



Investor Presentation

THIRD QUARTER 2017



Disclaimer and Caution Regarding Forward-Looking Statements

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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 2016 Annual Report under the headings “Overview-Outlook,” for Group Financial Performance “Outlook,” for each business segment “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 (including those in the area of risk management), and the outlook for the Bank’s businesses and for the Canadian, U.S. and global economies. 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The preceding list of factors is not exhaustive of all possible risk factors and other factors could also adversely affect the Bank’s results. 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. The forward-looking statements contained in this document are presented for the purpose of assisting the holders of the Bank’s securities and financial analysts in understanding the Bank’s financial position and results of operations as at and for the periods ended on the dates presented, as well as the Bank’s financial performance objectives, vision and strategic goals, 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 and on the EDGAR section of the SEC’s website at www.sec.gov.

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Scotiabank Overview

Canada's International Bank

History

- Established on East Coast of Canada in 1832
- In U.S. and Caribbean 125+ years
- Representative offices in Asia and Latin America since 1960's
- Began expanding Caribbean presence into Central and South America in 1990's. Primary focus in the region is on the Pacific Alliance countries of Mexico, Peru, Colombia and Chile

Scotiabank Credit Ratings⁽¹⁾

	Moody's	S&P	Fitch	DBRS
Senior Rating	A1	A+	AA-	AA
Outlook	Negative	Stable	Stable	Negative
Covered Bonds	Aaa	Not Rated	AAA	AAA

Strong presence in attractive markets



Q3 2017 (C\$)

Scotiabank

Total Assets	\$906B
CET1 Risk Weighted Assets	\$365B
Market Capitalization	\$93.1B
Net Income	\$2.1B
ROE	14.8%
Productivity Ratio	53.3%
CET 1 Capital Ratio ⁽²⁾	11.3%
# of Employees	89,191

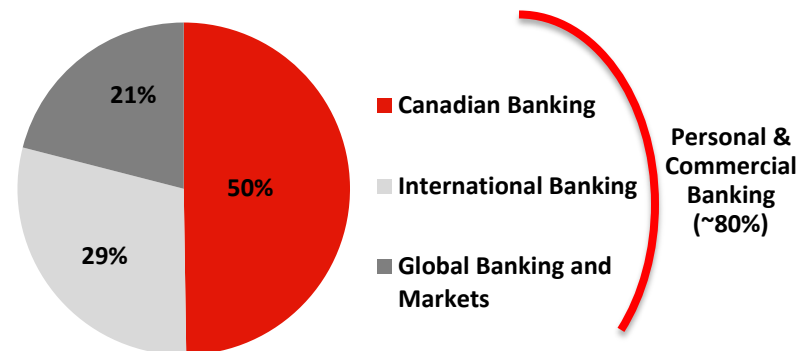
(1) A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revisions or withdrawals at any time

(2) Basel III "all-in" basis

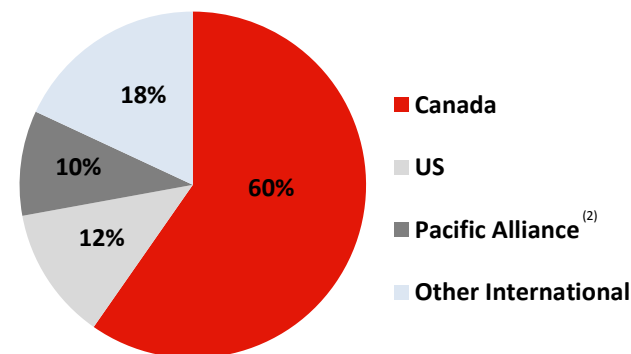
Diversified and Profitable Businesses

- Well diversified across business segments
- Approximately 80% from stable, high quality personal and commercial banking earnings in Canada and International markets
- International Banking represents 29% of earnings. We are in regions with higher growth potential (**Appendix 3**), such as the Pacific Alliance countries of Mexico, Peru, Colombia and Chile
 - Pacific Alliance represents two thirds of International Banking earnings
- Global Banking and Markets accounts for 21% of the Bank's earnings

Business Line Earnings (Q3/17)⁽¹⁾



Geographic Segment Average Assets (Q3/17)⁽¹⁾



Diversified by products, customers and geographies, creating stability and lower risk
Centralized control over key functions: capital, expense and risk management

(1) Excludes Other segment

(2) Pacific Alliance includes Mexico, Peru, Colombia and Chile

Scotiabank Investment Thesis

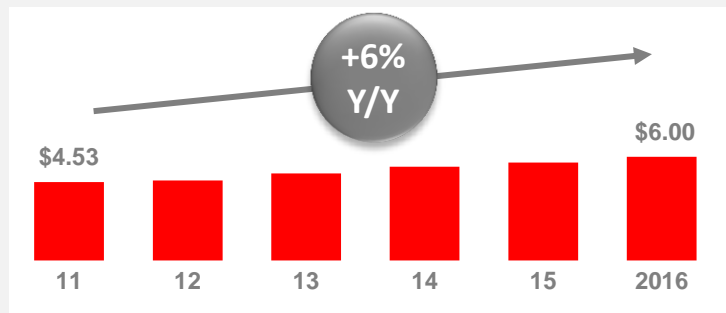
Why Invest in Scotiabank?

- **A unique, stable, straightforward and successful bank model**
 - Diversified by business and geography providing long-term sustainable earnings
 - Approximately 80% of earnings from high quality and stable retail, commercial and wealth management businesses
 - Attractive growth potential of International, but with the strong risk management culture of Canada
- **Clearly defined strategy and well positioned for growth**
 - The Bank has significant history in Latin America, with a focus on the Pacific Alliance countries, to provide better and more attractive growth prospects over the long-term
 - Focused on organic growth and strong capital that provides the optionality to explore acquisitions across existing markets
 - Significant potential for synergies across a clearly defined restructuring program and digital initiatives across the Pacific Alliance and Canada, including Tangerine
- **Attractive valuation on a P/E and P/B basis**
 - Strong track record of delivering consistent earnings and dividend growth
 - Dividend yield in the mid-single digits and dividend has never been cut
 - Mid-teens ROEs and strong capital levels

Solid Track Record of Earnings and Dividend Growth

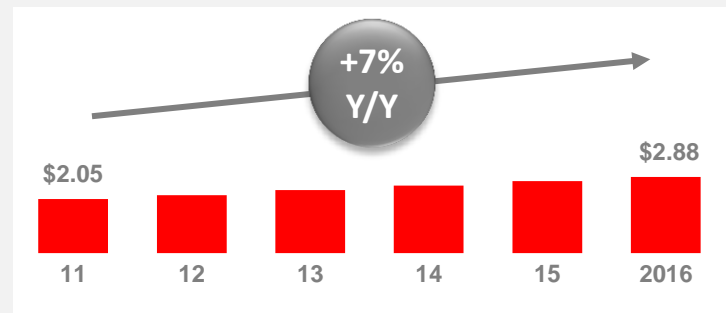
Earnings Per Share (C\$)⁽¹⁾⁽²⁾

- Focused strategies to drive long-term growth
- Canadian Banking: Target 6-9% earnings growth
 - Focused on customer experience, business mix shift and distribution network/digitization to improve costs
- International Banking: Target 8-10% earnings growth and positive operating leverage
 - Attractive, higher growth and underpenetrated banking markets
- Global Banking and Markets
 - Focused on strategic agenda to generate continued momentum



Dividend per Share (C\$)

- Strong track record of consistent dividends (and increases) with a current yield of approximately 4%
- The Bank has never cut its dividend
- Dividend increases are driven in line with earnings growth and subject to Board approval
- Dividend payout ratio target range of 40-50%
- Annual dividend of \$2.88 per share implies a dividend payout ratio of 49.6% in 2016, or 48% adjusting for the restructuring charge⁽³⁾
- The Bank has strong capital levels to support capital initiatives including dividend increases and share buybacks



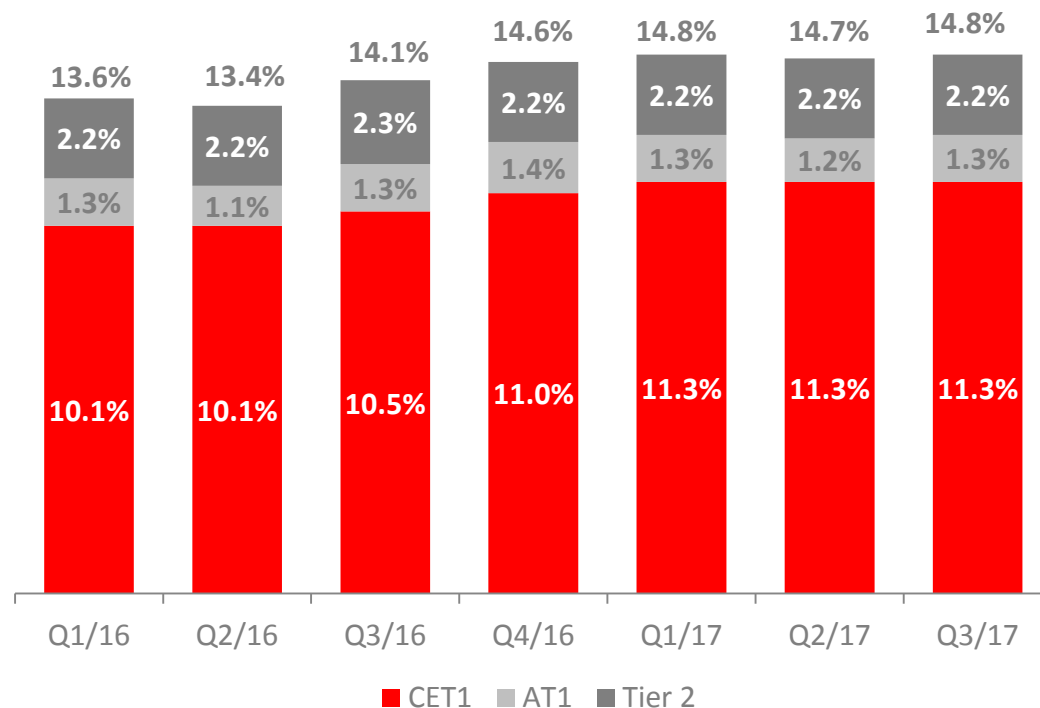
(1) Reflects adoption of IFRS in Fiscal 2011

(2) Excludes notable items

(3) Q2/16 restructuring charge of \$278 million (after tax) or \$378 million (before tax)

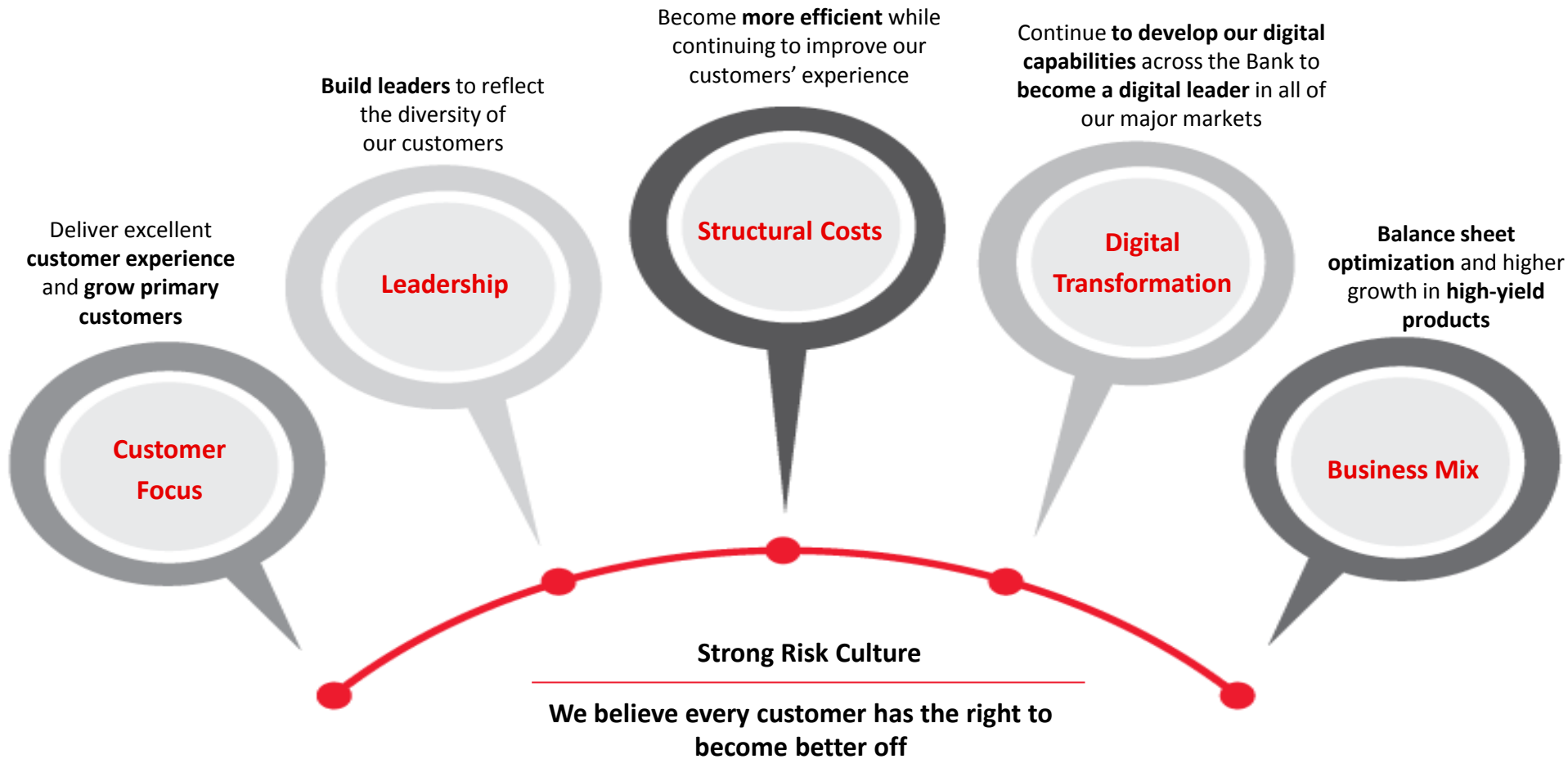
Strong Capital Levels

- Significantly above regulatory minimums
- Strong capital levels with CET1 at 11.3%
- Significant capacity for internal capital generation
- Q3/17 leverage ratio of 4.4%



