INVESTOR PRESENTATION

FOURTH QUARTER 2017

Scotiabank®

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

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. 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 2017 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 (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. Such statements are typically identified by words or phrases such as “believe,” “expect,” “anticipate,” “intent,” “estimate,” “plan,” “may increase,” “may fluctuate,” and similar expressions of future or conditional verbs, such as “will,” “may,” “should,” “would” and “could.”

By their very nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, and the risk that predictions and other forward-looking statements will not prove to be accurate. Do not unduly rely on forward-looking statements, as a number of important factors, many of which are beyond the Bank’s control and the effects of which can be difficult to predict, could cause actual results to differ materially from the estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited to: the economic and financial conditions in Canada and globally; fluctuations in interest rates and currency values; liquidity and funding; significant market volatility and interruptions; the failure of third parties to comply with their obligations to the Bank and its affiliates; changes in monetary policy; legislative and regulatory developments in Canada and elsewhere, including changes to, and interpretations of tax laws and risk-based capital guidelines and reporting instructions and liquidity regulatory guidance; changes to the Bank’s credit ratings; operational (including technology) and infrastructure risks; reputational risks; the risk that the Bank’s risk management models may not take into account all relevant factors; the accuracy and completeness of information the Bank receives on customers and counterparties; the timely development and introduction of new products and services; the Bank’s ability to expand existing distribution channels and to develop and realize revenues from new distribution channels; the Bank’s ability to complete and integrate acquisitions and its other growth strategies; critical accounting estimates and the effects of changes in accounting policies and methods used by the Bank as described in the Bank’s annual financial statements (See “Controls and Accounting Policies—Critical accounting estimates” in the Bank’s 2017 Annual Report) and updated by quarterly reports; global capital markets activity; the Bank’s ability to attract and retain key executives; reliance on third parties to provide components of the Bank’s business infrastructure; unexpected changes in consumer spending and saving habits; technological developments; fraud by internal or external parties, including the use of new technologies in unprecedented ways to defraud the Bank or its customers; increasing cyber security risks which may include theft of assets, unauthorized access to sensitive information or operational disruption; anti-money laundering; consolidation in the financial services sector in Canada and globally; competition, both from new entrants and established competitors; judicial and regulatory proceedings; natural disasters, including, but not limited to, earthquakes and hurricanes, and disruptions to public infrastructure, such as transportation, communication, power or water supply; the possible impact of international conflicts and other developments, including terrorist activities and war; the effects of disease or illness on local, national or international economies; 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. For more information, see the “Risk Management” section of the Bank’s 2017 Annual Report.

Material economic assumptions underlying the forward-looking statements contained in this document are set out in the 2017 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. 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.

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SCOTIABANK OVERVIEW

CANADA'S INTERNATIONAL BANK

High quality and well-balanced business operating within a clearly defined global footprint

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. Focused 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

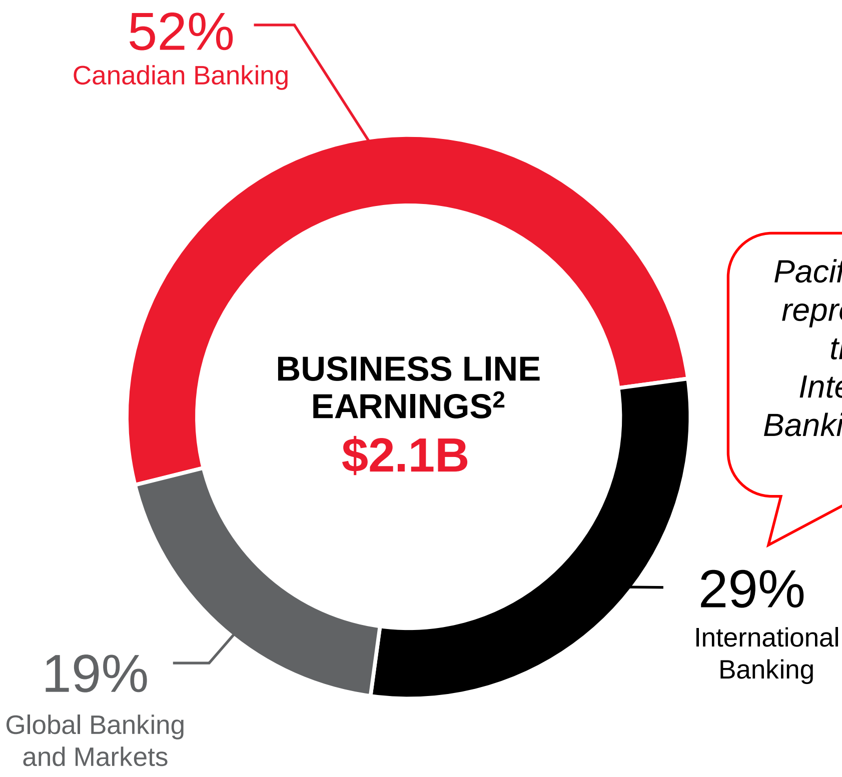
Q4 2017 (C$)	SCOTIABANK
Net Income	$2.1B
ROE	14.5%
Productivity Ratio	53.8%
CET1 Risk Weighted Assets	$376B
CET 1 Capital Ratio[2]	11.5%
Total Assets	$915B
Market Capitalization	$100B
# of Employees	88,645

STRONG PRESENCE IN ATTRACTIVE MARKETS

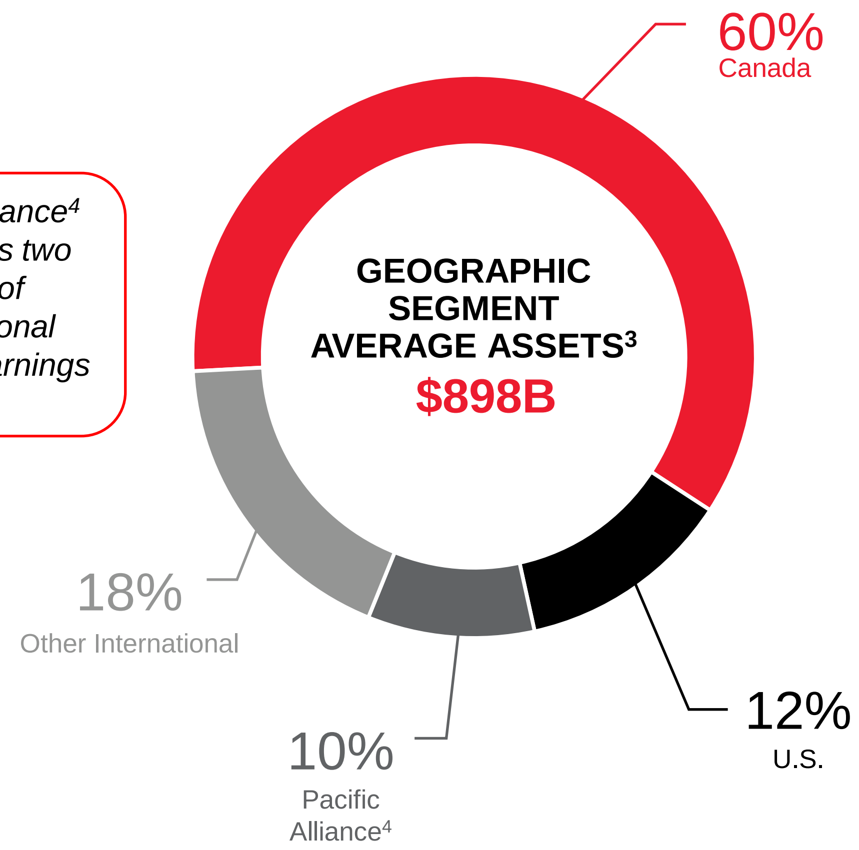
[1] A securities rating is not a recommendation to buy, sell or hold securities and may be subject to revisions or withdrawals at any time
[2] Basel III "all-in" basis

WELL DIVERSIFIED AND PROFITABLE BUSINESSES[1]

Diversified by products, customers and geographies, creating stability and lower risk



Pacific Alliance[4] represents two thirds of International Banking earnings

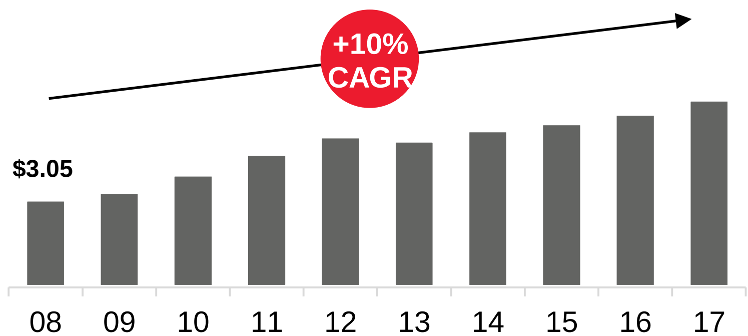


[1] Excludes Other segment
[2] Three months ended October 31, 2017
[3] Year ended October 31, 2017
[4] Pacific Alliance includes Mexico, Peru, Colombia and Chile

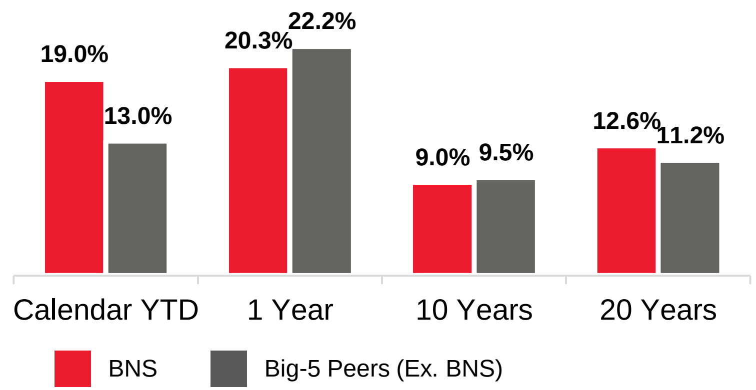
TRACK RECORD OF EARNINGS & DIVIDEND GROWTH

Stable and predictable earnings with steady increases in dividends

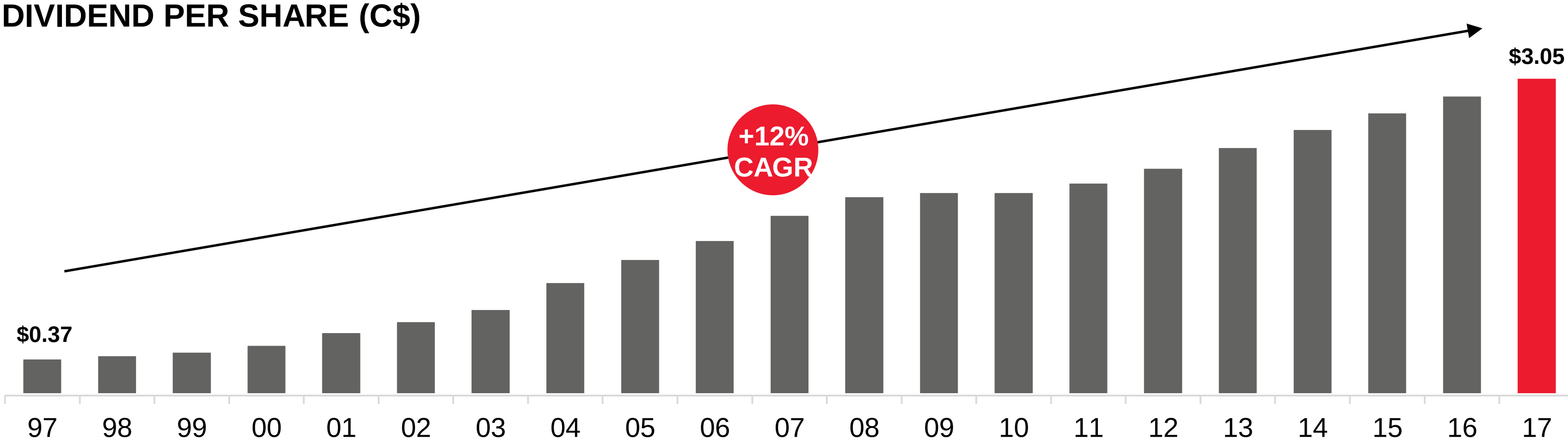
EARNINGS PER SHARE (C$)[1,2]



TOTAL SHAREHOLDER RETURN[3]



DIVIDEND PER SHARE (C$)



[1] Reflects adoption of IFRS in Fiscal 2011
[2] Excludes notable items
[3] As of October 31, 2017

WHY INVEST IN SCOTIABANK?

Attractive growth potential across our footprint supported by strong risk culture

DIVERSIFIED BY BUSINESS AND GEOGRAPHY PROVIDING SUSTAINABLE AND GROWING EARNINGS

- ~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

STRONG BALANCE SHEET WITH PRUDENT CAPITAL AND LIQUIDITY POSITIONS

- Attractive dividend yield in the mid-single digits
- Consistent record of dividend increases
- Strong risk culture, shown through industry leading capital levels

ATTRACTIVE GROWTH OPPORTUNITIES IN THE KEY PACIFIC ALLIANCE MARKETS

- Focused on growing the Bank's key markets of Mexico, Peru, Chile and Colombia, with a population of over 230 million
- Average age of 29, growing middle class and large portion of the young population is underbanked
- Higher GDP growth forecast compared to Canada and the U.S.

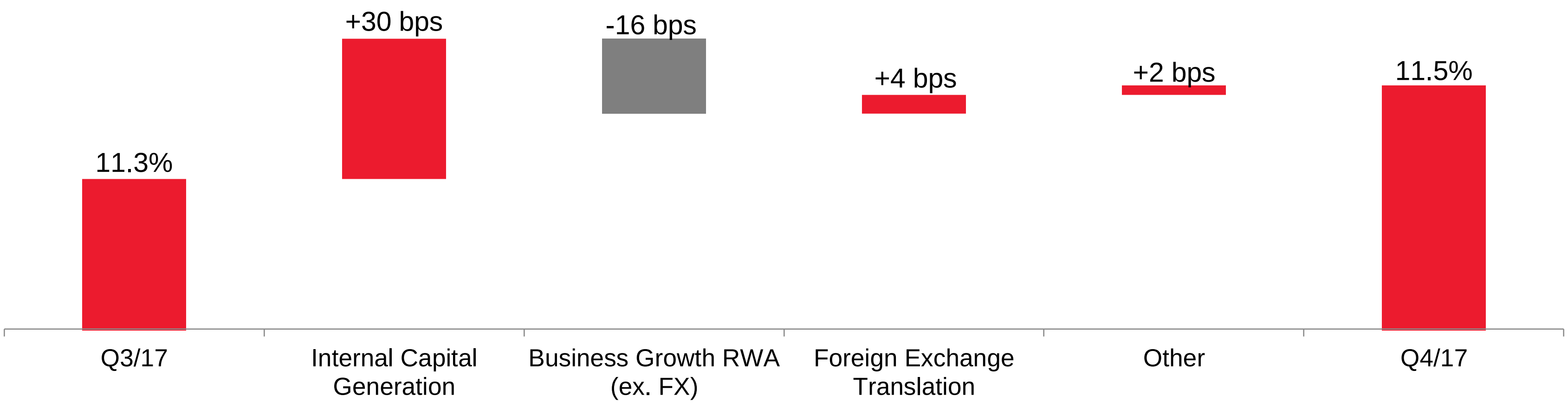
CLEAR DIGITAL STRATEGY LEVERAGED ACROSS OUR FIVE KEY MARKETS

- Integrated Digital Banking Network with digital factories in each of our five key markets of Canada, Mexico, Peru, Chile and Colombia
- Driver of internal innovation and our clear digital targets
- Attracting new talent and leadership on a global basis

