



**SCOTIABANK**  
**Q4 2019 EARNINGS CONFERENCE CALL**  
**NOVEMBER 26, 2019**

**DISCLAIMER**

---

THIS TRANSCRIPT HAS BEEN FURNISHED FOR YOUR INFORMATION ONLY, IS CURRENT ONLY AS OF THE DATE OF THE CONFERENCE CALL, AND MAY BE SUPERSEDED BY MORE INFORMATION. EXCEPT AS REQUIRED BY LAW, BNS DOES NOT UNDERTAKE ANY OBLIGATION TO UPDATE THE INFORMATION, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS OR OTHERWISE. THE INFORMATION CONTAINED IN THIS TRANSCRIPT IS A TEXTUAL REPRESENTATION OF THE BANK OF NOVA SCOTIA ("BNS") Q4 2019 EARNINGS CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALL. IN NO WAY DOES BNS ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON BNS' WEB SITE OR IN THIS TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE WEBCAST (AVAILABLE AT SCOTIABANK.COM/INVESTOR) ITSELF AND BNS' REGULATORY FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

**FORWARD-LOOKING INFORMATION**

---

From time to time, our public communications often 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, 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 2019 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," "foresee," "forecast," "anticipate," "intend," "estimate," "plan," "goal," "project," and similar expressions of future or conditional verbs, such as "will," "may," "should," "would" and "could." 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; 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; changes to our credit ratings; 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; 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; disruptions in or attacks (including cyber-attacks) on the Bank's information technology, internet, network access, or other voice or data communications systems or services; 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; the occurrence of natural and unnatural catastrophic events and claims resulting from such events; 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 2019 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 2019 Annual Report under the headings "Outlook", as updated by quarterly reports. The "Outlook" 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.sedar.com](http://www.sedar.com) and on the EDGAR section of the SEC's website at [www.sec.gov](http://www.sec.gov).

## CORPORATE PARTICIPANTS

---

**Brian Johnston Porter**

*The Bank of Nova Scotia – President & CEO*

**Rajagopal Viswanathan**

*The Bank of Nova Scotia – Executive VP & CFO*

**Daniel Moore**

*The Bank of Nova Scotia – Executive VP & CRO*

**Daniel Llewellyn Rees**

*The Bank of Nova Scotia – Group Head of Canadian Banking*

**Ignacio Deschamps**

*The Bank of Nova Scotia – Group Head of International Banking & Digital Transformation*

**Jake Lawrence**

*The Bank of Nova Scotia – Co-Group Head of Global Banking and Markets*

**Glen Gowland**

*The Bank of Nova Scotia – Executive VP of Global Wealth Management*

**Philip Smith**

*The Bank of Nova Scotia – SVP of Investor Relations*

## CONFERENCE CALL PARTICIPANTS

---

**Darko Mihelic**

*RBC Capital Markets, Research Division - MD & Equity Analyst*

**Doug Young**

*Desjardins Capital Markets, Research Division – Diversified Financials and Insurance Analyst*

**Gabriel Dechaine**

*National Bank Financial, Inc., Research Division – Analyst*

**John Aiken**

*Barclays Bank PLC, Research Division - Director & Senior Analyst*

**Mario Mendonca**

*TD Securities Equity Research – MD & Research Analyst*

**Mike Rizvanovic**

*Crédit Suisse AG, Research Division - Research Analyst*

**Meny Grauman**

*Cormark Securities., Research Division – MD & Head of Institutional Equity Research*

**Robert Sedran**

*CIBC Capital Markets, Research Division – MD & Head of Research*

**Scott Chan**

*Canaccord Genuity Limited, Research Division – Director of Research of Financials & Financial Services Analyst*

**Sohrab Movahedi**

*BMO Capital Markets Equity Research - Analyst*

**Stephen Gordon Theriault**

*Eight Capital, Research Division – Principal & Co-Head of Research*

### Philip Smith - The Bank of Nova Scotia - SVP of Investor Relations

Good morning, and welcome to Scotiabank's 2019 Fourth Quarter Results Presentation. My name is Philip Smith, Senior Vice President of Investor Relations. Presenting to you this morning is Brian Porter, Scotiabank's President and Chief Executive Officer; Raj Viswanathan, our Chief Financial Officer; and Daniel Moore, our Chief Risk Officer. Following our comments, we'll be glad to take your questions. Also present to take questions are the following Scotiabank executives, Dan Rees from Canadian Banking; Nacho Deschamps from International Banking; Jake Lawrence and James Neate from Global Banking and Markets; and Glen Gowland from Global Wealth Management.

Before we start and on behalf of those speaking today, I will refer you to Slide 2 of our presentation, which contains Scotiabank's caution regarding forward-looking statements.

With that, I will now turn the call over to Brian Porter.

---

### Brian Johnston Porter - The Bank of Nova Scotia - President & CEO

Thank you, Phil, and good morning, everyone. I'd like to start our presentation today by discussing our outlook for the year ahead. I will then turn the call over to Raj to review our Q4 and full year 2019 results.

Beginning with our macroeconomic outlook for year ahead, we expect a modest improvement in global growth in 2020 despite the trade tensions between the U.S. and China, which have been weighing on business sentiment and activity. We expect a modest slowing of growth in the U.S. as the waning impacts of the 2018 U.S. fiscal stimulus package and trade uncertainty weigh on the economy despite resilient consumer confidence.

In Canada, economic activity remains solid in light of strong population growth driven by immigration, robust employment and wage growth, accommodative monetary policy, a stronger housing market and good levels of business and consumer confidence. We continue to believe that a recession is unlikely here in Canada or in the U.S. in the near term.

Our outlook for interest rates calls for additional cuts early in 2020 in Canada. And the U.S., followed by stable interest rates for the balance of the year as central banks deal with global uncertainty. In our view, this policy stance is accommodative and supports our outlook for continued economic growth.

In the Pacific Alliance, the outlook for 2020 is for an improvement in GDP growth in Mexico and Colombia, stable growth in Peru and a modest slowing of growth in Chile due to local political developments. We expect GDP growth above 2% on average for the region. The Pacific Alliance countries have proven resilient in the past, and we are confident any issues will be resolved constructively. We have over 30 years experience in the region, and we remain committed to supporting our customers and are very confident in the long-term prospects for the region.