Scotiabank Strategy & Financial Objectives

Key Strategic Priorities



Medium-Term Financial Objectives

Metric	Objectives	Q3 2017 Results (Y/Y)	Q3 2017 YTD Results (Y/Y)
All Bank			
EPS Growth	5-10%	+8%	+9.5% ⁽¹⁾
ROE	14%+	14.8%	14.7%
Operating Leverage	Positive	-0.9%	-0.5% ⁽¹⁾ , or +0.6% TEB
Capital	Maintain strong ratios	11.3%	11.3%
Canadian Banking			
Net Income Growth	6-9%	+12% ⁽²⁾	+12% ⁽³⁾
International Banking			
Net Income Growth	8-10%	+16% ⁽⁴⁾	+16.5%

(1) Adjusting for the Q2/16 restructuring charge of \$278 million (after tax) or \$378 million (before tax)

(2) Excluding real estate gains, net income growth is 8% Y/Y

(3) Adjusting for the gain on sale of non-core lease financing business in Q2/16. Excluding real estate gains as well, net income growth is 7%YTD

(4) International Banking net income attributable to equity holders growth is 12% when adjusting for foreign currency translation

2017 Business Line Outlook

Canadian Banking

- Expect solid loan growth across retail mortgages, auto lending, commercial loans, credit cards, and deposits
- Stable to slightly increasing margins
- Higher PCLs driven by change in business mix, but risk adjusted margin should remain stable
- Improving productivity will continue to be an area of focus
- Key priorities include: deepen primary relationships and strengthen customer experience, optimize business mix, focus on cost initiatives and drive digital transformation

International Banking

- Good momentum and continue to leverage diversified footprint, with particular focus on the Pacific Alliance
- Expect low double digit growth in the Pacific Alliance, with stable margins and credit quality
- Expense management and delivering positive operating leverage remains a key priority, along with strategic investments that will help deliver a stronger customer experience
- Focused on organic growth, but will consider acquisition opportunities in our existing footprint
- Key priorities include: Improving customer experience and implementing Net Promoter Score, leverage digital banking organizations in the Pacific Alliance, enhance business mix by growing core deposits and lower expenses to fund technology investments and improve productivity

Global Banking and Markets

- Business conditions and financial results should continue to improve in 2017
- Expect higher revenues from focus clients, Global Transaction Banking, Corporate Banking, and Investment Banking
- Expense management should provide cost savings and loan losses are expected to moderate toward historic levels
- U.S. and Canada are expected to drive the bulk of the growth, while Europe faces Brexit uncertainty and high regulatory costs, and Asia rebuilds after repositioning its asset base
- Key priorities include: Increase our customer focus and deepen relationships, align business mix more closely to our customers, improve resource productivity and transform digitally

Scotiabank Financial Overview

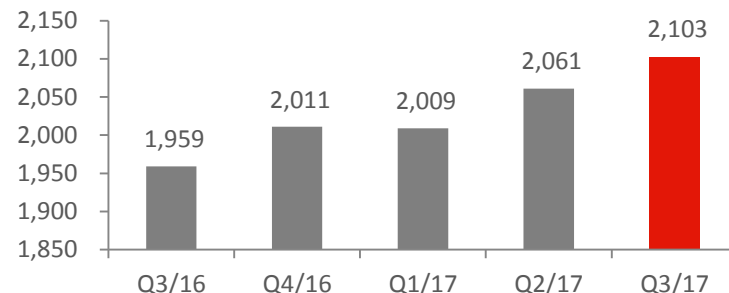
Q3 2017

Financial Highlights Q3/17: Strong Performance

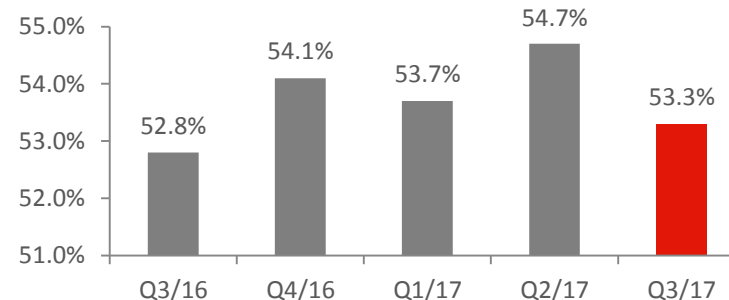
A strong earnings and operating quarter, with net income of \$2.1 billion, up 7% Y/Y

- **Quarterly dividend** increased 3 cents (up 7% Y/Y) to \$0.79 per share
- **Strong earnings growth across all three business lines:**
 - **Canadian Banking** net income of \$1,045 million, up 12% Y/Y, or 8% adjusting for real estate gains
 - Strong growth from assets and deposits and margin expansion
 - Stable credit
 - **International Banking** net income of \$614 million, up 16% Y/Y, or 12%, adjusting for foreign currency translation
 - Good asset and deposit growth, benefits from cost-reduction initiatives and positive impact of foreign currency
 - Higher contributions from investments in associated corporations
 - **Global Banking and Markets** net income of \$441 million, up 5% Y/Y
 - Driven by higher contributions from equities and the Canadian, U.S., and European lending businesses, partly offset by lower results in fixed income, Asian lending and investment banking, and higher regulatory costs
- **Revenue up 4% Y/Y**
 - Higher net interest income from asset growth in Canadian and International Banking, growth in banking and wealth revenues, higher net income from investments in associated corporations, and gains on sale of real estate
 - Partly offset by lower net gains on investment securities, underwriting and advisory fees, and trading revenues
- **Expenses grew 5% Y/Y**
 - Investments in technology, digital banking, and other initiatives, higher employee-related costs, and the impact of foreign currency translation
- **Structural Cost Initiatives progressing ahead of plan**
 - Achieved full year estimate of \$350 million in savings in first three quarters of 2017
- **Productivity Ratio⁽¹⁾ is 53.3%**
 - Positive operating leverage on a TEB basis
- **Provision for credit losses ratio improved 2 bps Y/Y and 4 basis points Q/Q to 45 bps**
- **Strong CET1 ratio of 11.3%, unchanged Q/Q and Leverage ratio of 4.4%**

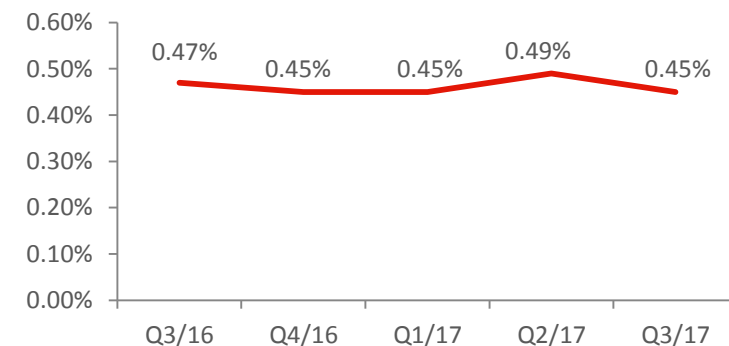
Net Income (\$MM)



Productivity Ratio⁽¹⁾



PCL Ratio



Our Businesses – Canadian Banking

Personal & Commercial Banking, Wealth and Insurance

Business Overview

- Full suite of financial advice and banking solutions to retail, small business and commercial customers
- Investment, pension and insurance advice and solutions
- **Revenue mix:** retail (58%), wealth (25%), commercial (17%)
- **Average loan mix:** residential mortgage (61%), personal & credit card loans (25%), business and government loans & acceptances (14%)

2017 Priorities

- Deliver an excellent customer experience across all channels
- Optimize business mix by growing high-return assets, building core deposits, and earning higher fee income
- Reduce structural costs and improve productivity
- Enhance our digital offering and e-commerce capabilities to drive digital sales and engagement

Business Performance

Q3 2017 Highlights

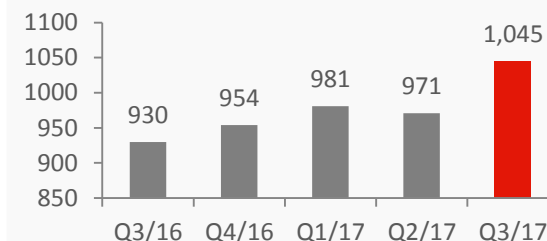
- 50% of consolidated net income¹
- Net income grew 12%² Y/Y
- Strong deposit growth: 11% in retail chequing accounts and 10% in savings deposits
- Loan growth of 5%³
- Margin expansion and positive YTD operating leverage of 2.5%

Q3 2017 Key Data

In C\$

Total Loans (avg.)	\$318B
Total Deposits (avg.)	\$235B
Net Income	\$1,045MM
Productivity Ratio	50%
Branches	968
# of Employees	25,927

Net Income (\$MM)



(1) Excludes Other segment

(2) Real estate gains contributed to 4% of the 12% growth in Q3/17

(3) Adjusting for the Tangerine run-off mortgage portfolio, loan growth was 6%

Our Businesses – International Banking

Personal & Commercial Banking, Wealth and Insurance

Business Overview

- Operate primarily in Latin America (Mexico, Peru, Chile and Colombia), Central America and the Caribbean, with full range of personal and commercial financial services, as well as wealth products and solutions
- **Revenue mix:** Latin America⁽²⁾ (67%), Caribbean & Central America (29%), Asia (4%)
- **Average loan mix:** residential mortgage (27%), personal & credit card loans (22%), business and government loans & acceptances (51%)

2017 Priorities

- Launch Net Promoter System (NPS) across Peru, Chile, Colombia and Mexico to provide our employees and leadership with timely and specific customer feedback
- Leverage digital banking organizations within our Pacific Alliance operations to drive greater digital adoption and sales
- Enhance business mix by growing core deposits to reduce funding costs along with growing in targeted profitable segments/products
- Continue cost reduction programs to lower expenses and use the savings to fund strategic initiatives, make investments in technology, and improve productivity

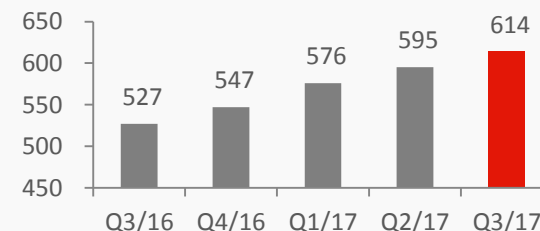
Business Performance

Q3 2017 Highlights

- 29% of consolidated net income⁽¹⁾
- Net income up 16% Y/Y, or 12%, adjusting for foreign currency translation
- Good asset and deposit growth, lower provision for credit losses, higher risk-adjusted margins, and improved credit quality

Q3 2017 Key Data	In C\$
Total Loans (avg.)	\$113B
Total Deposits (avg.)	\$98B
Net Income	\$614MM
Productivity Ratio	54.5%
Branches	1,767
# of Employees	51,219

Net Income (\$MM)



(1) Excludes Other segment

(2) Excludes affiliates, includes Mexico

Our Businesses – Global Banking and Markets

Wholesale Banking

Business Overview

- Wholesale banking and capital markets products to corporate, government, and institutional clients
- Full service platform in Canada and Mexico. Niche focus in U.S., Central and South America, Asia, Australia and select markets in Europe
- **Revenue mix:** Business Banking (53%), Capital Markets (47%)

2017 Priorities

- Improve our customer coverage and deepen relationships with our most important customers by leveraging our global platform
- Increase our emphasis on investment banking and other fee-based activities that strengthen customer relationships
- Shift our business mix to more closely align with our customer-focused strategy and other priorities
- Improve productivity and automation, while embracing disruptive technologies to improve the customer experience and reduce costs
- Invest in advanced analytics to drive revenues and optimize the use of capital and funding

Business Performance

Q3 2017 Highlights

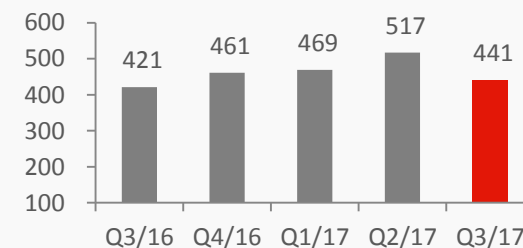
- 21% of consolidated net income⁽¹⁾
- Net income grew 5% Y/Y
- Higher contributions from equities and improved credit performance

Q3 2017 Key Data

In C\$

Total Loans (avg.)	\$82B
Trading Assets (avg.)	\$107B
Total Deposits (avg.)	\$79B
Net Income	\$441MM
Productivity Ratio	47.4%
# of Employees	2,380

Net Income (\$MM)



