SECOND SUPPLEMENT DATED 14 DECEMBER 2021 TO THE PROSPECTUS DATED 30 JUNE 2021, AS SUPPLEMENTED BY THE FIRST SUPPLEMENT DATED 24 AUGUST 2021

Scotiabank

THE BANK OF NOVA SCOTIA

(a Canadian chartered Bank)

U.S.$20,000,000,000

Euro Medium Term Note Programme

Due from 1 month to 99 years from the date of original issue

The Bank of Nova Scotia (the "**Issuer**" or the "**Bank**") issued a prospectus dated 30 June 2021 (as supplemented by the first supplement to such prospectus dated 24 August 2021) (such prospectus as supplemented, 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 notes to be admitted to trading on the International Securities Market of the London Stock Exchange plc. This second supplement (the "**Second 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 U.S.$20,000,000,000 Euro Medium Term Note Programme established by the Issuer (the "**Programme**"). When used in this Second 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 Second Supplement. This Second Supplement is supplemental to, and shall be read in conjunction with, the Prospectus and any other supplements to the Prospectus issued by the Issuer from time to time.

The Issuer accepts responsibility for the information contained in this Second Supplement. To the best of the knowledge of the Issuer, the information contained in this Second Supplement is in accordance with the facts and this Second Supplement makes no omission likely to affect its import.

1. Purpose of the Second Supplement

The purpose of this Second Supplement is to (a) incorporate by reference the Bank's 2021 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 2021 and 31 October 2020, prepared in accordance with International Financial Reporting Standards ("**IFRS**"); (b) following the release of the Bank's management's discussion and analysis as at and for the years ended 31 October 2021 and 31 October 2020, update the risk factors in the Prospectus; and (c) 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.

2. Documents Incorporated by Reference

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

(i) the Bank's annual information form dated 30 November 2021, excluding all information incorporated therein by reference (the "**2021 AIF**"); and

(ii) the Bank's audited consolidated financial statements as at and for the years ended 31 October 2021 and 31 October 2020, 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 2021 and 31 October 2020, all as set out on pages 14 to 144 and 145 to 242 of the Bank's 2021 Annual Report (the "**2021 Annual Report**"). The remainder of the Bank's 2021 Annual Report is not incorporated in the Prospectus and is either covered elsewhere in the Prospectus or deemed not relevant to investors.

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 69 to 70.

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 Second Supplement, are incorporated in, and form part of the Prospectus for the purposes of Article 8 of the Prospectus Regulation.

The Bank's 2021 AIF is available at the following link:

https://www.scotiabank.com/content/dam/scotiafunds/documents/AIF_2021.pdf

The Bank's 2021 Annual Report is available at the following link:

https://www.scotiabank.com/content/dam/scotiabank/corporate/quarterly-reports/2021/q4/Annual_Report_2021.pdf

To the extent that any document or information incorporated by reference in this Second Supplement itself incorporates any other documents or information by reference therein, either expressly or implicitly, such other documents 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 documents or information are specifically incorporated by reference into or attached to this Second Supplement.

3. Risk Factors in the Prospectus

The section entitled "**A. Issuer Risks.**" under the heading "**RISK FACTORS**" on pages 18 to 29 of the Prospectus is deleted and replaced with the following:

1. 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, a 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, those risks which management considers of primary importance 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. Impact of COVID-19

The COVID-19 virus is a fading risk to the global recovery. With health impacts largely limited to unvaccinated groups, any future waves of the virus should have minor impacts on the economic outlook as governments seem unlikely to reintroduce wide-ranging mobility restrictions in the event additional COVID- 19 waves materialize. In addition, most economies are experiencing solid economic recoveries, with healthy household and corporate balance sheet, and strong employment growth. This should provide an additional layer of protection against the potential consequences of new surges in the virus. There remain, nonetheless ongoing but fading impacts from COVID-19 in economies. Unemployment is well above pre-COVID levels in several countries, and the sectors most heavily affected by COVID since its outset continue to operate well below pre-pandemic levels.