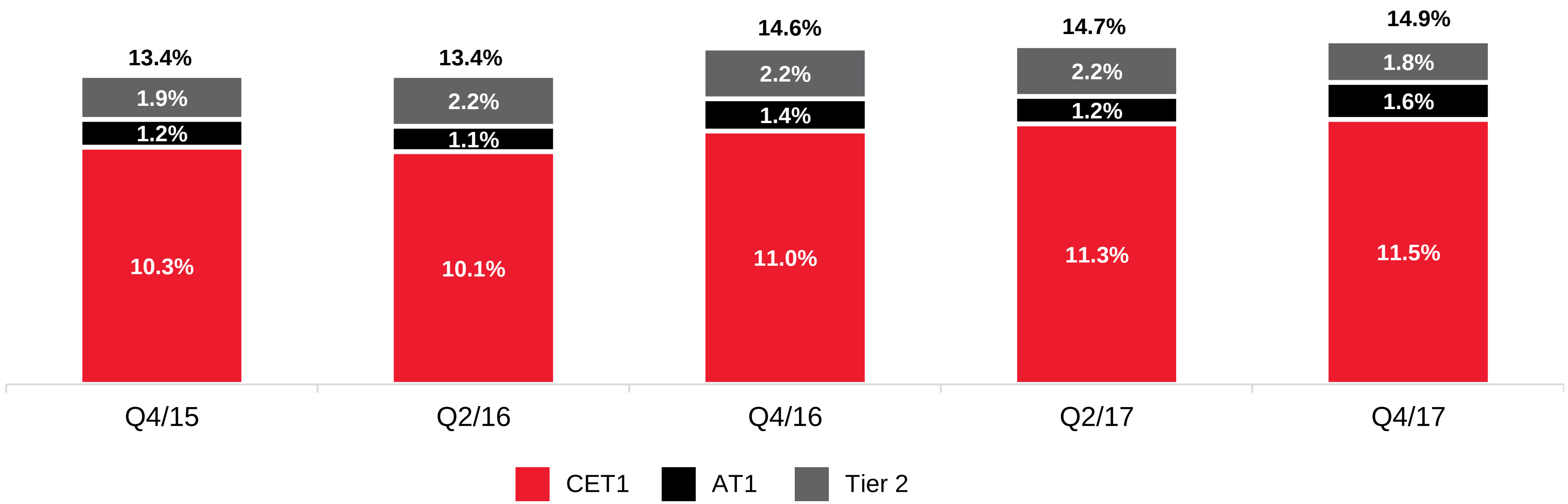
STRONG CAPITAL GENERATION AND POSITION

Capital levels are significantly higher than the minimum regulatory requirements

CET1 RATIO



STRONG CAPITAL LEVELS



KEY STRATEGIC PRIORITIES

Clear and established strategic agenda to deliver value to shareholders

STRONG RISK CULTURE

We believe every customer has the right to become better off

CUSTOMER FOCUS

Deliver excellent **Customer experience** And **Grow primary Customers**

LEADERSHIP

Build leaders to reflect the diversity of our customers

STRUCTURAL COSTS

Become **more efficient** while continuing to improve our customers' experience

DIGITAL TRANSFORMATION

Continue to **develop our digital capabilities** across the Bank to **become a digital leader** in all of our major markets

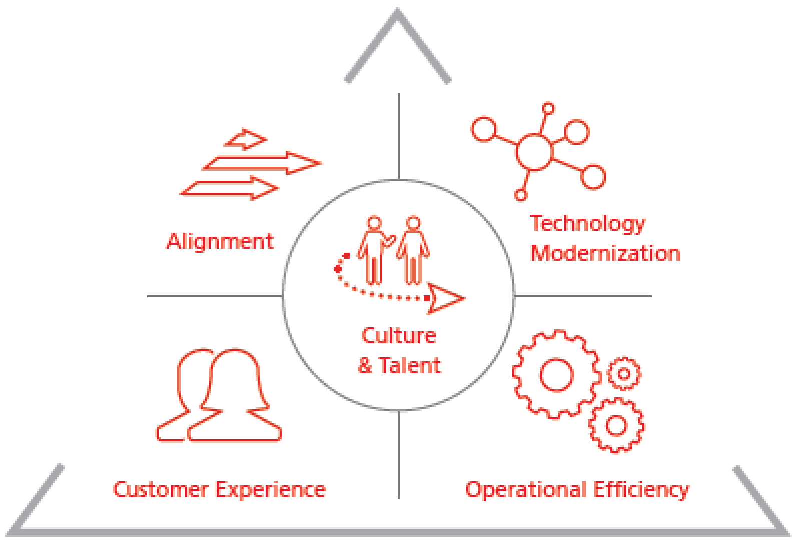
BUSINESS MIX

Balance sheet optimization and higher growth in **high-yield products**

DIGITAL TRANSFORMATION STRATEGY

Digital is an enabler of the all-bank strategy and will improve our productivity ratio

DIGITAL
TRANSFORMATION
STRATEGY



DIGITAL VISION: PROGRESS UPDATE

Transactions in-branch	Digital Adoption	Digital Sales	The Pulse
400 basis points improvement	200 basis points improvement	PROGRESSING WELL in priority products	100% deployed in our 5 key markets

Will improve All-Bank productivity ratio

MEDIUM-TERM FINANCIAL OBJECTIVES

Achievable objectives driven by strong operations across our footprint

METRIC	OBJECTIVES	Q4 2017 RESULTS (Y/Y)	FISCAL 2017 RESULTS (Y/Y)
ALL BANK			
EPS Growth	5-10%	4%	8%[1]
ROE	14%+	14.5%	14.6%
Operating Leverage	Positive	0.4%	-0.2%[1]
Capital	Maintain strong ratios	11.5%	11.5%
OTHER FINANCIAL OBJECTIVES			
Dividend Payout Ratio	40-50%	48.2%	46.6%
CANADIAN BANKING			
Net Income Growth	6-9%	12%	9%
INTERNATIONAL BANKING			
Net Income Growth[2]	8-10%	8%	15%

1 Adjusting for the Q2/16 restructuring charge of $278 million (after tax) or $378 million (before tax)
2 On a constant currency basis

BUSINESS LINE AND FINANCIAL OVERVIEW

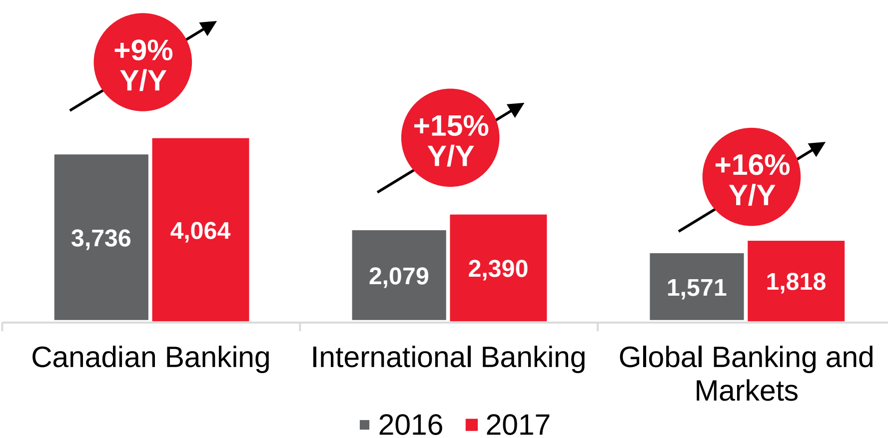
Q4 2017 AND FISCAL 2017

FISCAL 2017 FINANCIAL PERFORMANCE - ANNUAL

Strong performance across all three business lines

$MM, EXCEPT EPS	2017	Change[1]
Net Income	$8,243	+8%
Diluted EPS	$6.49	+8%
Revenue	$27,155	+3%
Expenses	$14,630	+3%
Productivity Ratio	53.9%	+20bps
Core Banking Margin	2.46%	+8bps
PCL Ratio	45bps	-5bps

NET INCOME[1] BY BUSINESS SEGMENT ($MM)



ANNUAL HIGHLIGHTS[1]

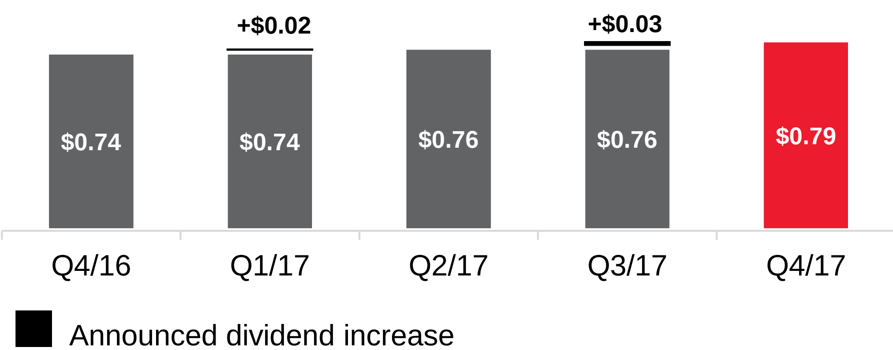
- **Diluted EPS grew 8%**
- **Revenue up 3%**
  - Asset growth and higher core banking margin
  - Banking, wealth management and insurance services
  - Lower trading and net gain on sale of businesses
  - Lower net gains on investment securities only partially offset by higher gains on sale of real estate
- **Expense growth of 3%**
  - Technology costs and professional fees
  - Employee-related costs and impact of acquisitions
- **FY2017 operating leverage was flat**
  - Structural cost transformation savings of approximately $500 million for the year, ahead of $350 million target
  - Savings contributed to low all-bank expense growth and enabled technology and digital investments
  - Strong positive operating leverage in Canadian Banking and International Banking, but lower non-interest revenues from Global Banking and Markets and Other
- **PCL ratio improved 5 bps**
  - Lower energy related credit losses

[1] Adjusting for restructuring charge of $278 million after-tax ($378 million before-tax) in Q2/16

Q4 2017 FINANCIAL PERFORMANCE – QUARTERLY

$MM, EXCEPT EPS	Q4/17	Y/Y	Q/Q
Net Income	$2,070	+3%	-2%
Diluted EPS	$1.64	+4%	-1%
Revenue	$6,812	+1%	-1%
Expenses	$3,668	+1%	-
Productivity Ratio	53.8%	-30bps	+50bps
Core Banking Margin	2.44%	+4bps	-2bps
PCL Ratio	42bps	-3bps	-3bps

DIVIDENDS PER COMMON SHARE



YEAR-OVER-YEAR HIGHLIGHTS

- **Diluted EPS grew 4%**
- **Revenue up 1%**
  - Asset growth in retail and commercial lending
  - Higher core banking margin
  - Higher card revenues and net gains on investment securities
  - Partly offset by lower trading, lower fee and commission revenue from sale of HollisWealth and lower gains on sale of real estate
- **Expense growth up 1%**
  - Investments in technology, digital banking, and other initiatives
  - Higher employee-related costs
  - Partly offset by savings from structural cost transformation and impact from sale of HollisWealth
- **PCL ratio improved 3 bps**
  - Broad based improvement across all business lines

[1] Adjusting for restructuring charge of $278 million after-tax ($378 million before-tax) in Q2/16

CANADIAN BANKING OVERVIEW

A leader in personal & commercial banking, wealth and insurance in Canada

BUSINESS OVERVIEW

- Full suite of financial advice and banking solutions to retail, small business and commercial customers
- Investment, pension and insurance advice and solutions

2018 PRIORITIES

- **Customer focus:** Deliver a leading customer experience and deepen relationships with customers across our businesses and channels
- **Structural cost transformation:** Reduce structural costs to build the capacity to invest in our businesses and technology to drive shareholder return
- **Digital transformation:** Leverage digital as the foundation of all our activities to improve our operations, enhance the client experience and drive digital sales
- **Business mix alignment:** Optimize our business mix by growing higher margin assets, building core deposits and earning higher fee income
- **Leadership:** Grow and diversify talent and engage employees through a performance-focused culture

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STRATEGIC OUTLOOK

- **Solid Loan Growth:** Expect solid loan growth across retail mortgages, auto lending, commercial loans, credit cards and deposits
- **Margins:** Stable to slightly increasing margins
- **Provisions for Credit Losses (PCL):** Higher PCLs driven by change in business mix, but risk adjusted margin should remain stable
- **Productivity:** Improving productivity will continue to be an area of focus
- **Strategic Priorities:** Deepen primary relationships and strengthen customer experience, optimize business mix, focus on cost initiatives and drive digital transformation

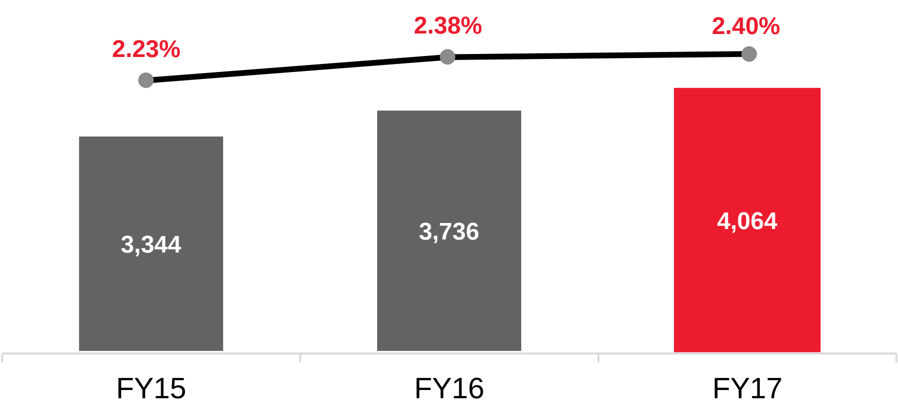
CANADIAN BANKING - ANNUAL

Strong performance from retail and small business banking, commercial banking and wealth management

FINANCIAL PERFORMANCE AND METRICS[1] ($MM)

	2017	2016	Change
Revenue	$12,851	$12,188	+5%
Expenses	$6,487	$6,324	+3%
PCLs	$913	$832	+10%
Net Income	$4,064	$3,736	+9%
Productivity Ratio	50.5%	51.9%	-140bps
Net Interest Margin	2.40%	2.38%	+2bps
PCL Ratio	0.29%	0.28%	+1bps

NET INCOME[1] ($MM) AND NIM (%)



ANNUAL HIGHLIGHTS

- **Net income up 9%**
  - Strong retail and small business banking, commercial banking and wealth management
  - Gain on sale of HollisWealth was lower than last year's gain on sale of a non-core lease financing business
  - Higher gains on sale of real estate offset by lower gain on sale of businesses
- **Net interest margin up 2 bps**
  - Retail margin expansion from recent rate increases
  - Benefited from the run-off of lower spread Tangerine mortgages
- **Expenses up 3%**
  - Higher investments in digital and technology
  - Partially offset by savings realized from cost reduction initiatives and lower expenses from the sale of HollisWealth
- **Operating leverage of +2.9% for the year**

[1] Attributable to equity holders of the Bank

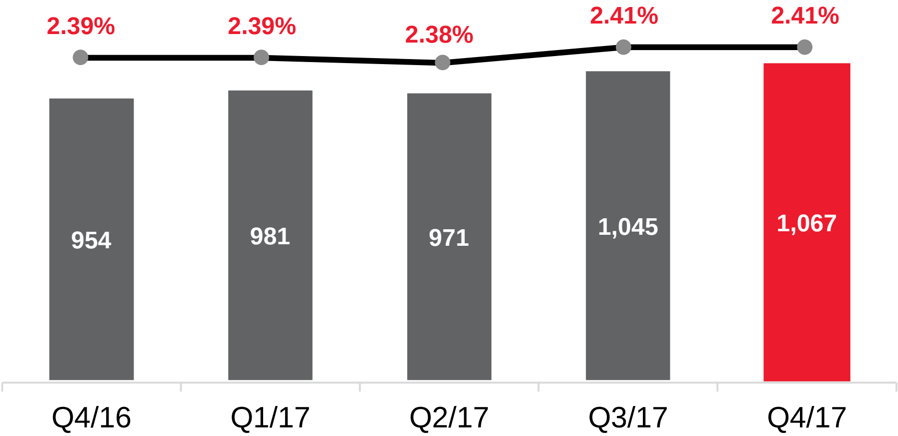
CANADIAN BANKING – QUARTERLY

Strong loan growth, margin expansion and positive operating leverage

FINANCIAL PERFORMANCE AND METRICS[1] ($MM)