¹ Excludes Other segment

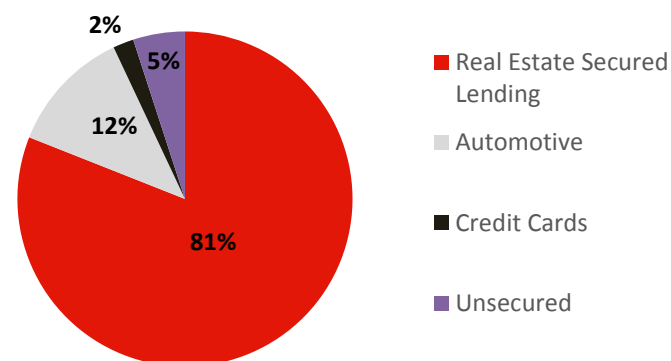
Scotiabank Key Topics

Domestic Retail Exposures

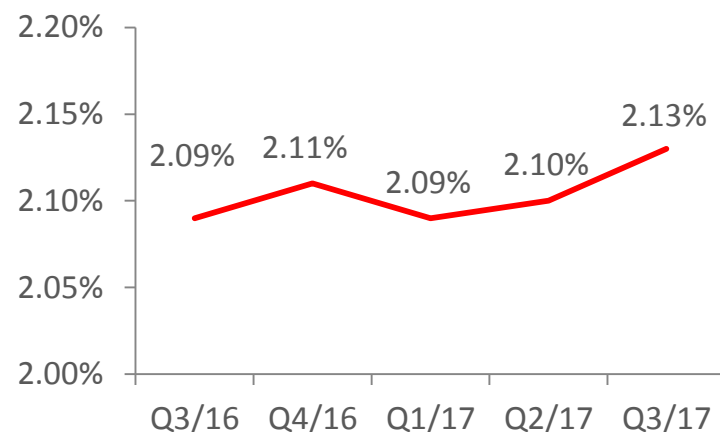
- Retail Loan Portfolio is ~\$278 billion¹ (~93% secured: 81% real estate and 12% automotive)
- **Residential mortgage portfolio** is well-managed, with 52% of mortgages being insured, and remaining uninsured mortgages have an average loan-to-value of 50%
- **Credit card portfolio** is approximately \$6.8 billion, reflecting ~2.5% of Domestic retail loan book or 1.3% of the Bank's total loan book
 - Organic growth strategy that is focused on payments and deepening customer relationships
 - ~80% of growth is from existing customers (penetration rate low-30s versus peers in the low-40s)
 - Strong risk management culture with specialized credit card teams, customer analytics and collections focus
- **Auto loan book** is approximately \$35 billion
 - Market leader and portfolio is structurally different than peers with 3 exclusive OEM relationships
 - Prime Auto and Leases, driven by growth in assets
 - Lending terms have been declining with contractual terms averaging 72 months but effective terms are 48 months
- **Alberta retail loan book** is approximately \$40 billion or 15% of the domestic retail loan book
 - No signs of material credit stress or drawdown on lines
 - Credit trends have moved up to/through national levels
 - Majority of exposure is residential mortgages

¹ Includes Tangerine balances of \$8 billion

Domestic Retail Loan Book



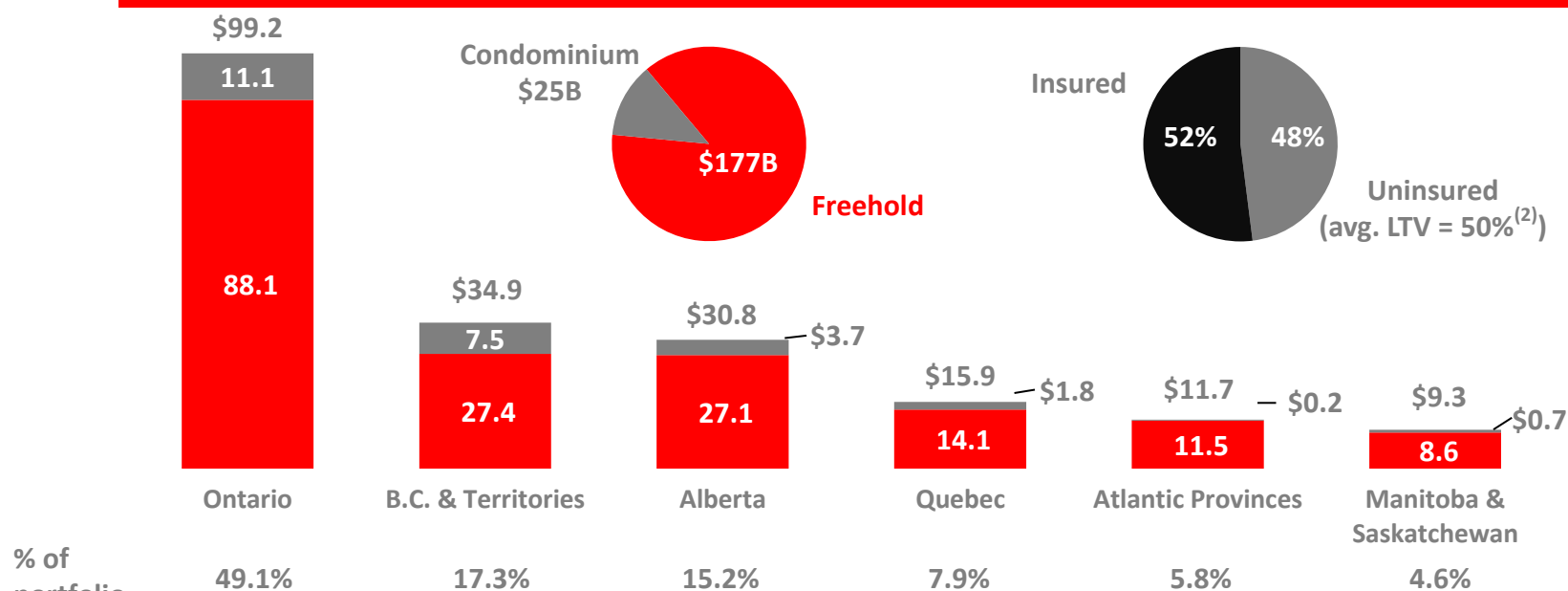
Canadian Banking – Risk Adjusted Margin



Scotiabank's Canadian Residential Mortgage Portfolio

- Mortgage business model is originate to hold
- 52% of the mortgage portfolio is insured
- 48% is uninsured and has an average loan-to-value (LTV) of 50%
- New originations⁽¹⁾ has an average LTV of 64% in Q3/17, with Ontario and BC at 63%
- Majority is freehold properties; condominiums represent approximately 12% of the portfolio
- The mortgage portfolio is well managed and has good diversification across Canada with approximately half of the portfolio anchored in Ontario

Canadian Mortgage Portfolio⁽³⁾: \$202B (spot balances as at Q3/17, \$B)



(1) New originations defined as newly originated uninsured residential mortgages and have equity lines of credit, which include mortgages for purchases, refinances with a request for additional funds and transfer from other financial institutions.

(2) LTV calculated based on the total outstanding balance secured by the property. Property values indexed using Teranet HPI data.

(3) Some figures on bar chart may not add due to rounding.

Canadian Household Debt

- **Household debt has been increasing since the mid-1980s**
 - Low interest rates, demographics (including immigration), financial innovation and shift in consumer attitude/behaviour
 - Debt increase has largely been driven by mortgage debt (represents ~72% of total household credit)
- **Household debt to disposable income is only one metric to analyze**
 - While debt growth is not fast by historical standards, income growth has not kept up, leading to increasing household debt to income ratio
 - Household debt to income ratio mixes a balance sheet measure “debt” with an income statement measure “disposable income”. Borrowers are not expected to pay off their debts with one year’s income
- **Other considerations regarding consumer indebtedness and consumer resilience to shocks:**
 - Housing affordability – Mortgage debt-service ratios are in line with historical averages at the national level
 - Interest and principal mortgage debt payments steady at ~6% of disposable income since 2008
 - Consumers prudently taking advantage of low rates to repay more principal
 - Net worth – Net asset levels (assets less debt) are at an all-time high of more than 8 times disposable income
 - About half of these assets are financial (not real estate)
 - Asset growth has outpaced debt growth
 - Interest rate shocks – Despite expectations for higher rates, there are mitigating factors
 - Canadians have substantial equity in their homes
 - The majority of mortgage holders are locked in at fixed rates, with the 5-year term the most popular
 - Variable rate borrowers are qualified at the 5 year posted rate to provide a buffer against interest rate shocks. These borrowers have the option to switch into fixed rates
 - Unemployment rate – A key driver of delinquencies and losses that determines borrowers’ ability to pay debt
 - Levels are expected to remain fairly stable over the next 2–3 years

Canadian Household Credit Growth is Steady

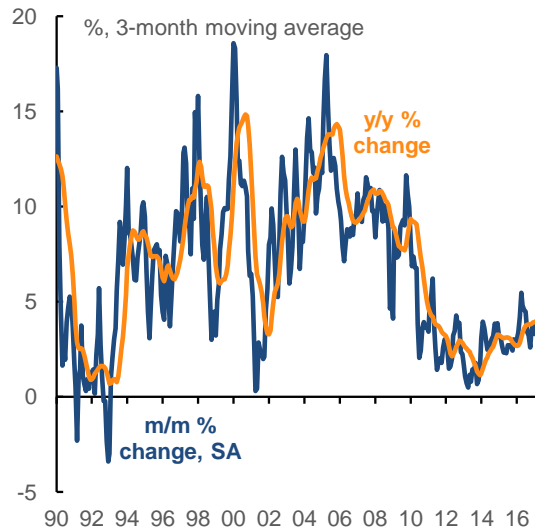
- Total household credit growing 5.7% y/y in nominal terms vs 2008 peak of 12% y/y
- Consumer loans excluding mortgages (cards, HELOCs, unsecured lines, auto loans, etc.) are growing 4% y/y, vs. 11% in late 2007 and prior peaks in the high-teens
- Mortgage credit growing 6.3% y/y, vs 2008 peak 13%

Household Credit Growth



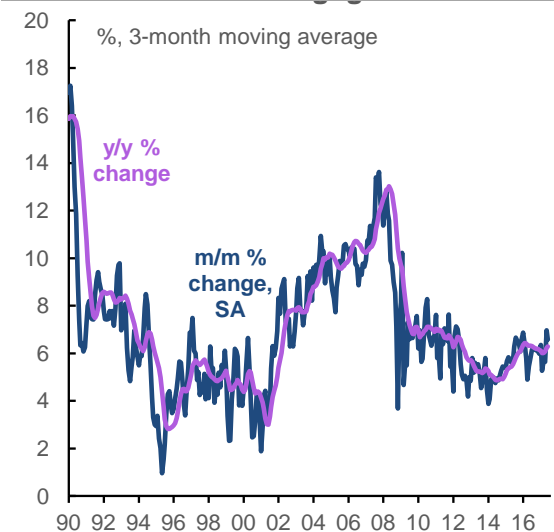
Source: Scotiabank Economics, Bank of Canada.

Consumer Loan Growth



Sources: Scotiabank Economics, Bank of Canada.

Residential Mortgage Growth

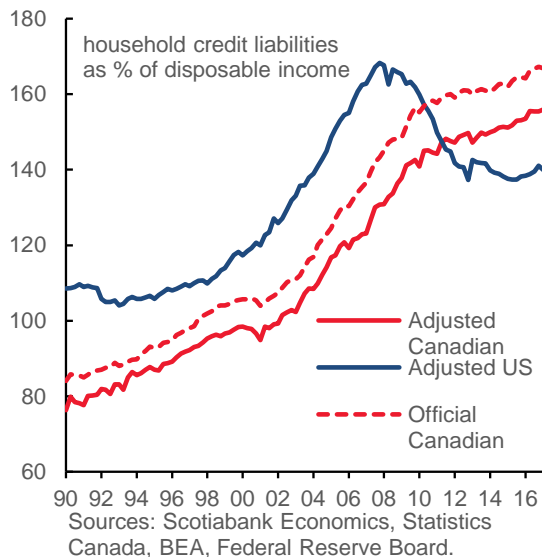


Sources: Scotiabank Economics, Bank of Canada.

Household Debt Comparison

- **In comparable terms, Canadian debt-to-income is 12% below where it peaked in the US**
 - In the last 5 years, increases in Canadian debt-to-income ratio have slowed vs 2000–2010
 - On same terms, Canada's debt-to-income is 156% vs 140% in the US
- **Canadian debt-to-assets ratio remains below US**
 - U.S. households have incentive to pursue higher asset leverage in light of mortgage interest deductibility
 - Debt is a stock concept, to be financed over one's lifetime. Income is a flow concept measuring one single year's earnings. Debt should be compared to lifetime or permanent income, or assets

Household Credit Market Debt to Disposable Income



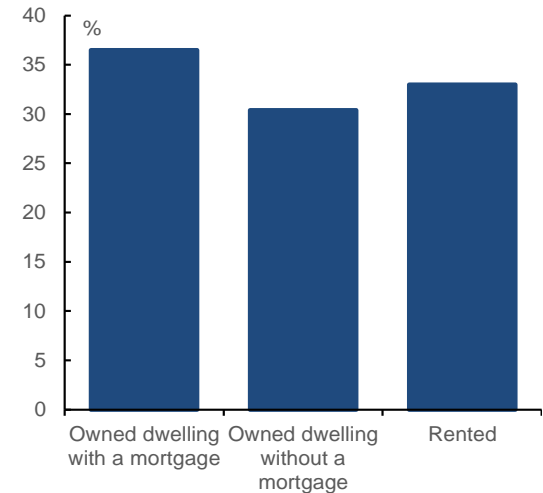
Household Liabilities as % of Total Assets



Canadian Mortgage Market

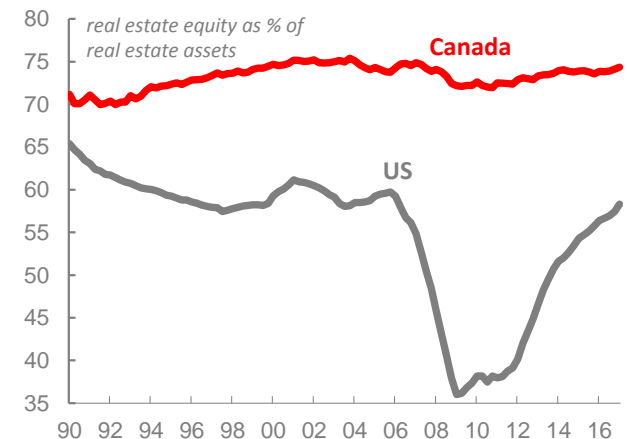
- Canadian housing market is less expensive on a global scale, particularly for buyers with U.S. dollars
- Two-thirds of Canadian households do not have a mortgage
 - One-third of households rent
 - One-third own their homes, but have no mortgage
- Mortgage holders
 - No negative equity mortgages in Canada
 - 89% of borrowers have 75% or less LTV. Significant price decreases required to reach a negative equity position
 - Amount of non-recourse mortgages are low (~6–7% of total Canadian mortgages at most) and isolated to only Alberta (excluding high-LTV mortgages) and Saskatchewan.
 - High amount of equity: average equity ratio is 74%
 - On average, 40% of available HELOC credit is drawn, 60% is undrawn
 - Approximately half of first-time home buyers in Canada are able to source their down payments from their personal savings
- 2014–16 data shows 75% of buyers from that period have 25% or more equity
 - Partly reflects speed of rising house prices, but also increased emphasis on down payment requirements and tightened mortgage rules
- 2014–16 data indicates 39% of first-time home buyers had less than 20% down—a low point historically
 - Reflects movement away from non-conforming low down-payment loans
- Efforts to cool the housing market are working, as British Columbia is showing signs of stabilization after foreign buyers' tax was enforced. Ontario government has also recently enforced a 15% foreign buyers' tax. Absent better data, foreign ownership in the GTA is estimated to be <3%.