On March 11, 2020, the World Health Organization declared the COVID-19 outbreak a global pandemic. In the early days of the pandemic and absent any medical approaches to slow the spread of the virus, governments around the world implemented a number of measures to curtail the outbreak and slow its progression. These included business closures, travel restrictions, quarantines, and limits on public and private gatherings. Uncertainty about the impact of the virus and our ability to control it led to severe stresses in financial markets. To ease strains in funding markets, central Issuers undertook prompt and large-scale efforts to increase market liquidity. This resulted in sharp cuts in interest rates, quantitative easing programs in some countries, direct lending to businesses, and targeted liquidity injections in various credit product markets. In some countries, regulatory authorities allowed banks to offer deferral programs to customers without requiring them to reclassify affected loans. In addition to these financial measures, fiscal authorities deployed historic amounts of direct support to firms and households including most prominently, wage subsidies for firms and financial assistance to employees affected by the pandemic.

The COVID-19 pandemic has and may continue to result in disruptions to the Issuer's customers and the way in which the Issuer conducts business. This includes the closure of certain branches, increased staff working off premises, and changes to operations due to higher volumes of client request, as well as disruptions to key suppliers of the Issuer's goods and services. If significant portions of the Issuer's workforce, including key personnel, are unable to work effectively because of illness, government actions, or other restrictions in connection with the pandemic, the impact of the pandemic on the Issuer's businesses and operations could be exacerbated.

Refer to the "Impact of Covid-19' section on page 28 of the Issuer's 2021 Annual Report which is incorporated in the Prospectus by reference for further details.

1.1.2. Financial 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 derivatives, foreign exchange, commodities, repurchase/reverse repurchase agreements and securities lending/borrowing. See table entitled "Total credit risk exposures and risk-weighted assets" on page 131 of the Issuer's 2021 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 markets (Canada 69 per cent., United States 7 per cent., Chile 7 per cent., Mexico 5 per cent. and Other 12 per cent.).

As at 31 October 2021, the Issuer's provision for credit losses totalled $1,808 million ($6,084 million for the year ended 31 October 2020). 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.

1.1.3. 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), stressed value at risk (Stressed 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 240 of the Issuer's 2021 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 25 basis points decrease in interest rates across major currencies as defined by the Issuer. Corresponding with the current low interest rate environment, starting in the second quarter of 2020, the net interest income and economic value for a down shock scenario are measured using 25 basis points decline rather than 100 basis points previously, to account for certain rates being floored at zero. 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.

As at October 31 ($ millions)	2021						2020	
	Net interest income			Economic value of equity				
	Canadian dollar	Other currencies	Total	Canadian dollar	Other currencies	Total	Net interest income	Economic value of equity
100 bp increase	**$ 123**	**$ 34**	**$ 157**	**$(557)**	**$(309)**	**$ (866)**	$ 134	$ (510)
25 bp decrease	**$ (38)**	**$ (9)**	**$ (47)**	**$ 96**	**$ 58**	**$ 154**	$ (38)	$ 63

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, 2021 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 $61 million (October 31, 2020 - $66 million) in the absence of hedging activity, primarily from exposure to the US 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 page 30 of the Issuer's 2021 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.

1.1.4. 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. Senior management oversight of liquidity risk is managed through the ALCO committee.

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 2021, unencumbered liquid assets were $246 billion, and $250 billion as at 31 October 2020. 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 2021 was 124 per cent. For additional information on the Issuer's LCR, see table on page 107 of the Issuer's 2021 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.

1.1.5. 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 management and legal risk but excludes strategic risk and reputational risk. It also 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 (TSA) for calculating operational risk capital as per the applicable Basel Standards. As at 31 October 2021, the risk weighted assets of the Issuer amounted to $416.1 billion, $49.2 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.