	Q4/17	Y/Y	Q/Q
Revenue	$3,265	+5%	-
Expenses	$1,629	+1%	-
PCLs	$218	-	-3%
Net Income	$1,067	+12%	+2%
Productivity Ratio	49.9%	-190bps	-10bps
Net Interest Margin	2.41%	+2bps	-
PCL Ratio	0.27%	-1bp	-1bps

NET INCOME[1] ($MM) AND NIM (%)



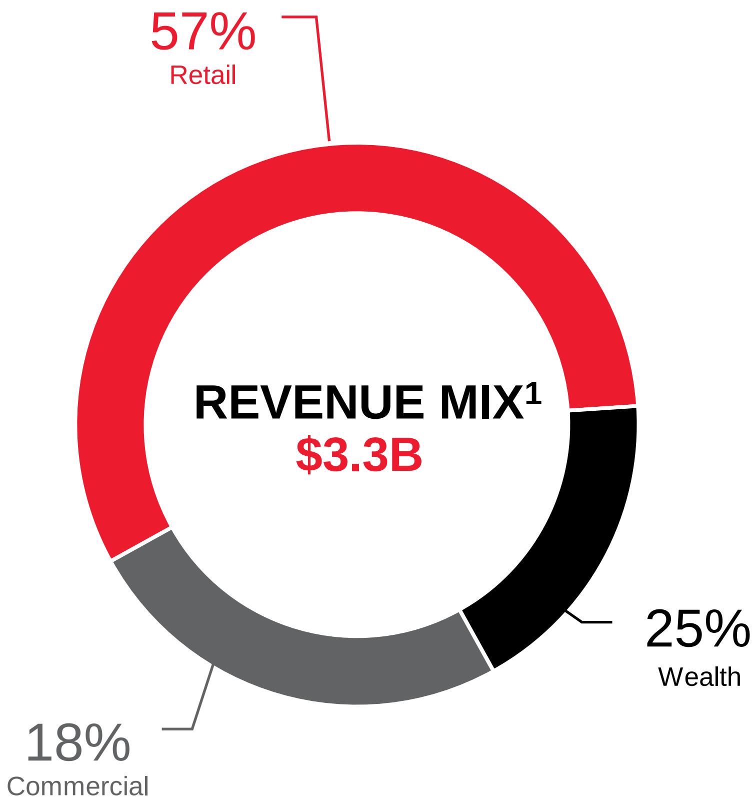
YEAR-OVER-YEAR HIGHLIGHTS

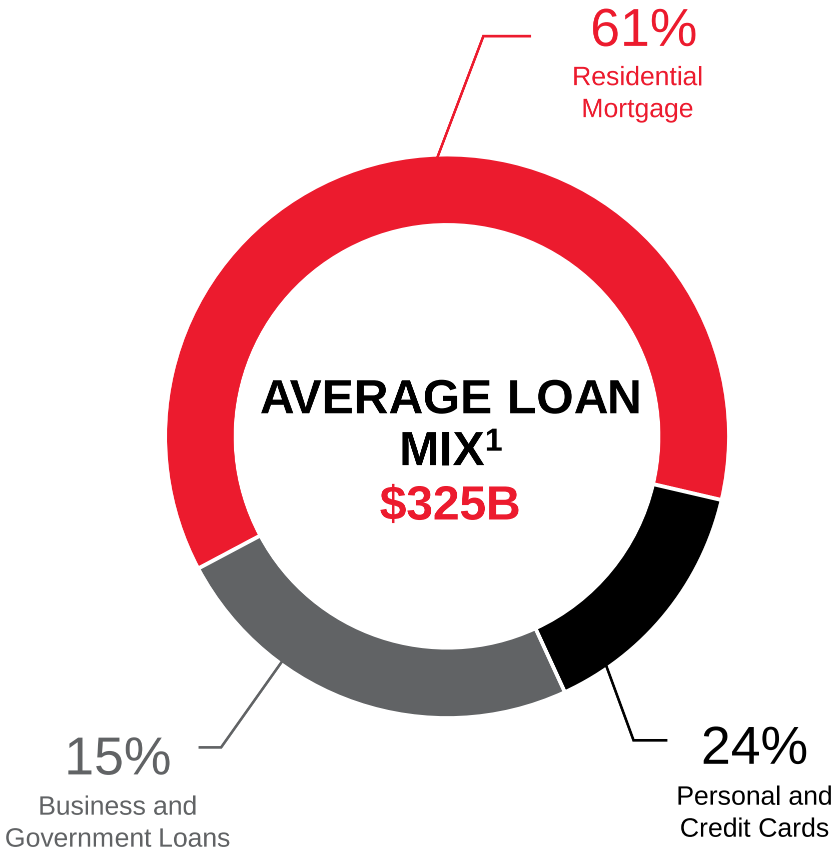
- **Net income up 12%**
  - +7% was attributed to the HollisWealth gain
  - Strong asset and solid deposit growth
- **Loan growth of 6%, or 7%, adjusting for the Tangerine run-off mortgage portfolio**
  - Residential mortgages up 6%[2]
  - Business loans up 13%
- **Deposits up 3%**
- **NIM up 2 bps**
  - Driven by rising rate environment and changes in business mix
- **PCL ratio improved by 1 bp**
- **Expenses up 1%**
  - Higher investments in digital and technology
  - Partially offset by savings realized from cost reduction initiatives and lower expenses from the sale of HollisWealth
- **Operating leverage of +2.9% for the year**

[1] Attributable to equity holders of the Bank
[2] Adjusted for the Tangerine run-off mortgage portfolio

CANADIAN BANKING – REVENUE AND LOAN MIX

Strong retail and growing commercial



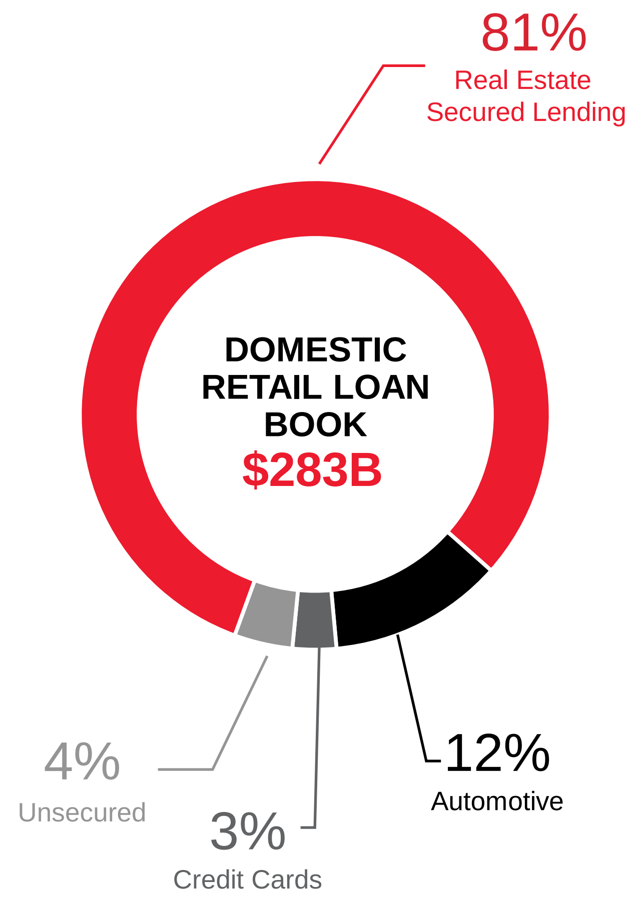


[1] For the three months ended October 31, 2017

CANADIAN BANKING: RETAIL EXPOSURES

Retail loan portfolio ~93% secured: 81% real estate and 12% automotive

- **Residential mortgage portfolio is well-managed**
  - 49% insured, and the remaining 51% uninsured has a LTV of 51%
- **Credit card portfolio is approximately $7 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 $34 billion**
  - Market leader and portfolio is structurally different than peers with 7 OEM relationships (3 exclusive)
  - Prime Auto and Leases (~90%), 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 $41 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



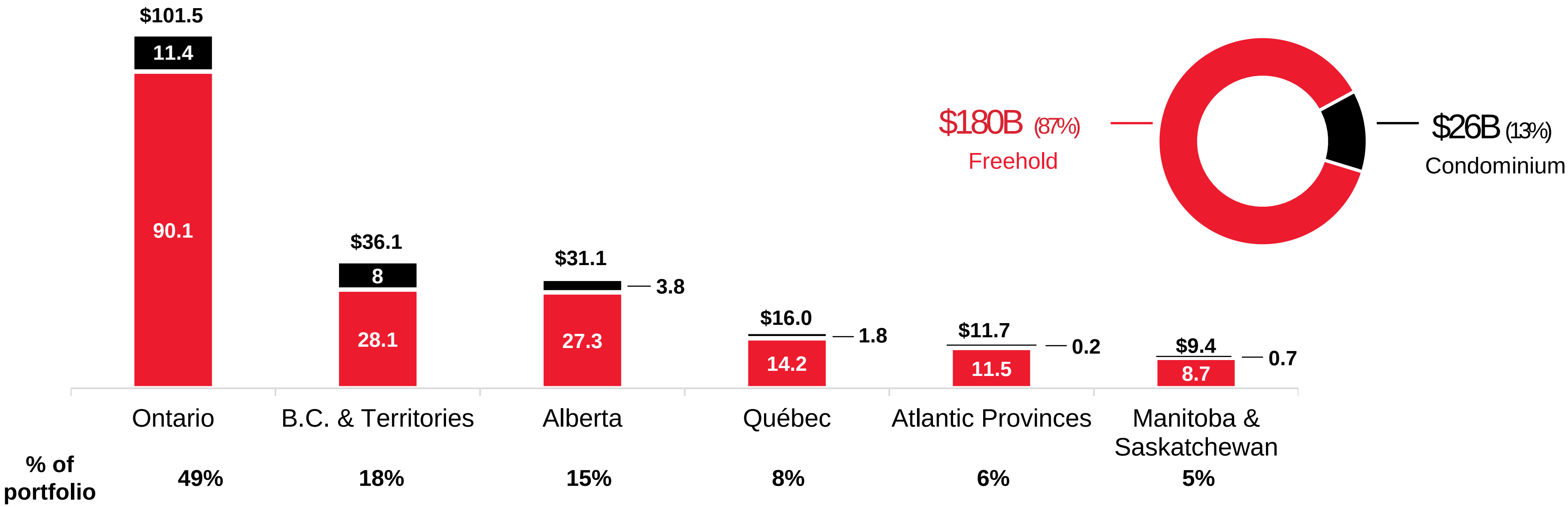
[1] Includes Tangerine balances of $7 billion

CANADIAN BANKING: RESIDENTIAL MORTGAGE PORTFOLIO

High quality and well managed portfolio

- Residential mortgage portfolio of $206 billion, of which 49% is insured, and an LTV of 51% on the uninsured book
- Scotiabank has 3 distinct distribution channels; Broker (>50%), Mobile Salesforce (~30%), and Branch (~20%)
- Mortgage business model is originate to hold
- New originations[1] average LTV of 64% in Q4/17, with Ontario and BC at 63%
- Majority is freehold properties; condominiums represent approximately 13% 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]: $206B (SPOT BALANCES AS AT Q4/17, $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.

TANGERINE OVERVIEW

Canada's #1 Digital Bank

63	~95%	~97%	~90%
Industry Leading NPS	Digital Onboarding	Digital Transactions	Digital Sales

KEY STRATEGIC PILLARS

Compelling Value Proposition

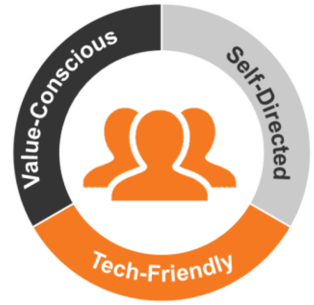
- Market-leading products that appeal to value-conscious Canadians
- Empower Canadians to make smart financial decisions
- Great rates, simple products, and no unfair fees

Leading Client Experience

- Deliver a seamless digital Client Experience
- Proactively meet evolving Client needs
- Industry-leading NPS with focus on simple and relevant experiences

Operational Excellence

- A low cost, scalable, digital approach
- Client-first service culture focused on increasing effectiveness
- Enhanced self-service options, adding convenience & simplicity



Higher Client Growth from Cross-buy
~50% Clients Own Multiple Products

Primary Clients = Stickier Relationships
 # Primary Clients Doubled since 2015

Strong Client Advocacy
50% New Clients via Referrals

Strategy offers superior growth opportunities:

- Accelerating momentum on collaboration opportunities between Tangerine and Scotiabank
- Everyday Banking product suite offers diversified NIAT profile in the face of intensified competition and low rates
- Strong growth in new Client Acquisition and Primary Banking
- Building deeper 'stickier' Client relationships by increasing multi-product penetration
- Tangerine Investments among fastest growing index funds
- Line of Credit Offering to be launched in 2018
- 93% of Tangerine's clients are linked to competitors: Big 5 (ex-Scotiabank), Credit Unions, and Other

Modern Platform	Speed & Agility	Client-Driven Innovation	Unique 'Orange' Culture	Award Winning Approach
Scalable: Nimble, low cost systems provide a holistic client view without legacy issues.	**Agile-Like**: Rapid Development Cycles enable new product & feature delivery quickly and efficiently.	**Incubator**: Identify, explore, and pilot new technologies and solutions to meet evolving Client needs.	**Team Tangerine**: Our unique culture and lean team are an essential part of how we deliver.	**Consistently Recognized**: J.D. Power Customer Satisfaction six years in a row, IPSOS, and Digital Brokerage Awards

INTERNATIONAL BANKING OVERVIEW

Well established and diversified franchise in select, higher growth regions outside of Canada

BUSINESS OVERVIEW

- Operate primarily in Latin America, the Caribbean and Central America with a full range of personal and commercial financial services, as well as wealth products and solutions

2018 PRIORITIES

- **Customer focus:** Taking customer experience to the next level by leveraging our Customer Pulse program and implementing a new Employee Pulse program to gather valuable feedback on how to better serve our customers
- **Leadership:** Continue to strengthen our teams across our business lines and functions
- **Structural cost transformation:** Continue to make progress on our cost reduction programs, while focusing on developing new capabilities across the Bank
- **Digital transformation:** Scale-up our digital banking units across the four Pacific Alliance countries (and Canada), continue driving digital sales on priority products, and accelerating digital adoption and transaction migration
- **Business mix alignment:** Strategically grow in key areas, including core deposits, to improve profitability and reduce funding costs

STRATEGIC OUTLOOK

- **Pacific Alliance:** Good momentum and continue to leverage diversified footprint
- **Growth and Margins:** Expect low double digit growth in the Pacific Alliance while optimizing operations in the Caribbean and Central America, with stable margins and credit quality
- **Expense Management:** Expense management and delivering positive operating leverage remains a key priority, along with strategic investments that will help deliver a stronger customer experience
- **Growth Strategy:** Focused on organic growth, but will consider acquisition opportunities in our existing footprint

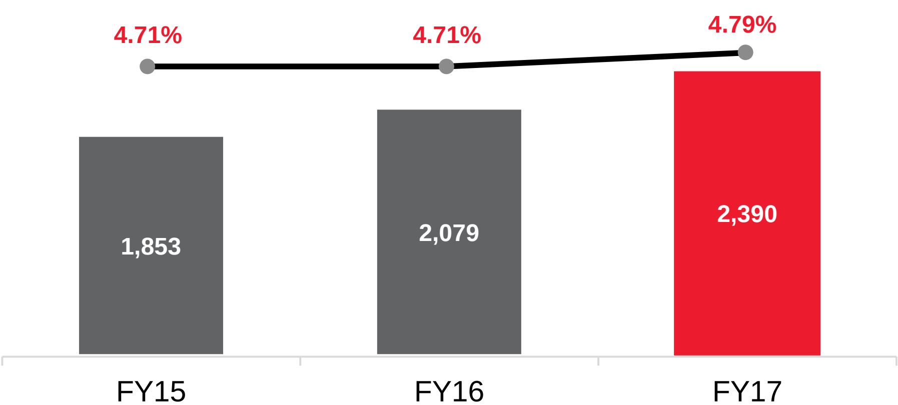
INTERNATIONAL BANKING - ANNUAL

Strong results in Latin America and the Caribbean & Central America

FINANCIAL PERFORMANCE AND METRICS[1] ($MM)