Two-Thirds of CDN Households do not have a Mortgage



Sources: Scotiabank Economics, Statistics Canada.

High Percentage of Equity

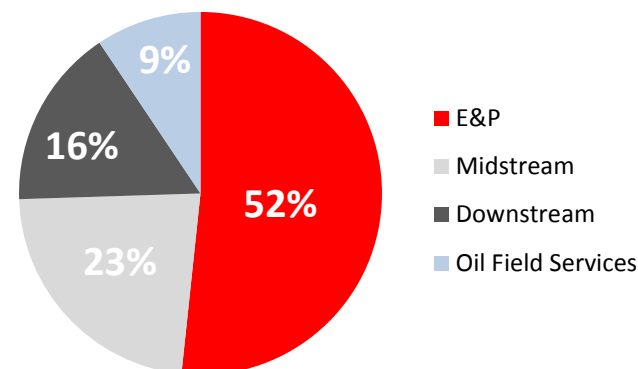


Sources: Scotiabank Economics, Statistics Canada, U.S. Federal Reserve. Data through Q1 2017.

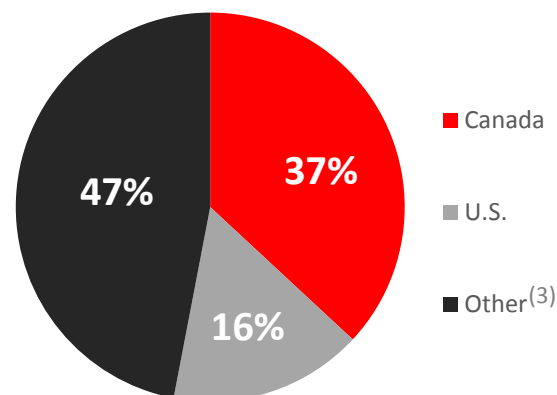
Energy Exposures

- Energy exposure is well diversified across sectors and geographies
- \$14.9 billion drawn energy exposure, is 2.9% of the Bank's total loan book, increased 8.9% Q/Q¹
 - ~53% is investment grade
- \$11.7 billion of undrawn energy exposure, increased 0.4% Q/Q¹
 - ~71% is investment grade
- Cumulative PCLs of \$328 million from Q1/15 to Q3/17
 - Cumulative energy loan loss ratio of 2.1% is below our guidance of less than 3%
- We remain committed to our guidance and actively manage our exposures

Drawn Energy Exposure by Sector



Drawn Energy Exposure by Geography⁽²⁾



(1) Quarter-over-quarter impact is calculated on a constant currency basis (inclusive of FX changes, drawn exposures increased 2.0% and undrawn commitments decreased 5.6%)

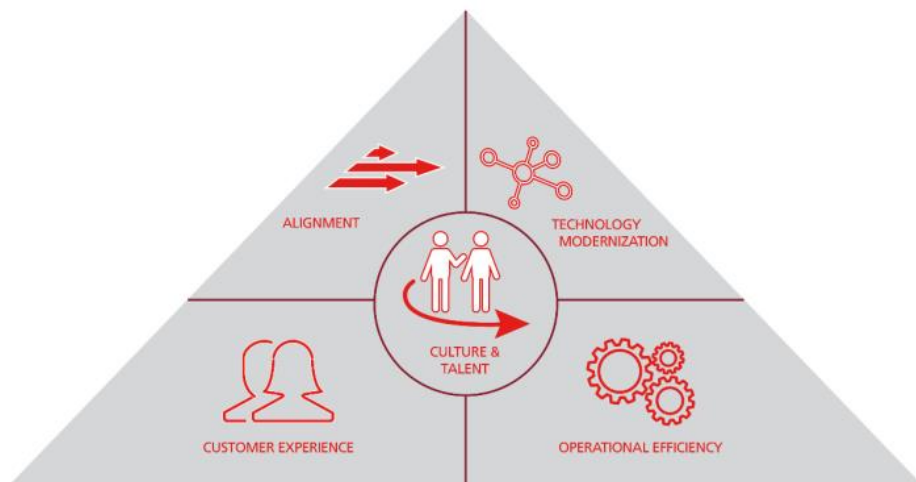
(2) By country of residence

(3) Other includes Latin America, Asia and Europe

Digital Strategy

Digital Transformation Strategy

Aspire to become a digital leader in the financial services industry



Medium Term Digital Objectives

CUSTOMER
EXPERIENCE

▼
A leader
in our
five key markets
(measured by NPS)

DIGITAL ADOPTION
BY OUR CUSTOMERS

▼
At least
70%

DIGITAL
RETAIL SALES

▼
At least
50%

IN-BRANCH FINANCIAL
TRANSACTIONS

▼
Less than
10%

WILL IMPROVE ALL-BANK PRODUCTIVITY RATIO

Key Highlights

- **Priority:** One of the Bank's key strategic priorities is digital transformation, which is a key enabler of the Bank's overall strategy
- **Digital Strategy:** Become a digital leader in the financial services industry by focusing on the customer experience, operational efficiency, modernization of our technology and platforms, top-to-bottom organizational alignment, and developing a performance oriented culture with strong talent.
- **Digital Banking Update:** On February 2, 2017 the Bank hosted a Digital Banking Update, a first of its kind among the Canadian Banks, to update the investment community on the plans to digitize the Bank and provided directional digital objectives. These efforts will help improve the all-bank productivity ratio to less than 50% by 2021.

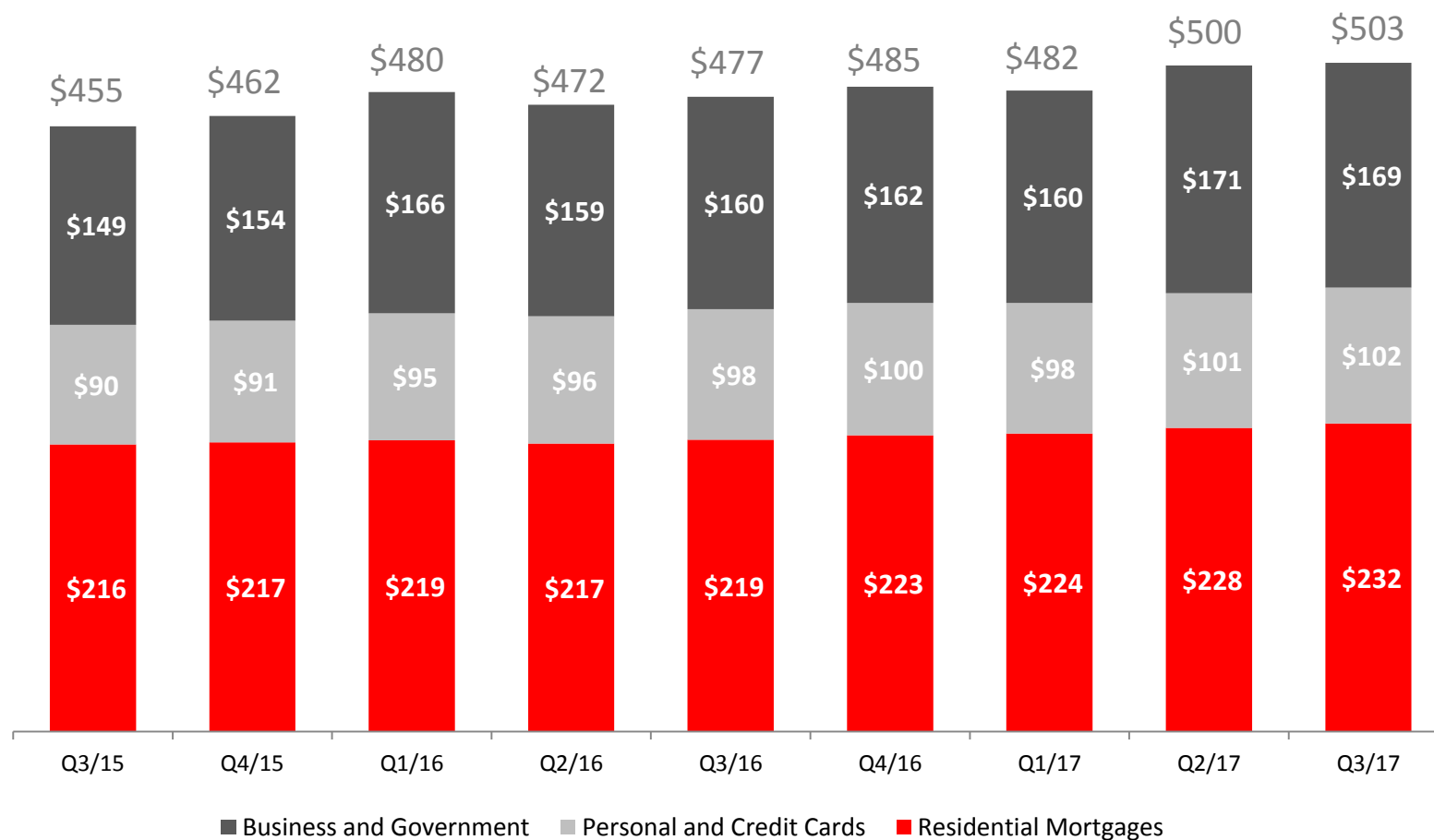
Funding

Funding Strategy

- **Build customer deposits in all of our key markets**
- **Continue to reduce wholesale funding (WSF) and shift mix towards longer term funding**
 - Absolute level of wholesale funding down \$20B to \$215B Y/Y
 - Wholesale funding as % of total assets down to 23.7% from 25.9% Y/Y
 - Asset growth funded through deposits
 - Money market funding as % of total WSF down to 37.4% from 41.4% Y/Y
- **Achieve appropriate balance between cost and stability of funding**
 - Maintain pricing relative to peers
- **Diversify funding by type, currency, program, tenor and markets**
 - Regular issuance in all markets executed via wholesale funding centers in Toronto, New York, London and Singapore
 - New credit card and auto securitization programs launched in 2016
- **Look to pre-fund at least one quarter ahead, market permitting**
- **Funding strategy and associated risk are managed centrally from Toronto within framework of policies and limits approved by Board of Directors**
- **Branch banking subsidiaries are largely self-funded in the local market**

Consistent Loan Growth

(Canadian Dollar Equivalent, \$B)



- Core P&C loan growth has remained steady over 2 years
- Loans constitute 55% of the balance sheet

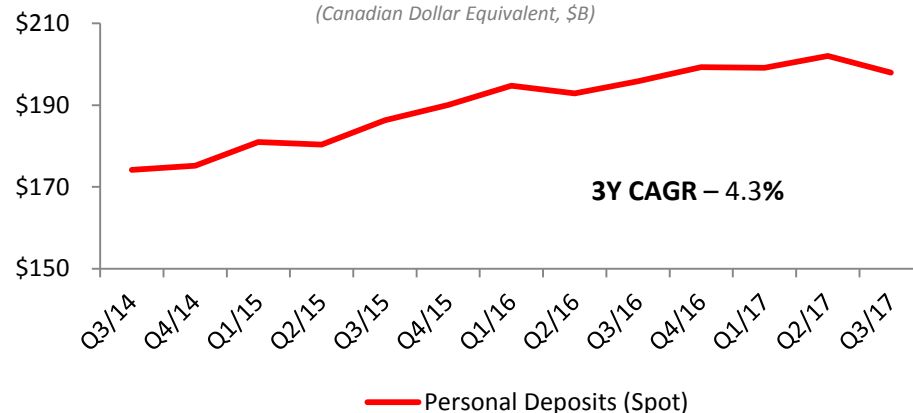
Deposit Overview

Personal Deposits

- Important for both relationship purposes and regulatory value
- 4.3% CAGR over the last 3 years
 - 83% of personal deposits are in Canada, growing at ~4% CAGR
 - 17% of personal deposits are outside Canada and growing at ~11% CAGR

Personal Deposits

(Canadian Dollar Equivalent, \$B)

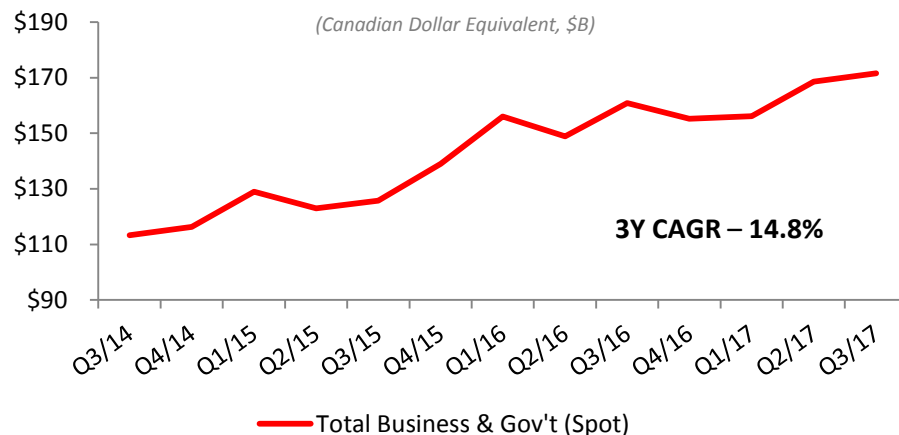


Business & Government

- Leveraging relationships to increase share of deposits
- 14.8% CAGR over the last 3 years
- Focusing on operational, regulatory friendly deposits

