

### Background

KYC is an ongoing, risk-based process to gather relevant information about customers and their business and financial activities in order to:

- ❖ facilitate the timely identification of customer activity that is inconsistent with established facts and information.;
- ❖ meet legal and regulatory obligations; and
- ❖ gather sufficient information to assist in determining appropriate products and services to meet customers' financial needs.

This KYC policy applies to all new and existing Scotiabank customer relationships. KYC is comprised of four steps, each of which is described in greater detail below. In connection with each of the KYC steps below, Scotiabank will collect and use KYC information to the extent required by and in accordance with applicable regulatory requirements and privacy obligations, and will ensure that such information is accurate, complete and up-to-date.

### KYC Step 1 - Ascertaining Customer Identity

When establishing a relationship with a customer Scotiabank will ascertain the identity of a person or the existence of an entity within acceptable timeframes using acceptable identification methods. When a product or service is being established, inquiries will be made to determine whether it will be used by or for the benefit of a third party. Where required, particulars of the third party and their relationship with the customer will be obtained prior to establishing the relationship.

### KYC Step 2 - Collecting and Recording Customer Information

Scotiabank will collect and record all pertinent information regarding current and prospective customers including beneficial owners, intermediaries and other interested parties and will establish the purpose and intended nature of each relationship. Where applicable, we will record the type, volume and frequency of expected account activity and we will make enquiries into the source of incoming funds or assets. The extent of such measures will be determined on a risk-sensitive basis depending on the type of customer, business relationship, transactions, products and services.

### KYC Step 3 - Verifying Customer Information

Scotiabank will take reasonable and appropriate measures to verify the key information provided by prospective customers to reliable independent sources. We will perform additional verification activities for relationships that represent a higher level of risk. We will refuse to enter into or continue relationships or conduct transactions with any person or entity that insists on anonymity or provides false, inconsistent or conflicting information where the inconsistency or conflict cannot be resolved after reasonable inquiry.

### KYC Step 4 - Monitoring and Updating Customer Information

Scotiabank will monitor customer activity to identify and report transactions that may be indicative of illegal or improper activity. We will keep information regarding the customer and their business and financial activities as accurate, complete and up-to-date as necessary to fulfill the purpose for which it was collected. When changes in a customer's financial behaviour become apparent, we will take steps to determine the underlying reasons.

### Management Responsibilities

The accountability for ascertaining identity, collecting, recording, verifying and updating customer information resides with management of the business unit where the relationship, product or service is maintained. In special

circumstances management may rely on another party, either internal or external to Scotiabank , to perform parts of the KYC process on their behalf. In these cases the basis for such reliance should be documented, including those processes that provide management with reasonable assurance that these responsibilities have been reliably performed. Where reliance is placed on a party external to Scotiabank , arrangements should be subject to written agreements that clearly define responsibilities for collecting and verifying customer information. The records of the business unit maintaining the relationship should contain all the information required under this policy.