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,” “intend,” “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.

Additional information relating to the Bank, including the Bank’s Annual Information Form, can be located on the SEDAR website at www.sedar.com and on the EDGAR section of the SEC’s website at www.sec.gov.
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SCOTIABANK OVERVIEW
CANADA’S INTERNATIONAL BANK
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 RATINGS¹

<table>
<thead>
<tr>
<th></th>
<th>Moody’s</th>
<th>S&amp;P</th>
<th>Fitch</th>
<th>DBRS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Rating</td>
<td>A1</td>
<td>A+</td>
<td>AA-</td>
<td>AA</td>
</tr>
<tr>
<td>Outlook</td>
<td>Negative</td>
<td>Stable</td>
<td>Stable</td>
<td>Negative</td>
</tr>
<tr>
<td>Covered Bonds</td>
<td>Aaa</td>
<td>Not Rated</td>
<td>AAA</td>
<td>AAA</td>
</tr>
</tbody>
</table>

Q1 2018 (C$)

<table>
<thead>
<tr>
<th>SCOTIABANK</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Income</td>
</tr>
<tr>
<td>ROE</td>
</tr>
<tr>
<td>Productivity Ratio</td>
</tr>
<tr>
<td>CET1 Risk Weighted Assets</td>
</tr>
<tr>
<td>CET 1 Capital Ratio²</td>
</tr>
<tr>
<td>Total Assets</td>
</tr>
<tr>
<td>Market Capitalization</td>
</tr>
<tr>
<td># of Employees</td>
</tr>
</tbody>
</table>

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

STRONG PRESENCE IN ATTRACTIVE MARKETS
WELL DIVERSIFIED AND PROFITABLE BUSINESSES\(^1\)

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

50% Canadian Banking

30% International Banking

Global Banking and Markets

BUSINESS LINE EARNINGS\(^2\) $2.2B

GEOGRAPHIC SEGMENT AVERAGE ASSETS\(^3\) $919B

59% Canada

18% Other International

10% Pacific Alliance\(^4\)

13% U.S.

\(^1\) Excludes Other segment and Corporate adjustments
\(^2\) Three months ended January 31, 2018
\(^3\) Quarter ended January 31, 2018
\(^4\) Pacific Alliance includes Mexico, Peru, Chile and Colombia
TRACK RECORD OF EARNINGS & DIVIDEND GROWTH

Stable and predictable earnings with steady increases in dividends

EARNINGS PER SHARE (C$)\(^1,2\)

- $3.05
- $6.49

TOTAL SHAREHOLDER RETURN\(^3\)

- 1 Year: 9.3%
- 5 Year: 13.5%
- 10 Years: 15.0%
- 20 Years: 12.6%

DIVIDEND PER SHARE (C$)

- $0.37
- $3.05

1 Reflects adoption of IFRS in Fiscal 2011
2 Excludes notable items
3 As of January 31, 2018
WHY INVEST IN SCOTIABANK?
Attractive untapped potential across our businesses and geographies, while supported by strong Canadian 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 opportunities across all of our businesses
- Announced recent acquisitions that strengthen our business

STRENGTHENING THE CORE WITH CAPABILITIES TO PLAY OFFENSE AND DEFENSE
- Strong Canadian risk culture and industry leading capital levels
- Attractive dividend yield and consistent record of dividend increases
- Leveraging traditional and non-traditional data
- Building stronger capabilities for AML and reputational risk

UNIQUE AND ATTRACTIVE BUSINESS IN THE KEY PACIFIC ALLIANCE MARKETS
- Focused on growing the Bank’s key markets of Mexico, Peru, Chile and Colombia, with a population of roughly 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 TO IMPROVE CUSTOMER EXPERIENCE AND PRODUCTIVITY
- Aligned and integrated Digital Banking Network with digital factories in Canada, Mexico, Peru, Chile and Colombia to support aspiration of becoming a digital leader
- 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

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Internal Capital Generation</th>
<th>Business Growth RWA (ex. FX) and before Basel I floor</th>
<th>IFRS 9 transition</th>
<th>Basel I Floor Impact</th>
<th>Other including FX</th>
<th>Q1/18 Impact of moving to Basel II floor in Q2/18</th>
<th>Q1/18 Pro-Forma</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4/17</td>
<td>11.5%</td>
<td>+31 bps</td>
<td>-24 bps</td>
<td>-14 bps</td>
<td>-10 bps</td>
<td>11.25%</td>
<td>11.75%</td>
</tr>
<tr>
<td>Q1/18</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>+50 bps</td>
<td></td>
</tr>
</tbody>
</table>

STRONG CAPITAL LEVELS

<table>
<thead>
<tr>
<th>Quarter</th>
<th>CET1</th>
<th>Tier 1</th>
<th>Tier 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1/17</td>
<td>14.8%</td>
<td>2.2%</td>
<td>1.3%</td>
</tr>
<tr>
<td>Q2/17</td>
<td>14.7%</td>
<td>2.2%</td>
<td>1.2%</td>
</tr>
<tr>
<td>Q3/17</td>
<td>14.8%</td>
<td>2.2%</td>
<td>1.3%</td>
</tr>
<tr>
<td>Q4/17</td>
<td>14.9%</td>
<td>1.8%</td>
<td>1.6%</td>
</tr>
<tr>
<td>Q1/18</td>
<td>14.6%</td>
<td>1.9%</td>
<td>1.5%</td>
</tr>
</tbody>
</table>
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

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

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

- **LEADERSHIP**
  - Build leaders to reflect the diversity of our customers

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

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

DIGITAL VISION: PROGRESS UPDATE

<table>
<thead>
<tr>
<th>Component</th>
<th>F2016</th>
<th>F2017</th>
<th>F2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Digital Retail Sales %</td>
<td>11</td>
<td>15</td>
<td>20</td>
</tr>
<tr>
<td>GOAL &gt;50%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Digital Adoption %</td>
<td>26</td>
<td>29</td>
<td>35</td>
</tr>
<tr>
<td>GOAL &gt;70%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Component</th>
<th>F2016</th>
<th>F2017</th>
<th>F2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>In-Branch Financial Transactions %</td>
<td>26</td>
<td>22</td>
<td>20</td>
</tr>
<tr>
<td>GOAL &lt;10%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer Experience</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GOAL MARKET LEADER</td>
<td>F2016</td>
<td>F2017</td>
<td>F2018</td>
</tr>
</tbody>
</table>
MEDIUM-TERM FINANCIAL OBJECTIVES