Bus. & Gov't Deposits¹

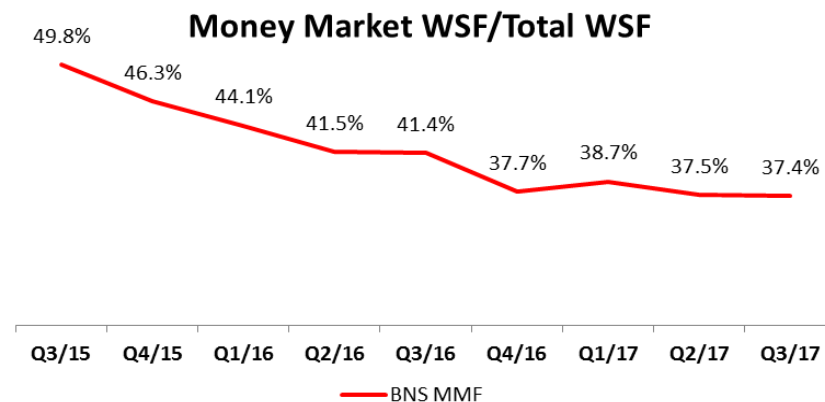
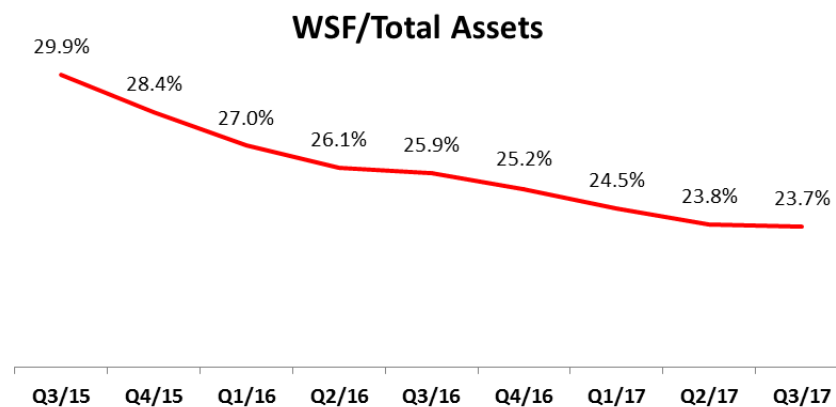
(Canadian Dollar Equivalent, \$B)



¹ Calculated as Bus& Gov't deposits less Wholesale Funding, adjusted for Sub Debt

Wholesale Funding Utilization

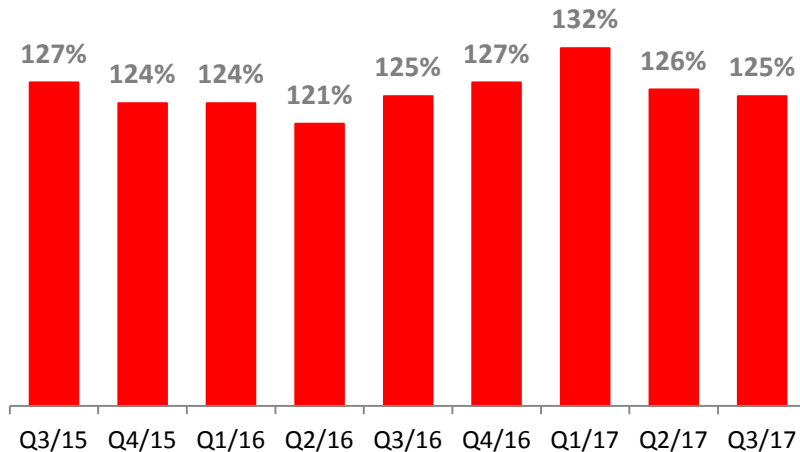
- Reducing reliance on wholesale funding (WSF) and continuing to close the gap vs. peers
 - BNS WSF is down \$4B Q/Q to \$215B
 - Deposits displacing wholesale funding
- Continuing to focus on term funding and reducing concentration of money market instrument funding



Money Market WSF = Deposits from Banks, CDs, CP, BDNs, ABCP

Liquidity Metrics

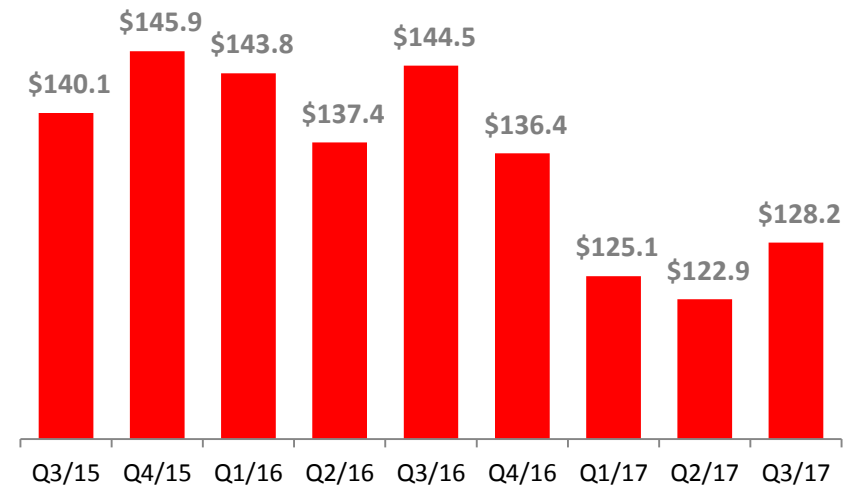
Liquidity Coverage Ratio (LCR)



- Consistently strong performance
- Net Stable Funding Ratio (NSFR) implementation postponed to 2019

High Quality Liquid Assets (HQLA)

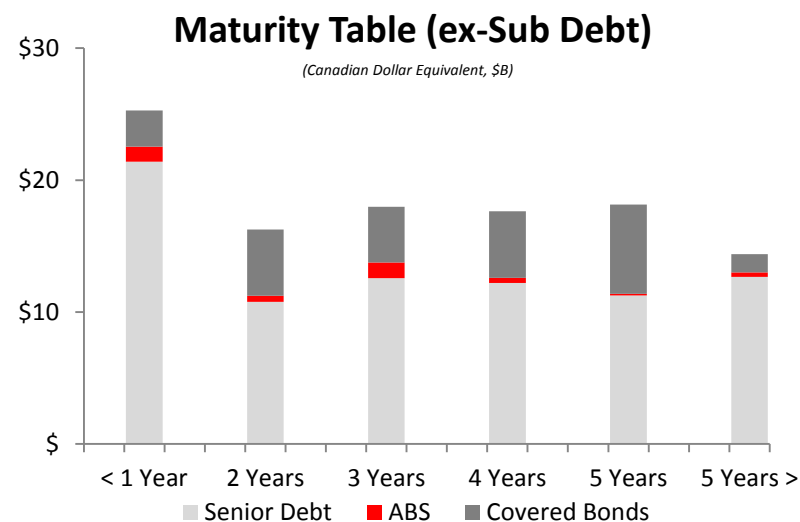
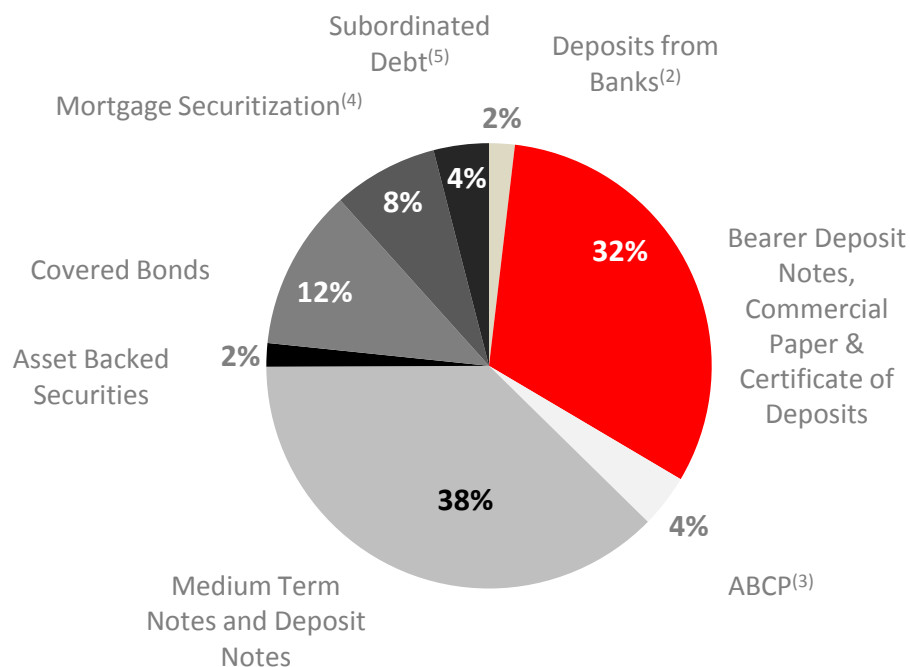
(Canadian Dollar Equivalent, \$B)



- Efficiently managing LCR and optimizing HQLA

Wholesale Funding Composition

Wholesale Funding Diversified by Instrument and Maturity⁽¹⁾⁽⁶⁾⁽⁷⁾



(1) Wholesale funding sources exclude repo transactions and bankers acceptances, which are disclosed in the contractual maturities table in the MD&A of the Interim Consolidated Financial Statements. Amounts are based on remaining term to maturity.

(2) Only includes commercial bank deposits raised by Group Treasury.

(3) Wholesale funding sources also exclude asset-backed commercial paper (ABCP) issued by certain ABCP conduits that are not consolidated for financial reporting purposes.

(4) Represents residential mortgages funded through Canadian Federal Government agency sponsored programs. Funding accessed through such programs does not impact the funding capacity of the Bank in its own name.

(5) Although subordinated debentures are a component of regulatory capital, they are included in this table in accordance with EDTF recommended disclosures.

(6) As per Wholesale Funding Sources Table in MD&A. As of Q3/17

(7) Wholesale funding sources may not add to 100% due to rounding

Diversified Wholesale Funding Programs

Short-Term Funding

- USD 25 billion Bank CP program
- USD 3 billion Subsidiary CP program
- CD Programs (Yankee/USD, EUR, GBP, AUD, HKD)

Term Funding & Capital

- CAD 15 billion debt & equity shelf (senior debt, subordinated debt, preferred shares, common shares)
- CAD 2 billion Principal at Risk (PAR) Note shelf
- CAD 15 billion START ABS program (indirect auto loans)
- CAD 7 billion Hollis ABS shelf (unsecured lines of credit)
- CAD 5 billion Trillium ABS shelf (credit cards)
- CAD 36 billion global registered covered bond program (uninsured Canadian mortgages)
- Canada Mortgage Bonds and Mortgage Back Securities
- USD 20 billion debt & equity shelf (senior debt, subordinated debt, preferred shares, common shares)
- USD 20 billion EMTN shelf
- USD 5 billion Singapore MTN program
- AUD 4 billion Australian MTN program

Canadian Regulatory Environment: Bail-In and TLAC

- **October 2011: Financial Stability Board (FSB) drafted recommendations regarding resolution regimes for global systemically important banks**
- **2014: Canadian consultation process began. In 2016, amendments to CDIC Act, Bank Act and other statutes were passed to allow for a bank recapitalization (bail-in) regime**
 - Provided CDIC statutory power to convert specified eligible liabilities of domestic systemically important banks (DSIBs) into common shares in the event such banks become non-viable
 - Extended existing CDIC powers with respect to managing the unlikely scenario of a bank failure
- **2017-2018: Public consultation on final bail-in regulations and the related Total Loss Absorbing Capital “TLAC” guideline ended July 17, 2017**
 - Expect regulations to be applied in early 2018
- **2021: TLAC compliance for DSIBs required by Nov 1, 2021 (i.e. Q1/2022)**
 - Minimum TLAC ratio of 21.5% of RWA and minimum TLAC leverage ratio of 6.75%
 - Banks likely to maintain buffers above the minimum requirements
- **Banks to begin reporting TLAC measures in November 2018**

Canadian Bail-In Resolution Framework

- **Eligibility criteria for bail-in debt and conversion into common shares under the CDIC Act**
 - Senior unsecured debt with original term to maturity > 400 days, issued or re-opened by a D-SIB after regulations come into force
 - Tradeable and transferable; assigned a CUSIP, ISIN or similar designation
 - Excludes deposits, secured liabilities (e.g. covered bonds), eligible financial contracts (i.e. derivatives) and structured notes
- **Mechanism - designed using no creditor worse off principle**
 - Upon determination by OSFI that a bank has ceased to be viable, CDIC will take temporary control/ownership and carry out bail-in conversion and /or other restructuring activities
 - Creditors should not incur greater losses through bail-in resolution than if institution had been wound-up under normal insolvency proceedings
 - Respects relative creditor hierarchy; complete conversion of all subordinate ranking claims before converting any bail-in securities (including legacy non-NVCC capital securities)
 - Legacy debt not subject to the bail-in regime but subject to other resolution regimes available to CDIC
 - Senior creditors should receive relatively better conversion terms vs. junior creditors
 - Bail-in risk mitigated by extremely low probability of event
- **Principles based approach to bail-in conversion**
 - No explicit conversion ratio

