FIRST SUPPLEMENT DATED 19 DECEMBER 2022 TO THE PROSPECTUS DATED 6 OCTOBER 2022

Scotiabank

THE BANK OF NOVA SCOTIA

(a Canadian chartered Bank)

CAD100,000,000,000

Global Registered Covered Bond Program

Unconditionally and irrevocably guaranteed as to payments of interest and principal by

SCOTIABANK COVERED BOND GUARANTOR LIMITED PARTNERSHIP

(a limited partnership established under the laws of the Province of Ontario)

The Bank of Nova Scotia (the "**Issuer**" or the "**Bank**") issued a prospectus dated 6 October 2022 (the "**Prospectus**") which is a base prospectus for the purposes of Article 8 of the UK Prospectus Regulation (as defined below) in respect of notes to be admitted to the Official List of the Financial Conduct Authority and admitted to trading on the Main Market of the London Stock Exchange plc and Admission Particulars in respect of Covered Bonds to be admitted to trading on the International Securities Market of the London Stock Exchange plc. This first supplement (the "**First Supplement**") constitutes a supplement in respect of the Prospectus for the purposes of Article 23 of the UK Prospectus Regulation and supplementary admission particulars in respect of the Admission Particulars for the purposes of the ISM Rulebook, and is prepared in connection with the CAD100,000,000,000 Global Registered Covered Bond Program unconditionally and irrevocably guaranteed as to payments of interest and principal by Scotiabank Covered Bond Guarantor Limited Partnership (the "**Guarantor**") (the "**Program**") established by the Bank. When used in this First Supplement, "**UK Prospectus Regulation**" means Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended.

Terms defined in the Prospectus have the same meaning when used in this First Supplement. This First Supplement is supplemental to, and shall be read in conjunction with, the Prospectus and any other supplements to the Prospectus issued by the Bank from time to time.

Each of the Bank and the Guarantor accepts responsibility for the information contained in this First Supplement. To the best of the knowledge of each of the Bank and the Guarantor, the information contained in this First Supplement is in accordance with the facts and this First Supplement makes no omission likely to affect its import.

1. Purpose of the First Supplement

The purpose of this First Supplement is to (a) incorporate by reference the Bank's 2022 annual information form and the annual audited consolidated financial statements and management's discussion and analysis as at and for the years ended 31 October 2022 and 31 October 2021, prepared in accordance with International Financial Reporting Standards

("**IFRS**"); (b) to incorporate by reference the investor report of the Guarantor with the calculation date of 30 November 2022; (c) following the release of the Bank's management's discussion and analysis as at and for the years ended 31 October 2022 and 31 October 2021, update the risk factors in the Prospectus; (d) update the section entitled "**CAUTION REGARDING FORWARD-LOOKING STATEMENTS**" set out in the Prospectus; (e) update the section entitled "**Legal and Arbitration Proceedings**" in the Prospectus regarding governmental, legal or arbitration proceedings which may have, or have had in the recent past, significant effect on the financial position or profitability of the Bank or the Bank's subsidiaries; (f) update the "**General Information**" section of the Prospectus in relation to any significant change in the financial performance or financial position or material adverse change in the prospects of the Bank and its subsidiaries, including the Guarantor; (g) update the address of the Executive Office of the Issuer effective as of 5 December 2022; (h) update the address of the Guarantor effective as of 5 December 2022; (i) update the address of the Managing GP effective as of 5 December 2022; and (j) update the address of the Calculation Agent effective as of 5 December 2022.

2. Documents Incorporated by Reference

By virtue of this First Supplement, the following documents are incorporated in and form part of the Prospectus:

(i) the Bank's annual information form dated 29 November 2022, excluding all information incorporated therein by reference (the "**2022 AIF**");

(ii) the Bank's audited consolidated financial statements as at and for the years ended 31 October 2022 and 31 October 2021, prepared in accordance with IFRS, together with the auditors' reports thereon and management's discussion and analysis of the financial condition and financial performance for the years ended 31 October 2022 and 31 October 2021, all as set out on pages 14 to 136 and 137 to 230 of the Bank's 2022 Annual Report (the "**2022 Annual Report**"). The remainder of the Bank's 2022 Annual Report is not incorporated in the Prospectus and is either covered elsewhere in the Prospectus or deemed not relevant to investors; and

(iii) the investor report of the Guarantor with the calculation date of 30 November 2022 (the "**November 2022 Investor Report**").

In accordance with Article 4.1 of Regulation (EC) 1060/2009 on Credit Rating Agencies (the "**CRA Regulation**"), please note that the annual information form contains references to credit ratings and information on pages 14 to 15 and the management's discussion and analysis and the audited consolidated financial statements contain references to credit ratings and information on pages 63 to 65.

Copies of the documents (or relevant sections thereof) described above incorporated by reference have been filed with the Financial Conduct Authority and, by virtue of this First Supplement, are incorporated in, and form part of, the Prospectus for the purposes of Article 8 of the UK Prospectus Regulation.

The Bank's 2022 AIF is available at the following link:

https://www.scotiabank.com/content/dam/scotiafunds/documents/AIF_2022.pdf

The Bank's 2022 Annual Report is available at the following link:

> https://www.scotiabank.com/content/dam/scotiabank/corporate/quarterly-reports/2022/q4/Annual_Report_2022_EN.pdf

The Bank's November 2022 Investor Report is available at the following link:

> https://www.scotiabank.com/content/dam/scotiabank/canada/en/documents/about/investors-shareholders/funding-programs/UninsuredCoveredBondReport-November.pdf

To the extent that any document or information incorporated by reference in this First Supplement itself incorporates any other documents or information by reference therein, either expressly or implicitly, such other document or information will not form part of this Prospectus for the purposes of the UK Prospectus Regulation or the ISM Rulebook, except where such other document or information is specifically incorporated by reference into or attached to this First Supplement.

3. November 2022 Investor Report and Purchase of Loans and their Related Security

The investor report of the Guarantor with the calculation date of 31 August 2022 (the "**August 2022 Investor Report**") was incorporated by reference into the Prospectus. Since the August 2022 Investor Report was incorporated by reference, the Bank has sold additional assets to the Guarantor equaling approximately CAD29.6 billion and repurchased assets from the Guarantor equaling approximately CAD0.6 billion in order to maintain the performance of the Covered Bond Portfolio (in accordance with the terms of the Transaction Documents). The current assets comprising the Covered Bond Portfolio are reflected in the November 2022 Investor Report.