As we enter 2020, the bank's repositioning efforts are substantially complete. Over the past 4 years, we have simplified the bank's footprint, improved earnings quality and provided a path to higher capital ratios. Importantly, these steps have meaningfully reduced the bank's risk profile by exiting higher risk and lower growth jurisdictions. This provides important long-term strategic benefits for the bank, including a more focused footprint in the Americas with considerable optionality and greater scale and strength in our core markets. In addition, the divestitures closing in 2020 will collectively result in an after-tax gain of approximately \$450 million to shareholders.

Turning to our earnings outlook for fiscal 2020, we expect the bank to deliver organic growth in the mid-single digits. From a business line perspective, Canadian Banking is expected to grow in the low to mid-single-digit range, Global Banking and Markets in the mid-single digits, and Global Wealth Management in the high single-digit range. International Banking will also grow in the high single-digit range, excluding the impact of divestitures. We will continue to update the impact of our divestitures as they close. Thanachart Bank in Thailand will have the most significant impact to 2020 earnings and will benefit capital ratios. It is a complex transaction that involves multiple counterparties and has different closing dates. The first closing date is expected in early December with another later in 2020. The contribution of all announced divestitures to 2020 earnings will depend on when they close throughout the year. We will be in a better position to provide an updated estimate at our Investor Day in January 2020.

We also expect to release a restated Q4 2019 supplementary package in January to reflect our 4 business lines pursuant to the establishment of Global Wealth Management as a stand-alone business line and the impact of our closed divestitures in the first quarter. We continue to have considerable optionality across our platform to grow earnings per share to offset any impact from divestitures, including superior growth in many of our core markets, continued acquisition synergies and capital deployment, including share buybacks. We will also retain a 6% interest in the merged Thanachart TMB Bank, which provides additional optionality during the course of the year. The bank has made significant progress on strategic initiatives that position us for an even better long-term sustainable growth, and we remain committed to our medium-term objectives for the bank.

I will now discuss expected business line contributions to the bank's 2020 earnings. The establishment of Global Wealth Management as a fourth business line, effective November 1, 2019, and the closing of divestitures will result in changes to our business line earnings mix. We expect Canadian banking to contribute anywhere from 30% to 40% of all bank earnings. International Banking, between 25% and 30%, Global banking and markets between 15% and 20% and Global Wealth Management, approximately 15%.

The bank will remain focused on managing expense growth in line with revenue growth, while continuing to invest in technology, regulatory and business growth initiatives while generating positive operating leverage in 2020. We expect a major driver of historical expense growth technology investment to moderate slightly in 2020 to a steady-state growth rate in the high single digits.

Overall, credit quality for the bank remains strong. The key credit metrics remain stable, including overall net write-offs, gross impaired loan formations and delinquency rates. We expect any variation in our PCL ratios to be driven by changes

in macroeconomic factors and mitigated by our diversified portfolio mix. Our outlook is for stable to slightly increased or slightly higher PCL ratio in 2020.

Turning to the outlook for our business lines. Canadian Banking will be focused on driving higher revenue growth across its higher ROE businesses, including business banking and credit cards. We expect continued growth from Tangerine as it further asserts its leadership in digital banking. Continued productivity improvements will support positive operating leverage in 2020.

In International Banking, we have largely completed the repositioning of the business, and we are well positioned in our core markets. In 2019, Global Wealth Management acquired 2 strategic assets, MD Financial and Jarislowsky Fraser, and has successfully integrated both businesses. The acquisitions, along with improved performance, have resulted in assets under management growing by approximately 50% since the end of 2017 to over \$300 billion. Global Banking and Markets is focused on generating stable earnings growth by leveraging the bank's unique Americas footprint.

Our goal for 2020 is to maintain a Common Equity Tier 1 capital ratio of approximately 11.5%. It is our belief that having strong capital levels provides both strategic and financial flexibility for the bank. Our Common Equity Tier 1 ratio this quarter is 11.55% on a pro forma basis, reflecting the benefits from divestitures, which have been announced, but have not yet closed. We will continue to be active in our share buyback program, while prudently managing RWA growth to maintain our target level.

The bank has a strong record of consistent dividend increases over its history, which reflects both strong profitability and prudent capital deployment. To ensure consistent future growth and dividends, we believe dividend policy decision should be made annually to provide more flexibility for capital deployment and at the same time, provide a substantial dividend to shareholders. Beginning in fiscal 2020, we will make dividend policy decisions once a year in the second quarter. This provides us with a better outlook to set our dividend and also aligns us with the approach of some of the largest, most successful banks in North America. We understand the importance of our dividend to our shareholders and remain committed to our dividend payout ratio of between 40% and 50%.

I will now turn the call over to Raj, but I will return at the end to offer some further remarks.

---

**Rajagopal Viswanathan - The Bank of Nova Scotia - Executive VP & CFO**

Thank you, Brian, and good morning, everyone. I'll start on Slide 5. All my comments that follow, including the discussion of business line results, will be on an adjusted basis that excludes acquisition and divestiture-related amounts as outlined on Slide 19. The bank ended the year with diluted earnings per share of \$7.14, up 0.4% in 2019 or up 2% excluding the pension benefit remeasurement gain that we recorded in 2018. The bank delivered a stronger second half performance to finish the year, with pretax pre-provision income up 6% and net income up 3% year-over-year. The items of note that are listed on Slide 20 reduced the earnings growth by approximately 4%. Canadian Banking was up 2% in 2019, earning higher revenue driven by solid volume growth and the impact of acquisitions in wealth management, partially offset by higher noninterest expenses and provisions for credit losses. Previously discussed items of note also impacted net income growth of this business line by approximately 2%.

International Banking, again, delivered strong results, up 13% compared to last year, with strong results in Latin America, good results in Asia and the Caribbean. The net impact of acquisitions and divestitures contributed approximately 3% to this growth. Global Banking and Markets declined 13% from last year, but had a stronger second half performance. We're actively focused on uptiering our corporate lending relationships and strengthening our investment banking franchise and growing our customer base and presence across the Americas to provide better growth.

