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 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. Such statements are typically identified by words or phrases such as “believes,” “expects,” “anticipates,” “intends,” “estimates,” “plans,” “may increase,” “may fluctuate,” and similar expressions of future or conditional verbs, such as “will,” “may,” “should” 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 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 in receptive markets; 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 2016 Annual Report) and updated by this document; 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 or other criminal behavior 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 including through internet and mobile banking; 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 Bank’s 2016 Annual Report. Material economic assumptions underlying the forward-looking statements contained in this document are set out in the 2016 Annual Report under the heading “Overview-Outlook,” as updated by this document; and for each business segment “Outlook”. 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 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.
We believe every customer has the right to become better off.

Shift to become more CUSTOMER-FOCUSED and PERFORMANCE-ORIENTED.
Leadership
Partnerships
Innovation
Culture
Looking back, shifting our culture has been the most important effort that we have undertaken to build an even better Bank.
Leadership
Partnerships
Innovation
Culture
When it comes to digital banking, we are positioning ourselves to lead.
Momentum of our Digital Transformation

IGNACIO “NACHO” DESCHAMPS
Group Head, International Banking and Digital Transformation

JAMES O’SULLIVAN
Group Head, Canadian Banking
Digital transformation strategy

ALIGNMENT

TECHNOLOGY MODERNIZATION

CULTURE & TALENT

CUSTOMER EXPERIENCE

OPERATIONAL EFFICIENCY
Setting the context

Convenience
simplicity
PERSONALIZATION
Experiencing digital

Customers are 30% more likely to be delighted by mobile transactions compared to their experience in branches.

Bain’s 2015 Customer Satisfaction Global survey
Digital transformation strategy

ALIGNMENT

TECHNOLOGY MODERNIZATION

CULTURE & TALENT

CUSTOMER EXPERIENCE

OPERATIONAL EFFICIENCY
Customer experience driven
Operational efficiency

Streamline processes and operations

Drive more customer activity through digital channels

Reduce structural costs

Deploy new technologies

Leverage our scale
Alignment

➢ Leadership and tone at the top
➢ Business led; customer-focused
➢ Local innovation; connected internationally
Innovation partnership ecosystem
Technology modernization

- Platform modernization
- New technologies
- Cloud-based architecture
- Data & analytics
Culture & talent

CUSTOMER

---------------

MORE

---------------

PERFORMANCE

ORIENTED

TALENT

---------------

AGILE

CO-CREATION

CULTURAL TRANSFORMATION
Digital vision: medium term

<table>
<thead>
<tr>
<th>CUSTOMER EXPERIENCE</th>
<th>DIGITAL ADOPTION BY OUR CUSTOMERS</th>
<th>DIGITAL RETAIL SALES</th>
<th>IN-BRANCH FINANCIAL TRANSACTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>A leader in our five key markets (measured by NPS)</td>
<td>At least 70%</td>
<td>At least 50%</td>
<td>Less than 10%</td>
</tr>
</tbody>
</table>

WILL IMPROVE ALL-BANK PRODUCTIVITY RATIO
Financial Considerations

SEAN MCGUCKIN
Group Head and Chief Financial Officer
Expected benefits

All Bank productivity ratio of 50% or better by 2021

Customer Experience

Operational Efficiency

Structural Cost Transformation
Scotiabank aspires to be a digital leader in our 5 key markets.

Supported by technology spend of $2.6 billion

Ongoing efficiencies and re-prioritizing investments to fund technology spending growth.
Digital spend

Digital investment of $425 million in 2017 and ~ $1.3 billion over the next three years

Type
- Technology: 50%
- Digital Capabilities: 50%

Geography
- Canada: 45%
- Pacific Alliance: 55%
Increased confidence in all-Bank medium-term objectives of 5-10% EPS growth and 14%+ ROE
Driving Customer Experience

MIGUEL UCCHELLI
CEO and Country Head of Scotiabank Peru
Pacific Alliance

- Equivalent to the world’s tenth largest economy
- 225 million people; median age of 30
- Low banking penetration
Putting the voice of the customer at the centre of everything we do

- Economic Value Creation
- Strong Customer Culture
- Simple and Easy to Understand
- Behavioural Change
- Employee Engagement
- Customer Advocacy
- Global Consistent Approach
Our Cx System is more than a score
Scotiabank’s Customer Experience (Cx) System

**INNER LOOP**
Actively listening in real time to our customers
- Post-interaction survey
- Coaching and teamwork
- Customer call-backs
- Front-end technology

**HUDDLE**
Empowering front-line to act and escalate issues

**OUTER LOOP**
Identifying root causes, prioritize efforts and act
- Dedicated Cx Team
- Systematic follow up process
Creating a sustainable competitive edge