Achievable objectives driven by strong operations across our footprint

<table>
<thead>
<tr>
<th>METRIC</th>
<th>OBJECTIVES</th>
<th>Q1 2018 RESULTS (Y/Y)&lt;sup&gt;1&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ALL BANK</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EPS Growth</td>
<td>7%+</td>
<td>18%</td>
</tr>
<tr>
<td>ROE</td>
<td>14%+</td>
<td>16.2%</td>
</tr>
<tr>
<td>Operating Leverage</td>
<td>Positive</td>
<td>8.4%</td>
</tr>
<tr>
<td>Capital</td>
<td>Strong Levels</td>
<td>11.2%</td>
</tr>
<tr>
<td><strong>OTHER FINANCIAL OBJECTIVES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dividend Payout Ratio</td>
<td>40-50%</td>
<td>46.9%</td>
</tr>
<tr>
<td><strong>CANADIAN BANKING</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Income Growth</td>
<td>7%+</td>
<td>12%</td>
</tr>
<tr>
<td>Productivity Ratio</td>
<td>&lt;49%</td>
<td>48.6%</td>
</tr>
<tr>
<td><strong>INTERNATIONAL BANKING</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Income Growth&lt;sup&gt;2&lt;/sup&gt;</td>
<td>9%+</td>
<td>18%</td>
</tr>
<tr>
<td>Productivity Ratio</td>
<td>&lt;51%</td>
<td>53.3%</td>
</tr>
</tbody>
</table>

<sup>1</sup> Includes employee benefits re-measurement credit of $150 million after-tax ($203 million pre-tax) and $0.12 per share

<sup>2</sup> On a constant dollar basis
INVESTOR DAY SUMMARY

A lot of heavy lifting completed and focused on key areas going forward

HEAVY LIFTING
- Alignment
- Leadership and culture
- Digital
- Cost transformation
- Balance sheet

FOCUS GOING FORWARD

CUSTOMER
GROWTH LEVERS

DIGITAL
STRENGTHEN THE CORE
INVESTOR DAY KEY MESSAGES

Corporate Functions and Digital Banking

FINANCIALS

- A stronger foundation will enhance earnings growth
- Stronger business platforms to drive growth
- Excess capital provides ongoing optionality
- Ongoing cost reduction efforts represent significant untapped potential
- Reiterated:  
  - EPS growth 7%+
  - ROE 14%+
  - Positive operating leverage
  - Strong capital

GLOBAL RISK MANAGEMENT

- Strong risk foundation enhanced by accelerating digitization, deeper partnerships and data-driven insights
- Focused on increasing risk-adjusted margins
- Competitive advantage and global insights for our businesses
- Technology and operating model to control costs
- Customer at the centre of everything we do

GLOBAL OPERATIONS

- Lean processes, leveraging scale and deploying Bank-wide technology will lower costs and improve customer experience
- SCT one year ahead of schedule with considerable potential
- Leveraging scale and technology to drive efficiency
- Contact Centres and Collections are key areas of focus

DIGITAL BANKING

- Our digital transformation is in motion, it is working and it is accelerating
  - Continue building the global digital team
  - Execute PLATO at scale
  - Leverage data and analytics
  - Take customer experience to the next level
  - Keep the focus on digital sales
INVESTOR DAY KEY MESSAGES

Business line segments

CANADIAN BANKING

Committing to increased earnings growth of 7%+ driven by revenue growth, thoughtful investment and cost discipline, and deepening customer engagement

Announcing medium-term goal of +1 million new primary customers

• Reducing structural costs while delivering revenue growth
• Deepening customer relationships
• Committed to the bank-wide strategy and focused on execution
• Driving value from internal and external partnerships

GLOBAL BANKING AND MARKETS

Growth potential driven by strategic approach to lending, strengthening investment banking and deeper penetration of Latin America

• Clear and executable strategy that is fully aligned with the Bank
• Considerable growth potential across our three key levers
• Achieve top 5 rank in the Pacific Alliance

INTERNATIONAL BANKING

International Banking continues to be an attractive growth opportunity. We have deep knowledge of our markets and a clear strategy that we are executing with discipline

• Delivering strong results and updating our International Banking targets
• Continued focus in the Pacific Alliance and well positioned for future growth
• Committed to our strategy and continued to be focused on execution
BUSINESS LINE AND FINANCIAL OVERVIEW

Q1 2018
Q1 2018 FINANCIAL PERFORMANCE

Strong results with solid top line growth and continued improvement in efficiency

$MM, except EPS

<table>
<thead>
<tr>
<th></th>
<th>Q1/18</th>
<th>Y/Y</th>
<th>Q/Q</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Income</td>
<td>$2,337</td>
<td>+16%</td>
<td>+13%</td>
</tr>
<tr>
<td>Diluted EPS</td>
<td>$1.86</td>
<td>+18%</td>
<td>+13%</td>
</tr>
<tr>
<td>Revenue</td>
<td>$7,088</td>
<td>+3%</td>
<td>+4%</td>
</tr>
<tr>
<td>Expenses</td>
<td>$3,498</td>
<td>(5%)</td>
<td>(5%)</td>
</tr>
<tr>
<td>Productivity Ratio</td>
<td>49.3%</td>
<td>(440bps)</td>
<td>(450bps)</td>
</tr>
<tr>
<td>Core Banking Margin</td>
<td>2.46%</td>
<td>+6bps</td>
<td>+2bps</td>
</tr>
<tr>
<td>PCL Ratio 1, 2</td>
<td>42bps</td>
<td>(3bps)</td>
<td>-</td>
</tr>
<tr>
<td>PCL Ratio on Impaired Loans 1, 2</td>
<td>43bps</td>
<td>(2bps)</td>
<td>+1bp</td>
</tr>
</tbody>
</table>