4. Risk Factors in the Prospectus

The section entitled "**1. Risks relating to the Bank.**" under the heading "**RISK FACTORS**" on pages 30 to 42 of the Prospectus is deleted and replaced with the following:

"A. Risks relating to the Issuer

1.1. Principal Risks

As a large, international financial services company; the Issuer faces risks that are inherent in the business and marketplaces in which it operates. As part of its Risk Management Framework, the Issuer has a comprehensive risk identification and assessment process. This includes, on an annual basis, an Issuer-wide risk assessment that identifies and evaluates the risks faced by the Issuer. From this assessment, management determines on an annual basis, a list of Principal Risks, which includes those risks which management considers of primary importance and having a significant impact or influence on the Issuer's primary business and revenue generating activities or inherent in the Issuer's business and can have significant negative strategic, business, financial and/or reputational consequences.

1.1.1. Credit Risk

Credit risk is the risk of loss resulting from the failure of a borrower or counterparty to honour its financial or contractual obligations to the Issuer. Credit risk arises in the Issuer's direct lending operations, and in its funding, investment and trading activities where counterparties have repayment or other obligations to the Issuer.

The Issuer's credit exposure includes (i) corporate and commercial, (ii) traded products and (iii) retail. Traded products are transactions such as OTC derivatives (including foreign exchange and commodity based transactions), Securities Financing Transactions (including repurchase/reverse repurchase agreements, and securities lending/borrowing), and on-exchange. See the table entitled "Total credit risk exposures and risk-weighted assets" on page 123 of the Issuer's 2022 Annual Report incorporated by reference in the Prospectus for more information. The Issuer's credit risk framework and policies set out, among other things, the credit risk rating systems and associated parameter estimates, the delegation of authority for granting credit, and the calculation of allowance for credit losses. The Issuer's credit risk rating system is subject to rigorous validation, governance and oversight framework, and is regularly reviewed. The Issuer's regional credit risk is spread across its key markets (Canada 67 per cent., United States 9 per cent., Chile 7 per cent., Mexico 5 per cent. and Other 12 per cent.).

For the year ended 31 October 2022, the Issuer's provision for credit losses totalled $1,382 million ($1,808 million for the year ended 31 October 2021). Notwithstanding such provision and the efforts made to manage such risks diligently, there is no guarantee that procedures put in place can assess accurately and mitigate all of the risks of exposure to borrowers and counterparty's failure to honour contractual obligations or the worsening of the credit rating of borrowers and counterparties, and the failure of any such procedures may negatively impact the Issuer's financial condition, reputation and/or results of operations.

1.1.2. Market Risk

Market risk is the risk of loss from changes in market prices and rates (including interest rates, credit spreads, equity prices, foreign exchange rates and commodity prices), the correlations between them, and their levels of volatility.

The Board of Directors reviews and approves market risk policies and limits annually. The Issuer's Asset-Liability Committee (ALCO) and Market Risk Management and Policy Committee (MRMPC) oversee the application of the framework set by the Board, and monitor the Issuer's market risk exposures and the activities that give rise to these exposures. The MRMPC establishes specific operating policies and sets limits at the product, portfolio, business unit and business line levels, and for the Issuer in total. Limits are reviewed at least annually. Global Risk Management provides independent oversight of all significant market risks, supporting the MRMPC and ALCO with analysis, risk measurement, monitoring, reporting, proposals for standards and support for new product development. The Issuer uses a variety of metrics and models to measure and control market risk exposures. These measurements are selected based on an assessment of the nature of risks in a particular activity. The principal measurement techniques are Value At Risk (VaR), Incremental Risk Charge, stress testing, and sensitivity analysis.

Market risk arises in the Issuer's (a) trading activities and (b) non–trading activities, with the two principal non-trading market risks being the risks of interest rate and exchange rate volatility, described further below. The market risk arising from the Issuer's trading activities is managed in accordance with Board-approved policies, and aggregate VaR and stress testing limits. The quality of the Issuer's VaR is validated by regular backtesting analysis, in which the VaR is compared to both theoretical profit and loss results based on fixed end of day positions and actual reported profit and loss. See the table entitled "*Trading portfolio risk management*" on page 229 of the 2022 Annual Report incorporated in the Prospectus by reference for more information on the VaR by type of market risk along with Stressed VaR.

The Issuer is subject to interest rate risk arising from the Issuer's lending, funding and investment activities and is the risk of loss due to the following: changes in the level, slope and curvature of the yield curve; the volatility of interest rates and mortgage prepayment rates. The Issuer has adopted policies and global limits to control the risk to net interest income and the economic value of shareholders' equity.

The Issuer's interest rate risk exposure calculations are generally based on the earlier of contractual re-pricing or maturity of on-balance sheet and off-balance sheet assets and liabilities, although certain assets and liabilities such as credit cards and deposits without a fixed maturity are assigned to a maturity profile based on the longevity of the exposure.

The table below (non-trading interest rate sensitivity) shows the pro-forma after tax impact on the Issuer's net interest income over the next 12 months and economic value of shareholders' equity of an immediate and sustained 100 basis points increase and 100 basis points decrease in interest rates across major currencies as defined by the Issuer. These calculations are based on models that consider a number of inputs and are on a constant balance sheet and make no assumptions for management actions to mitigate the risk.

	2022			2021(1)	
As at October 31 ($ millions)	Economic Value of Equity	Net Interest Income		Economic Value of Equity	Net Interest Income
Pre-tax impact of					
100bp increase in rates			100bp increase in rates		
Non-trading risk	$(2,021)	$(340)	Non-trading risk	$(1,173)	$212
100bp decrease in rates			25bp decrease in rates		
Non-trading risk	$ 1,659	$ 326	Non-trading risk	$ 209	$ (64)

(1) Prior period amounts have been restated to conform with current period presentation.