Cybersecurity and IT risks continue to evolve across the financial industry. The increasing use of online delivery channels and mobile devices to perform financial transactions leave the Issuer vulnerable to operational disruptions due to multiple factors such as: human errors, frauds, infrastructure failures, issues with our business partners, among others. Those events may increase costs or may negatively impact the Issuer's operational environment, our customers and other third parties. The Issuer continues to expand its 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 the cybersecurity and IT risks and constantly updates and refines programs as threats emerge to minimize disruptions and keep systems and information protected. 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. The Issuer has purchased insurance coverage to help mitigate against certain potential losses associated with cyber incidents.

(a) Technology Innovation and disruption

Ongoing technology innovation continues to impact the financial services industry and its customers, and with COVID-19, the pace of digital adoption and business disruption models has accelerated. Regulatory frameworks on Open Issuering are supporting the increased competition within the industry, including from non-traditional new participants, that may challenge the position of financial institutions. With new participants disrupting traditional Issuering operating model, competition for customers in the consumer and business markets in which the Issuer operates is intense. In response to increased consumer demands, the Issuer has embarked on a multi-digital transformation, with the aspiration to be a digital leader in the marketplace. To support this strategy, the Issuer has opened digital factories in Toronto and its key international markets, in Mexico, Peru, Chile and Colombia to contribute to the financial innovation, while continuing to monitor for evolving risks in new technology tools. Competition from non-financial companies could adversely affect the Issuer’s business strategies, financial performance, and reputation.

(b) Third Party Service Providers

As 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, regulatory maturation in third party and outsourcing management is introducing new areas of focus, including cloud technology, fourth parties, and operational resilience. This strengthened control environment adds to the Issuer’s heightened risk management practices to protect the Issuer and its clients from supplier impacts on operations, privacy and reputation. Enhanced monitoring is in place across the enterprise to manage critical suppliers and to detect pandemic-related issues. 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. The Issuer continues to enhance the resources, capabilities and accountabilities of third party risk management areas within the first and second lines of defence.

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 45 to 60 of the Issuer's 2021 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 and its reputation. See Note 23 (Provisions) and Note 27 (Corporate Income Taxes) of the Issuer's 2021 Annual Report for more information on ongoing litigation and investigations. In addition, day-to-day compliance with existing laws and regulations has involved and will continue to involve significant resources, including requiring the Issuer to take actions or incur greater costs than anticipated, which may negatively impact the Issuer's financial performance. Such changes could also adversely impact the Issuer's business strategies or limit its product or service offerings, or enhance the ability of the Issuer's competitors to offer their own products and services that rival those of the Issuer. Regulators have also evidenced an increased focus on risks associated with conduct, privacy, data and model risk, and operational resilience. This focus could lead to more regulatory or other enforcement actions including for practices which may historically have been considered acceptable.

The regulatory bar is constantly rising with regulations being more vigorously enforced and new regulations being enacted. The bar of public expectations is also constantly rising. Regulators and customers expect the Issuer and its employees will operate its business in compliance with applicable laws and will refrain from unethical practices and failure to do so would adversely impact the reputation of the Issuer. For a discussion of the supervision and regulations that the Issuer is subject to in Canada and other key jurisdictions such as the United States, Mexico, Peru, Chile, Colombia and the UK, refer to pages 4 to 8 of the Issuer's Annual Information Form incorporated by reference in the Prospectus.

The Issuer continues to monitor and respond to global regulatory developments relating to a broad spectrum of topics, such that control and business units are responsive on a timely basis and business impacts, if any, are minimized. For additional information on some of the key regulatory developments that have the potential of impacting the Issuer's operations, see "Regulatory Developments" on pages 122 to 124 of the Issuer's 2021 Annual Report, which is incorporated by reference in the Prospectus, as may be updated by quarterly reports.

1.1.8. 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. It 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 including 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.