	2017	2016	Change
Revenue	$10,414	$9,841	+6%
Expenses	$5,664	$5,523	+3%
PCLs	$1,294	$1,281	+1%
Net Income	$2,390	$2,079	+15%
Productivity Ratio	54.4%	56.1%	-170bps
Net Interest Margin	4.79%	4.71%	+8bps
PCL Ratio	1.21%	1.26%	-5bps

NET INCOME[1] ($MM) AND NIM (%)



ANNUAL HIGHLIGHTS

- **Net Income up 15%**
  - Strong results in Latin America, driven by the Pacific Alliance, and the Caribbean & Central America
  - Higher net interest income and fees
  - Good loan growth, lower commercial provisions and benefits of cost-reduction initiatives
  - Partly offset by higher income taxes
- **NIM up 8 bps**
  - Changes in business mix, strong retail loan growth and higher spreads related to Central Bank rate changes
- **PCL ratio improved by 5 bps**
- **Expenses up 3%**
  - Higher investments in digital and technology
  - Volume growth and inflation
  - Impact of acquisitions
  - Partly offset by savings from cost reduction initiatives and foreign currency translation
- **Operating leverage of +3.3% for the year**

[1] Attributable to equity holders of the Bank

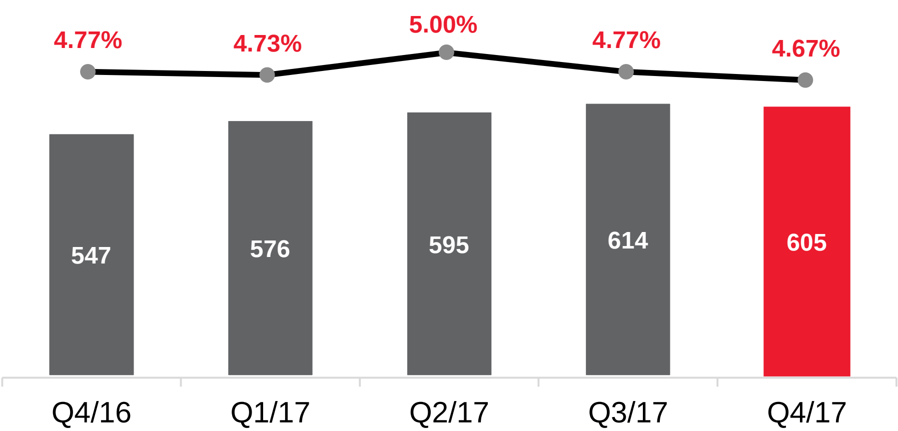
INTERNATIONAL BANKING - QUARTERLY

Solid volume growth and positive operating leverage

FINANCIAL PERFORMANCE AND METRICS[1] ($MM)

	Q4/17	Y/Y	Q/Q
Revenue	$2,565	+3%	-3%
Expenses	$1,395	-1%	-3%
PCLs	$310	+5%	-5%
Net Income	$605	+11%	-1%
Productivity Ratio	54.4%	-210bps	-10bps
Net Interest Margin	4.67%	-10bps	-10bps
PCL Ratio	1.14%	-1bps	-2bps

NET INCOME[1] ($MM) AND NIM (%)



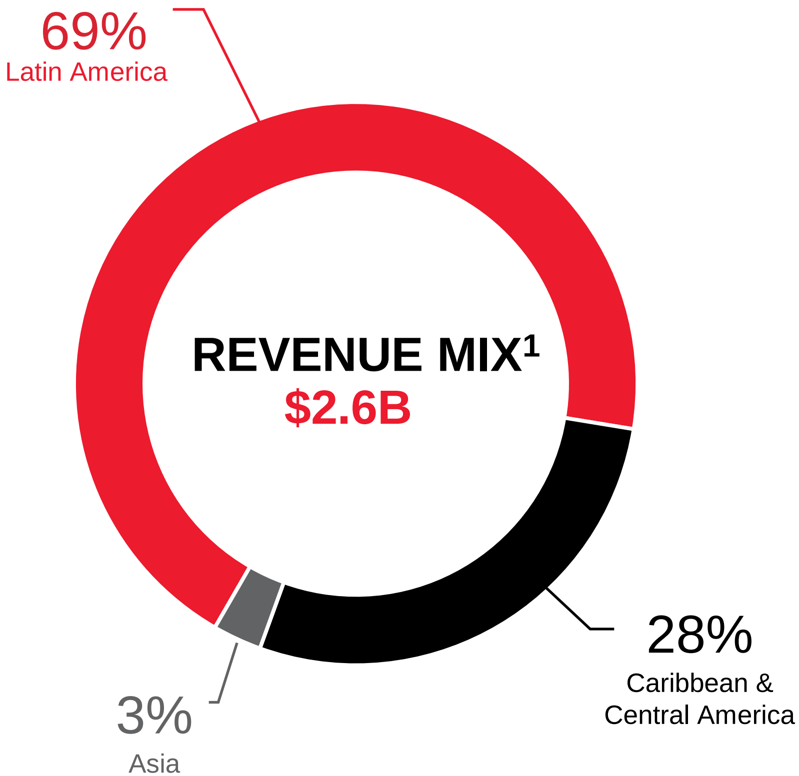
YEAR-OVER-YEAR HIGHLIGHTS

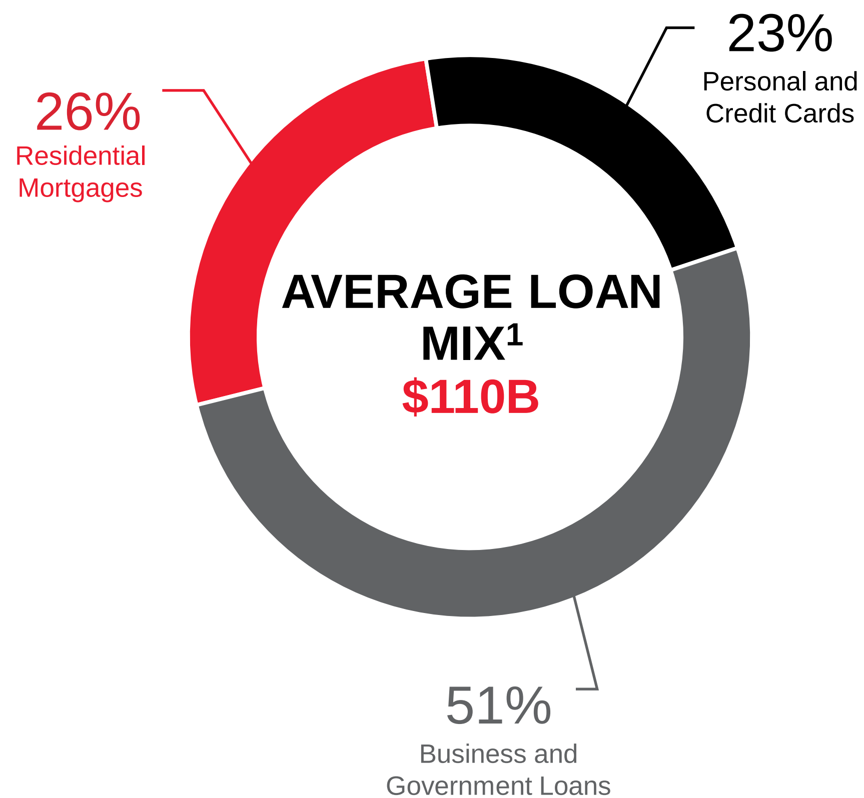
- **Net Income up 11% or 8%[2]**
  - Strong asset and deposit growth
  - Good expense control
  - Lower tax benefits and lower contribution from affiliates
- **Loans up 7% or 10%[2]**
  - Latin America loan growth up 15%[2] Y/Y
- **Deposits up 7% or 11%[2]**
- **NIM down 10 bps**
  - Changes in business mix, including strong commercial loan growth
  - Lower net inflation impacts
- **PCL ratio improved by 1 bp**
- **Expenses down 1% or up 2%[2]**
  - Volume growth and inflation
  - Higher investments in digital and technology
  - Offset by savings from cost reduction initiatives and foreign currency translation
- **Operating leverage of +3.3% for the year**

[1] Attributable to equity holders of the Bank
[2] Adjusting for foreign currency translation

INTERNATIONAL BANKING – REVENUE AND LOAN MIX

Focused on Latin America, with good contribution from the Caribbean and Central America





[1] For the three months ended October 31, 2017

PACIFIC ALLIANCE OVERVIEW

Attractive growth opportunity for the Bank

- **With 230 million people, an average age of 29, growing middle-class, a large portion of the population that is underbanked, and a stable banking environment**

Mexico

- 5th largest bank[1] in Mexico; strong positions in mortgages and auto
- Business confidence is strong
- Investing heavily in education
- Strong and diversified manufacturing industry

Peru

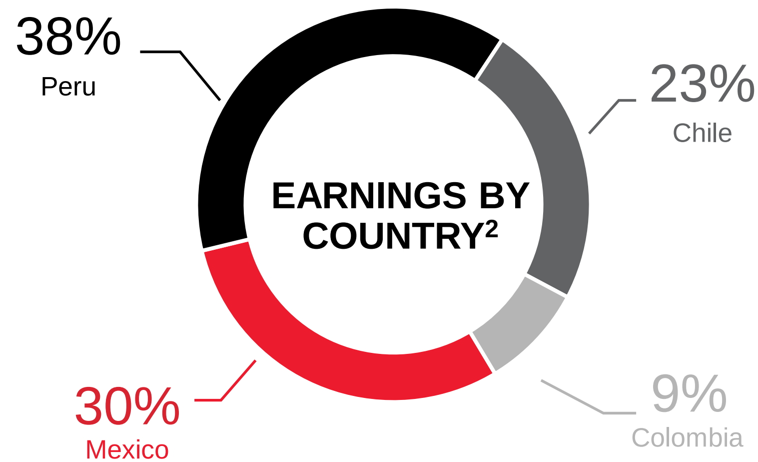
- 3rd largest bank[1] in Peru
- Strong franchise, building great momentum
- Universal bank with strong presence across all segments

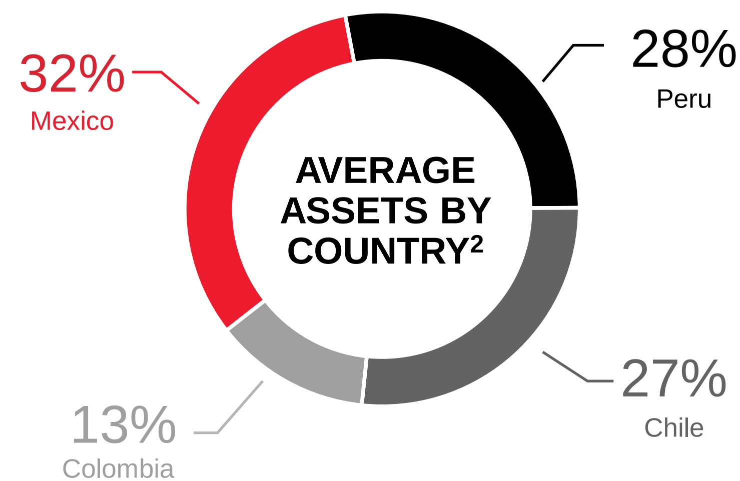
Chile

- 6th largest bank[1] in Chile
- Most developed country in Latin America
- A leader in corporate lending and capital markets

Colombia

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





[1] In terms of loans

[2] For the twelve months ended October 31, 2017

GLOBAL BANKING AND MARKETS OVERVIEW

Wholesale banking and capital markets products to corporate, government and institutional clients

BUSINESS OVERVIEW	• Full service platform in Canada and Mexico. Niche focus in U.S., Central and South America, Asia, Australia and select markets in Europe
2018 PRIORITIES	• **Enhance Customer Focus:** Improving the end-to-end customer experience to seamlessly offer our full capabilities, thereby deepening and strengthening our relationships, while leveraging our global footprint to better serve our multi-regional customers • **Leaders in our Primary Markets:** Invest in people, process and technology, enhance our capabilities in our primary markets of Canada and the Pacific Alliance. Expand our investment banking and capital markets expertise to increase our relevance and deepen our customer relationships in these markets • **Optimize Effectiveness:** Control costs and invest in the right areas to drive shareholder value, while optimizing our of capital and funding. Invest in technology to enhance the customer experience, improve our data and analytics capabilities, and increase operational effectiveness
STRATEGIC OUTLOOK	• **Higher Revenues:** Expect higher revenues from focus clients, Global Transaction Banking, Corporate Banking and Investment Banking • **Expense Management:** Cost savings and loan losses are expected to moderate toward historic levels • **Global Outlook:** Building franchise as a leading wholesale bank in Canada and the Pacific Alliance, while maintaining a relevant presence in other regions to support its multi-regional customers

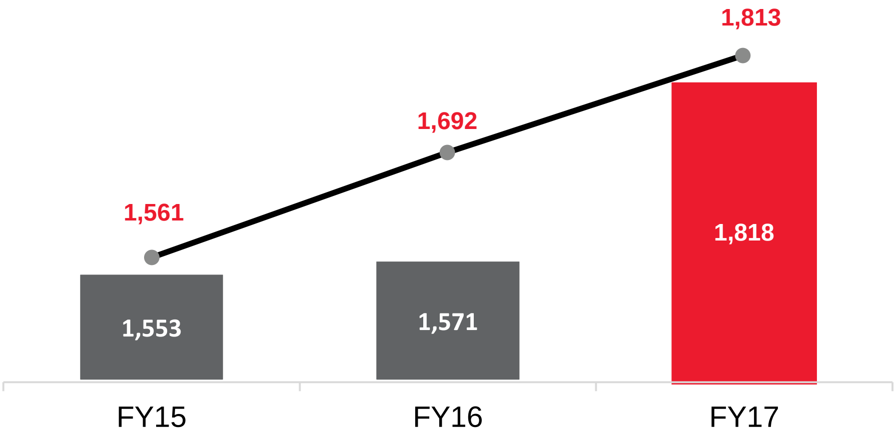
GLOBAL BANKING AND MARKETS - ANNUAL

Higher client trading activity and significantly lower credit losses

FINANCIAL PERFORMANCE AND METRICS[1] ($MM)

	2017	2016	Change
Revenue	$4,624	$4,432	+4%
Expenses	$2,160	$2,040	+6%
PCLs	$42	$249	-83%
Net Income	$1,818	$1,571	+16%
Productivity Ratio	46.7%	46.0%	+70bps
Net Interest Margin	1.75%	1.67%	+8bp
PCL Ratio	0.05%	0.30%	-25bps

NET INCOME[1] AND TRADING INCOME[2] ($MM)



ANNUAL HIGHLIGHTS

- **Net Income up 16%**
  - Stronger results in the equities business related to higher client trading activity
  - Significantly lower provisions were partly offset by higher expenses
- **PCL ratio improved by 25 bps**
  - Driven largely by lower energy related provisions vs. prior year
- **Expenses up 6%**
  - Regulatory and compliance costs
  - Technology investments

[1] Attributable to equity holders of the Bank
[2] Trading income on an all-bank basis