Foreign currency risk is the risk of loss due to changes in spot and forward rates and it arises in the Issuer's unhedged funding and investment activities primarily from the Issuer's net investment in foreign operations as well as foreign currency earnings in its domestic and remitting foreign branch operations. The Issuer's revenues, expenses and income denominated in currencies other than the Canadian dollar are subject to fluctuations in the movement of the Canadian dollar relative to such currencies.

As at 31 October 2022, a one per cent. increase (or decrease) in the Canadian dollar against all currencies in which the Issuer operates decreases (increases) the Issuer's before-tax annual earnings by approximately $55 million (31 October 2021 – $43 million) in the absence of hedging activity, primarily from exposure to the U.S. dollars. A strengthening or weakening of the Canadian dollar compared to the U.S. dollar, Mexican peso, Peruvian Sol, Colombian Peso and Chilean Peso could reduce or increase, as applicable, the translated value of the Issuer's foreign currency denominated revenue, expenses and earning and could have a significant impact on the Issuer's overall business and financial results. For information on impact of foreign currency translation, see table entitled "*Impact of foreign currency translation*" on pages 26 to 27 of the Issuer's 2022 Annual Report. The Issuer has adopted specific policies to manage market risk and the monitoring of the associated foreign exposure limits described above. Despite such policies, the Issuer remains exposed to the risks of fluctuations in currency and risk of loss as a result of market risks which may have a negative impact on the business, financial condition and/or results of operations of the Issuer.

1.1.3. Liquidity Risk

Liquidity risk is the risk that the Issuer is unable to meet its financial obligations in a timely manner at reasonable prices. Financial obligations include liabilities to depositors, payments due under derivative contracts, settlement of securities borrowing and repurchase transactions, and lending and investment commitments.

Liquidity risk is managed through a framework and supporting policies as well as limits that are approved by the Board of Directors. The Board receives reports on risk exposures and performance against approved limits. The Asset-Liability Committee (ALCO) provides senior management oversight of liquidity risk.

Liquid assets are a key component of liquidity management and the Issuer holds these types of assets in sufficient quantity to meet potential needs for liquidity management. The Issuer maintains large holdings of unencumbered liquid assets to support its operations. These assets generally can be sold or pledged to meet the Issuer's obligations. As at 31 October 2022, unencumbered liquid assets were $260 billion, and $246 billion as at 31 October 2021. The Issuer's liquidity pool is held across major currencies, mostly comprised of Canadian and U.S dollar holdings.

Liquidity Risk is measured and controlled through a range of metrics with applicable limits, including the liquidity coverage ratio, net stable funding ratio, net cumulative cash flow, funding concentration, minimum liquidity buffer, maximum amount of pledged assets, minimum liquidity stress surplus, and maximum cash gaps guidance levels.

The Issuer is required to maintain an adequate level of unencumbered high-quality liquid assets that can be converted into cash to meet liquidity needs over a 30 calendar day horizon under a pre-defined significantly severe liquidity stress scenario. This is measured by the Liquidity Coverage Ratio (LCR) which is based on a 30-day liquidity stress scenario, with assumptions defined in the OSFI Liquidity Adequacy Requirements (LAR) Guideline. The LCR is calculated as the ratio of high quality liquid assets to net cash flows. Currently, the Issuer is subject to a regulatory minimum LCR of 100 per cent. The Issuer's LCR as at 31 October 2022 was 119 per cent. and 124 per cent. as at 31 October 2021. For additional information on the Issuer's LCR, see table on page 100 of the Issuer's 2022 Annual Report. Effective liquidity risk management is essential to maintain the confidence of depositors and counterparties, to manage the Issuer's cost of funds and support its core business activities even in adverse circumstances. Any significant deterioration in the Issuer's liquidity position may lead to an increase in funding costs or constrain the volume of new lending. These factors may adversely impact the Issuer's profitability and financial performance and condition.

1.1.4. Money Laundering, Terrorist Financing and Sanctions Risk

Money Laundering, Terrorist Financing (**ML/TF**) and Sanctions risks are the susceptibility of the Issuer to be used by individuals or organizations to launder the proceeds of crime, finance terrorism, or violate economic sanctions. They also includes the risk that the Issuer does not conform to applicable Anti-Money Laundering (**AML**) / Anti-Terrorist Financing or Sanctions legislation or does not apply adequate controls reasonably designed to detect and deter ML/TF and sanctions violations or to file any required regulatory reports.

The Issuer is subject to the expanding and ever-evolving anti-money laundering/anti-terrorist financing and economic sanctions laws and regulations internationally across the Issuer's footprint. Money laundering, terrorist financing, and economic sanctions violations represent material risk to the Issuer includg regulatory, legal, financial and reputational exposure. In the case of economic sanctions, the trend towards retaliatory sanctions laws and regulations and anti-blocking statutes in certain jurisdictions increases the potential for situations to arise involving conflicts of law, due to the Issuer's global footprint.

Regulators have also evidenced an increased focus on risks associated with anti-money laundering and terrorist financing. Sanctions authorities continue to be very active with the number of 'listed' persons increasing.

If the Issuer was found to be in breach of its regulatory obligations, it could be subject to a material fine and/or restrictions on its business operations. The Issuer maintains an AML Program which includes policies, procedures and control standards relating to client identification and due diligence, transaction monitoring, payment and name screening, as well as investigation and reporting of suspicious activity. The AML Program is designed with the goal of preventing, deterring, detecting and reporting suspected money laundering and terrorist financing activities across the organization, and ensuring compliance with the laws and regulations of the various jurisdictions in which the Issuer operates.

1.1.5. Operational Risks

Operational risk is the risk of loss resulting from people, inadequate or failed processes and systems, or from external events. Operational risk includes third party risk and legal risk but excludes strategic risk and reputational risk. It exists in some form in each of the Issuer's business and support activities, and third parties to whom activities have been outsourced. It can result in financial loss, regulatory sanctions and damage to the Issuer's reputation. Operational risk management refers to the discipline of systematic identification, assessment, measurement, mitigation, monitoring, and reporting of operational risk.