All bank operating leverage was negative 2.1% for 2019 on a reported basis or negative 0.6% if you exclude the benefits from remeasurement gain last year. International Banking delivered strong operating leverage of 4.3% this year. The productivity ratio for 2019 was 52.7%. We remain focused on expense management and driving continued productivity improvements.

Now turning to Slide 6. The bank delivered \$2.4 billion in earnings and diluted EPS of \$1.82 for the quarter, up 2% and 3%, respectively, compared to last year. Revenue increased 7% from last year with strong growth in both net interest income and noninterest revenues. Net interest income was up 3%, primarily driven by retail loan and deposit growth in Canadian Banking, commercial and retail lending in International Banking and higher corporate loans in Global Banking and Markets. These increases were partly offset by lower income contribution from asset liability management activities and the negative impact of foreign currency translation. The core banking margin was 7 basis points lower compared to last year, primarily from lower margins in International Banking and Global Banking and Markets, partially offset by higher margins in Canadian Banking.

Noninterest income grew a strong 12% compared to last year, with approximately 3% of this growth from acquisitions. The remaining 9% growth was driven by higher banking and wealth management revenues, higher underwriting and advisory fees as well as net gains on investments. Expenses were up 6% year-over-year. Higher regulatory and technology costs were partly offset by lower professional fees and the impact of foreign currency translation. The bank's productivity ratio improved 50 basis points to 52.7%, and operating leverage was positive 1% this quarter.

The total PCL ratio was 50 basis points, up 2 basis points quarter-over-quarter and up 11 basis points year-over-year. Our PCL ratio on impaired loans was 49 basis points, down 3 basis points sequentially and up 7 basis points from last year. Our tax rate remained in line with our outlook of 21% to 25% for 2019, and consistent with our outlook for 2020.

On Slide 7, we provide an evolution of our CET1 capital ratio over the quarter. The bank reported a Common Equity Tier 1 ratio of 11.1%, down approximately 10 basis points from the previous quarter. Internal capital generation was 5 basis points as earnings growth was mostly offset by strong organic risk-weighted asset growth. Risk-weighted assets were up 1% quarter-over-quarter and up 5% compared to last year.

We repurchased 5 million common shares during the quarter or 15 million shares in fiscal 2019 at an average price of \$71.51 per share. Since May 2018, when we closed our acquisition of Jarislowsky Fraser, the bank has repurchased and canceled approximately 21 million shares. Including the capital benefit from the announced noncore divestitures that have yet to close, our pro forma CET1 ratio would increase by approximately 50 basis points to 11.55%.

Turning now to the business line results beginning on Slide 8. Canadian Banking reported adjusted net income of \$1.2 billion, up 1% year-over-year or 4% on a pretax pre-provision basis. As disclosed on Slide 20, the impact of lower real estate gains in 2019 reduced the division's earnings growth by approximately 2%. Asset growth was 7% year-over-year. In retail lending, residential mortgages grew 5%, personal loans, 3% and credit cards, 6%. Meanwhile, business lending grew a strong 11%. Deposits grew 9%, outpacing asset growth once again. The net interest margin was up 2 basis points year-over-year, driven by the benefit from prior rate increases by the Bank of Canada. Noninterest income was up 1% due to higher wealth management fee income.

Canadian Wealth Management adjusted earnings increased a strong 15% year-over-year, driven by contributions from recent acquisitions, as well as the core businesses. AUM growth was strong, up 9% year-over-year, with the increase reflecting both positive net sales and market appreciation. Excluding M&A and the impact of IFRS 15, expenses grew just 2%.

Canadian Banking delivered positive operating leverage of approximately 60 basis points through prudent expense management that was guided by growth in revenue. The productivity ratio improved 30 basis points to 49.2%. Canadian Banking excluding wealth management also delivered very strong positive operating leverage of approximately 2.3%. PCLs were higher compared to last year, mainly due to higher retail and commercial provisions in line with asset growth and lower recoveries compared to 2018.

Turning to the next slide on International Banking. My comments that follow are based on results on an adjusted and constant dollar basis. Earnings of \$781 million were up 4% year-over-year or 14% on a pretax pre-provision basis. The impact of the prior year alignment of reporting period of Thailand and earnings from closed divestitures reduced the division's earnings growth by approximately 5%. Strong growth across the Pacific Alliance contributed to positive operating leverage, partly offset by lower tax benefits and credit recoveries in Puerto Rico and Latin America. Revenue grew 10%, with net interest income up 7% and noninterest income growing a strong 14%. Our Pacific Alliance countries grew revenues by nearly 10% year-over-year.

Net interest margin declined 9 basis points year-over-year to 4.43%, driven by margin compression in Mexico, due to higher deposit funding costs, and in Chile, reflecting lower inflation and a higher-than-expected impact from interest rate cuts. Net interest margin was more stable compared to last quarter, down just 2 basis points.

Noninterest income growth was driven by higher banking fees and investment gains. Expense growth was driven by business volume growth, higher technology and regulatory cost, partly offset by acquisition-related synergies. Prudent expense management contributed to the productivity ratio improving by 230 basis points year-over-year. Operating leverage was strong again this quarter at 4.8%.

Moving to Slide 10, Global Banking and Markets. Net income of \$405 million was down 3% year-over-year, but up a strong 8% quarter-over-quarter due to better performance in our trading businesses, primarily in fixed income. Corporate loans grew 13% year-over-year, reflecting continued growth in the U.S. and Canada. Of note, we're not sacrificing credit quality for growth, as 80% of this growth was in investment-grade loans. In addition, M&A and corporate lending pipelines remain strong. On the other side of the balance sheet, customer deposits were up a very strong 23%.

Net interest income was flat year-over-year as strong volume growth was offset by lower net interest margins, which declined by 13 basis points. Noninterest income was up 13% year-over-year. The increase was due mainly to strong growth in fixed income trading revenues and higher fee income, primarily from corporate and investment banking.