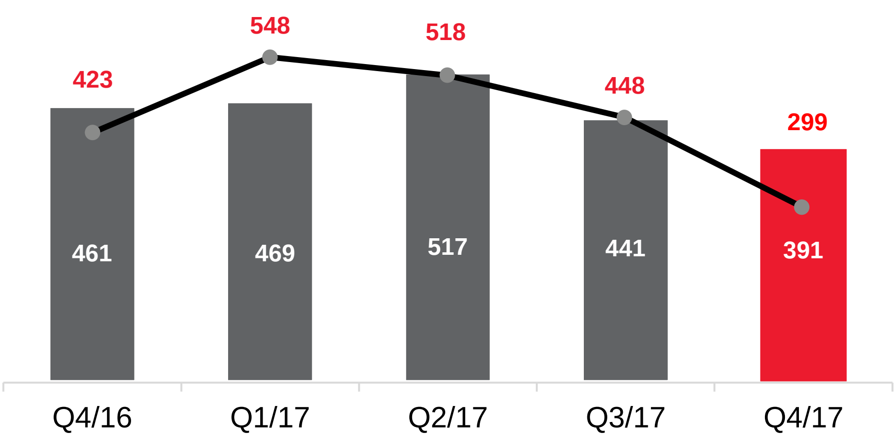
GLOBAL BANKING AND MARKETS – QUARTERLY

Higher contributions from equities and improved credit performance

FINANCIAL PERFORMANCE AND METRICS[1] ($MM)

	Q4/17	Y/Y	Q/Q
Revenue	$1,089	-7%	-3%
Expenses	$569	+7%	+7%
PCLs	$8	-79%	-67%
Net Income	$391	-15%	-11%
Productivity Ratio	52.3%	+690bps	+490bps
Net Interest Margin	1.88%	+10bps	+12bp
PCL Ratio	0.04%	-15bps	-7bps

NET INCOME[1] AND TRADING INCOME[2] ($MM)



YEAR-OVER-YEAR HIGHLIGHTS

- **Net Income down 15%**
  - Higher equities and Canadian corporate banking
  - More than offset by lower results in fixed income, precious metals and negative impact of foreign currency translation
- **PCL ratio improved by 15 bps**
  - Lower provisions in U.S., Asia and Canada
- **Expenses up 7%**
  - Regulatory and compliance costs
  - Technology investments
  - Partly offset by lower performance-related and share-based compensation

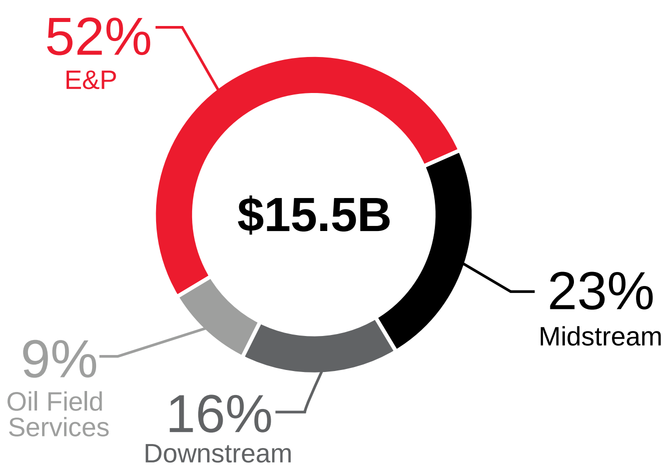
[1] Attributable to equity holders of the Bank
[2] Trading income on an all-bank basis

GLOBAL BANKING AND MARKETS: ENERGY EXPOSURES

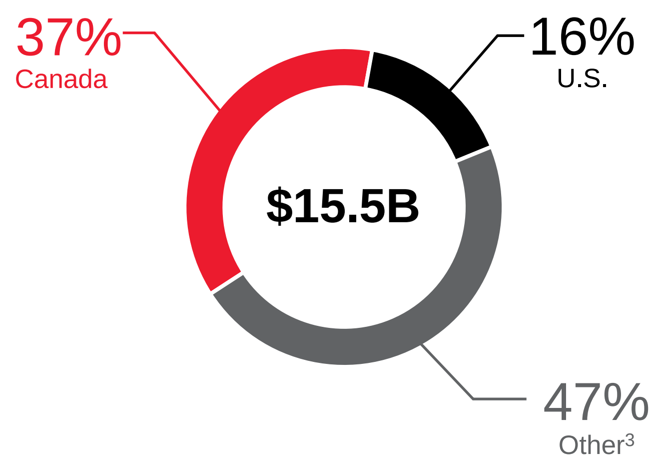
Energy exposure is well diversified across sectors and geographies

- **$15.5 billion drawn energy exposure, is 3.0% of the Bank's total loan book, increased 1.2% Q/Q[1]**
  - ~55% is investment grade
- **$13.1 billion of undrawn energy exposure, increased 10.0% Q/Q[1]**
  - ~75% is investment grade
- **Cumulative PCLs of $330 million from Q1/15 to Q4/17**
  - 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 4.0% and undrawn commitments increased 12.0%)
2 By country of residence
3 Other includes Latin America, Asia and Europe

CREDIT PERFORMANCE BY BUSINESS LINES

Well managed and improving credit performance

Total PCL as % of average net loans & BAs	Q4/16	Q1/17	Q2/17	Q3/17	Q4/17
Canadian Banking					
Retail	0.31	0.32	0.34	0.31	0.30
Commercial	0.14	0.21	0.14	0.09	0.07
Total PCL	**0.28**	**0.30**	**0.31**	**0.28**	**0.27**
Net Interest Margin (%)[2]	*2.39*	*2.39*	*2.38*	*2.41*	*2.41*
International Banking					
Retail[1]	2.01	2.10	2.19	2.08	2.00
Commercial[1]	0.33	0.35	0.51	0.31	0.32
Total PCL	**1.15**	**1.21**	**1.33**	**1.16**	**1.14**
Net Interest Margin (%)[2]	*4.77*	*4.73*	*5.00*	*4.77*	*4.67*
Global Banking & Markets					
Total PCL	**0.19**	**0.04**	**0.01**	**0.11**	**0.04**
Net Interest Margin (%)[2,3]	*1.78*	*1.63*	*1.75*	*1.76*	*1.88*
All Bank					
Total PCL Ratio	0.45	0.45	0.49	0.45	0.42
Core Banking Margin (%)	*2.40*	*2.40*	*2.54*	*2.46*	*2.44*

[1] Colombia small business portfolio reclassed 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

TREASURY AND FUNDING

FUNDING STRATEGY

Reducing the Bank's reliance on wholesale funding and diversifying funding sources

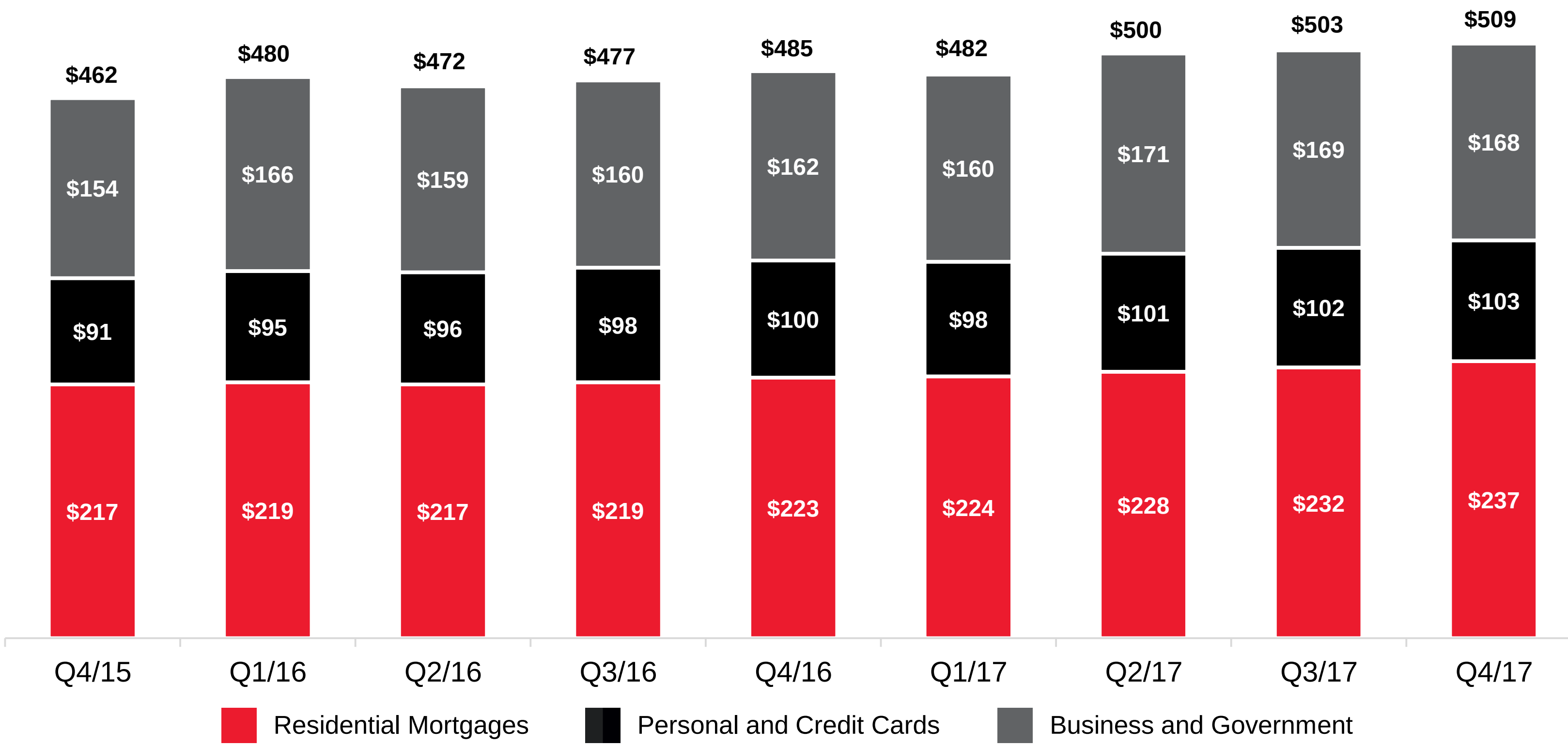
- **Build customer deposits in all of our key markets**
- **Continue to reduce wholesale funding (WSF) and shift mix towards longer term funding**
  - Absolute level of wholesale funding down $8B to $218B Y/Y
  - Wholesale funding as % of total assets down to 23.8% from 25.2% Y/Y
  - Asset growth funded through deposits
  - Money market funding as % of total WSF down to 36.8% from 37.7% 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
- **Pre-fund at least one quarter ahead, market permitting**
- **Funding strategy and associated risk managed from Toronto within policies and limits approved by Board of Directors**

CONSISTENT LOAN GROWTH

Continued growth in core earning assets

- **Core P&C loan growth has remained steady over 2 years**
- **Loans constitute 56% of the balance sheet**

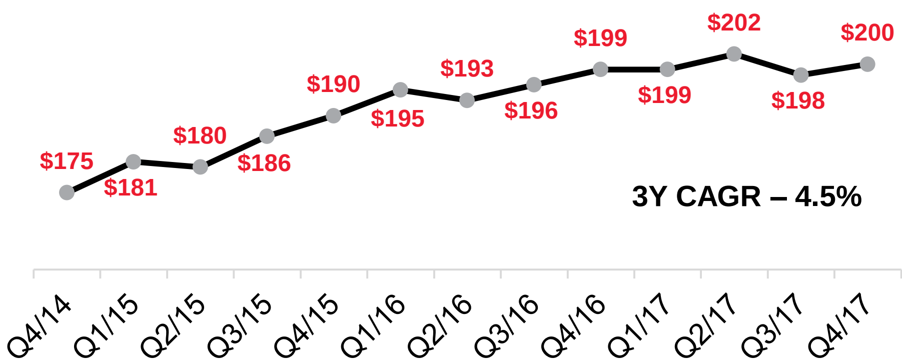
(CANADIAN DOLLAR EQUIVALENT, $B)



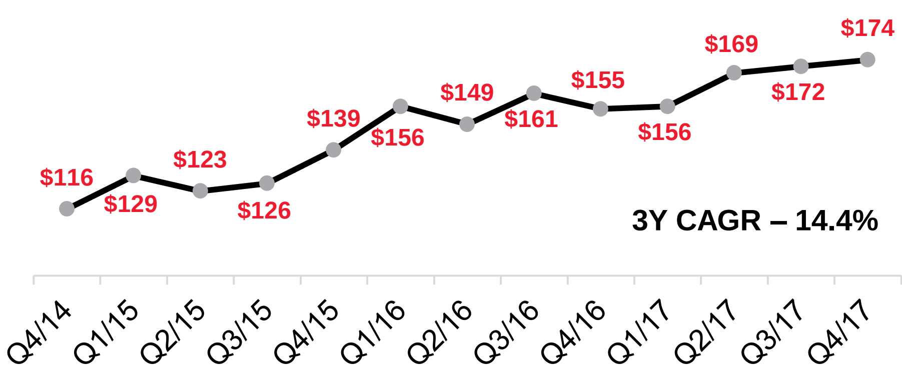
DEPOSIT OVERVIEW

Solid growth in both personal and business and government deposits

PERSONAL DEPOSITS
(SPOT, CANADIAN DOLLAR EQUIVALENT, $B)



BUSINESS & GOVERNEMENT DEPOSITS[1]
(SPOT, CANADIAN DOLLAR EQUIVALENT, $B)



PERSONAL DEPOSITS

- **Important for both relationship purposes and regulatory value**
- **4.5% 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 ~9% CAGR

BUSINESS & GOVERNMENT

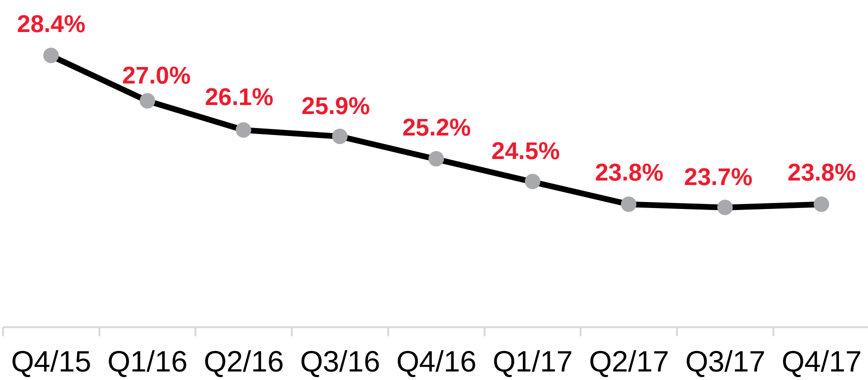
- **Leveraging relationships to increase share of deposits**
- **14.4% CAGR over the last 3 years**
- **Focusing on operational, regulatory friendly deposits**

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

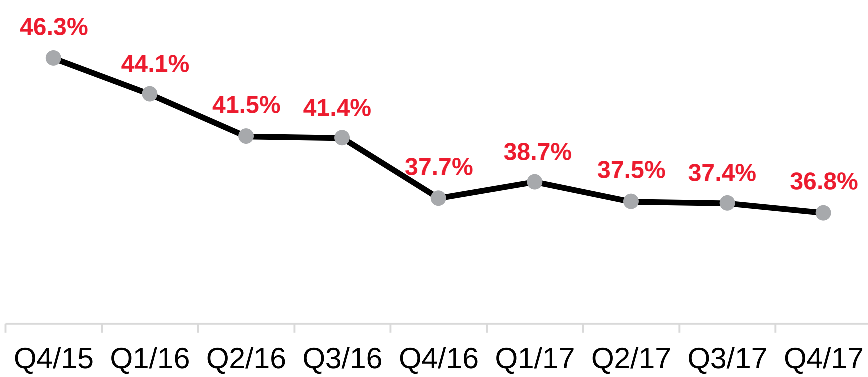
WHOLESALE FUNDING UTILIZATION

Reducing reliance on wholesale funding and growing deposits

WSF/TOTAL ASSETS



MONEY MARKET WSF/TOTAL WSF



REDUCING RELIANCE ON WHOLESALE FUNDING

- **Continuing to close the gap vs. peers**
  - Reduced reliance on wholesale funding by ~20% over the last two years
  - Scotiabank's WSF balance of $218B
  - Deposits continuing as an alternate to wholesale funding

