames set out in the applicable laws.
- *Regulatory Reporting:* Scotiabank will report to regulators information about transactions and property in accordance with applicable AML/ATF and sanctions laws, and will keep such reports confidential unless otherwise required by law.
- *ML/TF and Sanctions Self-Assessment:* Applicable Scotiabank business units are asked to conduct an annual self-assessment of their ML, TF and sanctions control measures to evaluate their effectiveness.