Similar to all large organizations, the Issuer is exposed to many types of operational risk, including the risk of fraud by employees or outsiders, unauthorized transactions by employees, temporary loss or shortage of employees, or operational errors, including clerical or record keeping errors or errors resulting from faulty or disabled computer or telecommunications systems. Given the high volume of transactions the Issuer processes on a daily basis, certain errors may be repeated or compounded before they are discovered and successfully rectified. Shortcomings or failures in the Issuer's internal processes, people or systems, including any of the Issuer's financial, accounting or other data processing systems, could lead to, among other consequences, direct or indirect financial loss, regulatory sanctions, and reputational damage. In addition, despite the contingency plans the Issuer has in place, the Issuer's ability to conduct business may be adversely impacted by a disruption in the infrastructure that supports the Issuer's businesses and the communities in which they are located.

Notwithstanding anything in this risk factor, this risk factor should not be taken as implying that the Issuer will be unable to comply with its obligations as a company with securities admitted to the Official List or as an authorised firm regulated by the Financial Conduct Authority.

The Issuer's Operational Risk Management Framework sets out an integrated approach to identify, assess, control, mitigate and report operational risks across the Issuer. The Issuer applies the Standardized Approach for calculating operational risk capital as per the applicable Basel Standards. As at 31 October 2022, the risk-weighted assets of the Issuer amounted to $462.4 billion, $50.2 billion of which was for operational risks.

1.1.6. Cyber security and Information Technology (IT) Risk

IT Risk is the risk of financial loss, disruption or damage to reputation from a failure of information technology systems. Cyber Security risks are the unique IT risks faced as a result of using interconnected systems and digital technologies.

The Cybersecurity and IT risk landscape continues to evolve across the financial industry. The increasing use of digital delivery channels to deliver financial services exposes the Issuer to various vectors of attack. Threat actors (individuals, organized crime rings and nation state sponsored) continue to target financial institutions to steal data, money or to disrupt operations. The ongoing geopolitical tensions increase the risk of escalations through retaliatory cyber attacks. Those events may negatively impact the Issuer's operational environment, its customers and other third parties. The Issuer continues to expand its cyber security capabilities to defend against potential threats and minimize the impact to the business.

Cybersecurity risk arises from multiple threats includes risks in the form of cyber-attacks, data breaches, cyber extortion and similar compromises and continues to impact financial institutions and other businesses in Canada and around the globe. Threats are not only increasing in volume but in their sophistication as adversaries use ever evolving technologies and attack vectors. The technology environment of the Issuer, its customers and the third parties providing services to the Issuer, may be subject to attacks, breaches or other compromises. Incidences like these can result in disruption to operations, misappropriation or unauthorized release of confidential, financial or personal information, reputational damage, regulatory investigations and fines, among other things. The Issuer proactively monitors and manages these risks by investing in technology and talent expertise to ensure appropriate risk-based remediation activities, and in enhanced tooling to support the Issuer's ability to improve cyber resiliency and reinforce protection against events and factors outside of its control. In addition, the Issuer purchases insurance coverage to help mitigate against certain potential losses associated with cyber incidents. In the event of a successful cyber-attack, the Issuer would be exposed to financial loss, reputational loss, the risk of not achieving its business objectives as well as major disruption in its operations.

(a) Technology Innovation and disruption

Risks and impacts emanating from digitalisation of money (e.g., crypto currency and decentralised finance) and consumer directed finance, such as open banking, and continued digital innovations (e.g., adoption of cloud computing and artificial intelligence/machine learning) increase strategic risk and potential vulnerabilities, requiring ongoing investments to adapt to new technologies in a secure manner. New unregulated participants can disrupt a bank's operating model with the use of advanced technologies, agile delivery methodologies and analytical tools offering bank-like products with lower fixed costs. Competition from non-financial companies could adversely affect the Issuer's business strategies, financial performance, and reputation. The increasing role of data, models, and artificial intelligence in decision making processes and operations, evolving regulatory expectations, increasing sensitivities and concerns on their appropriate use, and the potential for bias in the decision-making process, can also result in reputational risk.

(b) Third Party Service Providers

The Issuer continues to rely on third parties for the delivery of some critical services. The emergence of a concentrated number of dominant service providers, combined with an uncertain geopolitical and macroeconomic climate, increases compliance, operational, data and cyber risk for service providers. Regulatory focus in third party risk management is evolving and includes the financial industry's approach to cloud technology, data protection, and operational resilience.

The Issuer continues to enhance third party risk assessment and governance to ensure a solid risk management framework to support engagements with third party service providers. The Issuer continues to invest in enhancing its governance of third parties, resourcing capabilities, and technology to ensure it manages third party risk prudently. Third party service providers other than IT vendors, as well as service providers to those third parties (i.e. fourth party vendors) can also fall victim to systems, data and privacy breaches if their control environments fail to operate effectively. Any such breaches could impact the Issuer if the Issuer's data is shared with such vendors in the course of their provision of services to the Issuer. A successful cyber attack on, or data breaches or other compromises involving, third party service providers or fourth party vendors, can result in major disruption to the Issuer's operations, misappropriation or unauthorised release of its confidential, financial or personal information, reputational damage, regulatory investigations and fines, among other things.

1.1.7. Compliance Risk

Compliance Risk is the risk of an activity not being conducted in conformity with applicable laws, rules, regulations and prescribed practices ("regulatory requirements"), as well as compliance-related internal policies and procedures, and ethical standards expected by regulators, customers, investors, employees and other stakeholders. Compliance Risk includes Regulatory Compliance Risk, Conduct Risk, and Privacy Risk.

As a global organization, with operations in numerous jurisdictions world-wide, the Issuer is subject to (and must comply with) various regulatory requirements established by governments, regulators and self-regulating bodies. In a world of increasingly complex and evolving regulatory requirements and escalating enforcement activity, the Issuer must keep pace with regulatory expectations as well as accepted industry best practices and ethical standards across its global footprint. See "Business Line Overview" on pages 37 to 53 of the Issuer's 2022 Annual Report incorporated by reference in the Prospectus for a detailed description of the Issuer's business segments and the jurisdictions in which it operates. Although the Issuer continually monitors and evaluates the potential impact of regulatory developments to assess the impact on its businesses and to implement any necessary changes, regulators and private parties may challenge our compliance. Failure to comply with legal and regulatory requirements may result in fines, penalties, litigation, regulatory sanctions, enforcement actions and limitations or prohibitions from engaging in business activities, all of which may negatively impact the Issuer's financial performance, the execution of its business strategy and its reputation. See Note 23 (Provisions) of the Issuer's 2022 Annual Report for more information on ongoing litigation. The scope of compliance requirements and the associated cost for the Issuer are increasing as well with evolving regulatory expectations such as cyber security, data risk, consumer protection and privacy, model risk, third-party risk and operational resilience. This focus could lead to more regulatory or other enforcement actions.