Drive a culture of customer advocacy

Empower employees with digital-driven tools

Empower employees to manage customer feedback and correct Cx issues

Leverage data and analytics
Proven economic value

Promoters are worth more than detractors

- Promoters refer more
- Promoters stay longer
- Promoters buy more

Proven economic value
Successful implementation in Peru

- **Strategy launch**: New strategy and winning mindset to become customer experience leaders
- **Customer satisfaction as Peru’s strategic priority**: Implemented NPS as key performance metric
- **Juntos por el cliente/ Club FANS**: Behavioral change programs to embed customer advocacy
- **Scotiabank te escucha**: Pledge to listen to the voice of customer
- **Cx System**: Installed our own comprehensive system with Medallia operating system at its core
Cx System is driving culture change and customer-focus
Pivoting Retail Distribution Strategy to Digital

JAMES McPHEDRAN
Executive Vice President, Canadian Banking
Digital context

4% CAGR in total transactions

-7% CAGR in branch transactions

42% CAGR in mobile transactions

CLEAR CASE FOR CHANGE TOWARD DIGITAL
Embracing the digital mindset

- New digital talent
- Bankers and technologists co-creating
- Mobile first, omni by design
What digital means to our retail strategy

Advancing the digital customer experience
• digital sales
• Cx System

Transforming our physical network
• simplify presence
• reduce cost
Digital customer experience

Case study

- **JUNE 2015**: First Rapid Lab
- **DECEMBER 2015**: Established digital organization
- **OCTOBER 2016**: Launched Digital Factory

1 Lab
12 Labs
20+ Labs
EXEMPLARY DIGITAL CUSTOMER EXPERIENCE IS THE DRIVER FOR AGGRESSIVE SALES GROWTH
Digital customer experience

2016 results

Digital sales functionality*

Mobile banking functionality*

Digital sales results

1st PLACE

1st PLACE

>50% GROWTH from previous year

* 2016 Forrester Canadian benchmark
Network transformation

Customer experience
• Meaningful conversations
• Digital coaches
• Coaching and sales leadership

Simplification
• De-layered management structure
• Digitized processes
• Improved employee experience
Network changes are significant
A different implementation approach

Creating meaningful change

“This change is revolutionary for our branch.”
CUSTOMER SERVICE REPRESENTATIVE

“New digital capability gives us the ability to actively engage our customers.”
DIGITAL COACH

“Customers really love the new team approach.”
FINANCIAL ADVISOR

“It allowed me to focus more on coaching and spending more time with my customers, and that has been awesome.”
BRANCH MANAGER
Takeaways

Advancing customer experience

Digital is an enabler for our retail strategy

Digital focus drives dynamic change across all channels

Strong organizational alignment
Gaining Digital Traction in the Pacific Alliance

FRANCISCO SARDÓN
CEO and Country Head
of Scotiabank Chile
Driving digital sales

CUSTOMER EXPERIENCE
+
CUSTOMER DATA AND ANALYTICS
+
SIMPLIFIED PROCESSES
Colpatria – leveraging digital marketing and social media

75% MORE PROSPECTS AS A RESULT OF

#32 IN THE WORLD

1,000 SAVINGS ACCOUNTS THROUGH
Mexico’s new online/mobile platform

DRIVING 30% TRANSACTION GROWTH
Scotiabank Chile: growing digital sales

TERM DEPOSITS

FROM 20-30 MINUTES BRANCH SALES TO <2 MINUTES ONLINE SALES

PERSONAL LOANS

% of unit sold

Q1 2015
52%

Q1 2016
62%

Q1 2017
71%

Q1 2017
15%

% of unit sold
Chile’s digital momentum

- Aligned goals – branch and digital
- Customer specific offers
- Simplified processes

DIGITALLY SAVVY CONSUMER
Optimizing pricing in Chile

AVERAGE SPREAD

VOLUME GROWTH

PERSONAL LOAN

2015 2016

+32 bps

+20%
Growing market share in Chile

MARKET SHARE - RETAIL LOANS
RETAIL BANKING
+160 bps to 7.8%
2014 2016

MARKET SHARE - CORE DEPOSITS
ALL BANK
+170 bps to 5.5%
2014 2016
Summary

We have laid a digital foundation in the Pacific Alliance region

Work closely with Canada to accelerate progress

Better serve customers in the Pacific Alliance region

50% digital sales goal
Canada’s leading digital bank

- Over 2 Million Clients
- Over $34 Billion in Deposits
- Over $2.5 Billion in AUM

90% Digital Onboarding
99% Transactions are Self-Serve
Our hard work is paying off

- 50% Multi-Product Clients
- 1.4% Client Attrition*
- 50% New Clients Via Referral
- 37% Higher New Client Savings Balances
- 63 Net Promoter Score (NPS)

*Multi-product Clients
We’re evolving the Client experience

- Insightful
- Seamless
- Contextual
- Pro-active
- Action Oriented
Our competitive advantage

- Offer Strong Economic Value to Clients
- Operational Excellence Low-Cost Model
- Client Experience Leader
Changing landscape

Innovating with Scotiabank, Tangerine will deliver an even better client experience.
Technology & Architecture Platform

KYLE MCNAMARA
EVP and Co-Head, Information Technology, Business Systems

MICHAEL ZERBS
EVP and Co-Head, Information Technology, Enterprise Technology
Strategic focus for technology