The nature of financial crime threats faced by the Issuer is also constantly evolving. Pandemic related fraud and customers affected by ransomware attacks are a but a few recent examples. The Issuer's AML Risk program seeks to respond to changing threats in a timely manner, consistent with a risk based approach.

See "Regulatory Developments" on pages 122 to 124 of the Issuer's 2021 Annual Report for more information on changes to Canada's domestic AML legislation. 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.

1.1.9. Reputational Risk

Reputational risk is the risk that negative publicity 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.

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.

Conversely, 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.

The Issuer's reputational risk is managed and controlled throughout the Issuer by the Scotiabank Code of Conduct (Code), governance practices and risk management programs policies, procedures and training. Many relevant checks and balances are outlined in greater detail under other risk management sections, particularly Operational Risk, where reference is made to the Issuer's well-established compliance program. The Issuer's directors, officers, and employees have a responsibility to conduct their activities in accordance with the Code, and in a manner that minimizes reputational risk and safeguards the Issuer's reputational risk and safeguards the Issuer's reputation.

The Issuer has in place a Reputational Risk Committee which considers a broad array of factors when assessing transactions, so that the Issuer meets, and will be seen to meet, high ethical standards. These factors include the extent, and outcome, of legal and regulatory due diligence pertinent to the transaction; the economic intent of the transaction; the effect of the transaction on the transparency of a customer's financial reporting; the need for customer or public disclosure; conflicts of interest; fairness issues; and public perception. The Reputational Risk Committee also holds quarterly meetings to review activities in the quarter, review metrics and discuss any emerging trends or themes. The Reputational Risk Committee may impose conditions on customer transactions, including customer disclosure requirements to promote transparency in financial reporting, so that transactions meet Issuer standards. In the event the Committee recommends not proceeding with a transaction and the sponsor of the transaction wishes to proceed, the transaction is referred to the Risk Policy Committee.

1.1.10. Environmental Risk

Environmental risk refers to the possibility that environmental concerns involving the Issuer or its stakeholders could affect the Issuer's performance. The Issuer considers climate change as a type of - environmental risk. Climate change risk is the risk an entity faces in potential revenue losses, cost increases, liability exposures and/or asset impairment that threaten their viability based on physical and transition risks associated with climate change.

The Issuer is exposed to environmental risks through its physical operations and its lending and investment activities. To safeguard the Issuer and the interests of its stakeholders, the Issuer has an environmental policy. The policy guides day-to-day operations, lending practices, supplier agreements, the management of real estate holdings and external reporting practices. It is supplemented by specific policies and practices relating to individual business lines. Additionally, the Issuer has implemented an environmental risk management framework that describes the key processes in place to identify, assess, measure, monitor and report on its environmental risk exposure.

Environmental risks associated with the business operations of each borrower and any real property offered as security are considered in the Issuer's credit evaluation procedures. This includes an environmental risk assessment where applicable, and commentary on the potential impact of climate change (including physical or transition risk impacts) on the borrower. Global Risk Management has primary responsibility for establishing the related policies, processes and standards associated with mitigating environmental risk in the Issuer's lending activities. Decisions are taken in the context of the risk management framework.

In the area of project finance, the Equator Principles have been integrated into the Issuer's internal processes and procedures since 2006. The Equator Principles help financial institutions determine, assess, manage and report environmental and social risk. The principles apply to project finance loans and advisory assignments where total capital costs exceed US$10 million, and to certain project-related corporate loans, bridge loans, and project-related refinance and project-related acquisition finance loans. The Equator Principles provide safeguards for sensitive projects to ensure protection of natural habitats and the rights of indigenous peoples, as well as safeguards against the use of child and forced labour. The Issuer has adopted the fourth version of Equator Principles (EP4), which came into effect on October 1, 2020

The Issuer's environmental policy plays play a prominent role in guiding the reduction of the Issuer's environmental footprint. In addition, a variety of reduction measures are in place for energy, paper and waste in the Issuer's corporate offices and branch networks. The failure to adequately implement environmental policy and legislative requirements may have a negative impact on the Issuer's reputation, financial performance and condition.