DIVIDENDS PER COMMON SHARE

- **Year-over-Year Highlights**
  - Diluted EPS grew 18% or 11%3
  - Revenue growth up 3%
    - Net interest income up 8% from strong volume growth and margin expansion
    - Strong asset growth in Canadian Banking and International Banking
  - Expenses down 5%
    - Employee benefits re-measurement credit
    - Cost reduction initiatives and Hollis Wealth sale impact
  - PCL ratio1, 2 on impaired loans improved by 2 bps to 43 bps

1 2018 amounts are based on IFRS 9. Prior period amounts were based on IAS 3
2 Provision for credit losses on certain assets – loans, acceptances and off-balance sheet exposures
3 Excludes an employee benefits re-measurement credit of $150 million after-tax ($203 million pre-tax) and $0.12 per share
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

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
Strong loan growth, margin expansion and positive operating leverage

FINANCIAL PERFORMANCE AND METRICS ($MM)

<table>
<thead>
<tr>
<th></th>
<th>Q1/18</th>
<th>Y/Y</th>
<th>Q/Q</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$3,303</td>
<td>+4%</td>
<td>+1</td>
</tr>
<tr>
<td>Expenses</td>
<td>$1,605</td>
<td>(2%)</td>
<td>(1%)</td>
</tr>
<tr>
<td>PCLs</td>
<td>$210</td>
<td>(11%)</td>
<td>(4%)</td>
</tr>
<tr>
<td>Net Income 1</td>
<td>$1,102</td>
<td>+12%</td>
<td>+3%</td>
</tr>
<tr>
<td>Productivity Ratio</td>
<td>48.6%</td>
<td>(250bps)</td>
<td>(130bps)</td>
</tr>
<tr>
<td>Net Interest Margin</td>
<td>2.41%</td>
<td>+2bps</td>
<td>—</td>
</tr>
<tr>
<td>PCL Ratio 2, 3</td>
<td>0.25%</td>
<td>(5bps)</td>
<td>(2bps)</td>
</tr>
<tr>
<td>PCL Ratio on Impaired Loans 2, 3</td>
<td>0.27%</td>
<td>(3bps)</td>
<td>—</td>
</tr>
</tbody>
</table>

NET INCOME1 ($MM) AND NIM (%)

- **Year-over-Year Highlights**
  - **Net income up 12%**
    - Higher asset growth and margin expansion
    - Lower provision for credit losses and expenses
  - **Revenues up 4%**
    - Net interest income up 7%
  - **Loan growth of 7%**
    - Residential mortgages up 6%
    - Business loans up 14%
  - **NIM up 2 bps**
    - Rising rate environment and changes in business mix
  - **PCL ratio2, 3 on impaired loans improved by 3 bps**
  - **Expenses down 2%**
    - Higher investments in technology, digital and regulatory initiatives offset by cost reduction initiatives and Hollis Wealth impact
  - **Positive operating leverage**

---

1 Attributable to equity holders of the Bank
2 2018 amounts are based on IFRS 9. Prior period amounts were based on IAS 39
3 Provision for credit losses on certain assets – loans, acceptances and off-balance sheet exposures
CanadiAn Banking – revenue and loan mix

Strong retail and growing commercial

Revenue Mix¹

- 58% Retail
- 24% Wealth
- 18% Commercial

$3.3B

Average Loan Mix¹

- 61% Residential Mortgage
- 15% Business and Government Loans
- 24% Personal and Credit Cards

$329B

¹ For the three months ended January 31, 2018
CANADIAN BANKING: RETAIL EXPOSURES
Retail loan portfolio ~93% secured: 80% real estate and 13% automotive

- Residential mortgage portfolio is well-managed
  - 48% insured, and the remaining 52% uninsured has a LTV of 53%\(^1\)

- Credit card portfolio is approximately $6.9 billion, reflecting ~2% of domestic retail loan book or 1.4% 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 $36 billion
  - Market leader and portfolio is structurally different than peers with 7 OEM relationships (3 exclusive)
  - Prime Auto and Leases (~92%)
  - Lending terms have been declining with contractual terms averaging 72 months but effective terms are 48 months

---

\(^1\) LTV calculated based on the total outstanding balance secured by the property. Property values indexed using Teranet HPI data.
CANADIAN BANKING: RESIDENTIAL MORTGAGE PORTFOLIO

High quality and well managed portfolio

- Residential mortgage portfolio of $208 billion, of which 48% is insured, and an LTV of 53% on the uninsured book
- Scotiabank has 3 distinct distribution channels; Broker (>50%), Branch (~30%), and Mobile Salesforce (~20%)
  - All adjudicated under the same standards
- Mortgage business model is originate to hold
- New originations\(^1\) average LTV of 64% in Q1/18, with Ontario at 64% 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: $208B (SPOT BALANCES AS AT Q1/18, $B)

<table>
<thead>
<tr>
<th>Province</th>
<th>% of Portfolio</th>
<th>$103.3</th>
<th>$36.9</th>
<th>$31.0</th>
<th>$15.9</th>
<th>$11.6</th>
<th>$9.4</th>
<th>$181B (57%)</th>
<th>$27B (13%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ontario</td>
<td>50%</td>
<td>91.5</td>
<td>28.5</td>
<td>27.2</td>
<td>14.1</td>
<td>11.4</td>
<td>8.7</td>
<td>11.8</td>
<td>4.3</td>
</tr>
<tr>
<td>B.C. &amp; Territories</td>
<td>18%</td>
<td>11.8</td>
<td>8.4</td>
<td>3.8</td>
<td>1.8</td>
<td>1.2</td>
<td>0.7</td>
<td>2.5</td>
<td>0.7</td>
</tr>
<tr>
<td>Alberta</td>
<td>15%</td>
<td>$103.3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Québec</td>
<td>8%</td>
<td>$36.9</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Atlantic Provinces</td>
<td>6%</td>
<td>$31.0</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manitoba &amp; Saskatchewan</td>
<td>5%</td>
<td>$15.9</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

\(^1\) 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 – To become the official and exclusive Bank to the Toronto Raptors

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

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

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

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

KEY STRATEGIC PILLARS

Speed & Agility
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.