TLAC Requirements and Eligibility

Two concurrent minimum TLAC compliance requirements

Risk-based TLAC ratio > 21.5% of RWA
&
TLAC leverage ratio > 6.75%

TLAC eligibility

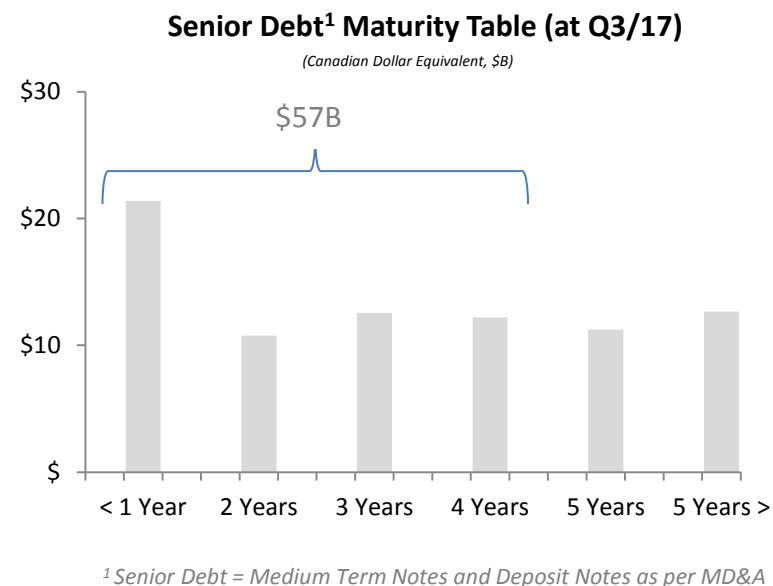
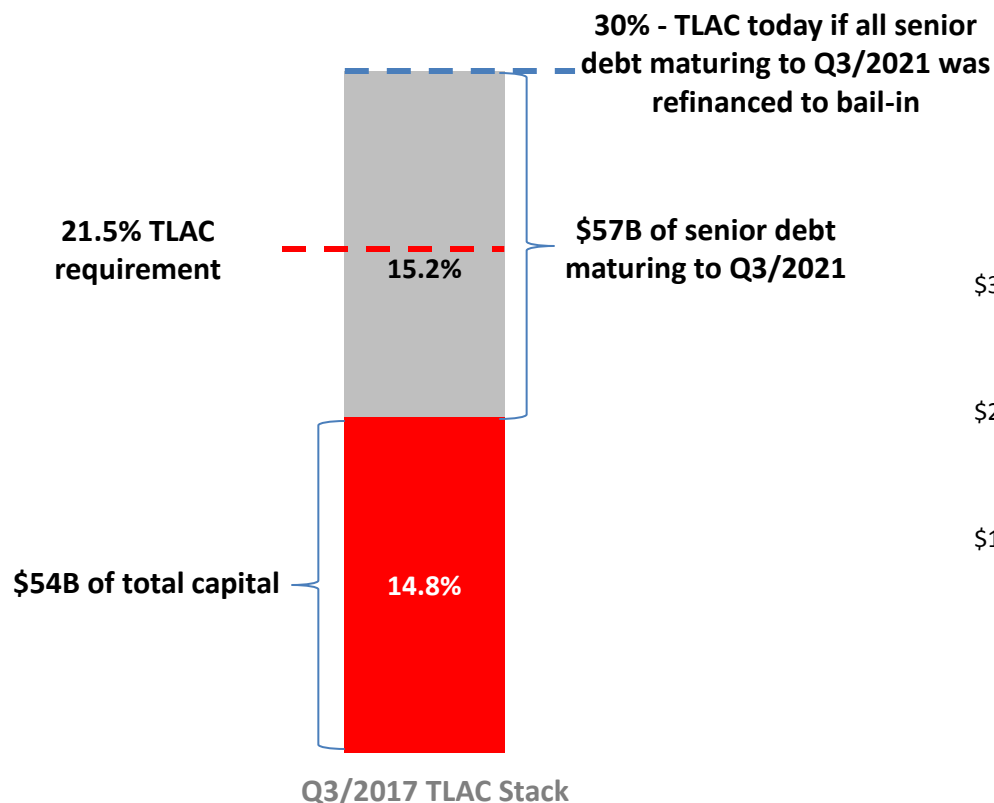
Tier 1 and 2 regulatory capital as per CAR guideline
+
Bail-in debt



Eligibility criteria for bail-in debt to qualify as TLAC

- Subject to permanent conversion into common shares in whole or in part pursuant to CDIC Act
- Directly issued by Canadian parent operating company
- Not secured or covered by a guarantee of the issuer or related party
- Perpetual or have remaining term >365 days
- No acceleration rights outside of bankruptcy, insolvency, wind-up, liquidation or failure to make principal or interest payments for 30 days or more
- Callable without OSFI prior approval if, following the transaction, the minimum TLAC requirement is satisfied

Total Loss Absorbing Capital (TLAC)



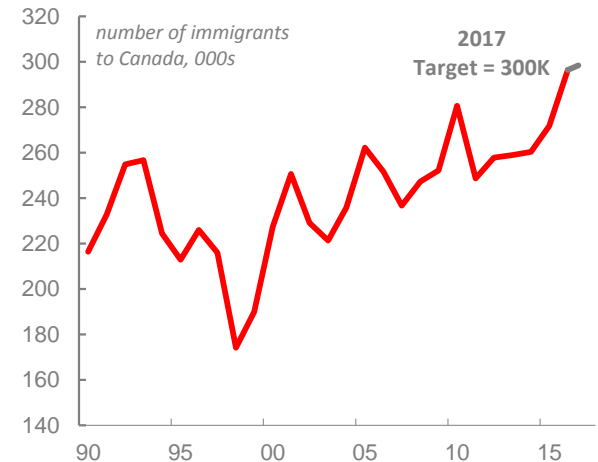
- \$57B of senior debt maturing over the next four years to Q3/2021
- Will exceed estimated 21.5% TLAC requirement well before the Nov 1, 2021 deadline based on maintaining current capital levels and refinancing upcoming senior maturities with bail-in

Appendix 1: Canadian Housing Market

Canadian Housing Fundamentals Remain Sound

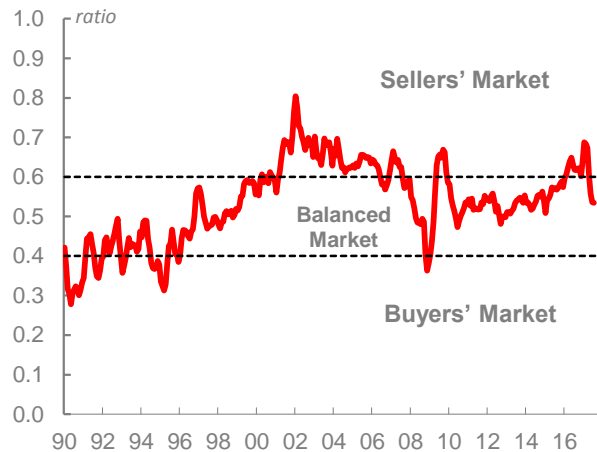
- Steady population and household income gains, low interest rates, and increased immigration are underpinning demand
- High household debt supported by stable debt-service costs, low unemployment, and significant home equity
- Unemployment rate remains low and stable
- Strong underwriting discipline and conservative lending policies are reflected in low delinquency rates
- Mortgage rules progressively tightened since 2008
- Affordability strains observed in select markets, primarily in BC's Lower Mainland and Southern Ontario

International Immigration



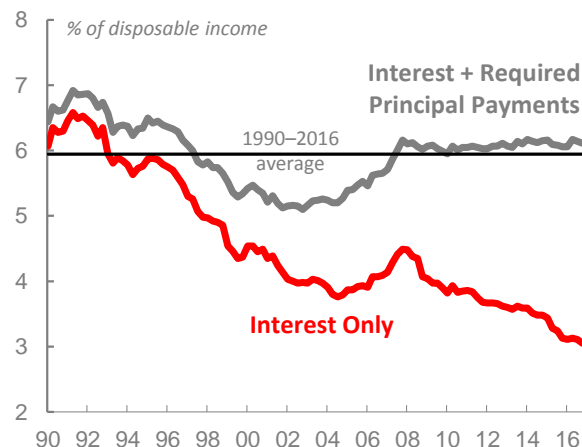
Sources: Scotiabank Economics, Statistics Canada.

Residential Unit Sales to New Listings Ratio



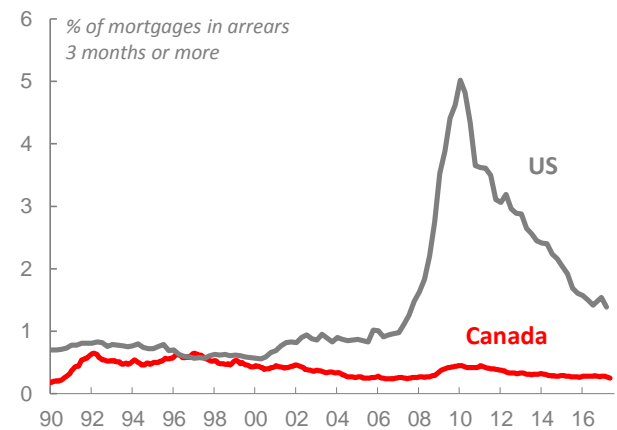
Sources: Scotiabank Economics, CREA MLS. Data through July 2017.

Mortgage Debt Service Ratio



Sources: Scotiabank Economics, Statistics Canada.
Data through 2017Q1.

Residential Mortgage Arrears



Sources: Scotiabank Economics, CBA, MBA. Data through Q1 and May 2017.

Mortgage Policy Developments in Canada

2017

- Ontario government imposed 16 measures aimed to cool the rate of house price appreciation. Key aspects include:
 - 15% non-resident speculation tax imposed on buyers in the Greater Golden Horseshoe area who are not citizens, permanent residents or Canadian corporations
 - Expanded rent control that will apply to all private rental units in Ontario
 - Legislation to allow for a vacant home tax
 - \$125 million five-year program to encourage construction of new rental apartment buildings by rebating a portion of development charges

2016

- CMHC qualifying stress rate for all new mortgage insurance must be the greater of the contract mortgage rate or the Bank of Canada's conventional five-year fixed posted rate, currently at 4.64%
- CMHC updated low-ratio mortgage insurance eligibility requirements for lenders wishing to use portfolio insurance
 - Maximum amortization 25 years
 - \$1 million maximum purchase price
 - Minimum credit score of 600
 - Property must be owner occupied
- Canada Revenue Agency now requires reporting of a disposition of a property for which the principal residence exception is claimed. Foreign buyers are not able to claim the primary residence tax exemption
- Ministry of Finance launched a public consultation process regarding lender risk sharing. Comments were submitted in February 2017
- B.C. government introduced an additional 15% land transfer tax on non-resident purchases in Metro Vancouver

2015

- Minimum down payment on insured mortgages on homes valued C\$0.5 - C\$1 million increased from 5% to 10%

2014

- CMHC discontinued offering mortgage insurance on second homes and to self employed individuals without 3rd party income validation

2012

- Maximum amortization on insured mortgages reduced to 25 years (from 30)
- Maximum amount borrowed on insured mortgages at refinancing reduced to 80% (from 85%)
- CMHC insurance availability is limited to homes with purchase price < \$1 million
- For insured mortgages, maximum gross debt service ratio of 39% and maximum total debt service ratio of 44%
- Maximum LTV for HELOCs lowered to 65% (from 80%)

Housing Market Structural Differences vs. U.S.

	Canada	US
Regulation and taxation	<ul style="list-style-type: none"> • Mortgage interest not tax deductible • Full recourse against borrowers in most provinces (in all of Saskatchewan and for low-ratio mortgages in Alberta, recourse is only to the value of property) • Ability to foreclose on non-performing mortgages with no stay periods • Mandatory default insurance for any mortgage with Loan-to-Value >80% <ul style="list-style-type: none"> - CMHC insurance backed by the government of Canada (AAA). Private insurers are 90% government backed - Insurance available for homes up to \$1 million - Premium is payable upfront by the customer - Covers full amount for life of mortgage • Homebuyers must qualify for mortgage insurance at an interest rate that is the greater of their contract mortgage rate or the Bank of Canada's conventional five-year fixed posted rate • Re-financing cap of 80% on non-insured mortgages • Maximum 25-year amortization on mortgages with LTV > 80% • Maximum 30-year amortization on conventional (LTV < 80%) mortgages • Down payment of > 20% required for non-owner occupied properties 	<ul style="list-style-type: none"> • Tax-deductible mortgage interest creates incentive to borrow and delay repayment • Lenders have limited recourse in most states • 90 day to 1 year stay period to foreclose on non-performing mortgages • No regulatory LTV limit • Private insurers are not government backed
Product	<ul style="list-style-type: none"> • Conservative product offerings, fixed or variable rate options • Much less reliance upon securitization and wholesale funding • Asset-backed securities not subjected to US-style off-balance sheet leverage via special purpose vehicles 	<ul style="list-style-type: none"> • Can include exotic products (adjustable rate mortgages, interest only)
Underwriting	<ul style="list-style-type: none"> • Terms usually 3 or 5 years, renewable at maturity • Extensive documentation and strong standards 	<ul style="list-style-type: none"> • 30-year term most common • Wide range of documentation and underwriting requirements

Appendix 2: Canada & Select International Economies

Canadian Economy and Financial System

Canadian Economy

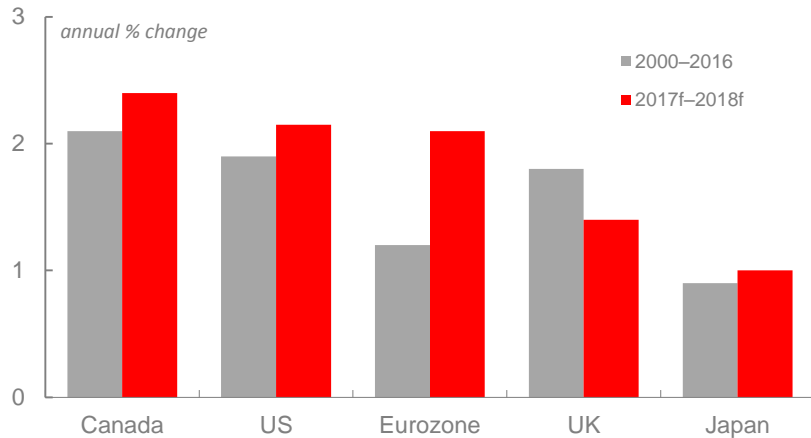
- The 10th largest economy in the world, with a strong export orientation
- Economy diversified, with particular strength in service, primary, manufacturing, construction, and utility sectors
- Proactive governments and central bank that has begun unwinding exceptionally accommodative monetary policy
- Manageable government deficits and debt burdens
- Stronger growth outlook, with firmer commodity prices, resilient consumer activity, and solid U.S. demand for Canadian goods and services

Strong Financial System

- Effective regulatory framework
 - Principles-based regime
 - Single regulator for major banks
 - Conservative capital requirements
 - Proactive policies and programs
- Risk-management practices
 - Prudent lending standards
 - Few sub-prime mortgages
 - Relatively little securitization
 - Primarily originate-to-hold model
- Canadian banks well-capitalized and profitable