The Issuer continues to monitor changes in regulatory guidance and continues to assess the impact of new regulations across its operating footprint and the credit life cycle. For additional information on some of the key regulatory developments that have the potential to impact the Issuer's operations, see "Regulatory Developments" on pages 114 to 116 of the Issuer's 2022 Annual Report which is incorporated in the Prospectus by reference, as may be updated by quarterly reports.

1.1.8. Environmental, Social and Governance Risk

Environmental, Social and Governance (ESG) risk refers to the possibility that environmental, social and governance concerns related to the Issuer's conduct, business practices or relationships could result in adverse impacts to the Issuer.

The Issuer is exposed to ESG risks due to both its internal operations and its business activities. The Issuer considers Environmental Risk to be the potential adverse impacts to a business due to the loss of, or damage to the natural environment and/or biodiversity, such as land, water, plants, animals, natural resources, ecosystems, and the atmosphere. The Issuer considers the physical and transition risks associated with climate change to be a component of Environmental Risk.

Social Risk is defined to be the potential adverse impacts to a business that can arise due to the mismanagement of social considerations that can cause actual or perceived negative impacts on people and communities. Social considerations include, but are not limited to, human rights (including human trafficking and modern slavery); Indigenous rights; labour standards and working conditions; diversity, equity, and inclusion; accessibility; community health, safety, and security; disadvantaged and vulnerable groups; cultural property and heritage; and land acquisition and involuntary resettlement. The Issuer's high-level approach to respecting and promoting human rights are communicated in the Code of Conduct and in the Global Human Rights Statement.

Corporate governance refers to the oversight mechanisms and the way in which the Issuer is governed. It encompasses the Issuer's policies and processes, how decisions are made, and how it deals with the various interests of, and relationships with, its many stakeholders, including shareholders, customers, employees, regulators, and the broader community. Governance Risk refers to the adverse impacts to a business that can arise because of poor or ineffective corporate governance mechanisms and controls.

There is an increasing expectation by various stakeholders of the Issuer to address social and environmental challenges (including climate change, human rights, racism, and inequality) and to demonstrate exemplary governance in managing ESG risk. An inability to manage this risk can result in higher cost of capital, funding, regulatory compliance and disclosures. Under current laws, making exaggerated or misleading sustainability claims or "Greenwashing" creates legal and reputational risks. Severe weather can damage the Issuer’s properties and disrupt its own operations and those of its customers, negatively impacting profitability.

1.1.9. Data Risk

Data risk is the exposure to the adverse financial and non-financial consequences (e.g., revenue loss, reputational risk, regulatory risk, suboptimal management decisions) caused by mismanagement, misunderstanding or misuse of the Issuer’s data assets. This risk may arise from a lack of data risk awareness; insufficient data risk oversight, governance and controls; inadequate data management and poor data quality; inferior data security and protection; and inappropriate, unintended or unethical data usage.

Data is considered one of the Issuer’s most strategic assets and the volume, value and type of data the Issuer handles has exponentially increased in recent years. Enhanced rigor towards data management is a concentrated focus for the Issuer with the increase in regulatory demands. Data is produced and consumed by different business lines and geographies of the Issuer. Failure by the Issuer to manage such data in an effective, collaborative and holistic way could adversely affect, the Issuer’s reputation, regulatory compliance and financial performance and condition.

1.1.10. Model Risk

Model risk is the risk of adverse financial (e.g., capital, losses, revenue) and reputational consequences arising from the design, development, implementation and/or use of a model. It can originate from inappropriate specification; incorrect parameter estimates; flawed hypotheses and/or assumptions; mathematical computation errors; inaccurate, inappropriate or incomplete data; inappropriate, improper or unintended usage; and inadequate monitoring and/or controls.

The Model Risk Management Framework outlines the Issuer’s approach for effective governance and oversight of model risk consistent with the policies and processes outlined in the Issuer’s Model Risk Management Policy (MRMP). The MRMP describes the overarching principles, policies, and procedures that provide the framework for managing model risk. All models, whether developed by the Issuer or vendor-supplied, that meet the Issuer’s model definition are covered by this Policy. The MRMP also clearly defines roles and responsibilities for key stakeholders involved in the model risk management cycle.

These cover all stages of the model risk management cycle, including development, independent pre-implementation review, approval and post-implementation review. All models, whether developed by the Issuer or vendor-supplied, that meet the Issuer’s model definition are covered by this Policy.

Prior to the implementation of new risk models, rigorous validation and testing is conducted. Validation is conducted when the model is initially developed and when any significant changes are made to the model. The models are also subject to ongoing validation, the frequency of which is determined by model risk ratings. Models may also be triggered for earlier revalidation when there have been significant structural changes in the market or changes to the composition of the portfolio.

Model risk continues to receive increasing regulatory focus given growing adoption of analytics-driven insights across financial institutions. Regulatory guidelines for model risk set out expectations for the establishment of an enterprise-wide risk management framework, including policies and procedures to identify, assess and manage the risks inherent in any model. The Issuer proactively monitors and manages the risks associated with the development and use of models. It has an enterprise-wide model risk management policy in place, supported by appropriate processes and procedures, that support the identification and management of material risks associated with models. The Issuer also continues to enhance model risk governance practices, processes and controls to effectively monitor and mitigate risks. However, failure to properly manage such risk could adversely impact the Issuer's financial performance, position and reputation.

1.1.11. Reputational Risk

Reputational risk is the risk that negative publicity or stakeholder sentiment regarding the Issuer's conduct, business practices or associations, whether true or not, will adversely affect its revenues, operations or customer base, or require costly litigation or other defensive measures.