Expenses were up 14% year-over-year due to higher compliance and technology investments, driven by regulatory requirements, including AML, initial margin and benchmark rate reform. We saw higher performance in share-based compensation reflecting the strong revenue growth in the quarter.

I'll now turn to the Other segment on Slide 11, which incorporates the results of Group Treasury, smaller operating units and certain corporate adjustments. The results also include the gains and loss on divestitures and asset liability management activities. The Other segment reported a smaller loss compared to last year due mainly to higher investment gains, which were partly offset by lower contributions from asset liability management activities and higher noninterest expenses. Quarter-over-quarter, the Other segment reported a slightly higher loss, due mainly to lower contributions from asset liability management activities and higher taxes.

I'll now turn it over to Daniel, who will discuss risk management.

---

**Daniel Moore - The Bank of Nova Scotia - Executive VP & CRO**

Thank you, Raj. I will begin my remarks from Slide 13. As you can see, our credit quality continues to be high and our underlying credit performance remains stable. Our credit -- our delinquency rates are stable, and we're seeing improvement in this across the bank including in our commercial loan portfolios and in our corporate loan portfolio. Our GIL ratios are improving across the bank and are in line with prior guidance. We expect further improvement in GIL ratios in 2020 with the divestitures of Puerto Rico and El Salvador. Our net write-off ratio is stable at 49 basis points, and we have strong loan loss provision coverage of over 8 quarters.

The total PCL ratio in Q4 was 50 basis points, up 2 basis points quarter-over-quarter and up 11 basis points year-over-year. However, it is worth noting that the prior period included hurricane-related recovery.

Moving now to Slide 14. On an all-bank basis, total PCLs of \$753 million were up 28% year-over-year, and this reflects lower hurricane-related recoveries and the impact of acquisitions. On a quarter-over-quarter basis, total PCLs were up 6% from last quarter due to credit quality improvements in prior quarter and onetime items in prior quarter. These were partially offset by lower impaired PCLs.



Provisions on impaired loans increased 17% year-over-year, but were down 4% quarter-over-quarter. Higher provisions on impaired loans compared to last year were primarily driven by higher retail provisions in International Banking in line with asset growth, higher retail and commercial banking provisions in Canadian Banking and lower recoveries in GBM. The retail banking provisions were driven by both asset growth and lower recoveries year-over-year. The Canadian commercial banking provisions were in line with asset growth.

Provisions on performing loans increased by \$56 million year-over-year and \$72 million quarter-over-quarter. Higher provisions on performing loans compared to last year reflect recoveries in the prior year related to the release of a hurricane provision and retail portfolio growth.

Looking now at gross impaired loans on Slide 15. These GILs declined 2% quarter-over-quarter. The gross impaired loan ratio continues to trend down across the bank and improved on a quarter-over-quarter and on a year-over-year basis. As we previously discussed, the GIL ratio declined 2 basis points quarter-over-quarter and 5 basis points year-over-year, primarily due to the impact of divestitures in International Banking.

Now looking back over the past 3 years, our gross impaired loan ratio has declined from 110 basis points to 84 basis points today. On a pro forma basis, the divestiture of benefit from the sale of Puerto Rico, El Salvador and several Caribbean Islands will reduce gross impaired loans by over 10%, which will improve the GIL ratio by a further 6 basis points to 78 basis points.

Next, we see net formations of \$978 million were up 14% versus last quarter and up 37% year-over-year. The increase compared to prior year relates mostly to increases in retail lending in international banking in line with acquisition-related portfolio growth.

And finally, turning now to our net write-off ratio, it remains stable, with the increase in international banking, reflecting recent acquisitions.

In closing, we continue to remain confident in the strong underlying credit quality of our portfolio.

I will now turn the call back over to Brian for some closing remarks.

---

**Brian Johnston Porter - The Bank of Nova Scotia - President & CEO**

Thank you, Daniel. 2019 was a year of continued progress for the bank. We made considerable strides in repositioning the bank as a stronger, more focused business while maintaining high degree of diversification to manage risk and optionality to fuel future growth. We are highly experienced at managing credit risk, and we have a strong track record, which is reinforced by consistent underwriting standards. We consider the bank to be downturn ready. Our integration efforts were highly successful and are now complete. This will provide continued benefits to our customers and shareholders for years to come. We look forward to the year ahead.

And with that, I will now turn the call over to Phil.

---

**Philip Smith - The Bank of Nova Scotia - SVP of Investor Relations**

Thank you, Brian. Operator, can we have the first question on the phone, please.

---

**QUESTIONS AND ANSWERS**

---

**Operator**

Our first question is from Steve Theriault with Eight Capital.

---

**Stephen Gordon Theriault - Eight Capital, Research Division - Principal & Co-Head of Research**

Maybe we can start with Nacho. Nacho, Chile probably unsurprisingly down about 10% in the quarter. Can you provide a bit of an outlook over the near term for Chile given the issues there? I'm not sure if you can be as specific as for Q1, but that would be helpful, please.

---

**Ignacio Deschamps - The Bank of Nova Scotia - Group Head of International Banking & Digital Transformation**

Sure. I'd be happy to. Well, first, let me say, Chile had a very strong year in 2019. It was remarkable because we integrated BBVA and this technology integration took place in the first weekend of November. Earnings grew 25% for the year. And within the integration year, we increased our market share by 50 basis points to 14.3%.

In terms of outlook, I would put Chile perspective, Chile represents around 5% to 6% of the earnings of the bank. It's early days in Chile, but we expect these events in Chile to have mainly a one quarter impact in Q1, with earnings, I would say, similar to Q4 '19 and to gradually improve during the year. I also expect Mexico, Colombia and Peru to have a good year. On average, the economies are expected to grow similar or stronger than this year, so we expect earnings to grow at double-digit pace on average. So these will drive IB earnings to high single digits in 2020, excluding divestitures.

---

**Stephen Gordon Theriault - Eight Capital, Research Division - Principal & Co-Head of Research**

As a follow up, I know you said you plan to give some additional disclosure on the divestitures. But can you be a little more granular in terms of what the 4 pending divestitures contributed either in Q4 or for the full year, anything preliminary there?