To continue operations in an environmentally responsible manner, the Issuer monitors policy and legislative requirements through ongoing dialogue with government, industry and stakeholders in countries where it operates. The Issuer has been meeting with environmental organizations, industry associations and socially responsible investment organizations with respect to the role that Issuers can play to help address issues such as climate change, protection of biodiversity, promotion of sustainable forestry practices, implementing the recommendations of the Task Force on Climate-related Financial Disclosure, and other environmental issues important to its customers and communities where it operates. The Issuer has an ongoing process of reviewing its practices in these areas.

Environmental Reporting

The Issuer is a signatory to and participant in key global initiatives that advance transparency and disclosures in sustainability. The Issuer's annual Environmental, Social and Governance (ESG) Report reflects several global sustainability disclosure standards, frameworks, and initiatives including, but not limited to: the Task Force on Climate-related Financial Disclosures (TCFD), CDP (formerly Carbon Disclosure Project), the Partnership for Carbon Accounting Financials (PCAF), the Sustainability Accounting Standards Board (SASB), the Global Reporting Initiative (GRI), the UN Global Compact (UNGC), and the Sustainable Development Goals (SDGs). ESG reporting indices for disclosures are found with the ESG Report on Scotiabank's website under Responsibility & Social Impact, ESG Publications and Policies.

In 2018, Scotiabank announced its support of the Financial Stability Board Task Force on Climate-related Financial Disclosures. The implementation of the recommendations across Scotiabank is a multi-year journey.

The Environmental & Social Risk Committee (ESRC) provides effective oversight and challenge of the Issuer's management of environmental and social risks. Its responsibilities include monitoring of the environmental risk profile, recommending approval of relevant environmental risk frameworks, policies, risk appetite statements and limits. Climate change has the potential to impact the Issuer's retail and business Issuering profitability through credit losses. Severe weather can damage Issuer properties and disrupt operations. Emerging policy/regulatory actions on climate can elevate the Issuer's reputational, legal and regulatory compliance risks. Efforts to address climate change will require significant mobilization of capital from public and private sources worldwide.

The Issuer has been reporting climate change related risks according to the recommendations of the G7 mandated Taskforce for Climate Related Financial Disclosures (TCFD) since 2018. Since November 2019 a climate change risk assessment became a mandatory part of annual due diligence for all business Issuering loans. Climate change risks are integrated into annual Industry Reviews which guide credit allocations.

The Issuer considers environmental risk (including climate change risks) as a principal risk type. Climate change risk is a component of environmental risk. Climate change risk refers to the possibility that climate change issues associated with Scotiabank or its customers could negatively affect the Issuer's performance by giving rise to or heighten credit, reputational, operational or legal risk. Climate change risks could be in the form of physical or transition risk. Examples of physical risk considerations include severe weather (e.g. floods, hurricanes, extreme cold or heat). Examples of transition risk considerations include policy/regulatory actions such as subsidies, taxes or increased fuel costs, as well as changing market conditions.

The Issuer utilizes a comprehensive environmental risk management process where the identification, assessment and management of climate change risk is done through due diligence as part of the overall existing environmental risk assessment and credit adjudication processes.

The Issuer sets, monitors and reports on climate change related performance and targets annually in the Issuer's Environmental, Social and Governance (ESG) Report. As part of Issuer's Climate Commitments, the Issuer is tracking the initiatives that underlie its commitment as part of the metrics and targets it has adopted pursuant to these Commitments.