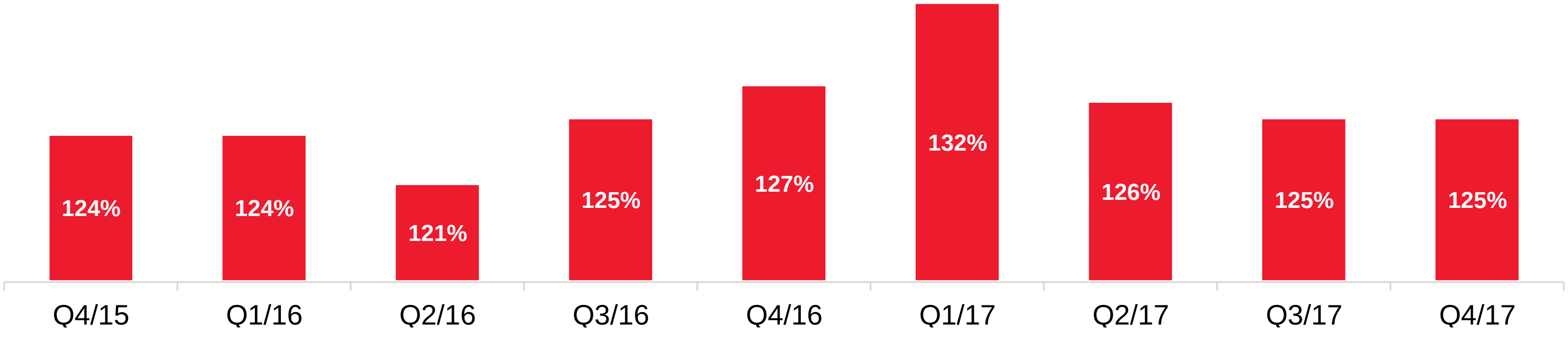
FOCUS ON TERM FUNDING

- **Reducing concentration of money market instrument funding**

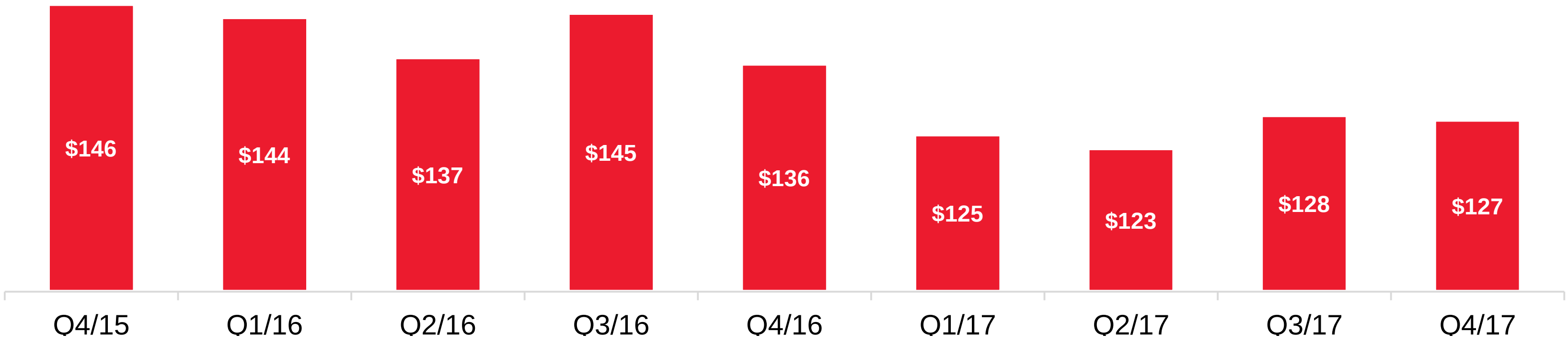
LIQUIDITY METRICS

Well funded Bank with good liquidity

- **Liquidity Coverage Ratio (LCR)**
  - Consistently strong performance
  - Net Stable Funding Ratio (NSFR) implementation postponed to 2019

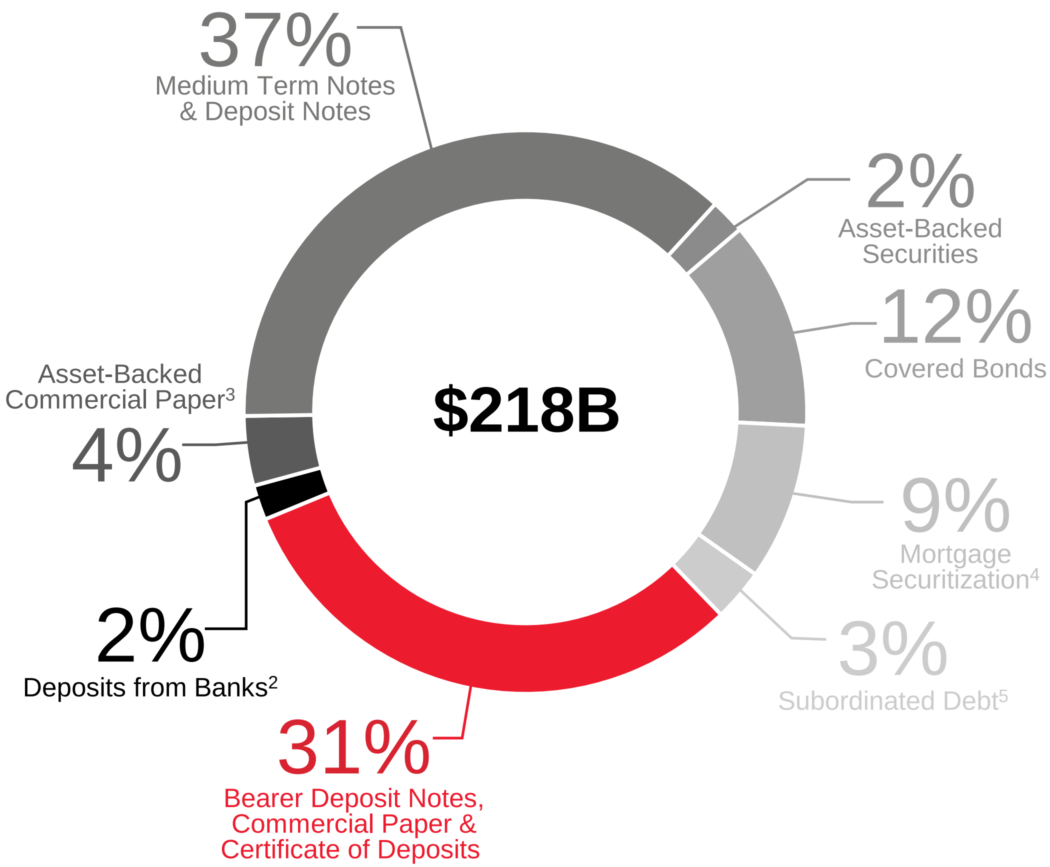


- **High Quality Liquid Assets (HQLA)**
  - Efficiently managing LCR and optimizing HQLA



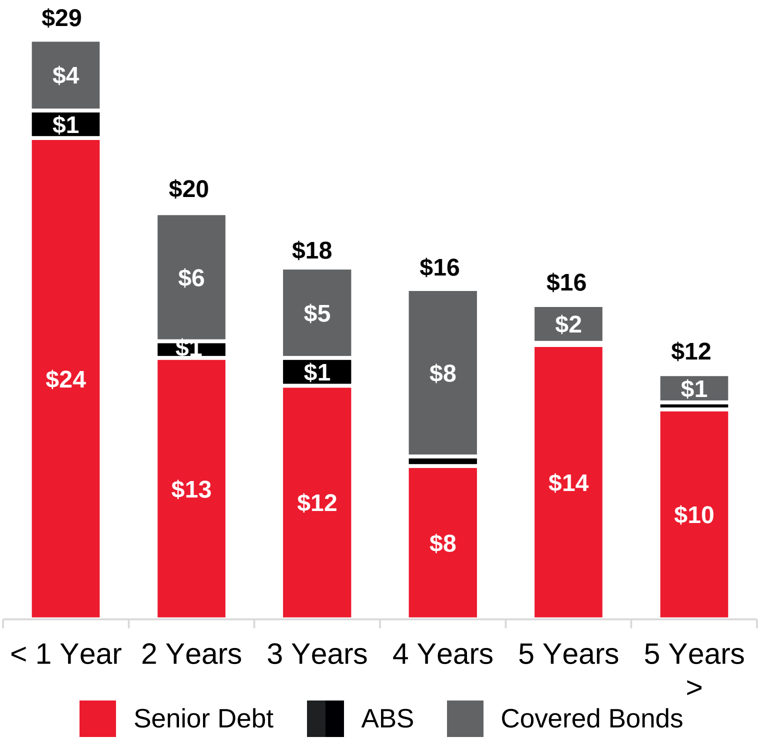
WHOLESALE FUNDING COMPOSITION

Wholesale funding diversity by instrument and maturity[1,6,7]



MATURITY TABLE (EX-SUB DEBT)

(CANADIAN DOLLAR EQUIVALENT, $B)



[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 Q4/17

[7] Wholesale funding sources may not add to 100% due to rounding

DIVERSIFIED WHOLESALE FUNDING PROGRAMS

Flexible and well balanced 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

Banks to begin reporting TLAC measures in Q1/19

- **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 completed July 2017**
  - Expect regulations to be applied in 2018
- **2021: TLAC compliance for DSIBs required by Q1/22**
  - 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

CANADIAN BAIL-IN RESOLUTION FRAMEWORK

Principles based approach to bail-in conversion with no explicit conversion ratio

- **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

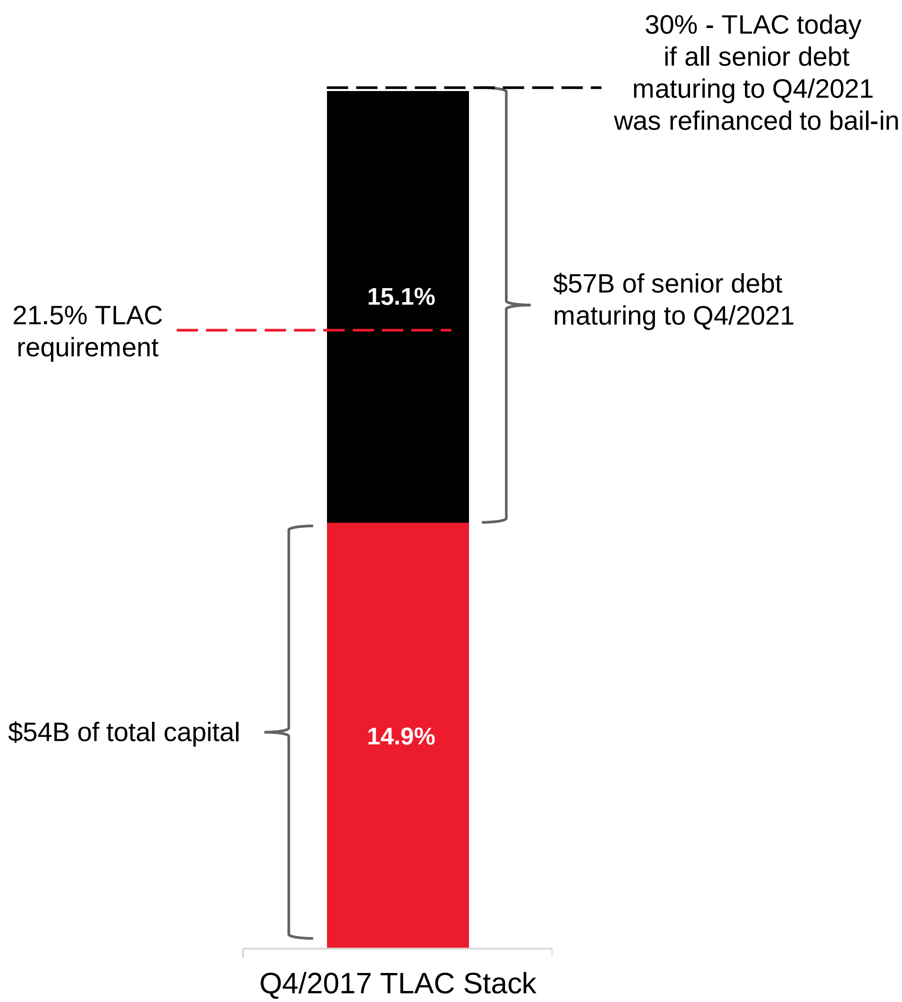
Tier 1 and 2 regulatory capital as per CAR guideline
+
Bail-in debt

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)

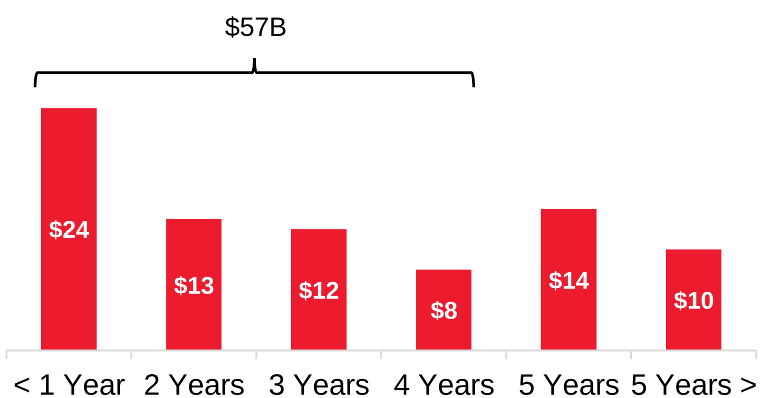
Well positioned to meet requirements



- **$57B of senior debt maturing over the next four years to Q4/2021**
- **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**

SENIOR DEBT[1] MATURITY TABLE (AT Q4/17)

(Canadian Dollar Equivalent, $B)



[1] *Senior Debt = Medium Term Notes and Deposit Notes as per MD&A*

APPENDIX 1: CANADIAN HOUSING MARKET

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:**
  - <u>Housing affordability</u> – 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
  - <u>Net worth</u> – 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
  - <u>Interest rate shocks</u> – 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
  - <u>Unemployment rate</u> – 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

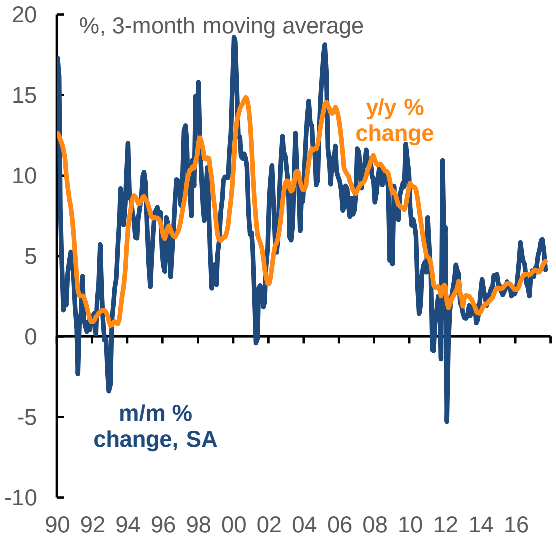
CANADIAN HOUSEHOLD CREDIT GROWTH IS STEADY

- Total household credit growing 5.5% 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 4.7% y/y, vs 11% in late 2007
- Mortgage credit growing 5.8% y/y, vs 2008 peak of 13%

HOUSEHOLD CREDIT GROWTH

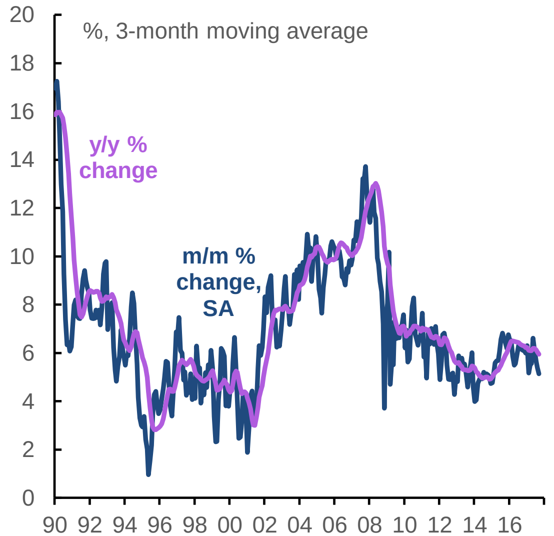
Source: Scotiabank Economics, Bank of Canada.