Client-Driven Innovation
Incubator: Identify, explore, and pilot new technologies and solutions to meet evolving Client needs.

Unique ‘Orange’ Culture
Team Tangerine: Our unique culture and lean team are an essential part of how we deliver.

Modern Platform
Consistently Recognized:
J.D. Power Customer Satisfaction six years in a row, IPSOS, and Digital Brokerage Awards

# Primary Clients Doubled since 2015

50% New Clients via Referrals

1 Effective July 1, 2018
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

Record quarter with strong volume growth and positive operating leverage

FINANCIAL PERFORMANCE & METRICS ($MM) 1, 2

<table>
<thead>
<tr>
<th></th>
<th>Q1/18</th>
<th>Y/Y</th>
<th>Q/Q</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$2,704</td>
<td>+7%</td>
<td>+5%</td>
</tr>
<tr>
<td>Expenses</td>
<td>$1,442</td>
<td>+3%</td>
<td>+3%</td>
</tr>
<tr>
<td>PCLs</td>
<td>$344</td>
<td>+13%</td>
<td>+10%</td>
</tr>
<tr>
<td>Net Income</td>
<td>$667</td>
<td>+18%</td>
<td>+11%</td>
</tr>
<tr>
<td>Productivity Ratio</td>
<td>53.3%</td>
<td>(200bps)</td>
<td>(100bps)</td>
</tr>
<tr>
<td>Net Interest Margin</td>
<td>4.66%</td>
<td>(7bps)</td>
<td>(1bp)</td>
</tr>
<tr>
<td>PCL Ratio 3, 4</td>
<td>1.26%</td>
<td>+5bps</td>
<td>+12bps</td>
</tr>
<tr>
<td>PCL Ratio on Impaired Loans 3, 4</td>
<td>1.25%</td>
<td>+4bps</td>
<td>+11bps</td>
</tr>
</tbody>
</table>

NET INCOME1, 5 ($MM) AND NIM5 (%)

<table>
<thead>
<tr>
<th></th>
<th>Q1/17</th>
<th>Q2/17</th>
<th>Q3/17</th>
<th>Q4/17</th>
<th>Q1/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>NIM</td>
<td>4.73%</td>
<td>5.00%</td>
<td>4.77%</td>
<td>4.67%</td>
<td>4.66%</td>
</tr>
<tr>
<td>PCL</td>
<td>576</td>
<td>595</td>
<td>614</td>
<td>605</td>
<td>667</td>
</tr>
</tbody>
</table>

YEAR-OVER-YEAR HIGHLIGHTS2

- **Net Income up 18%**
  - Strong asset and deposit growth
  - Positive operating leverage
  - Lower taxes
- **Revenue up 7%**
  - Net interest income up 8%, with Latin America up 12%
- **Loans up 11%**
  - Latin America strong loan growth up 16%
- **PCL ratio3, 4 on impaired loans increased 4 bps**
  - Excluding acquisition related benefits, underlying PCLs down
- **Expenses up 3%**
- **Positive operating leverage**

---

1 Attributable to equity holders of the Bank
2 Y/Y and Q/Q growth rates (%) are on a constant dollars basis, while metrics and change in bps are on a reported basis
3 2018 amounts are based on IFRS 9. Prior period amounts were based on IAS 39
4 Provision for credit losses on certain assets – loans, acceptances and off-balance sheet exposures
5 Net Income and Net Interest Margin is on a reported basis
INTERNATIONAL BANKING – REVENUE AND LOAN MIX
Focused on Latin America, with good contribution from the Caribbean and Central America

REVENUE MIX$1, 2
$2.7B

- 68% Latin America
- 28% Caribbean & Central America
- 4% Asia

AVERAGE LOAN MIX$1, 2
$113B

- 51% Business and Government Loans
- 26% Residential Mortgages
- 23% Personal and Credit Cards

$1 For the three months ended January 31, 2018
2 On a constant dollar basis
PACIFIC ALLIANCE OVERVIEW
Attractive growth opportunity for the Bank

• With roughly 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
- 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
- 3rd largest private bank\(^1\) in Chile proforma BBVA Chile
- Most developed country in Latin America
- A leader in corporate lending and capital markets

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

\(^1\) In terms of loans
\(^2\) For the three months ended January 31, 2018
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 the 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
Higher contributions from equities and improved credit performance

FINANCIAL PERFORMANCE AND METRICS\(^1\) ($MM)

<table>
<thead>
<tr>
<th></th>
<th>Q1/18</th>
<th>Y/Y</th>
<th>Q/Q</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>$1,190</td>
<td>(2%)</td>
<td>+9%</td>
</tr>
<tr>
<td>Expenses</td>
<td>$572</td>
<td>+2%</td>
<td>+1%</td>
</tr>
<tr>
<td>PCLs</td>
<td>($9)</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Net Income</td>
<td>$454</td>
<td>(3%)</td>
<td>+16%</td>
</tr>
<tr>
<td>Productivity Ratio</td>
<td>48.1%</td>
<td>+200bps</td>
<td>(420bps)</td>
</tr>
<tr>
<td>Net Interest Margin</td>
<td>2.03%</td>
<td>+40bps</td>
<td>+15bps</td>
</tr>
<tr>
<td>PCL Ratio(^2, 3)</td>
<td>(0.04%)</td>
<td>(8bps)</td>
<td>(8bps)</td>
</tr>
<tr>
<td>PCL Ratio on Impaired Loans(^2, 3)</td>
<td>(0.01%)</td>
<td>(5bps)</td>
<td>(5bps)</td>
</tr>
</tbody>
</table>

YEAR-OVER-YEAR HIGHLIGHTS

- **Net Income down 3%**
  - Negative impact of foreign currency translation
  - Higher income from corporate banking, global equities and investment banking, offset by lower fixed income

