

---



---

**The Bank of Nova Scotia**  
**Extendible Step-Up Notes (Bail-inable Notes)**  
*Final Term Sheet*

---



---

|  |  |
|--|--|
| <b>Issuer:</b>                         | <b>The Bank of Nova Scotia</b> (the “Bank”)  |
| <b>Issue:</b>                          | <p><b>Extendible Step-Up Notes</b>, extendible semi-annually at the Issuer’s option starting December 21, 2019 to a maximum term of 10 years (the “Notes”).</p> <p>The Notes will be direct senior unsecured and unsubordinated liabilities of the Bank ranking <i>pari passu</i> with all other senior unsecured and unsubordinated debt of the Bank.</p>   |
| <b>Issue Price:</b>                    | C\$100.00 per Note.  |
| <b>Minimum Subscription:</b>           | C\$1,000.00 and integral multiples thereof.  |
| <b>Principal Amount:</b>               | C\$4,134,000   |
| <b>Senior debt<sup>1</sup> rating:</b> | <p><b>DBRS: AA (low) Moody’s: A2 S&amp;P: A-</b></p> <p>The Notes have not been specifically rated by any credit rating organization and there is no assurance that if the Notes were specifically rated by these rating agencies that they would have the same rating as the Bank’s senior unsecured and unsubordinated obligations with a term to maturity of one year or more. A rating is not a recommendation to buy, sell or hold investments, and may be subject to revision or withdrawal at any time by the relevant rating agency.</p>   |
| <b>Trade Date:</b>                     | December 13, 2018  |
| <b>Settlement Date:</b>                | December 21, 2018  |
| <b>Maturity Date:</b>                  | The Initial Maturity Date, subject to extension by the Issuer to an Extended Maturity Date or the Final Maturity Date, as the case may be, pursuant to the section entitled “Extension Feature” below.   |
| <b>Initial Maturity Date:</b>          | <p>December 21, 2019. The Notes are extendible at the option of the Bank on December 21, 2019 and every 6 months thereafter to the next following Extended Maturity Date or the Final Maturity Date, as applicable, at the Coupon Rate set out below in respect of the relevant extension period, but in no event beyond the Final Maturity Date. If the applicable maturity of the Notes is not a Business Day, the Principal Amount shall be paid on the next Business Day, without adjustment for period end dates.</p> <p>The Bank will be deemed to have exercised its option to extend the then applicable maturity date of the Notes to the next following extended</p> |

---

<sup>1</sup> Subject to conversion under the bank recapitalization “bail-in” regime

maturity date unless it provides notice in writing to CDS, not less than fifteen Business Days prior to the then applicable maturity date of the Notes, of its intention to redeem the Notes and not to extend the maturity date of the Notes. **There is no certainty as to the term to maturity of the Notes after December 21, 2019 because the extension feature embedded in the Notes will be dependent on future interest rates and market volatility. If extended to the Final Maturity Date the term of the Notes will be approximately 10 years.**

**Extended Maturity Dates:** June 21, 2020  
 December 21, 2020  
 June 21, 2021  
 December 21, 2021  
 June 21, 2022  
 December 21, 2022  
 June 21, 2023  
 December 21, 2023  
 June 21, 2024  
 December 21, 2024  
 June 21, 2025  
 December 21, 2025  
 June 21, 2026  
 December 21, 2026  
 June 21, 2027  
 December 21, 2027  
 June 21, 2028

**Final Maturity Date:** December 21, 2028

**Selling Agents Commission:** C\$1.00 per Note.

**Coupon Rate and Coupon Periods:**

Subject to the extension feature described above, the Coupon Rate will be payable semi-annually until the Initial Maturity Date and if extended, the applicable Extension Maturity Date on each Interest Payment Date at the following Coupon Rates per annum:

| <b>Initial Maturity:</b>                             | <b>Coupon</b> |
|--|---------------|
| December 21, 2018 to but excluding December 21, 2019 | 3.30%         |
| <b>Extension Periods:</b>                            | <b>Coupon</b> |
| December 21, 2019 to but excluding December 21, 2020 | 3.30%         |
| December 21, 2020 to but excluding December 21, 2021 | 3.50%         |
| December 21, 2021 to but excluding December 21, 2022 | 3.50%         |
| December 21, 2022 to but excluding December 21, 2023 | 4.00%         |
| December 21, 2023 to but excluding December 21, 2024 | 4.00%         |
| December 21, 2024 to but excluding December 21, 2025 | 4.50%         |
| December 21, 2025 to but excluding December 21, 2026 | 4.50%         |
| December 21, 2026 to but excluding December 21, 2027 | 5.50%         |
| December 21, 2027 to but excluding December 21, 2028 | 5.50%         |

**The Coupon Rate is payable semi-annually in arrears on December 21 and June 21 of each year in which the Notes are outstanding, commencing on June 21, 2019.** If the Payment Date is not a Business Day, interest shall be paid on the next Business Day, without adjustment for period end dates and no additional interest shall be paid thereon.

The Notes accrue interest based on the Day Count Fraction with equal payments without adjustment for period end dates.

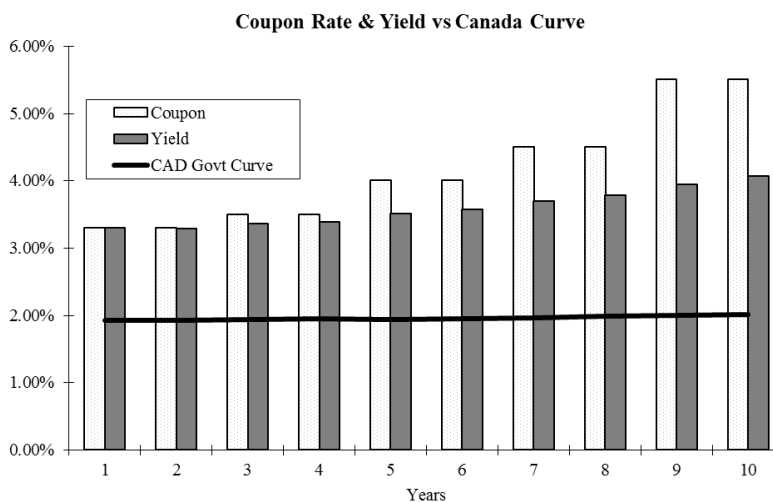
**Yield to Noteholder:**

To Initial Maturity Date (if not extended) **3.30%** per annum on a semi-annual basis, approximately **132 basis points** over the 1 year Government of Canada benchmark bond maturing December 12, 2019.

To Final Maturity Date (if extended) **4.07%** per annum on a semi-annual basis, approximately **197 basis points** over the 10 year Government of Canada benchmark bond maturing June 1, 2028.

To all Maturity Dates (semi-annual compounding):

| <b>Term(yrs)</b> | <b>Date</b>       | <b>Yield(s/a)</b> | <b>Spread vs CAD Gov</b> |
|------------------|-------------------|-------------------|--------------------------|
| 1                | December 21, 2019 | 3.30%             | 132 bps                  |
| 1.5              | June 21, 2020     | 3.30%             |                          |
| 2                | December 21, 2020 | 3.30%             | 128 bps                  |
| 2.5              | June 21, 2021     | 3.34%             |                          |
| 3                | December 21, 2021 | 3.36%             | 133 bps                  |
| 3.5              | June 21, 2022     | 3.38%             |                          |
| 4                | December 21, 2022 | 3.39%             | 135 bps                  |
| 4.5              | June 21, 2023     | 3.46%             |                          |
| 5                | December 21, 2023 | 3.51%             | 147 bps                  |
| 5.5              | June 21, 2024     | 3.55%             |                          |
| 6                | December 21, 2024 | 3.58%             | 153 bps                  |
| 6.5              | June 21, 2025     | 3.64%             |                          |
| 7                | December 21, 2025 | 3.70%             | 163 bps                  |
| 7.5              | June 21, 2026     | 3.74%             |                          |
| 8                | December 21, 2026 | 3.78%             | 171 bps                  |
| 8.5              | June 21, 2027     | 3.87%             |                          |
| 9                | December 21, 2027 | 3.94%             | 186 bps                  |
| 9.5              | June 21, 2028     | 4.01%             |                          |
| 10               | December 21, 2028 | 4.07%             | 197 bps                  |



**Day Count Fraction:** The Day Count Fraction for a Calculation Period is defined as the 30 days in that period divided by 360.