---

**Rajagopal Viswanathan - The Bank of Nova Scotia - Executive VP & CFO**

Sure. Steve, this is Raj. I'll see if I can help you with that question. As you noticed on Slide 20, as we committed in prior quarters, we're starting to disclose the contributions in 2019 and really for the last 8 quarters of the divestitures that have closed, which as you know, is the Caribbean, and it's about \$56 million for this year. And as we indicated in prior calls, Thailand is a biggest delta from my perspective or from our perspective, when we look at from an earnings gap between, say, 2020 and 2019, and we've given you some indication that it's in the \$300 million to \$350 million range. Thailand's earnings, like I mentioned before, can be volatile because it's an earnings pickup we do based on the results that they give us. I think really when we get to the Investor Day, and we are hoping by then, Thailand will be closed in December, so therefore, we can give you a clean impact of the 3 months earnings or 2 months earnings what we might pickup in 2020 and how it relates to 2019 earnings. But the biggest impact from my vantage point I see is, really, Thailand will be the delta when it comes from an earnings perspective.

---

**Operator**

Our next question is from Doug Young with Desjardins Capital Markets.

---

**Doug Young - Desjardins Securities Inc., Research Division - Diversified Financials and Insurance Analyst**

Just going back to you Nacho on Chile, and where I'm going with this is, it looks like if I back out the NIAT contribution from BBVA, adjusted earnings in fiscal '19 would have been down. And I'm just trying to get a sense of, do I have that right? Is there some noise in there that had an impact, other items that would have had an impact in the year? Hoping just you can provide a little bit of color on that.

---

**Rajagopal Viswanathan - The Bank of Nova Scotia - Executive VP & CFO**

So Doug, this is Raj. I'll try to give you the earnings contribution of BBVA Chile approximate numbers because as you know, these businesses are integrated, so we have an internal process to see if we can identify what is BBVA's. So if I compare year-over-year, which is for the whole year, that is, BBVA's additional contribution is about the \$30 million to \$35 million range. That's year-over-year. The absolute number is closer to \$90 million for what we have taken in 2019. As you know, it closed in the mid part of 2018. So that gives you a perspective of what is BBVA's contribution to the growth, and I'll let Nacho talk about the business as a whole.

---

**Ignacio Deschamps - The Bank of Nova Scotia - Group Head of International Banking & Digital Transformation**

So I would say in addition to what Raj said, the integration has gone exceedingly well. We have achieved a \$120 million of run rate synergies. And as I mentioned before, in terms of the loan growth, deposit growth has been quite strong. I mentioned that we picked up 50 basis points in loan growth. Our core deposit growth was 20% compared to 10% of the market. So in general, I think we are very well positioned after the integration to continue growing in Chile. As I said, we expect these events to have a short-term impact, but gradually, we see Chile coming back and is trending in the right direction.

---

**Doug Young - Desjardins Securities Inc., Research Division - Diversified Financials and Insurance Analyst**

Okay. And if I can, just one follow-up. Just on International Banking as well, looks like credit card delinquencies, there's a bit of an uptick. Just hoping to get a little more color on that.

---

**Daniel Moore - The Bank of Nova Scotia - Executive VP & CRO**

Yes. There's been a small uptick in this quarter, drivers of particular segment of our cards within Chile with higher indebtedness levels. Those have been derisked over the last couple of months. This is Daniel speaking. Excluding those, if you look at the overall indicator, the delinquency indicator is flat or slightly better year-over-year.

---

**Operator**

Our next question is from Gabriel Dechaine with National Bank Financial.

---

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

I expect a lot of questions on Chile. So I want to ask one about Canada, the outlook for that business. I think you said the low- to mid-single-digit growth. And I'm hoping you can kind of paint the picture on how do you get there. Asset growth has looked pretty good in Canada, margin performance, pretty stable, but the bottom line is flattish this year, even if we exclude the real estate gains in the prior year. I'm just trying to figure what are going to be the key drivers to get that business pumping again. Especially because looks like you did hold back on expenses. So how does improving operational efficiencies come into play?

---

**Daniel Rees - The Bank of Nova Scotia – Group Head of Canadian Banking**

Gabriel, it's Dan Rees. Thank you for the question. As I said on the last quarter, we continue to see very good organic growth opportunities in all 3 segments of the Canadian business line, both business banking, retail banking as well as Tangerine. So as a result, we're going to continue to invest in all 3 of those businesses. Retail revenue growth, particularly, is a priority for Q1 and Q2, and we expect to see, by way of outlook, revenue building through 2020 as we have made investments this year. I talked about the importance of expanding our sales capacity and the high ROE business of mainline commercial banking. We started that 3 or 4 months ago, and the pipeline for new deals, right the way through the sales process, looks very encouraging already this early in Q1.

And Tangerine, we're very excited about. As you know, that's a growth business. It's growing faster than our mainline business, and we're pleased with our #1 digital bank positions and the marketing investments that we made through the spring and summer continue to bolster

double-digit account opening, that's translating into funded asset growth and bottom line in the double digits in Tangerine. So we're pleased with the organic opportunities in all 3 segments.

---

**Rajagopal Viswanathan - The Bank of Nova Scotia - Executive VP & CFO**

And Gabe, it's Raj. I just thought I'll cover the expense question that you had. I think our expense philosophy across the bank, as we indicated before, is going to be guided by revenue growth. We have a big program, which we call internally prioritization of expenses and costs and that will continue. And we view that as prudent expense management. So the Canadian bank is a big part of it. The Canadian bank has demonstrated that it can manage its expenses in line with the revenue growth by generating positive operating leverage, and we expect that to continue next year as well.

---

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

If I can just sneak one on Mexico. Few of the bigger banks in the country, they cut their loan growth expectations. I know there's business mix and loan mix differences that might influence that. If you can tell me what's going on, on the ground there and how it informs your outlook in Mexico?

---

**Ignacio Deschamps - The Bank of Nova Scotia - Group Head of International Banking & Digital Transformation**

Sure, I'll be happy to. Well, we continue to see a strong loan and deposit growth in Mexico. This quarter both wholesale and retail loans grew 2% Q-over-Q, and our pipeline remains solid. So I think it's interesting to see that while we have a stable underlying credit quality, this year in Mexico, we have increased 50 basis points our market share, and that certainly positions well for next year as economy starts to growing slightly better.