CONSUMER LOAN GROWTH



Sources: Scotiabank Economics, Bank of Canada.

RESIDENTIAL MORTGAGE GROWTH

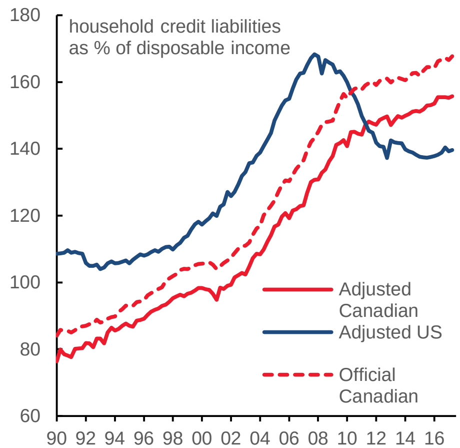


Sources: Scotiabank Economics, Bank of Canada.

HOUSEHOLD DEBT COMPARISON

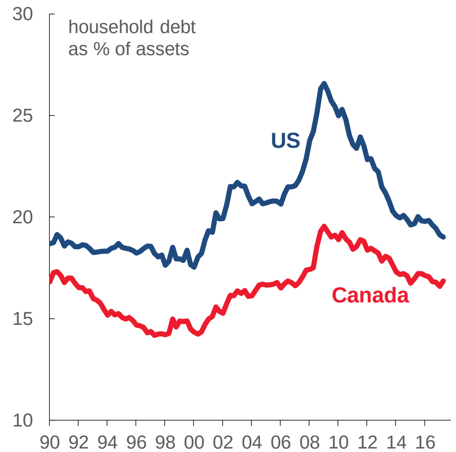
- **In comparable terms, Canadian debt-to-income is 12% below where it peaked in the U.S.**
  - In the last 7 years, increases in Canadian debt-to-income ratio have slowed vs 2002–2010
  - On same terms, Canada's debt-to-income is 156% vs 140% in the U.S.
- **Canadian debt-to-assets ratio remains below U.S.**
  - 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



Sources: Scotiabank Economics, Statistics Canada, BEA, Federal Reserve Board.

Total Household Liabilities As % of Total Assets

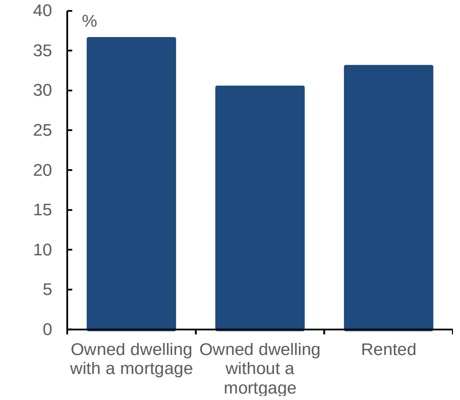


Sources: Scotiabank Economics, Statistics Canada, Federal Reserve Board.

CANADIAN MORTGAGE MARKET

- **Canadian housing market is less expensive on a global scale, particularly for buyers with U.S dollars**
- **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**
- **Efforts to cool the housing market are working, as evidenced by moderating price appreciation.**

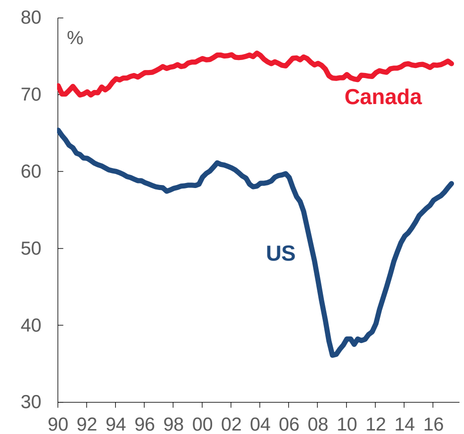
TWO-THIRDS OF CDN HOUSEHOLDS DO NOT HAVE A MORTGAGE



Sources: Scotiabank Economics, Statistics Canada

HIGH PERCENTAGE OF EQUITY

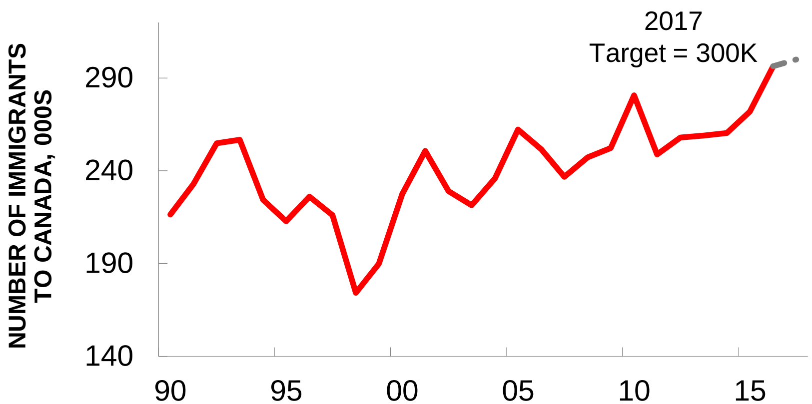
(REAL ESTATE EQUITY AS % OF REAL ESTATE ASSETS)



Sources: Scotiabank Economics, Federal Reserve Board, Statistics Canada.

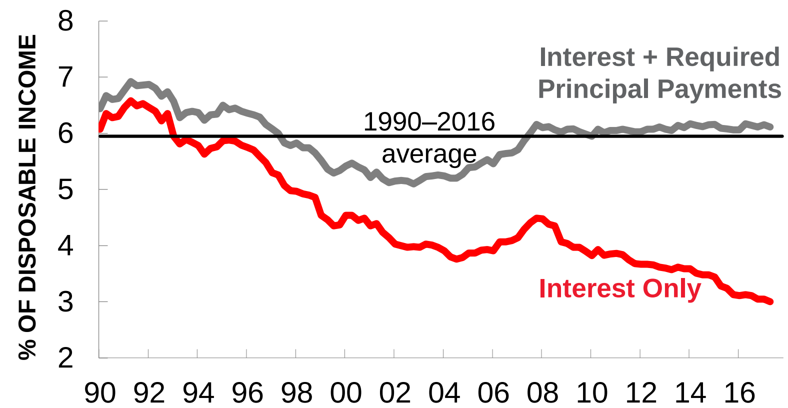
CANADIAN HOUSING FUNDAMENTALS REMAIN SOUND

INTERNATIONAL IMMIGRATION



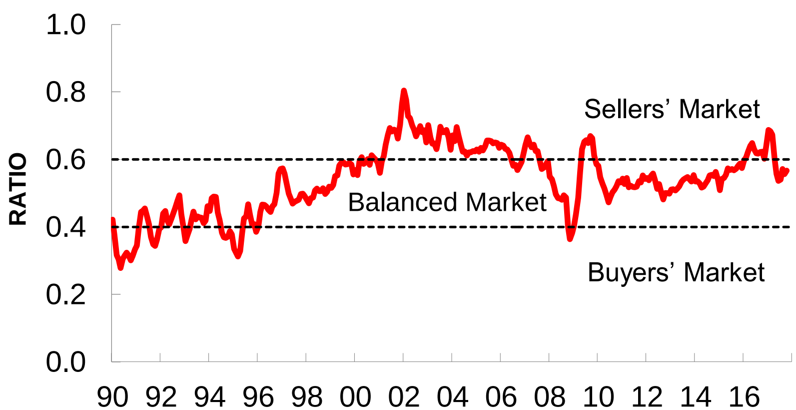
Sources: Scotiabank Economics, Statistics Canada.

MORTGAGE DEBT SERVICE RATIO



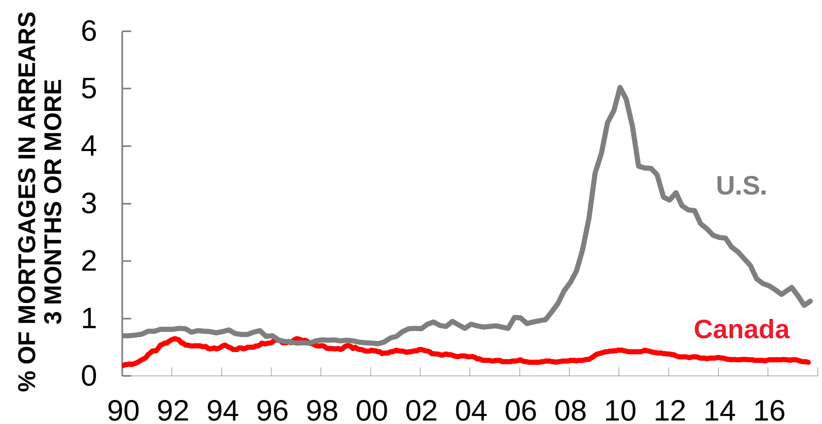
Sources: Scotiabank Economics, Statistics Canada. Data through 2017Q2.

RESIDENTIAL UNIT SALES TO NEW LISTINGS RATIO



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

RESIDENTIAL MORTGAGES ARREARS



Sources: Scotiabank Economics, CBA, MBA. Data through Q3 and August 2017.

HOUSING POLICY DEVELOPMENTS IN CANADA

2018

- OSFI imposes more stringent stress tests for uninsured mortgages, including a minimum qualifying rate at the greater of the five-year fixed posted rate or the contractual rate plus 2%, effective January 1, 2018

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
- 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

2016

- 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
- Department 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
- 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	U.S.

Regulation and taxation	• 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%
	  o CMHC insurance backed by the government of Canada (AAA). Private insurers are 90% government backed
	  o Insurance available for homes up to $1 million
	  o Premium is payable upfront by the customer
	  o 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
		• 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	• 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	• Can include exotic products (adjustable rate mortgages, interest only)
Underwriting	• Terms usually 3 or 5 years, renewable at maturity • Extensive documentation and strong standards	• 30-year term most common • Wide range of documentation and underwriting requirements

APPENDIX 2: CANADA & INTERNATIONAL ECONOMIES

CANADIAN ECONOMY AND FINANCIAL SYSTEM

Stable economy with sound financial system

CANADIAN ECONOMY

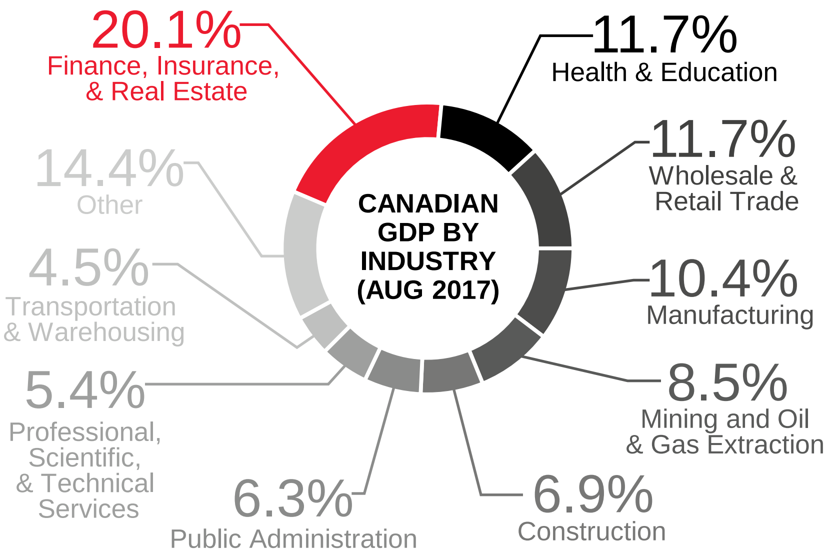
- **The 10th largest economy in the world, with a strong export orientation**
- **Economy diversified, with particular strength in service, primary, manufacturing, construction, and utility sectors**
- **Proactive governments and central bank that has begun unwinding exceptionally accommodative monetary 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

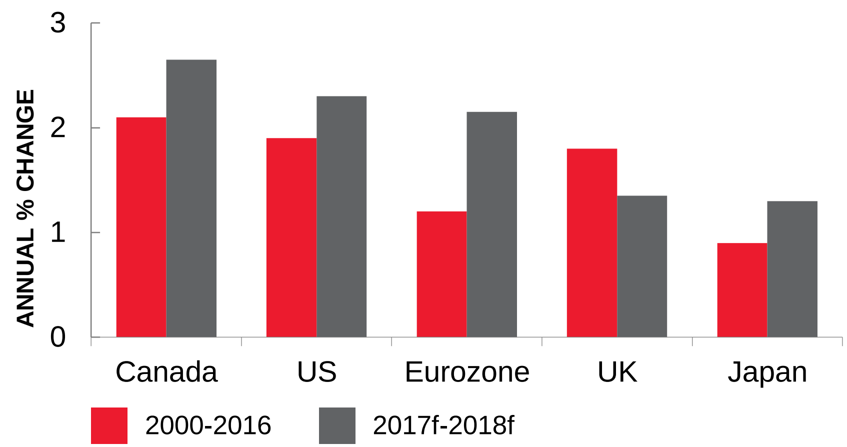
- **Effective regulatory framework**
  - Principles-based regime
  - Single regulator for major banks
  - Conservative capital requirements
  - Proactive policies and programs
- **Risk-management practices**
  - Prudent lending standards
  - Few sub-prime mortgages
  - Relatively little securitization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

CANADIAN ECONOMY

Diverse economy with a strong balance sheet

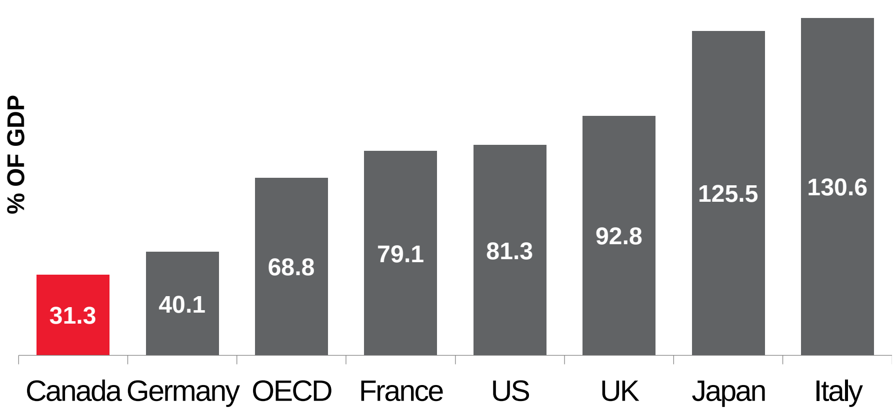


REAL GDP GROWTH



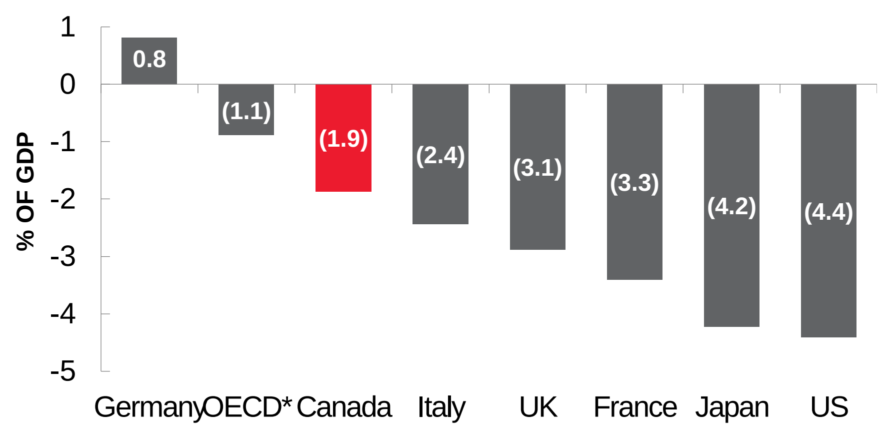
Sources: Scotiabank Economics, OECD (2016 Estimates, Statistics Canada. Forecasts as of November 3, 2017.

GENERAL GOVERNMENT NET FINANCIAL LIABILITIES



Sources: Scotiabank Economics, OECD (2016 estimates). As of November 20, 2017.