The Issuer has an Enterprise Reputational Risk Policy, as well as policies and procedures for managing suitability risk, and reputational and legal risk related to structured finance transactions. Reputational risk is managed and controlled by the Scotiabank Code of Conduct, governance practices and risk management programs, policies, procedures and training. All directors, officers and employees have a responsibility to conduct their activities in accordance with the Scotiabank Code of Conduct, and in a manner that minimizes reputational risk. The activities of the Legal; Global Tax; Corporate Secretary; Global Communications; Financial Crimes Risk Management; Global Compliance and Global Risk Management departments, as well as the Reputational Risk Committee, are particularly oriented to the management of reputational risk.

Negative publicity about an institution's business practices may involve any aspect of its operations, but usually relates to questions of business ethics and integrity, or quality of products and services. Such negative publicity has an impact on the Issuer's brand and reputation. Negative publicity and related reputational risk frequently arise as a by-product of some other kind of risk management control failure such as compliance and operational risks. In some cases, reputational risk can arise through no direct fault of an institution, but indirectly as a ripple-effect of an association or problems arising within the industry or external environment.

Damage to the Issuer's reputation can result in reduced share price and market capitalization, increased cost of capital, loss of strategic flexibility, inability to enter or expand into markets, loss of client loyalty and business, or regulatory fines and penalties. The sources of reputation risk are widespread; risk to the Issuer's reputation can occur in connection with credit, regulatory, legal and operational risks. The Issuer can also experience reputation risk from a failure to maintain an effective control environment, exhibit good conduct, or have strong risk culture practices, all of which may have a negative impact on the Issuer's reputation, financial performance and condition.

1.1.12. Strategic Risk

Strategic risk is the risk that the enterprise, business lines or corporate functions of the Issuer will make strategic choices that are ineffective or insufficiently resilient to changes in the business environment, or poorly execute such strategies. The Board is ultimately responsible for oversight of strategic risk, by ensuring a robust strategic planning process and approving, on an annual basis, the strategic plan for the Issuer. The Annual Strategy Report to the Board of Directors considers linkages between the Issuer's Enterprise Risk Appetite Framework with the enterprise strategy, business line strategies and how the corporate functions support the Business Lines. The strategic planning process is managed by Enterprise Strategy. The execution and evaluation of strategic plans is a fundamental element of the Risk Management Framework. On an ongoing basis, Heads of Business Lines and Control Functions identify, manage, and assess the internal and external risks that could impede achievement of, or progress of, strategic objectives. The executive management team regularly meets to evaluate the effectiveness of the Issuer's strategic plan, and consider what amendments, if any, are required. For more information on the Issuer's strategic goals in each of its business segments, see "Business Line Overview" on pages 37 to 53 of the Issuer's 2022 Annual Report incorporated by reference in the Prospectus, as may be updated by quarterly reports, and for information on recent acquisitions and divestitures, see Note 36 (Acquisitions and Divestitures) of the Issuer's 2022 Annual Report. The Issuer's ability to execute on its objectives and strategic goals will influence its financial performance. Despite the processes in place to manage strategic risk, if the Issuer is unable to successfully implement selected strategies or related plans and decisions, if the Issuer makes inappropriate strategic choices or if the Issuer makes a change to its strategic goals, its financial performance, condition and prospects could be adversely affected.

1.2. Emerging and other risks that could impact future results

The Issuer is exposed to a variety of emerging and other risks that can potentially adversely affect the Issuer's business strategies, financial performance, and reputation.

1.2.1. Geopolitical risks and tensions

Geopolitical risks including trade tensions could affect volatility in foreign exchange and capital markets globally. This affects all participants in these markets. In the short run, a market shock could potentially impact the Issuer's trading and non-trading market activities and revenues. Over a longer period of time, the more broadly based macroeconomic effects could potentially impact the Issuer's exposures to customers and market segments impacted by those shocks.

Geopolitical risks may give rise to increased strategic and business risk for the Issuer. This includes concerns over the operational and financial impacts of a volatile global environment, such as trade disputes in Asia, sanctions over the Russian conflict, and political changes in Latin America. The escalations of trade disruptions over the past few years are calling into question the vision of a globalized economy with some government officials pushing to implement policies encouraging companies to spread manufacturing within a group of 'like-minded' nations to ensure uninterrupted and diversified access to raw materials, technologies, or products. While such policies seek to mitigate the economic cost associated with geopolitical risk, such measures may paradoxically result in higher cost of capital deployment or more inefficient use of capital allocation. The scope and intensity of geopolitical risk events are difficult to predict.

For discussion on the Issuer's economic outlook in Canada and countries in which the Issuer operates in, see "Economic Summary and Outlook" on page 26 of the Issuer's 2022 Annual Report incorporated by reference in the Prospectus.

1.2.2 Macroeconomic Uncertainty

(a) The Issuer's earnings are affected by the monetary policies of the Bank of Canada and the Federal Reserve Board.

The monetary policies of the Bank of Canada and the Federal Reserve Board in the United States, as well as other interventions in capital markets, have an impact on the Issuer's income. The general level of interest rates may impact the Issuer's profitability because interest rate fluctuations affect the spread between interest paid on deposits and interest earned on loans, thereby affecting the Issuer's net income.

Furthermore, after a period of low interest rates, Canadians have increased household borrowing at a pace that exceeded their income growth. Canadian household indebtedness and the household debt service ratio are nearing historic highs. Household savings are at record lows leaving little margin to sustain consumption if the macro-economic outlook proves more negative. As a result, higher interest rates could have an adverse impact on consumers' ability to service their debt, leading to increased risk of loan losses for financial institutions that could have a negative effect on the Issuer's results, financial condition and prospects. As at 31 October 2022, residential mortgages and consumer loans accounted for $463 billion or 60 per cent of the Issuer's total loans and acceptance outstanding. The Issuer has no control over changes in monetary policies or capital market conditions, and therefore cannot forecast or anticipate them systematically.

(b) Management of the Issuer choose certain accounting policies and methods for reporting the Issuer's financial condition and results of operations.