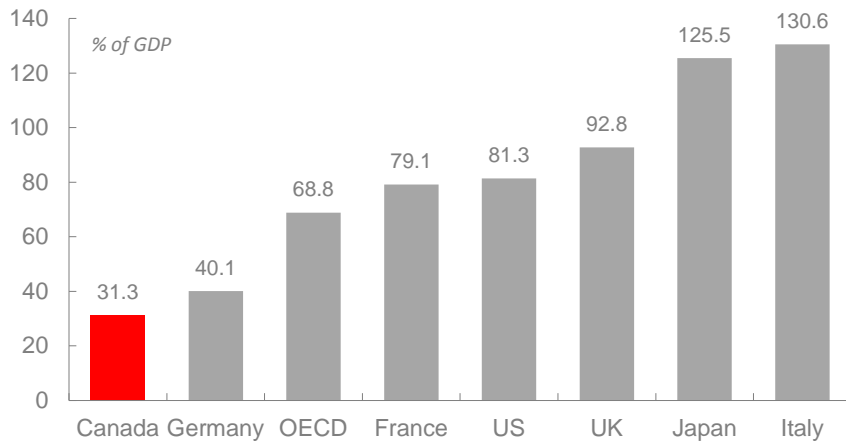
Canadian Economy

Real GDP Growth



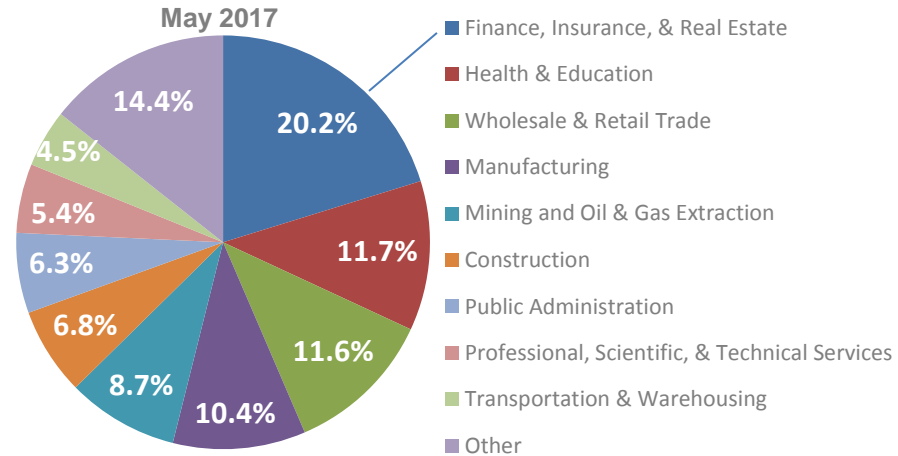
Source: Scotiabank Economics. Forecasts as of August 2, 2017.

General Government Net Financial Liabilities



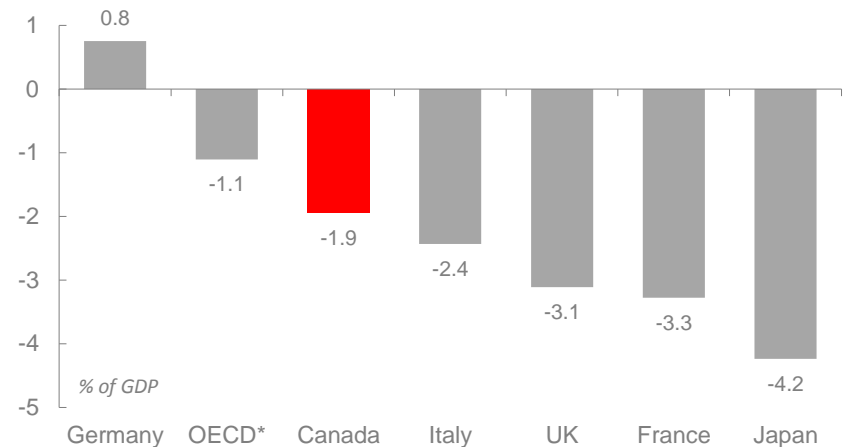
Sources: Scotiabank Economics, OECD (2016 estimates). As of August 18, 2017.

Canadian GDP by Industry



Sources: Scotiabank Economics, Statistics Canada.

Government Financial Deficits



* Arithmetic mean.

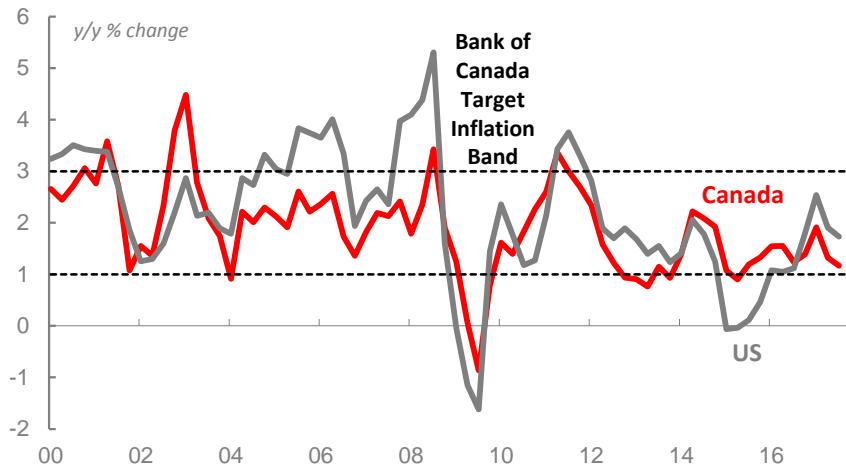
Sources: Scotiabank Economics, IMF (2016 estimates). As of August 18, 2017.

Stable Economic Fundamentals

Canada

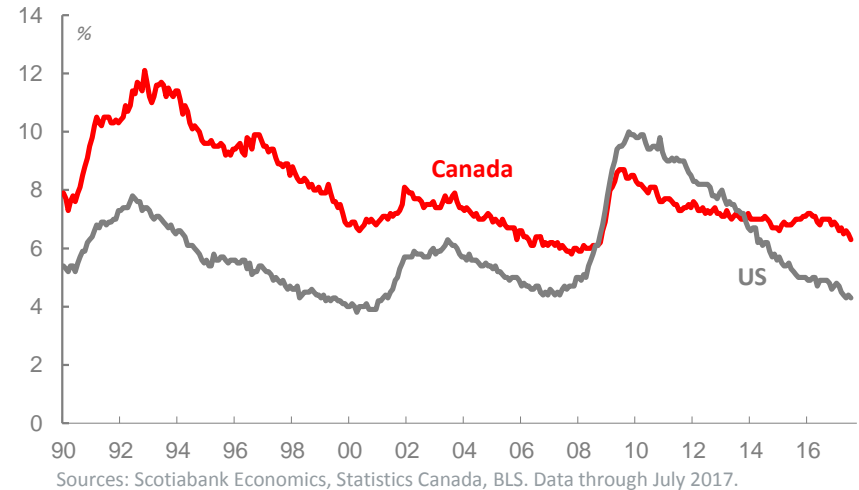
- Strengthening economic growth and a gradual rebound in non-energy exports
- Household spending remains reasonably buoyant, underpinned by relatively low and stable unemployment, as well as low borrowing costs
- Population and labour force growth supported by strong immigration
- Stable inflation within Bank of Canada target band

Inflation



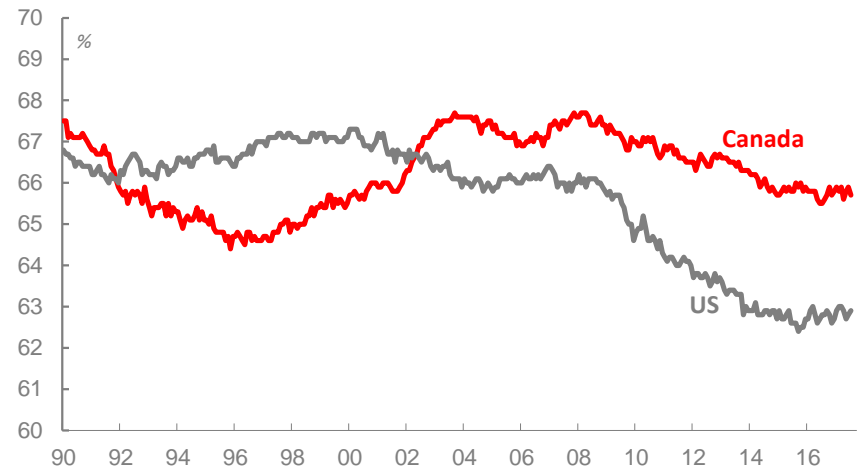
Sources: Scotiabank Economics, Statistics Canada, BLS. Data through July 2017.

Unemployment Rate



Sources: Scotiabank Economics, Statistics Canada, BLS. Data through July 2017.

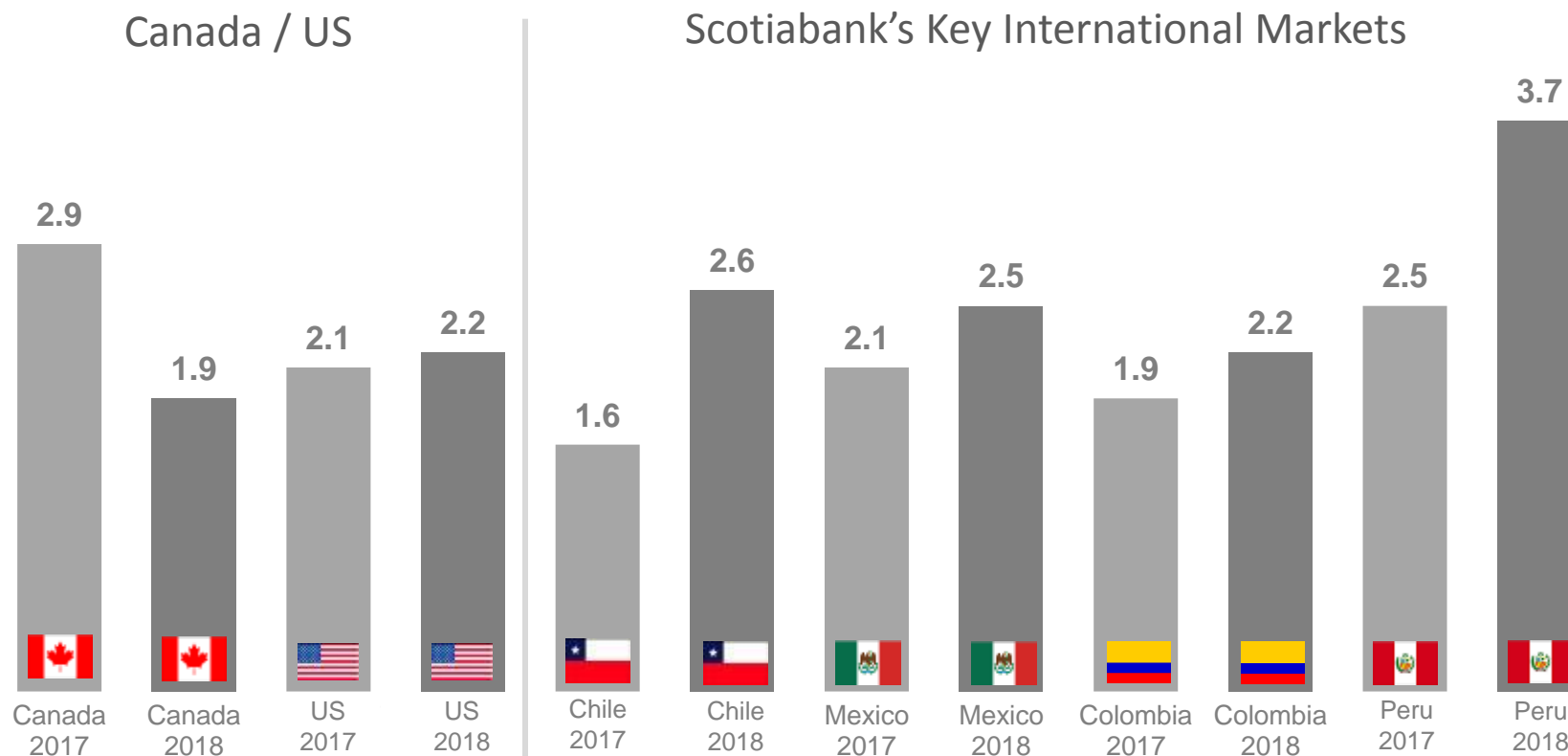
Labour Force Participation Rate



Sources: Scotiabank Economics, Statistics Canada, BLS. Data through July 2017.

Economic Outlook in Key Markets

2017 and 2018 Real GDP Growth Forecast



No Significant Exposure to the BRICs

Source: Scotiabank Economics. Forecasts as of August 2, 2017.

Appendix 3: Latin America Overview

Latin America - Overview

Investment Approach

- Scotiabank has a deep history in the Latin American region
- Our investment approach has remained consistent, in that we start small, understand the market opportunities and build incrementally as the right opportunities present themselves
- Invested approximately \$6.4 billion over the last 2 decades
- Continue to focus on transactions in our existing markets to build greater scale and long-term sustainable profitability
- Not looking to enter new markets or “plant new flags”

The Pacific Alliance

- Management has identified the Pacific Alliance as a key area of growth for the Bank
- The Pacific Alliance reflects a trade bloc with a free trade agreement to liberalize commerce and improve integration among Mexico, Peru, Chile and Colombia (and it is expanding)
- The strategic purpose of the Pacific Alliance is to strengthen trade flows with Asia and to compete with Brazil and Argentina
- The Pacific Alliance accounts for 40% of Latin America’s GDP, comparable to Brazil

The Pacific Alliance is a key area of growth for the Bank organically and through acquisitions

Committed to Long-Term Growth in the Pacific Alliance

The Pacific Alliance is an attractive growth opportunity for the Bank. It has 230 million people with an average age of 29, growing middle-class, a large portion of the population is underbanked, and has a stable banking environment.