- **Net Income up 16% quarter-over-quarter**
  - Strong growth in global equities, foreign exchange and fixed income businesses
  - Lower provision for credit losses

- **Higher corporate banking margins**
- **Improved PCL ratio\(^2, 3\) on impaired loans**
- **Expenses up 2%**
  - Higher regulatory costs and technology investments

---

\(^1\) Attributable to equity holders of the Bank
\(^2\) 2018 amounts are based on IFRS 9. Prior period amounts were based on IAS 39
\(^3\) Provision for credit losses on certain assets – loans, acceptances and off-balance sheet exposures
\(^4\) Trading income on an all-bank basis and TEB

NET INCOME\(^1\) AND TRADING INCOME\(^4\) ($MM)

![Chart showing financial metrics for Q1/17 to Q1/18]
Credit Performance by Business Line

Stable all-bank PCL ratios on impaired loans

<table>
<thead>
<tr>
<th></th>
<th>IAS 39 Q1/17</th>
<th>Q2/17</th>
<th>Q3/17</th>
<th>Q4/17</th>
<th>IFRS 9 Q1/18</th>
<th>Q1/18</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>(As a % of Average Net Loans &amp; Acceptance)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>PCLs on Impaired Loans</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Canadian Banking</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retail</td>
<td>0.32</td>
<td>0.34</td>
<td>0.31</td>
<td>0.30</td>
<td>0.29</td>
<td>0.28</td>
</tr>
<tr>
<td>Commercial</td>
<td>0.21</td>
<td>0.14</td>
<td>0.09</td>
<td>0.07</td>
<td>0.11</td>
<td>0.08</td>
</tr>
<tr>
<td>Total</td>
<td>0.30</td>
<td>0.31</td>
<td>0.28</td>
<td>0.27</td>
<td>0.27</td>
<td>0.25</td>
</tr>
<tr>
<td>Total – Excluding Net Acquisition Benefit</td>
<td>0.31</td>
<td>0.32</td>
<td>0.29</td>
<td>0.28</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>International Banking</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retail</td>
<td>2.10</td>
<td>2.19</td>
<td>2.08</td>
<td>2.00</td>
<td>2.28</td>
<td>2.39</td>
</tr>
<tr>
<td>Commercial</td>
<td>0.35</td>
<td>0.51</td>
<td>0.31</td>
<td>0.32</td>
<td>0.28</td>
<td>0.20</td>
</tr>
<tr>
<td>Total</td>
<td>1.21</td>
<td>1.33</td>
<td>1.16</td>
<td>1.14</td>
<td>1.25</td>
<td>1.26</td>
</tr>
<tr>
<td>Total – Excluding Net Acquisition Benefit</td>
<td>1.32</td>
<td>1.45</td>
<td>1.27</td>
<td>1.34</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td><strong>Global Banking and Markets</strong></td>
<td>0.04</td>
<td>0.01</td>
<td>0.11</td>
<td>0.04</td>
<td>(0.01)</td>
<td>(0.04)</td>
</tr>
<tr>
<td><strong>All Bank</strong></td>
<td>0.45</td>
<td>0.49</td>
<td>0.45</td>
<td>0.42</td>
<td>0.43</td>
<td>0.42</td>
</tr>
</tbody>
</table>

1 Excludes provision for credit losses on debt securities and deposit with banks
2 Not comparable to prior periods, which were net of acquisition benefits
TREASURY AND FUNDING
FUNDING STRATEGY
Managing the Bank’s reliance on wholesale funding and diversifying funding sources

• Build customer deposits in all of our key markets
• Continue to manage wholesale funding (WSF) and focus on longer term funding
  o Funded asset growth through deposits
  o Wholesale funding as % of total assets stable at 24.6% vs. 24.5% last year
  o Money market funding as % of total WSF increased to 39.9% from 38.7% Y/Y
• Achieve appropriate balance between cost and stability of funding
  o Maintain pricing relative to peers
• Diversify funding by type, currency, program, tenor and markets
• Pre-fund at least one quarter ahead, market permitting
• Funding strategy and associated risk managed from Toronto
DEPOSIT OVERVIEW

Stable trend in personal and business and government deposits

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

3Y CAGR – 3.5%

PERSONAL DEPOSITS
• Important for both relationship purposes and regulatory value
• 3.5% CAGR over the last 3 years
  o 83% of personal deposits are in Canada
  o 17% of personal deposits are outside Canada and grow at twice the Canadian pace

BUSINESS & GOVERNMENT DEPOSITS¹
(SPOT, CANADIAN DOLLAR EQUIVALENT, $B)

3Y CAGR – 9.7%

BUSINESS & GOVERNMENT
• Leveraging relationships to increase share of deposits
• 9.7% 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
Managing reliance on wholesale funding and growing deposits

**WSF/TOTAL ASSETS**

- **Reducing Reliance on Wholesale Funding**
  - Targeting to be in line with peers
    - Reduced reliance on wholesale funding over the last two years
    - Expect to generally revert to previous levels
    - Scotiabank's WSF balance is $227B at Q1/18
    - Deposits continuing as an alternate to wholesale funding

**FOCUS ON TERM FUNDING**

- Reduce reliance on money market funding
LIQUIDITY METRICS

Well funded Bank with strong liquidity

• Liquidity Coverage Ratio (LCR)
  o Consistently strong performance
  o Net Stable Funding Ratio (NSFR) implementation postponed to 2020

• High Quality Liquid Assets (HQLA)
  o Efficiently managing LCR and optimizing HQLA

[Bar chart showing quarterly values for LCR and HQLA from Q1/16 to Q1/18]
WHOLESALE FUNDING COMPOSITION

Wholesale funding diversity by instrument and maturity

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 Q1/18

7 Wholesale funding sources may not add to 100% due to rounding.
DIVERSIFIED WHOLESALE FUNDING PROGRAMS
Flexible and well balanced programs