---

**Operator**

Our next question is from Meny Grauman with Cormark Securities.

---

**Meny Grauman - Cormark Securities Inc., Research Division - MD & Head of Institutional Equity Research**

Just on Canada, if I look at Canada, Canadian Banking, excluding wealth, a big jump in head count, I guess, it looks more like last quarter, but on a year-over-year basis, very pronounced. I'm wondering what's driving that increase in head count, about 5% year-over-year?

---

**Daniel Rees - The Bank of Nova Scotia – Group Head of Canadian Banking**

Meny, Dan Rees here. Yes, I think the head count for Canadian Banking excluding wealth has been pretty stable, at least on our internal report and over the last 3 quarters. As you know, it did increase year-over-year as we rebuild sales positions in the front half of 2019 in the face of a positive outlook on the economic environment, which we continue to hold our belief into next year. Hence, my reference a few moments ago to expecting revenue building into 2020 on the back of added sales capacity, notably in the retail branches.

---

**Meny Grauman - Cormark Securities Inc., Research Division - MD & Head of Institutional Equity Research**

Okay. And then just on the dividend policy change, I understand that you're moving to a place where some global players are and one of your domestic peers, but it seemed like the old way seem to be serving you well. So I'm just wondering, what was the specific impetus that spurred, I guess, that Board discussion, and what was the -- and why did you eventually come to this conclusion? If you could just give more detail. If there was a specific event that triggered this discussion?

---

**Brian Johnston Porter - The Bank of Nova Scotia - President & CEO**

Meny, it's Brian. Thank you for the question. I would describe it more as housekeeping. We think it's prudent to look at the dividend once a year rather than in Q1 and Q3, and we're not changing our dividend payout ratio. We'll still stay in the range of 40% to 50%. We know how important our dividend is to our shareholders. So it has nothing to do with amount or quantum, it all has to do with timing. And we just think that given the state of the global economy, volatility in markets, those type of things that it's best to look at it once a year. So I would describe it more as a housekeeping measure than anything.

---

**Meny Grauman - Cormark Securities Inc., Research Division - MD & Head of Institutional Equity Research**

Sorry. Just following up on that, I guess, could you say that the decision is a reflection of a more cautious view of the outlook going forward?

---

**Brian Johnston Porter - The Bank of Nova Scotia - President & CEO**

No, no, no. I wouldn't mix it up with outlook. We've given you what our outlook is for the year. It's just when you're making a decision on dividend in Q1 without the benefit of a couple quarters under your belt, it just makes more sense to look at it after you've got a couple of quarters done in the year. And we just think it's more prudent that way.

---

**Operator**

Our next question is from Darko Mihelic with RBC Capital Markets.

---

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



I wanted to also go back to Canada for a moment. I think the outlook that Brian provided was that you were going to continue to search for revenue growth on credit cards and business loan growth. The question is, is now the right time in the economic cycle to be pushing on those 2 areas specifically? And maybe you can answer that question with providing us some statistics on the overall credit quality of the credit card book and the business book now versus just a few years ago, given that you've had stronger than peer growth in both those segments.

---

**Daniel Rees - The Bank of Nova Scotia – Group Head of Canadian Banking**

Thanks, Darko. It's Dan. I'll start with Daniel Moore to follow. In terms of outlook, we're very optimistic with regards to business sentiment here in Canada. Investment growth outlook is over 3% next year as compared to the U.S. at just over 1%. We're seeing names that we've worked with for decades, if not generations, tap into loan portfolios as they look to expand capacity. And looking through the cycle, we're not seeing GILs or formations emerge in sectors or regions that have us kind of giving pause for concern.

On credit cards, I'll let Daniel speak to the credit performance, but I would say we're looking at expanding our balances through into next year largely on the basis of consumer choice as with strengthen the quality of our product set. As you know, we launched a new product back in September. And in the affluent segment, in particular, we're seeing balanced growth. So this is not a case of going down market to expand balances. Daniel?

---

**Daniel Moore - The Bank of Nova Scotia - Executive VP & CRO**

Yes. Thanks, Dan. So as you know, Darko, our credit card portfolio growth is healthy and has been outperforming industry average by 1.5x year-over-year. And as you indicate, how we're driving that growth is extremely important. This is being driven primarily by optimizing new lending strategies founded in pre-approval and credit line increase campaigns to existing customers. So we've been traditionally under-penetrated this market, even with our existing customers. Credit cards growth that we've had has been strong and healthy through the year, driven by deliberate and thoughtful strategy based on best-in-class products like Dan referenced, and optimize on new lending strategies focused on low-risk customers.

So in terms of statistics, around 90% of those newer originations are the prime plus or what we call AB customers. And the majority of our recent growth is coming from credit line increases to existing customers. We've been investing in this technology. We've been expanding our collection capabilities to buttress this growth and to better support our customers' needs through the cycle.

In summary, we'll continue to manage within our risk appetite, and we see continued stability in the credit quality of this portfolio going forward as we make our portfolio further downturn ready.

---

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

And just a follow up on that, Dan. We're expecting very aggressive credit card competition in the next couple of years, given what's happening in the landscape specifically with Air Canada. Is this potentially one of the things that you're gearing up for, and one of the reasons why you're really pressing on your own existing customer base? Or should we -- well, let me leave it there, and I'll leave it wide open for you to answer that question, actually.

---

**Daniel Rees - The Bank of Nova Scotia – Group Head of Canadian Banking**

Dan Rees here. I would say, as you indicated, the card market has become more competitive, even in '19. I know there's a lot of discussion about 2020, particularly in the airline space. I would say we're very pleased with our rewards program. We certainly have plans for making changes into next year as we would normally, and we'd be happy to share more specifics with you at the Investor Day in January.

---

**Operator**

Our next question is from Mario Mendonca with TD Securities.