Mexico

- 6th largest bank in Mexico
- Business confidence is strong
- Investing heavily in education
- Strong manufacturing industry with 40 bilateral relationships with other countries

Peru

- 3rd largest bank in Peru
- Leader in Net Promoter Score
- Strong franchise, building great momentum

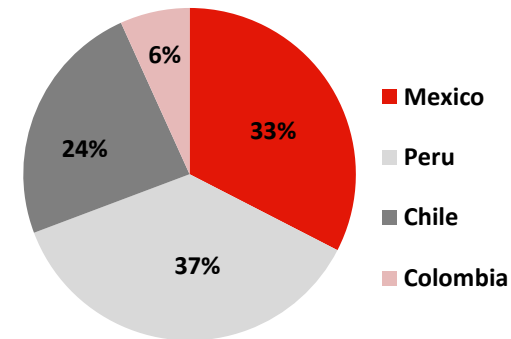
Chile

- 6th largest bank in Chile
- Most developed country in Latin America
- A leader in corporate lending and capital markets

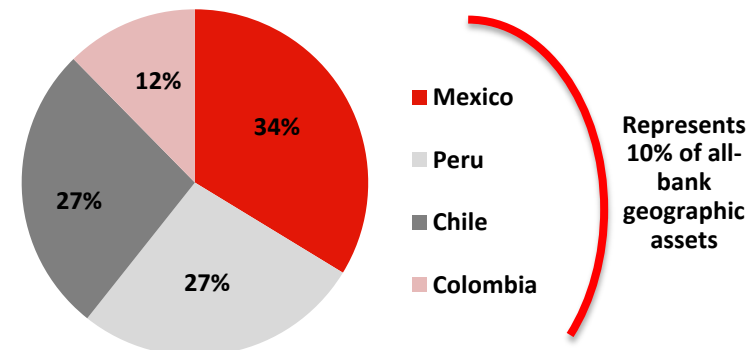
Colombia

- Growing presence with acquisition of Colpatría
- Most educated population within Latin America
- Very strong in retail and credit cards

Earnings by Country (Q3/17)



Average Assets by Country (Q3/17)



Latin America - Why The Pacific Alliance?

Presents an Attractive Long-Term Opportunity

- Reflects the 6th largest economy in the world and 7th largest exporter
- Trade bloc with respective governments supporting growth/significant infrastructure spending
- Strong and favourable relative GDP growth rates
- Considerable room to increase banking penetration (avg. domestic credit/GDP of 64%)
- Fast-growing middle-class with increasing financial needs (eg. 7/10 Peruvians are middle class)
- Favourable demographics for banking needs (median age of 29 years old)
- Relatively stable legal, tax and regulatory infrastructure in place
- Central bankers have earned credibility and banking system is well-capitalized

Recent acquisitions in the Pacific Alliance

- 51% of Cencosud's credit card and consumer loan unit in Chile
- Citibank's retail and commercial banking operations in Peru
- 50% of BBVA's AFP Horizonte, a pension fund management business in Peru
- 51% of Colfondos AFP, a pension fund management business in Colombia
- Citibank's Credito Familiar, a consumer finance unit in Mexico

The Bank believes in the Pacific Alliance's long-term growth prospects

Appendix 4: Tangerine Overview

Tangerine Overview

- Canada's leading direct bank, a low cost, scalable, digital approach
- Transitioning from mono-line (savings-only) to multi-product offering
- Strategy offers superior growth opportunities
 - Diversified NIAT profile in the face of intensified competition and low interest rates
 - An evolved client experience that positions Tangerine as a financial catalyst instead of a utility
 - Higher client growth from new products/cross-sell
 - Stickier client base due to primary relationship status
- Enhance position by:
 - Delivering a unique, transformational client experience
 - Acquiring new clients and deepening existing client relationships
 - Solidifying brand and purpose in the marketplace
 - Leveraging additional opportunities for collaboration between Tangerine and Scotiabank
- Client satisfaction continues to be the Bank's principal focus

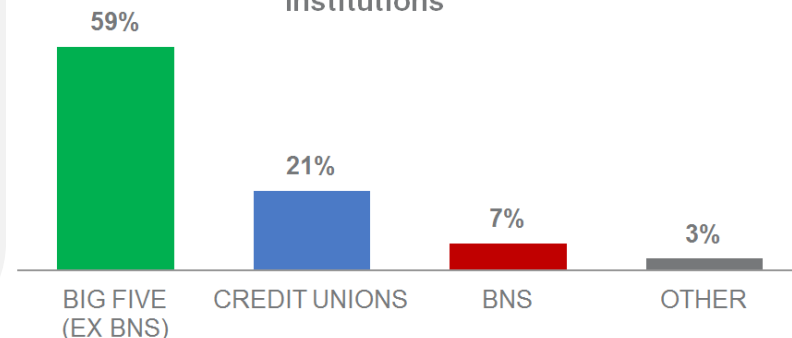
Attractive Client Profile

Attractive Client Profile



Client Sources

Tangerine Clients Indexed to other Financial Institutions



Appendix 5: PCL Ratios

PCL Ratios

Total PCL as % of average net loans & BAs	Q3/16	Q4/16	Q1/17	Q2/17	Q3/17
Canadian Banking					
Retail	0.30	0.31	0.32	0.34	0.31
Commercial	0.20	0.14	0.21	0.14	0.09
Total PCL	0.29	0.28	0.30	0.31	0.28
<i>Net Interest Margin (%)⁽²⁾</i>	2.38	2.39	2.39	2.38	2.41
International Banking					
Retail ⁽¹⁾	2.13	2.01	2.10	2.19	2.08
Commercial ⁽¹⁾	0.47	0.33	0.35	0.51	0.31
Total PCL	1.26	1.15	1.21	1.33	1.16
<i>Net Interest Margin (%)⁽²⁾</i>	4.79	4.77	4.73	5.00	4.77
Global Banking & Markets					
Total PCL	0.19	0.19	0.04	0.01	0.11
<i>Net Interest Margin (%)⁽²⁾⁽³⁾</i>	1.72	1.78	1.63	1.75	1.76
All Bank					
Total PCL Ratio	0.47	0.45	0.45	0.49	0.45
<i>Core Banking Margin (%)</i>	2.38	2.40	2.40	2.54	2.46

(1) Colombia small business portfolio reclassified to Retail from Commercial – prior periods have been restated

(2) Net Interest Income (TEB) as % of Average Earning Assets excluding Bankers Acceptances

(3) Corporate Banking only

Appendix 6: Covered Bonds

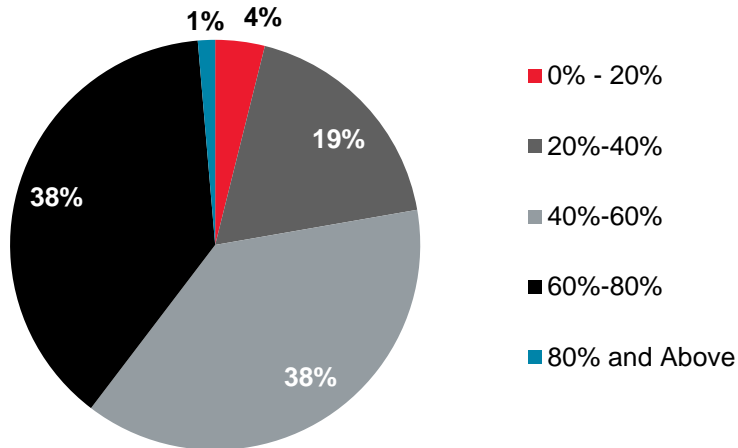
Scotiabank Global Registered Covered Bond Program

- CAD \$36 billion global covered bond program
- Active in multiple currencies: USD, EUR, GBP and AUD
- Extensive regulatory oversight and pool audit requirements
- Mandatory property value indexation
- Established high level of safeguards and disclosure requirements
- Program carries the ECBC Covered Bond Label

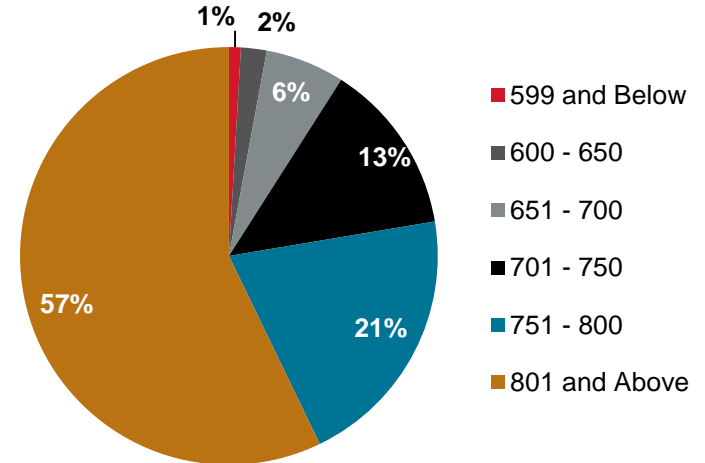
Issuer	The Bank of Nova Scotia
Guarantor	Scotiabank Covered Bond Guarantor Limited Partnership
Guarantee	Payments of interest and principal in respect of the covered bonds are irrevocably guaranteed by the Guarantor. The obligations under the Covered Bond Guarantee constitute direct obligations of the Issuer and are secured by the assets of the Guarantor, including the Portfolio
Status	The covered bonds will constitute legal, valid and binding direct, unconditional, unsubordinated and unsecured obligations of the Bank and will rank pari passu with all deposit liabilities of the Bank without any preference among themselves and at least pari passu with all other unsubordinated and unsecured obligations of the Bank, present and future
Program Size	CAD\$36 billion
Ratings	Aaa / AAA / AAA (Moody's / Fitch / DBRS)
Cover Pool	First lien uninsured Canadian residential mortgage loans with LTV limit of 80%
Asset Percentage	92% (8% minimum overcollateralization)
Law	Ontario, Canada
Issuance Format	144A / Reg S (UKLA Listed)

Portfolio Details: Scotiabank Global Registered Covered Bond Program⁽¹⁾

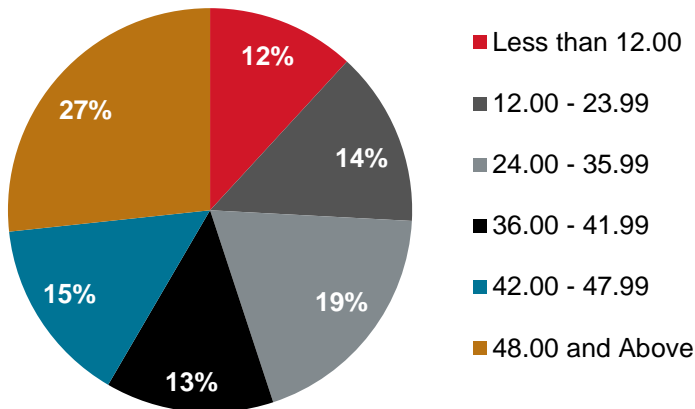
Loan-to-Value Ratios⁽²⁾



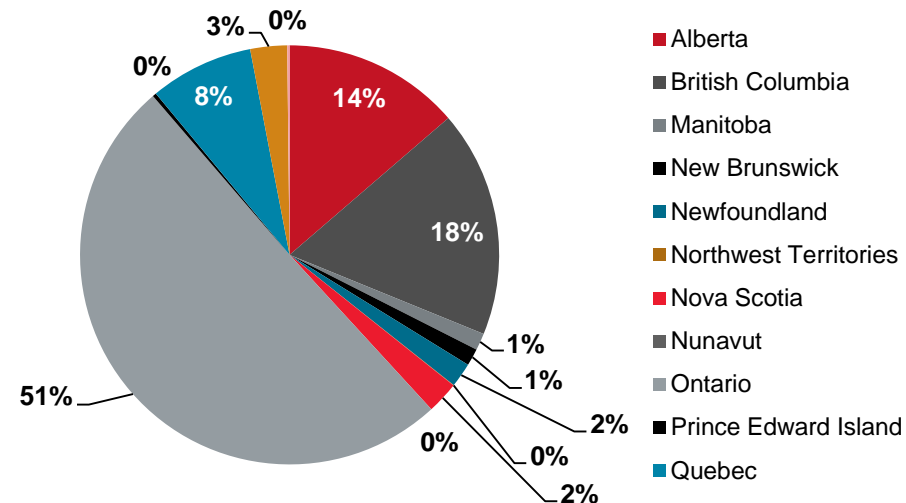
Credit Scores



Remaining Term Distribution (months)



Provincial Distribution



(1) As at April ,2017

(2) Uses indexation methodology as outlined in Footnote 1 of the Scotiabank Global Registered Covered Bond Monthly Investor Report

Details: Canadian Legislative Covered Bonds (CMHC Registered)

Issuance Framework	<ul style="list-style-type: none"> • Canadian Registered Covered Bond Programs’ Legal Framework (Canadian National Housing Act) • Canadian Registered Covered Bond Programs Guide issued by Canada Mortgage and Housing Corporation (CMHC)
Eligible Assets	<ul style="list-style-type: none"> • Uninsured loans secured by residential property in Canada
Mortgage LTV Limits	<ul style="list-style-type: none"> • LTV limit of 80%
Basis for Valuation of Mortgage Collateral	<ul style="list-style-type: none"> • Starting in July 2014, issuers are required to index the value of the property underlying mortgage loans in the covered pool while performing various tests
Substitute Assets	<ul style="list-style-type: none"> • Securities issued by the Government of Canada • Repos of Government of Canada securities having terms acceptable to CMHC
Substitute Assets Limitation	<ul style="list-style-type: none"> • 10% of the aggregate value of (a) the loans (b) any Substitute Assets and (c) all cash held by the Guarantor
Cash Restriction	<ul style="list-style-type: none"> • The cash assets of the Guarantor cannot exceed the Guarantor’s payment obligations for the immediately succeeding six months
Coverage Test	<ul style="list-style-type: none"> • Asset Coverage Test • Amortization Test
Credit Enhancement	<ul style="list-style-type: none"> • Overcollateralization • Reserve Fund • Prematurity Liquidity
Swaps	<ul style="list-style-type: none"> • Covered bond swap, forward starting • Interest rate swap, forward starting
Market Risk Reporting	<ul style="list-style-type: none"> • Valuation calculation • Mandatory property value indexation
Covered Bond Supervisory Body	<ul style="list-style-type: none"> • CMHC
Requirement to Register Issuer and Program	<ul style="list-style-type: none"> • Yes; prior to first issuance of the covered bond program
Registry	<ul style="list-style-type: none"> • Yes
Disclosure Requirements	<ul style="list-style-type: none"> • Monthly investor report with prescribed disclosure requirements set out by CMHC • Investor reports must be posted on the program website • Required to meet applicable disclosure requirements in Canada, the U.S. and UK

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