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

• TERM FUNDING & CAPITAL
  o CAD 15 billion debt & equity shelf (senior debt, subordinated debt, preferred shares, common shares)
  o CAD 6 billion Principal at Risk (PAR) Note shelf
  o CAD 15 billion START ABS program (indirect auto loans)
  o CAD 7 billion Halifax ABS shelf (unsecured lines of credit)
  o CAD 5 billion Trillium ABS shelf (credit cards)
  o CAD 36 billion global registered covered bond program (uninsured Canadian mortgages)
  o Canada Mortgage Bonds and Mortgage Back Securities
  o USD 20 billion debt & equity shelf (senior debt, subordinated debt, preferred shares, common shares)
  o USD 20 billion EMTN shelf
  o USD 5 billion Singapore MTN program
  o 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
  - Expect regulations to be applied in 2018
- Current proposals would require 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
  o Senior unsecured debt with original term to maturity > 400 days, issued or re-opened by a D-SIB after regulations come into force
  o Tradeable and transferable; assigned a CUSIP, ISIN or similar designation
  o 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
  o 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
  o Creditors should not incur greater losses through bail-in resolution than if institution had been wound-up under normal insolvency proceedings
  o Respects relative creditor hierarchy; complete conversion of all subordinate ranking claims before converting any bail-in securities (including legacy non-NVCC capital securities)
  o Legacy debt not subject to the bail-in regime but subject to other resolution regimes available to CDIC
  o Senior creditors should receive relatively better conversion terms vs. junior creditors
  o Bail-in risk mitigated by extremely low probability of event

• Principles based approach to bail-in conversion
  o 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 Q1/22
- 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 Q1/18)
(Canadian Dollar Equivalent, $B)

\[ \begin{array}{cccccc}
\text{Years} & \text{< 1 Year} & \text{2 Years} & \text{3 Years} & \text{4 Years} & \text{5 Years} & \text{5 Years >} \\
\hline
\text{Amount} & $23 & $14 & $12 & $7 & $12 & $11 \\
\end{array} \]

\(^1\) Senior Debt = Medium Term Notes and Deposit Notes as per MD&A. May not add due to rounding
APPENDIX 1: CANADIAN HOUSING MARKET
CANADIAN HOUSEHOLD DEBT

• Household debt has been increasing since the mid-1980s
  o Low interest rates, demographics (including immigration), financial innovation and shift in consumer attitude/behaviour
  o 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
  o While debt growth is not fast by historical standards, income growth has not kept up, leading to increasing household debt to income ratio
  o 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:
  o Housing affordability – Mortgage debt-service ratios are in line with historical averages at the national level
    o Interest and principal mortgage debt payments steady at ~6% of disposable income since 2008
    o Consumers prudently taking advantage of low rates to repay more principal
  o Net worth – Net asset levels (assets less debt) are at an all-time high of more than 8 times disposable income
    o About half of these assets are financial (not real estate)
    o Asset growth has outpaced debt growth
  o Interest rate shocks – Despite expectations for higher rates, there are mitigating factors
    o Canadians have substantial equity in their homes
    o The majority of mortgage holders are locked in at fixed rates, with the 5-year term the most popular
    o 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
  o Unemployment rate – A key driver of delinquencies and losses that determines borrowers’ ability to pay debt
    o 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%

Sources: Scotiabank Economics, Bank of Canada.
HOUSEHOLD DEBT COMPARISON

- In comparable terms, Canadian debt-to-income is 10ppts below where it peaked in the U.S.
  - In the last 7 years, increases in Canadian debt-to-income ratio have slowed vs 2002–10
  - Calculated on the same terms, Canada's debt-to-income is currently 158% 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

Total Household Liabilities
As % of Total Assets

Sources: Scotiabank Economics, Statistics Canada, BEA, 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
  o No negative equity mortgages in Canada
  o 89% of borrowers have 75% or less LTV. Significant price decreases required to reach a negative equity position
  o 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.
  o High amount of equity: average equity ratio is 74% (excluding HELOC’s)
  o On average, 40% of available HELOC credit is drawn, 60% is undrawn
  o 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
  o 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.

• Efforts to cool the housing market are working, as evidenced by moderating price appreciation.
CANADIAN HOUSING FUNDAMENTALS REMAIN SOUND

**INTERNATIONAL IMMIGRATION**

- Number of immigrants to Canada, 000s
- Sources: Scotiabank Economics, Statistics Canada.

**TOTAL DEBT SERVICE RATIO**

- % of disposable income
- 1990–2016 average

**RESIDENTIAL UNIT SALES TO NEW LISTINGS RATIO**

- Ratio
- Sources: Scotiabank Economics, CREA MLS. Data through January 2018.

**RESIDENTIAL MORTGAGES ARREARS**

- % of mortgages in arrears 3 months or more
- Sources: Scotiabank Economics, CBA, MBA. Data through Q4 (US) and November 2017 (Canada).
HOUSING POLICY DEVELOPMENTS IN CANADA

2018
• The BC government implements its Homes for BC plan which aims to improve housing affordability. Key measures include an increase and extension beyond the Greater Vancouver Area of the Property Transfer Tax on non-resident buyers, a new tax on real estate speculation, and investment of more than $1.6bn through FY2021 toward the goal of building 114,000 affordable housing units in the next 10 years.
• 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 200 bps, effective January 1, 2018.

2017
• Ontario government imposed 16 measures aimed to cool the rate of house price appreciation. Key aspects include:
  o 15% non-resident speculation tax imposed on buyers in the Greater Golden Horseshoe area who are not citizens, permanent residents or Canadian corporations
  o Expanded rent control that will apply to all private rental units in Ontario
  o Legislation to allow for a vacant home tax
  o $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
  o Maximum amortization 25 years
  o $1 million maximum purchase price
  o Minimum credit score of 600
  o Property must be owner occupied

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%)

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 $0.5 – $1 million increased from 5% to 10%
## HOUSING MARKET STRUCTURAL DIFFERENCES VS. U.S.