---

**Mario Mendonca - TD Securities Equity Research – MD & Research Analyst**

Just something quick on securities gains. Raj, I understand why securities gains have been somewhat elevated because of the lower rates. But what would you offer us in terms of 2020, can they stay at this elevated level for some time?

---

**Rajagopal Viswanathan - The Bank of Nova Scotia - Executive VP & CFO**

Mario, thanks for the question. I think securities gains is always to be put in perspective. We take gains when we believe it's max out and value. And we've had a lot of opportunities in 2019, primarily driven by all the interest rate volatility that is there in the markets, and we have seen it in all markets, be it in Canada, or the United States. And we have a large liquidity portfolio, some of which we designate as, what we call, available for sale. And when we believe that we have maxed some opportunities relating to these securities, we have taken gains.

To your specific question on outlook, it's a little difficult to provide outlook on investment gains. It can be lumpy, as you know. But what I can provide you is the outlook on the Other segment, which is pretty much where this manifests. And that outlook remains the \$50 million to \$100 million range, which is kind of what we averaged out for the whole year this year, and we think it will average out similarly in 2020 as well.

---

**Mario Mendonca - TD Securities Equity Research – MD & Research Analyst**

Okay. That's helpful. Flipping over to the margin in the international business, it's my understanding that there isn't a lot of interest rate risk in this business, specifically as it relates to rate cuts or changes in rates. Is that still the bank's view? And if so, what are you -- how would you look at the potential for rate cuts in Mexico and Chile, which seems to be a little more elevated?

---

**Rajagopal Viswanathan - The Bank of Nova Scotia - Executive VP & CFO**

Mario, I'll go first. It's Raj and then Nacho can complement anything else particularly to specific markets. As far as net interest margin in international banking, as you pointed out, there's a number of key markets, some move up, some move down. There's inflation-related asset and liabilities that we have in these markets and products that we sell over there. So the guidance that Nacho had given previously, as you saw this quarter, the 4.43% NIM is within the guidance that we provided or what would be plus or minus 10 basis points. However, with all the moving parts, we have extended timing of rate cuts, like you pointed out, across our 4 core markets, Pacific Alliance. We have inflation business mix changes, we have the recent events in Chile, and there may be quarters where this NIM might be slightly out of range.

But again, to put it in perspective, 5 basis points of NIM change in IB is about a basis point for the bank as a whole. So it gives you some context of the earning assets as it relates to the bank as a whole. I actually do believe that when we get to the investment -- sorry, Investor Day in January, we'll actually have better visibility on number of these matters, like I talked about divestitures and so on, which will also help to give some guidance, and by then, we'll have a clearer picture on Chile as well.

---

**Operator**

Our next question is from Mike Rizvanovic with Crédit Suisse.

---

**Mike Rizvanovic - Crédit Suisse AG, Research Division - Research Analyst**

A question for Dan on the margin. I'm looking at the Canadian Banking segment, excluding wealth, the 3 basis point sequential decline. Just wondering how much of that might have been driven by loan mix? You've had some pretty good acceleration on your resi mortgage growth. And thinking through to 2020, if that trend continues and you perhaps get a bit of deceleration in some of your higher spread lending outside of that book, how would you think about the potential margin impact, irrespective of what the Bank of Canada might do on the REIT?

---

**Rajagopal Viswanathan - The Bank of Nova Scotia - Executive VP & CFO**

Thanks, Mike. This is Raj. I'll start again on the margin, and Dan can complement as required. As far as the Canadian banking margin goes this quarter, slight margin compression compared to last quarter of about 2 basis points. It mostly relates to our mortgage book. As you know, we are a big secured lender compared to being an unsecured lender with all the growth rates in, say, credit cards has been higher in the recent past. It's a competitive market out there. Mortgage rates are being negotiated pretty heavily around the marketplace in Canada. That's the primary driver of the margin compression, although our deposit margin actually contributed to improving this margin.

As we look forward to 2020, I think the best guidance that we can provide at this time, as you mentioned, excluding rate changes that might happen at the Bank of Canada, which we do expect in 2020, is margin is going to be relatively stable, maybe a basis point lower or so. Once again, I think we'll have better clarity as we see what the Bank of Canada does in 2020. Dan, is there something you'd like to add?

---

**Daniel Rees - The Bank of Nova Scotia - Group Head of Canadian Banking**

No. That's fine.

---

**Mike Rizvanovic - Crédit Suisse AG, Research Division - Research Analyst**

Okay. That's helpful. And then just maybe one quick follow up on your hedging of currency exposure. I know you talked about that in the past. But what I'm specifically wondering about is on the decline in the CLP, were you hedged before some of the recent turbulence? Or is the CLP fall going to be a bit of a headwind to your Chilean earnings in 2020?

---

**Rajagopal Viswanathan - The Bank of Nova Scotia - Executive VP & CFO**

Mike, this is Raj. I'll go again on that question. So when we look at our foreign currency positions, as you know, we are in multiple geographies, and we have a lot of currency exposure on our balance sheet, which what we call as structural position, including the U.S. dollar. So depending on how currencies move, we could have movement in our shareholders' equity box, and therefore, our numbers could move around on what we call the currency translation adjustment numbers.

So we manage currency a couple of ways. When I talk about the structural position, we really manage it as what is the potential impact to our Common Equity Tier 1 ratio, and we have risk appetite limits attached to it. CLP, specifically, if you look at our CLP risk-weighted assets or our CLP structural position, those will move in sync with any currency changes that happen. So we look at it from a Common Equity Tier 1 ratio perspective. And as you know, the U.S. dollar did not move against the Canadian dollar throughout the year, and that tends to be like a hedge, and I use that term very loosely.

As far as the earnings volatility goes, as we look at the earnings that goes through our P&L and I'll use CLP as an example, we look at a number of factors. We hedge quite a bit, and I'm not going to give you specific guidance on what percentage we hedge because that's driven by what we think is expected currency volatility, what are the real underlying reasons for the volatility? Is it short term? Is it going to last for a month or so? We look at macroeconomic indicators. And obviously, we look at the cost of hedging as well.

So there's multiple factors that go into it when we look at it from an earnings perspective, and we discuss it internally at our asset liability committee meetings, pretty diligently to ensure that we hedge appropriately.