- Modernize our platform to accelerate value delivery
- Leverage our data, scale and partnerships
- Increase day-to-day efficiency and safeguard the bank
Our technology strategy is well aligned
Foundation

Increase day-to-day efficiency and safeguard the Bank
Simplifying and driving efficiencies

- **Simplify & de-layer**
- Create a more modern IT organization
- Generate significant cost savings
Safeguard the Bank through robust cyber-security

1. Protect
2. Detect
3. Respond

Example:
Leveraging behavioural analytics to assess global user activity in support of data loss prevention
Velocity

Modernize our platform to accelerate customer delivery
Modernizing our platform

Our core banking systems are proven, reliable and protected

- Chequing & Deposits
- Mortgages
- Credit Cards
- Investment Products
- Retail Loans
- Others
Modernizing our platform

Today each customer channel interacts with those systems separately, as they were added one-by-one.
Micro-services enable speed and stability

Continuously evolve customer channels without changing the back end
Core banking system updates without disrupting customer channels

Velocity

Micro-services Layer
(Ex. Money Movement, Customer Profile Management, Authentication)

Branch Mobile Online Contact Centre ABMs Mobile Sales Force

Chequing & Deposits Mortgages Credit Cards Investment Products Retail Loans Others
Building micro-services in the cloud enables...

- Automation & reusability
- Standardization
- Faster time-to-market
- Iterative development

Micro-services Layer
(Ex. Money Movement, Customer Profile Management, Authentication)
Speed to market for us and our partners

Cloud and Open API strategy enables banking anywhere
Leverage

Leverage our data, scale, and partnerships
The bank of the future is defined by data

“Know me, wow me, make it easy for me…”
Building an Enterprise Data Lake

Monthly data ingestion = 10x data collected in first 184 years
Customer 360:
Delivering the personalization customers demand

Leverage Real-Time Decision Processing
Real-Time Insight & Intent Generation

Account & Transaction Data
Customer Information & Interactions Data
Enterprise Data Lake
Partnership Data
Third Party Data
Building out a rich partner ecosystem
Academic partnerships

QUEEN’S
Scotiabank Centre for Customer Analytics

U of T
Scotiabank Disruptive Technologies Venture

OCAD
Scotiabank Design Thinking Research Studio

SAINT MARY’S
Scotiabank Professorship in Technology Entrepreneurship and Innovation

WESTERN
Scotiabank Digital Banking Lab

CREATIVE DESTRUCTION LAB
Scotiabank Disruptive Technologies Venture

NEXT AI
Sponsorship supports Canadian youth and entrepreneurship in AI
Incubating and partnering with start-ups
Wrap-up

Foundation

Velocity

Leverage
Building up the Digital Banking Organization

SHAWN ROSE
Executive Vice President, Digital Banking

PAMELA HILBORN
Vice President, Design Lead
Purpose of Digital Banking Organization

We are leading the Bank’s digital transformation across our network
Digital Banking is a customer play. To support this, we need to incrementally become a design-led software organization.
Digital Factories in 5 countries

CENTRE WITH SPECIALISTS

COLOMBIA

CANADA

CHILE

MEXICO

PERU
We created Communities of Practice between specialists in every country. Members are bound together by a common skill sector expertise—what keeps them together is a shared passion for their craft.
Designing a better customer experience

**DESIGN THINKING:**

- **DISCOVERY & INSIGHTS**
  - design strategy

- **EXPLORATION & DESIGN**
  - solution design

- **PRODUCT IMPLEMENTATION**
  - delivery

**PROTOTYPE, TEST, ITERATE**
What does agility enable us to do?

**LESS WASTE**
Work not wasted when priorities change
Increased **flexibility** and **ability to respond** to changing priorities

**TRANSPARENCY**
Prioritization is an informed process
More **transparency** and better **visibility** for stakeholders

**REDUCED RISK**
Collaboration leads to realistic deliverables
Smaller and more frequent releases
Designing a better customer experience
Changing with our customers by personalization

- Predictive data & intelligence
- Fraud prediction
- Travel notification
- Customized offers
- Dynamic content
- Social media data
To enable our customers to be better off, we must learn from them.
What does success look like?

Customers stay with us, and will refer us

Employees will stay at the Bank

Primary customer growth
Creative spaces to support collaboration and idea generation
Helping our people to be successful
We drive the digital transformation
Strategic Partnerships for Innovation

SHAWN ROSE
Executive Vice President, Digital Banking
Introducing our panel

1. Justin LaFayette
   Managing Partner, Georgian Partners

2. David Arana
   Founder & CEO, Konfio

3. Michael R. King
   Associate Professor,
   Ivey Business School & Co-director,
   Scotiabank Digital Banking Lab

4. Dubie Cunningham
   VP, Innovation, Digital Banking, Scotiabank
Closing Remarks

IGNACIO “NACHO” DESCHAMPS
Group Head, International Banking and Digital Transformation
Becoming a leader in digital banking

1. Listening & responding to our customers
2. Redesigning the customer experience
3. Lowering cost structure
4. Innovating locally and deploying in our 5 key markets
5. Transforming our culture
6. Attracting diverse leadership & talent