1.1.11 Environmental, Social and Governance

Environmental, Social and Governance (ESG) risk has the potential to impact the Issuer in several ways. Emerging policy/regulatory action on ESG can elevate the Issuer's reputational, legal and regulatory compliance risks. Environmental risk, specifically climate change can impact the Issuer's profitability through credit losses. Severe weather can damage the Issuer properties and disrupt operations. However, climate change also creates new opportunities to invest in sustainable finance initiatives. For further details please refer to the Environmental Risk section above. Social and governance risk has the potential to elevate the Issuer's reputational risk in the event that the Issuer fails to meet increasing expectations to address social and environmental challenges and demonstrate exemplary governance. The Issuer's commitment to manage its business responsibly, ethically, consider ESG attributes and operate in compliance with laws and regulations is reflected in several key policies and commitments.

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. 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. Business strategy is the major driver of the Issuer's risk appetite and consequently the strategic choices the Issuer makes in terms of business mix determine how the Issuer's risk profile changes. For more information on the Issuer's strategic goals in each of its business segments, see pages 45 to 59, of the Issuer's 2021 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 37 (Acquisitions and divestitures) of the Issuer's 2021 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.

1.1.12. 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 risk is inherent to the Issuer's business, and when issues arise affecting the Issuer's critical data, this can have significant negative strategic, business, financial, regulatory and/or reputational consequences. The Issuer continues to evolve its data risk appetite statement, risk culture and expected ethical behaviours, with regards to data. A key area of focus is the ongoing implementation of data management and data-related risk management requirements.

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.

1.1.13. 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 Issuer's Model Risk Management Policy (MRMP) describes the overarching principles, policies, and procedures that provide the framework for managing model risk in a sound and prudent manner. 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 market 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.

1.2. 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 risk

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.

For discussion on the Issuer's economic outlook in Canada and countries in which the Issuer operates in, such as economic impact of COVID-19 and economic activity, see "Economic Summary and Outlook" on page 28 of the Issuer's 2021 Annual Report incorporated by reference in this Prospectus, as may be updated by future quarterly reports.

Although it is difficult to predict where new geopolitical disruption will occur or economic consequences of trade-related events, the Issuer's stress testing program assists in evaluating the potential impact of severe conditions, whether caused by geopolitical or other circumstances. Management's strong understanding of the local political landscapes and macroeconomic environments in which the Issuer operates, combined with the Issuer's business model and diversified geographic footprint, serve as ongoing mitigants to this risk.

1.2.2. Macroeconomic uncertainty

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

The monetary policies of the Issuer 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 2021, residential mortgages and consumer loans accounted for $424 billion or 64 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 Estimates" on pages 118 to 122 of the Issuer's 2021 Annual Report, incorporated by reference in the Prospectus, as updated from time to time by quarterly reports, 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.

4. 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 taken as a whole and no material adverse change in the prospects of the Bank and its subsidiaries taken as a whole since 31 October 2021, being the date of the latest audited published consolidated financial statements of the Bank.

5. General Information

To the extent that there is any inconsistency between (a) any statement in this Second Supplement or any statement incorporated by reference into the Prospectus by way of this Second 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 Second Supplement, the 2021 AIF or the sections of the 2021 Annual Report incorporated by reference in the Prospectus by virtue of this Second 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 Notes issued under the Programme has arisen or been noted, as the case may be, since the approval by the FCA of the first supplement to the Prospectus dated 24 August 2021.

Copies of this Second Supplement, the Prospectus and the documents or information incorporated by reference in this Second 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, Scotia Plaza, 44 King Street West, Toronto, Ontario M5H 1H1, Canada, Telephone: +1 (416) 866-3672; and (ii) from the offices of the Principal Paying Agent, Registrar, Calculation Agent and Transfer Agent, The Bank of Nova Scotia, London Branch, 201 Bishopsgate, 6th Floor, London EC2M 3NS, United Kingdom; Telephone: +44 (0)20 7638 5644 and may also be viewed free of charge on the website of the Issuer at https://www.scotiabank.com/ca/en/about/investors-shareholders/funding-programs/euro-medium-term-notes.html and 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 Issuer.