<table>
<thead>
<tr>
<th>Regulation and taxation</th>
<th>Canada</th>
<th>U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Mortgage interest not tax deductible</td>
<td>• Tax-deductible mortgage interest creates incentive to borrow and delay repayment</td>
<td></td>
</tr>
<tr>
<td>• 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)</td>
<td>• Lenders have limited recourse in most states</td>
<td></td>
</tr>
<tr>
<td>• Ability to foreclose on non-performing mortgages with no stay periods. Mandatory default insurance for any mortgage with Loan-to-Value &gt;80%</td>
<td>• 90 day to 1 year stay period to foreclose on non-performing mortgages</td>
<td></td>
</tr>
<tr>
<td>o CMHC insurance backed by the government of Canada (AAA). Private insurers are 90% government backed</td>
<td>• No regulatory LTV limit</td>
<td></td>
</tr>
<tr>
<td>o Insurance available for homes up to $1 million</td>
<td>• Private insurers are not government backed</td>
<td></td>
</tr>
<tr>
<td>o Premium is payable upfront by the customer</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Covers full amount for life of mortgage</td>
<td></td>
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</tr>
<tr>
<td>• 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</td>
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</tr>
<tr>
<td>• Re-financing cap of 80% on non-insured mortgages</td>
<td></td>
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<tr>
<td>• Maximum 25-year amortization on mortgages with LTV &gt; 80%</td>
<td></td>
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<tr>
<td>• Maximum 30-year amortization on conventional (LTV &lt; 80%) mortgages</td>
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<td></td>
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<tr>
<td>• Down payment of &gt; 20% required for non-owner occupied properties</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Product</th>
<th>Canada</th>
<th>U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Conservative product offerings, fixed or variable rate options</td>
<td>• Can include exotic products (adjustable rate mortgages, interest only)</td>
<td></td>
</tr>
<tr>
<td>• Much less reliance upon securitization and wholesale funding</td>
<td></td>
<td></td>
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<tr>
<td>• Asset-backed securities not subjected to US-style off-balance sheet leverage via special purpose vehicles</td>
<td></td>
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</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Underwriting</th>
<th>Canada</th>
<th>U.S.</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Terms usually 3 or 5 years, renewable at maturity</td>
<td>• 30-year term most common</td>
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</tr>
<tr>
<td>• Extensive documentation and strong standards</td>
<td>• Wide range of documentation and underwriting requirements</td>
<td></td>
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</tbody>
</table>
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
- Strong growth outlook, with firm 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

20.1% Finance, Insurance, & Real Estate
14.4% Other
4.5% Transportation & Warehousing
5.4% Professional, Scientific, & Technical Services
6.9% Construction
6.3% Public Administration
11.7% Health & Education
10.4% Manufacturing
8.5% Mining and Oil & Gas Extraction
11.7% Wholesale & Retail Trade

CANADIAN GDP BY INDUSTRY (NOV 2017)

REAL GDP GROWTH

Annual % Change

---|---|---
Canada | 0.7 | (1.1)
France | (1.1) | (2.4)
Germany | (1.9) | (3.1)
Italy | (2.4) | (3.3)
Japan | (4.2) | (4.3)
OECD† | (4.3)


GENERAL GOVERNMENT NET FINANCIAL LIABILITIES

% of GDP

Canada | 28.6
Germany | 37.3
OECD | 68.2
France | 79.8
US | 80.1
UK | 90.8
Japan | 128.8
Italy | 129.6

GOVERNMENT FINANCIAL DEFICITS

% of GDP

GermanyOECD† Canada Italy UK France Japan US

† Arithmetic mean of all OECD Financial Deficits as a % of GDP.
STABLE ECONOMIC FUNDAMENTALS IN CANADA

Low unemployment rate supporting growth in Canadian Economy

UNEMPLOYMENT RATE

• 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 January 2018.

LABOUR FORCE PARTICIPATION RATE

Sources: Scotiabank Economics, Statistics Canada, BLS. Data through January 2018.
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
  o No material impact expected on Peru, Chile, or Colombia
  o Mexico is highly exposed to disruptions in NAFTA, but we do not expect any major negative changes in the trading relationship with the US
  o Scotiabank operations are diversified and Mexico accounts for roughly 5%+ of the Bank’s overall results
    o Mexico’s loan book is equally split between Retail/Commercial
    o Only 20% of the Commercial exposure is directly linked to the US/NAFTA

• Viewpoint
  o 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
  o Mexico has a strong manufacturing industry with 40 bilateral trade agreements with other countries
  o 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
  o Mexico invests heavily in education and produces more engineers each year than Germany

• Scotiabank Economics Outlook\(^1\)
  o The ongoing efforts to ‘renegotiate and modernize’ NAFTA look set to extend beyond the current end-March 2018 deadline. Scotiabank ‘s baseline macroeconomic scenario anticipates that conclusion of a new version of the pact is likely to be pushed into 2019
  o Extended negotiations are preferable to the annulment of the accord, but a prolonged period of uncertainty about the future of NAFTA could reduce Canadian and Mexican annual real output growth by about 0.2 points during 2018, while US real GDP growth should not be materially dampened this year.
  o Scotiabank’s baseline forecasts of 2.3% and 2.4% for Canadian and Mexican growth in 2018 reflect the effects of ongoing NAFTA uncertainty through the remainder of this year. Growth risks are to the upside for both countries if the NAFTA talks conclude on positive terms earlier than end-2018

---
\(^1\) Based on Scotiabank Economics and February 2, 2018 report “The Macroeconomic Consequences of Disruption .
## ECONOMIC OUTLOOK IN KEY MARKETS

Growth expected across the Pacific Alliance

### 2018 AND 2019 REAL GDP GROWTH FORECAST (%)

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Mexico</td>
<td>2.2</td>
<td>2.1</td>
<td>2.4</td>
<td>2.8</td>
</tr>
<tr>
<td>Peru</td>
<td>5.1</td>
<td>2.5</td>
<td>3.7</td>
<td>4.2</td>
</tr>
<tr>
<td>Chile</td>
<td>4.1</td>
<td>1.6</td>
<td>3.1</td>
<td>3.7</td>
</tr>
<tr>
<td>Colombia</td>
<td>4.1</td>
<td>1.7</td>
<td>2.5</td>
<td>3.5</td>
</tr>
</tbody>
</table>