---

**Operator**

Our next question is from Sohrab Movahedi with BMO Capital Markets.

---

**Sohrab Movahedi - BMO Capital Markets Equity Research - Analyst**

Raj, sorry to keep you on the spot. I just wanted to clarify a couple of things. On the presentation deck, adjusted net income total bank for full year \$9.4 billion or thereabouts. And what you're telling us and you'll give us a bit more specific details, I guess, after the Investor Day, but you're saying that included in that would be somewhere between \$300 million to \$400 million, depending on what the variability of the contribution in Thanachart is for 2019. Is that fair?

---

**Rajagopal Viswanathan - The Bank of Nova Scotia - Executive VP & CFO**

That's accurate, Sohrab.

---

**Sohrab Movahedi - BMO Capital Markets Equity Research - Analyst**

Okay. And when Brian is talking about organic growth for the bank in the overall mid-single-digit, it would be off of that, call it, \$9.4 billion net of the \$400 million, conservatively speaking, to exclude some of these things that have yet to close. We don't have the specifics on, but you're saying, look, probably a good starting point as far as basis for comparison for 2020 is about \$9 billion plus or minus in total bank earnings?

---

**Rajagopal Viswanathan - The Bank of Nova Scotia - Executive VP & CFO**

That's correct. Sohrab, I think you got it right.

---

**Operator**

Our next question is from John Aiken with Barclays.

---

**John Aiken - Barclays Bank PLC, Research Division - Director & Senior Analyst**

Just wanted to -- I don't want to preempt the Investor Day, but wanted to go into a little more detail on the Global Banking and Markets, mid-single-digit growth forecast. When we take a look at what's been happening over the last couple of years, we've seen a decline in earnings. Some of that is being driven by, as you just talked about in the MD&A, the increase in the productivity ratio with -- in terms of regulatory and tech spend. But in terms of the growth going forward that we're expecting in 2020, is that predicated on improving productivity ratio? Should we expect better bounce back in either business banking or capital markets? Are we looking for a stronger year in either one of those categories?

---

**Jake Lawrence - The Bank of Nova Scotia - Co-Group Head of Global Banking & Markets**

John, it's Jake. In terms of looking out to 2020, we are going to provide a bit more disclosure at the Investor Day around the GBM IB portion of the business. So the reported growth that you're commenting on over recent years has not included that. When we look out to next year, we've earned through some headwinds this year around margin, PCLs as well as expense growth. We do expect that growth to be balanced next year. We expect, as we've given in the outlook section, earnings growth to be around mid-single digits, and that's going to be growth across both business banking as well as our capital markets. And we look at the top line, we're pretty comfortable with how that's been shaping up. This quarter was one of our strongest revenue quarters in about 2 years. So as we move into 2020, we know it's been a competitive environment. We know this business has undergone repositioning, but we're confident that we're going to be able to grow at the mid single-digit area.

---

**Operator**

Our next question is from Scott Chan with Canaccord Genuity.

---

**Scott Chan - Canaccord Genuity Corp., Research Division - Director of Research of Financials & Financial Services Analyst**

Just on the Global Wealth Management segment, on your above average high single-digit earnings target for 2020, could you perhaps maybe underpin some of the main assumptions for driving that target next year?

---

**Glen Gowland - The Bank of Nova Scotia - EVP of Global Wealth Management**

Sure. I think, in addition to continuing to leverage the acquisitions, we've really shifted gears over the last few years to really be focused on areas where -- 2 things; A, where we believe we can add value; and B, areas where we believe clients are going to pay for. And so those would be areas like in our asset management business, for example, focusing on things like liquid alternatives, we'd be a market leader in there, it's higher margin, and frankly, an area where we can add more value, and more specifically on solving complex wealth management needs for clients. So that would be areas, private banking, which would be growing frankly, double of what our other businesses within wealth management. We've added private bankers across the country with our Crossroad MD platform. Business succession planning areas, financial planning, a lot of the fee-based areas and less focus on some of the more commission-based transaction areas. So we're seeing excellent growth across both the advisory and asset management businesses, and we think we can carry that momentum into next year.

---

**Operator**

Last question is from Robert Sedran with CIBC Capital Markets.

---

**Robert Sedran - CIBC Capital Markets, Research Division - MD & Head of Research**

I guess it's a clarification on a question that's Sohrab asked, but I understand that the target is for mid-single-digit organic growth next year. But does that also exclude -- because you previously talked about the synergies, the accretion you're going to get from all the acquisitions and synergies bleeding into 2020. Does that also exclude that? Or is that considered part of the organic growth profile?

---

**Rajagopal Viswanathan - The Bank of Nova Scotia - Executive VP & CFO**

Rob, it's Raj. I'll try to give some color around it. Like I mentioned in prior calls, the additional contribution from acquisitions is around \$150 million mark spread between International Banking and Wealth Management as well for the 2 acquisitions. So the mid single-digit growth includes the acquisition contributions that we expect to come through because the synergies have been tracking to what we had committed before, both costs and revenue, so we have that. Eventually, what we need to look at is, like we said at the Investor Day, we'll be able to give you an understanding of the divestitures, and that's what we should be backing out from the mid-single digits that we talked about.

---

**Robert Sedran - CIBC Capital Markets, Research Division - MD & Head of Research**

No. I just -- I wanted to make sure that it wasn't sort of the mid-single-digit growth takeaway that divestitures add the accretion. I wanted to make sure that the accretion was included in that. I guess it is.

---

**Operator**

Thank you. There are no further questions registered at this time. I would like to turn the meeting back over to Mr. Viswanathan.

---

**Rajagopal Viswanathan - The Bank of Nova Scotia - Executive VP & CFO**

Thank you, everyone, for participating in our call today. On behalf of the entire management team, I want to thank all our employees for their hard work and our customers and shareholders for their loyalty and support in 2019. The bank has made good progress towards strengthening the businesses and offering a superior customer experience. We remain focused on delivering against our differentiated strategy and achieving consistent long-term growth. We look forward to speaking with you all again at our upcoming Investor Day in January 2020. Have a great day.