The policies and methods chosen may require management to make estimates or rely on assumptions that impact the reported results. Subsequent to reporting, such estimates and assumptions may require revision, which may materially adversely affect the Issuer results of operations and financial condition.

From 1 November 2011, the Issuer's financial condition and results of operations for interim and annual reports have been reported using accounting policies and methods prescribed by the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board. For previous years, the Issuer's financial condition and results of operations have been reported using accounting policies and methods prescribed by Part V of the Handbook of the Chartered Professional Accountants – Canada – Pre-Changeover Accounting Standards (Canadian GAAP). Effective 1 November 2017, the Issuer early adopted the International Financial Reporting Standard (IFRS) 9, Financial Instruments, but did not restate comparative periods, as provided by IFRS 9.

As detailed in the section entitled "Controls and Accounting Policies – Critical Accounting Policies and Estimates" on pages 110 to 114 of the Issuer's 2022 Annual Report, incorporated by reference in the Prospectus, certain accounting policies have been identified as being "critical" to the presentation of the Issuer's financial condition and results of operations as they (i) require management to make particularly subjective and/or complex judgments and estimates about matters that are inherently uncertain and (ii) carry the likelihood that materially different amounts could be reported under different conditions or using different assumptions and estimates. The reporting of such materially different amounts could materially and adversely affect the Issuer's results of operations or reported financial condition. These critical accounting policies and estimates relate to the determination of the Issuer's allowance for credit losses, the determination of the fair value of financial instruments and impairment of investment securities, the cost of employee benefits, the provision for corporate income taxes, whether or not structured entities should be consolidated, assessment of impairment of goodwill, indefinite life intangible assets and equity provisions, litigation and other off-balance sheet credit risks.

(c) Global inflation may impact customers' ability to service debt.

Global inflation, exacerbated by supply chain issues and geopolitical uncertainties, are expected to keep central banks aggressive in their attempts to mitigate pricing pressures. With interest rates now in restrictive territory and market sentiment deteriorating, the risk of a global recession is increasing. Rapidly rising interest rates and consumer prices, combined with wages that are failing to keep pace with the cost of living, may leave many households vulnerable and affect some customers' ability to service debt.

1.2.3. Talent Attraction and Retention

Recruiting and retention challenges continue as labour markets remain tight and competitive pressure translates into higher compensation demands. As well, companies face the task of ensuring risk culture and conduct remains robust and consistent in the face of increased employee turnover and new flexible working arrangements. The inability to attract or retain skilled staff can negatively impact the Issuer's business objectives and operational efficiencies."

5. Caution Regarding Forward-Looking Statements

The section entitled "**CAUTION REGARDING FORWARD-LOOKING STATEMENTS**" on pages 9 to 10 of the Prospectus is deleted and replaced with the following:

"**CAUTION REGARDING FORWARD-LOOKING STATEMENTS**

From time to time, the Bank's or the Guarantor's public communications include oral or written forward-looking statements. Statements of this type are included in this Prospectus and in the documents incorporated by reference in this Prospectus, and may be included in other filings with Canadian securities regulators or the U.S. Securities and Exchange Commission, or in other communications. In addition, representatives of the Bank may include forward-looking statements orally to analysts, investors, the media and others. All such statements by the Bank (but not the Guarantor, with respect to U.S. law) 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. The forward-looking statements in this Prospectus and the documents incorporated by reference include, but are not limited to, statements in the Management's Discussion and Analysis in the Bank's 2022 Annual Report under the headings "Outlook" and in other statements regarding the Bank's objectives, strategies to achieve those objectives, the regulatory environment in which the Bank operates, anticipated financial results, and the outlook for the Bank's businesses and for the Canadian, U.S. and global economies. Such statements are typically identified by words or phrases such as “believe,” “expect,” “foresee,” “forecast,” “anticipate,” “intend,” “estimate,” “plan,” “goal,” “target,” “project,” “commit,” “objective” and similar expressions of future or conditional verbs, such as “will,” “may,” “should,” “would,” “might,” “can” and “could” and positive and negative variations thereof.

By their very nature, forward-looking statements require the Bank to make assumptions and are subject to inherent risks and uncertainties, which give rise to the possibility that the Bank’s predictions, forecasts, projections, expectations or conclusions will not prove to be accurate, that the Bank’s assumptions may not be correct and that the Bank’s financial performance objectives, vision and strategic goals will not be achieved.

The Bank cautions readers not to place undue reliance on these statements as a number of risk factors, many of which are beyond the Bank’s control and effects of which can be difficult to predict, could cause the Bank’s actual results to differ materially from the expectations, targets, estimates or intentions expressed in such forward-looking statements.

The future outcomes that relate to forward-looking statements may be influenced by many factors, including but not limited to: general economic and market conditions in the countries in which the Bank operates; changes in currency and interest rates; increased funding costs and market volatility due to market illiquidity and competition for funding; the failure of third parties to comply with their obligations to the Bank and its affiliates; changes in monetary, fiscal, or economic policy and tax legislation and interpretation; changes in laws and regulations or in supervisory expectations or requirements, including capital, interest rate and liquidity requirements and guidance, and the effect of such changes on funding costs; changes to the Bank’s credit ratings; the possible effects on the Bank’s business of war or terrorist actions and unforeseen consequences arising from such actions; operational and infrastructure risks; reputational risks; the accuracy and completeness of information the Bank receives on customers and counterparties; the timely development and introduction of new products and services, and the extent to which products or services previously sold by the Bank require the Bank to incur liabilities or absorb losses not contemplated at their origination; the Bank’s ability to execute its strategic plans, including the successful completion of acquisitions and dispositions, including obtaining regulatory approvals; critical accounting estimates and the effect of changes to accounting standards, rules and interpretations on these estimates; global capital markets activity; the Bank’s ability to attract, develop and retain key executives; the evolution of various types of fraud or other criminal behaviour to which the Bank is exposed; disruptions in or attacks (including cyber-attacks) on the Bank’s information technology, internet, network access, or other voice or data communications systems or services; increased competition in the geographic and in business areas in which the Bank operates, including through internet and mobile banking and non-traditional competitors; exposure related to significant litigation and regulatory matters; climate change and other environmental and social risks, including sustainability that may arise, including from the Bank’s business activities; the occurrence of natural and unnatural catastrophic events and claims resulting from such events; inflationary pressures; Canadian housing and household indebtedness; the emergence of widespread health emergencies or pandemics, including the magnitude and duration of the COVID-19 pandemic and its impact on the global economy, financial market conditions and the Bank’s business, results of operations, financial condition and prospects; and the Bank’s anticipation of and success in managing the risks implied by the foregoing. A substantial amount of the Bank’s business involves making loans or otherwise committing resources to specific companies, industries or countries. Unforeseen events affecting such borrowers, industries or countries could have a material adverse effect on the Bank's financial results, businesses, financial condition or liquidity. These and other factors may cause the Bank's actual performance to differ materially from that contemplated by forward-looking statements. The Bank cautions that the preceding list is not exhaustive of all possible risk factors and other factors could also adversely affect the Bank's results, for more information, please see the "Risk Management" section of the Bank's 2022 Annual Report which document is incorporated by reference herein, as may be updated by quarterly reports.