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<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>2.1</td>
<td>2.9</td>
<td>2.3</td>
<td>1.7</td>
</tr>
<tr>
<td>U.S.</td>
<td>1.9</td>
<td>2.3</td>
<td>2.5</td>
<td>1.8</td>
</tr>
</tbody>
</table>

Source: Scotiabank Economics. Forecasts as of February 6, 2018.
APPENDIX 3: PACIFIC ALLIANCE, C&CA AND ASIA
FOCUSED ON THE PACIFIC ALLIANCE

Attractive growth opportunity for the Bank

• Pacific Alliance
  o Identified as a key area of growth for the Bank
  o Reflects a trade bloc with a free trade agreements to liberalize commerce and improve integration among Mexico, Peru, Chile, and Colombia.
  o The strategic purpose is to strengthen trade flows with Asia and to compete with Brazil and Argentina, which participate in Mercosur
  o The Pacific Alliance accounts for 36% of Latin America’s GDP, comparable to Brazil
  o Canada has bilateral free-trade agreements with all four Pacific Alliance countries and it has initiated an application for Associate Membership in the Alliance

• Pacific Alliance Presents an Attractive Long-Term Opportunity
  o Reflects the 6th largest goods exporter in the world
  o Trade bloc with respective governments supporting growth/significant infrastructure spending
  o Strong and favourable relative GDP growth rates
  o Considerable room to increase banking penetration (avg. domestic credit/GDP of 66%)
  o Fast-growing middle-class with increasing financial needs
  o Favourable demographics for banking needs (median age of 30 years old)
  o Relatively stable legal, tax, and regulatory infrastructure in place
  o 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 & Central America
  o Well-established, diversified franchise that serves more than 15 million retail, corporate and commercial customers
  o Largest bank in the region, with significant presence in Jamaica, Trinidad & Tobago, Dominican Republic, Bahamas, Barbados, Puerto Rico, and 13 other countries
  o Industry expertise in Infrastructure, Power, Automotive, Fuel Distribution, Real Estate, and Hospitality
  o Mature market and remains very profitable for the Bank
  o Opportunity to optimize operations, improve customer profitability and reduce structural cost
  o Recognized by Euromoney for the Best Commercial Banking capabilities in the Caribbean and Bahamas (2017)
  o 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
  o Strategic portfolio investments in Asia-Pacific
    o Thailand (49%) – Invested in Thanachart Bank in 2007
      o $2.8 billion carrying value as of January 31, 2018
      o $508 million of net income for twelve months ended October 31, 2017
    o China (19.9%) – Invested in Bank of Xi’an in 2009
      o $727 million carrying value as of January 31, 2018
      o $411 million of net income for twelve months ended October 31, 2017
APPENDIX 4: COVERED BONDS
PORTFOLIO DETAILS: SCOTIABANK GLOBAL REGISTERED COVERED BOND PROGRAM

LOAN-TO-VALUE RATIOS

- 5% in 0-20%
- 23% in 20-40%
- 44% in 40-60%
- 27% in 60-80%
- 1% in 80+%  

CREDIT SCORES

- 1% below 599
- 2% in 600-650
- 6% in 651-700
- 13% in 701-750
- 20% in 751-800
- 57% above 800

REMAINING TERM DISTRIBUTION (MONTHS)

- 12.4% <12 months
- 12.8% 12-23.99 months
- 26.4% 24-35.99 months
- 14.1% 36-41.99 months
- 24.5% 42-47.99 months
- 9.7% 48+ months

PROVINCIAL DISTRIBUTION

- 14.0% Alberta
- 0.2% Yukon
- 2.9% Saskatchewan
- 8.0% Quebec
- 0.3% P.E.I.
- 50.1% Ontario
- 17.6% British Columbia
- 1.3% Manitoba
- 1.9% New Brunswick
- 2.5% Newfoundland

1 As at December 28, 2017
2 Uses indexation methodology as outlined in Footnote 1 of the Scotiabank Global Registered Covered Bond Monthly Investor Report
**SCOTIABANK GLOBAL REGISTERED COVERED BOND PROGRAM**

CAD $36 billion global covered bond program

- Active in multiple currencies: USD, EUR, GBP and AUD
- Extensive regulatory oversight and pool audit requirements
- Mandatory property value indexation
- Established high level of safeguards and disclosure requirements
- Program carries the ECBC Covered Bond Label

<table>
<thead>
<tr>
<th><strong>Issuer</strong></th>
<th>The Bank of Nova Scotia</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Guarantor</strong></td>
<td>Scotiabank Covered Bond Guarantor Limited Partnership</td>
</tr>
<tr>
<td><strong>Guarantee</strong></td>
<td>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</td>
</tr>
<tr>
<td><strong>Status</strong></td>
<td>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.</td>
</tr>
<tr>
<td><strong>Program Size</strong></td>
<td>CAD$36 billion</td>
</tr>
<tr>
<td><strong>Ratings</strong></td>
<td>Aaa / AAA / AAA (Moody’s / Fitch / DBRS)</td>
</tr>
<tr>
<td><strong>Cover Pool</strong></td>
<td>First lien uninsured Canadian residential mortgage loans with LTV limit of 80%</td>
</tr>
<tr>
<td><strong>Asset Percentage</strong></td>
<td>92% (8% minimum overcollateralization)</td>
</tr>
<tr>
<td><strong>Law</strong></td>
<td>Ontario, Canada</td>
</tr>
<tr>
<td><strong>Issuance Format</strong></td>
<td>144A / Reg S (UKLA Listed)</td>
</tr>
</tbody>
</table>
# 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

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

MAINTAINING TRUST

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

INVESTOR RELATIONS

Adam Borgatti  Vice President
416-866-5042
adam.borgatti@scotiabank.com

Lemar Persaud  Director
416-866-6124
lemar.persaud@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