GOVERNMENT FINANCIAL DEFICITS

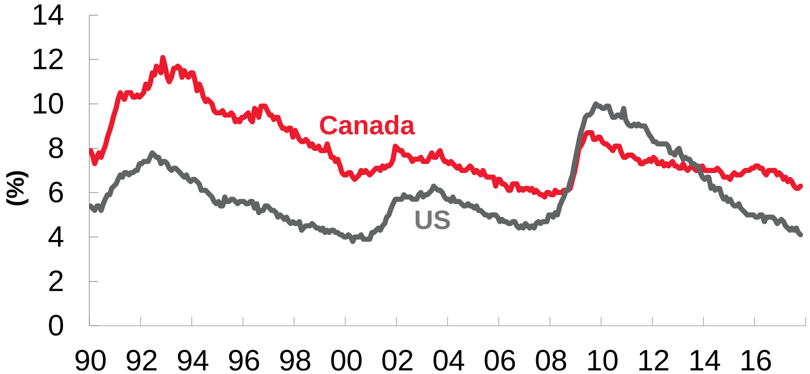


* Arithmetic mean.
Sources: Scotiabank Economics, IMF (2016 estimates). As of November 20, 2017.

STABLE ECONOMIC FUNDAMENTALS IN CANADA

Low unemployment rate supporting growth in Canadian Economy

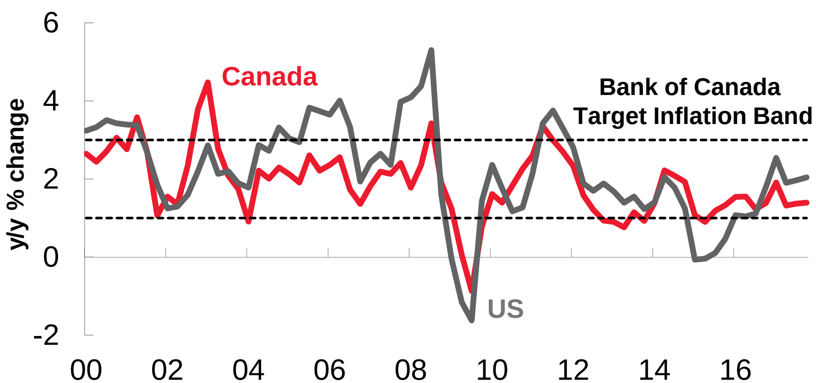
UNEMPLOYMENT RATE



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

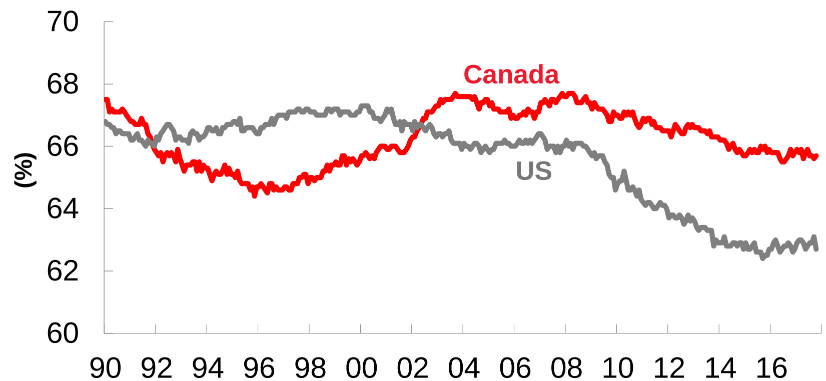
- **Strengthening economic growth and a gradual rebound in non-energy exports**
- **Household spending remains buoyant, underpinned by relatively low and stable unemployment, as well as low borrowing costs**
- **Population and labour force growth supported by strong immigration**
- **Stable inflation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

INFLATION



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

LABOUR FORCE PARTICIPATION RATE



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

ECONOMIC OUTLOOK IN KEY MARKETS

No Significant Exposure to the BRICs

2017 AND 2018 REAL GDP GROWTH FORECAST (%)

	Real GDP (Annual % Change)			
Country	**2000-15 Avg.**	**2016A**	**2017F**	**2018F**
Mexico	2.4	2.3	2.4	2.7
Peru	5.1	4.0	2.5	3.7
Chile	4.1	1.6	1.4	2.8
Colombia	4.0	2.0	1.6	2.5
	2000-16 Avg.	**2016A**	**2017F**	**2018F**
Canada	2.1	1.5	3.1	2.2
U.S.	1.9	1.5	2.2	2.4

Source: Scotiabank Economics. Forecasts as of November 3, 2017.

APPENDIX 3: INTERNATIONAL OVERVIEW

LATIN AMERICA

Attractive growth opportunity for the Bank

- **Pacific Alliance**
  - Identified as a key area of growth for the Bank
  - 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 is to strengthen trade flows with Asia and to compete with Brazil and Argentina, which participate in Mercosur
  - The Pacific Alliance accounts for 36% of Latin America's GDP, comparable to Brazil
  - Canada has bilateral free-trade agreements with all four Pacific Alliance countries and it has initiated an application for Associate Membership in the Alliance

- **Presents an Attractive Long-Term Opportunity**
  - Reflects the 7th largest goods 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 66%)
  - Fast-growing middle-class with increasing financial needs
  - Favourable demographics for banking needs (median age of 30 years old)
  - Relatively stable legal, tax and regulatory infrastructure in place
  - Central bankers have earned credibility and banking system is well-capitalized

CARIBBEAN, CENTRAL AMERICA, AND ASIA

Strong contribution from efficient C&CA region and portfolio investments in Asia

- **Caribbean and Central America**
  - Well-established, diversified franchise that serves more than 15 million retail, corporate and commercial customers
  - Largest bank in the region, with significant presence in Jamaica, Trinidad & Tobago, Dominican Republic, Bahamas, Barbados, Puerto Rico, and 13 other countries
  - Industry expertise in Infrastructure, Power, Automotive, Fuel Distribution, Real Estate, and Hospitality
  - Mature market and remains very profitable for the Bank
  - Opportunity to optimize operations, improve customer profitability and reduce structural cost
  - Recognized by Euromoney for the Best Commercial Banking capabilities in the Caribbean and Bahamas (2017)
  - Recognized by Global Finance Magazine for the “Best Bank Award 2017” in the Bahamas, Barbados, Costa Rica, Turks & Caicos and U.S. Virgin Islands, the “World’s Best Consumer Digital Bank 2017” in 24 countries across Latin America and the Caribbean, and the “Best in Mobile Banking” in the region

- **Asia**
  - Strategic portfolio investments in Asia-Pacific
  - Thailand (49%) – Invested in Thanachart Bank in 2007
    - $2.8 billion carrying value[1]
    - $508 million of net income for twelve months ended October 31, 2017
  - China (19.9%) – Invested in Bank of Xi’an in 2009
    - $711 million carrying value[1]
    - $411 million of net income for twelve months ended October 31, 2017

[1] As at October 31, 2017

NAFTA REVIEW AND CONSIDERATIONS

Scotiabank is operating in the right markets across the Pacific Alliance and committed to long term growth

- **Impact on Pacific Alliance**
  - No material impact expected on Peru, Chile, or Colombia
  - Mexico is highly exposed to disruptions in NAFTA, but we do not expect any major negative changes in the trading relationship with the US

- **Viewpoint**
  - NAFTA came into effect in 1994. Much has changed since then in the global economy. Efforts to 'modernize' elements of NAFTA in the areas of e-commerce, intellectual property, and professional labour mobility are welcome
  - Mexico has a strong manufacturing industry with 40 bilateral trade agreements with other countries
  - NAFTA has helped Mexico to advance on a number of meaningful structural reforms in sectors that include Energy, Telecommunications, and Transportation, amongst others, that will support growth
  - Mexico invests heavily in education and produces more engineers each year than Germany

- **Overall Outlook**
  - We do not expect a consensus on a 'renegotiated and modernized' NAFTA by the current deadline of end-March 2018, nor do we expect NAFTA to be ripped up with an increase in tariff and non-tariff barriers to trade with the US
  - Instead, we expect uncertainty over NAFTA to continue through 2018
  - We expect Mexico to continue delivering double-digit loan growth: NAFTA-related uncertainty does not appear to have dented investment so far
  - Mexico 'mainstreet' continuing to perform well and Scotiabank gaining market share in both retail and commercial activities

APPENDIX 4:
COVERED BONDS

SCOTIABANK GLOBAL REGISTERED COVERED BOND PROGRAM

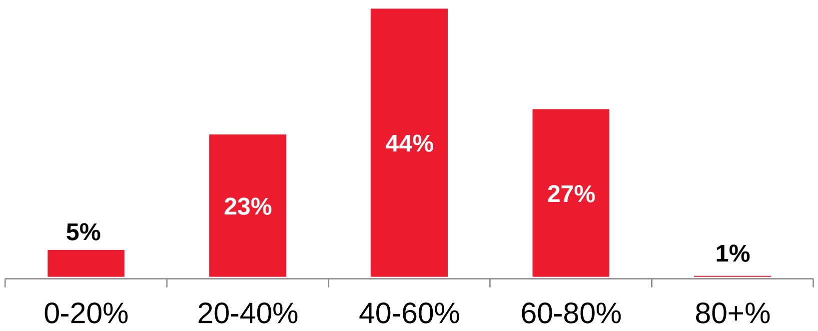
CAD $36.5 billion global covered bond program

- **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**

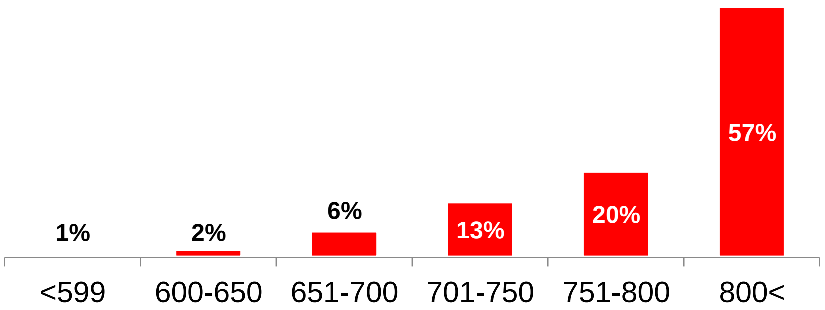
Issuer	The Bank of Nova Scotia
Guarantor	Scotiabank Covered Bond Guarantor Limited Partnership
Guarantee	Payments of interest and principal in respect of the covered bonds are irrevocably guaranteed by the Guarantor. The obligations under the Covered Bond Guarantee constitute direct obligations of the 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]

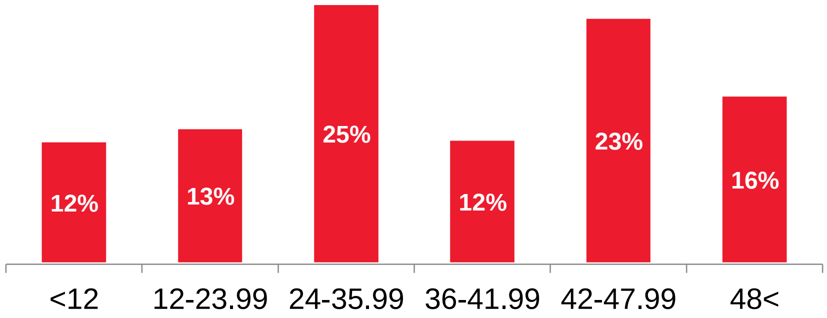
LOAN-TO-VALUE RATIOS[2]



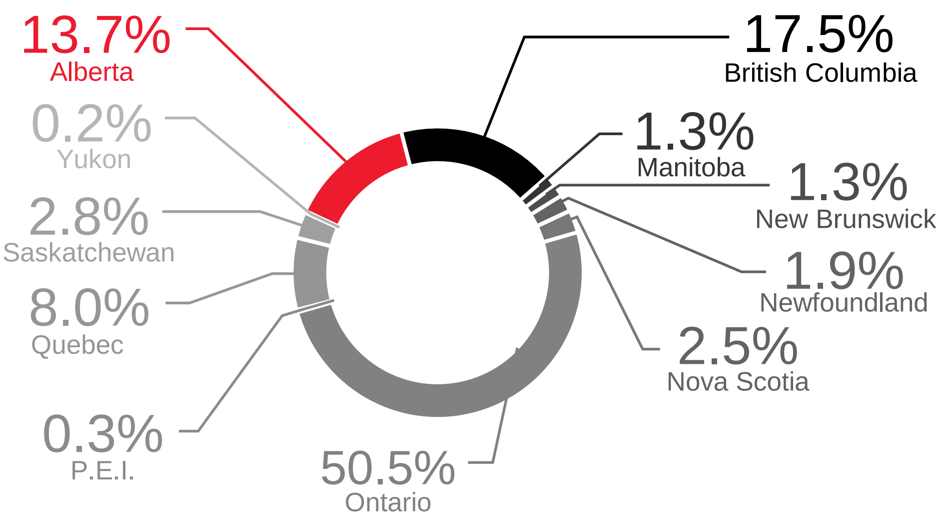
CREDIT SCORES



REMAINING TERM DISTRIBUTION (MONTHS)



PROVINCIAL DISTRIBUTION



[1] As at October 31 ,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	• 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	• Uninsured loans secured by residential property in Canada
Mortgage LTV Limits	• LTV limit of 80%
Basis for Valuation of Mortgage Collateral	• 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	• Securities issued by the Government of Canada • Repos of Government of Canada securities having terms acceptable to CMHC
Substitute Assets Limitation	• 10% of the aggregate value of (a) the loans (b) any Substitute Assets and (c) all cash held by the Guarantor
Cash Restriction	• The cash assets of the Guarantor cannot exceed the Guarantor's payment obligations for the immediately succeeding six months
Coverage Test	• Asset coverage Test • Amortization Test
Credit Enhancement	• Overcollateralization • Reserve Fund • Prematurity Liquidity
Swaps	• Covered bond swap, forward starting • Interest rate swap, forward starting
Market Risk Reporting	• Valuation calculation • Mandatory property value indexation
Covered Bond Supervisory Body	• CMHC
Requirement to Register Issuer and Program	• Yes; prior to first issuance of the covered bond program
Registry	• Yes
Disclosure Requirements	• 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

APPENDIX 5: CORPORATE SOCIAL RESPONSIBILITY

CORPORATE SOCIAL RESPONSIBILITY

OUR BELIEF We believe every customer has the right to become better off. Through our CSR commitments we aim to create value for both society and Scotiabank, building a better future.

FINANCIAL KNOWLEDGE / ACCESS TO FINANCE

660,000 Canadian students participated in Talk With Your Kids About Money day in 2017

More than **$5 BILLION** in microlending globally in 2017

DIVERSITY AND INCLUSION

33% women in leadership positions (VP+) in 2017

INVESTING IN YOUNG PEOPLE

$80 MILLION in donations globally in 2017 to support the communities we operate in

RESPONSIBLE FINANCING / CLIMATE CHANGE

$4.7 BILLION in calculated authorized exposure to the renewable energy sector globally in 2017

Greenhouse gas reduction target: **10% GLOBALLY BY 2021** based on 2016 levels

MAINTAINING TRUST

We received feedback from over **2 MILLION** customers in 2017 from "The Pulse" – our customer experience management system

MEMBERSHIPS

United Nations Global Compact

CDP DRIVING SUSTAINABLE ECONOMIES

EQUATOR PRINCIPLES

CONTACT INFORMATION

INVESTOR RELATIONS

Adam Borgatti Vice President

416-866-5042

adam.borgatti@scotiabank.com

Steven Hung Director

416-933-8774

steven.hung@scotiabank.com

FUNDING

Andrew Branion Executive Vice President & Group Treasurer

416-933-7458

andrew.branion@scotiabank.com

Dave Tersigni Managing Director, Senior Funding

416-863-7080

dave.tersigni@scotiabank.com

Michael Lomas Managing Director, Treasury Sales and Market Development

416-866-5734

michael.lomas@scotiabank.com

Christy Bunker Managing Director, Alternate Funding

416-933-7974

christy.bunker@scotiabank.com

For further information, please contact: www.scotiabank.com/investorrelations