Material economic assumptions underlying the forward-looking statements contained in this Prospectus and in the documents incorporated by reference herein are set out in the 2022 Annual Report under the headings "Outlook" which document is incorporated by reference herein, as may be updated by quarterly reports to the extent incorporated by reference herein. The "Outlook" and "2023 Priorities" sections are based on the Bank's views and the actual outcome is uncertain. Readers should consider the above-noted factors when reviewing these sections. When relying on forward-looking statements to make decisions with respect to the Bank and its securities, investors and others should carefully consider the preceding factors, other uncertainties and potential events.

The forward-looking statements contained in this document represent the views of management only as of the date hereof and are presented for the purpose of assisting the Bank's shareholders and analysts in understanding the Bank's financial position, objectives and priorities, and anticipated financial performance as at and for the periods ended on the dates presented, and may not be appropriate for other purposes. Except as required by law, the Bank, the Guarantor, any Dealer or any other person 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."

6. Amendment to statement regarding governmental, legal or arbitration proceedings

The section entitled "**Legal and Arbitration Proceedings**" under the section entitled "**THE BANK OF NOVA SCOTIA**" on page 98 of the Prospectus is hereby deleted in its entirety and replaced with the following:

"**Legal and Arbitration Proceedings**

Save as disclosed in the Bank's Annual Information Form dated 29 November 2022 and note 27 (Corporate Income Taxes) on pages 209 to 211 of the Bank's consolidated financial statements for the year ended 31 October 2022 contained in the 2022 Annual Report, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Bank is aware), during the 12 month period preceding the date of this Prospectus which may have, or have had in the recent past, significant effects on the Bank and the Bank's subsidiaries' (taken as a whole) financial position or profitability."

7. Any significant change in the financial performance or financial position of the Bank and its respective subsidiaries or material adverse change in the prospects of the Bank and its subsidiaries

There has been no significant change in the financial performance or financial position of the Bank and its subsidiaries, including the Guarantor, taken as a whole and no material adverse change in the prospects of the Bank and its subsidiaries, including the Guarantor, taken as a whole since 31 October 2022, being the date of the latest audited published consolidated financial statements of the Bank.

8. Address of the Issuer's Executive Office

The address of the Executive Office of the Issuer in the Prospectus, being "Scotia Plaza, 44 King Street West, Toronto, Ontario, Canada M5H 1H1", shall be deleted and replaced with "40 Temperance Street, Toronto, Ontario, Canada M5H 0B4".

9. Address of the Guarantor

The address of the Guarantor in the Prospectus, being "Scotia Plaza, 40 King Street West, 8th Floor, Toronto, Ontario, Canada M5H 1H1", shall be deleted and replaced with "40 Temperance Street, 14th Floor, Toronto, Ontario, Canada M5H 0B4".

10. Address of the Managing GP

The address of the Managing GP in the Prospectus, being "Scotia Plaza, 40 King Street West, 8th Floor, Toronto, Ontario, Canada M5H 1H1", shall be deleted and replaced with "40 Temperance Street, 14th Floor, Toronto, Ontario, Canada M5H 0B4".

The business address of each of the directors of the Managing GP, being "c/o The Bank of Nova Scotia, 40 King Street West, 24th Floor, Toronto, Ontario, Canada M5M 1H1", shall be deleted and replaced with "c/o The Bank of Nova Scotia, 40 Temperance Street, 9th Floor, Toronto, Ontario, Canada M5H 0B4".

11. Address of the Calculation Agent

The address of the Calculation Agent in the Prospectus, being "Scotia Plaza, 44 King Street West, Toronto, Ontario, Canada M5H 1H1", shall be deleted and replaced with "40 Temperance Street, Toronto, Ontario, Canada M5H 0B4".

12. General Information

To the extent that there is any inconsistency between (a) any statement in this First Supplement or any statement incorporated by reference into the Prospectus by way of this First Supplement and (b) any other statement in, or incorporated by reference in, the Prospectus, the statements in (a) above will prevail.

Save as disclosed in this First Supplement, the 2022 AIF, the sections of the 2022 Annual Report or the November 2022 Investor Report incorporated by reference in the Prospectus by virtue of this First Supplement, no significant new factor, material mistake or inaccuracy relating to the information included in the Prospectus which is capable of affecting the assessment of Covered Bonds issued under the Program has arisen or been noted, as the case may be, since the approval by the FCA of the Prospectus.

Copies of this First Supplement, the Prospectus and the documents or information incorporated by reference in this First Supplement and the Prospectus can be obtained on written request and without charge from (i) the principal executive offices of the Bank from the Executive Vice-President and General Counsel, The Bank of Nova Scotia, 40 Temperance Street, Toronto, Ontario M5H 0B4, Canada, Telephone: +1 (416) 866-3672; (ii) may also be viewed free of charge on the website of the Bank at https://www.scotiabank.com/ca/en/about/investors-shareholders/funding-programs/scotiabank-global-registered-covered-bond-program.html; (iii) on the website of the Regulatory News Service operated by the London Stock Exchange plc at https://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html under the name of the Bank; and (iv) will be available free of charge from the specified office of each Paying Agent set out at the end of the Prospectus.