**Business Day:** Days (other than a Saturday or Sunday) on which commercial banks are open for business in Toronto, Ontario, Canada.

**Optional Redemption:** N/A

**Form and Denomination:** Book entry only through participants in CDS.

**Book Entry Only System:** The Notes will be issued by way of a single global certificate registered in the name of a nominee of CDS and deposited with CDS. Registration of interests in and transfers of the Notes will be made only through the Book Entry Only (BEO) system of CDS. The Notes must be purchased either directly or indirectly through a participant in the CDS BEO system. No holder will be entitled to any Note or other instrument from the Bank or CDS evidencing the ownership thereof, and no holder will be shown on the records maintained by CDS except through an agent who is a participant of CDS.

**CDIC:** The Notes do not constitute deposits that are insured under the *Canada Deposit Insurance Corporation Act* (the “*CDIC Act*”) or under any other deposit insurance regime.

**Bail-in Status:** The Notes are bail-inable notes subject to conversion in whole or in part – by means of a transaction or series of transactions and in one or more steps – into common shares of the Bank or any of its affiliates under subsection 39.2(2.3) of the *CDIC Act* and to variation or extinguishment in consequence, and subject to the application of the laws of the Province of Ontario and the federal laws of Canada applicable therein in respect of the operation of the *CDIC Act* with respect to the Notes. For a description of Canadian bank resolution powers and the consequent risk factors attaching to the Notes reference is made to “Canadian Bank Resolution Powers including Bail-in” at

<http://www.scotiabank.com/ca/en/about/investors-shareholders/regulatory-disclosures.html>

which information is hereby incorporated by reference.

|                                 |   |
|---------------------------------|---|
| <b>Subsequent Holders:</b>      | Each holder or beneficial owner of a Note that acquires an interest in the Note in the secondary market and any successors, assigns, heirs, executors, administrators, trustees in bankruptcy and legal representatives of any such holder or beneficial owner shall be deemed to acknowledge, accept, agree to be bound by and consent to the same provisions specified in the Note to the same extent as the holders or beneficial owners that acquire an interest in the Note upon its initial issuance, including, without limitation, with respect to the acknowledgement and agreement to be bound by and consent to the terms of the Note related to the bail-in regime. |
| <b>ISIN / CUSIP:</b>            | CA06415EKY00/06415EKY0  |
| <b>Set-Off:</b>                 | The holders and beneficial owners of the Notes will not be entitled to exercise, or direct the exercise of, any set-off or netting rights with respect to the Notes.  |
| <b>Governing Law:</b>           | Ontario and the federal laws of Canada applicable therein.  |
| <b>Attornment:</b>              | Courts of the Province of Ontario.  |
| <b>Agent:</b>                   | Scotia Capital Inc. (“SCI”)   |
| <b>Calculation Agent:</b>       | SCI   |
| <b>Secondary Market:</b>        | SCI will endeavor to maintain a secondary market for the Notes, but reserves the right not to do so in its sole and absolute discretion, without providing notice to noteholders. The secondary market price of the Notes will be dependent on a number of factors, in particular prevailing interest rates and the extension feature. A holder who sells a Note prior to the Initial Maturity Date may receive sale proceeds that are less than the Principal Amount.  |
| <b>US Selling Restrictions:</b> | The Notes have not been and will not be registered under the United States Securities Act of 1933 (the “1933 Act”) and should not be offered or sold within the United States. SCI agrees that neither it, nor its affiliates(s), nor any persons acting on its behalf have engaged or will engage in any directed selling efforts (within the meaning of Regulation S of the 1933 Act) in the United States with respect to the Notes.   |
| <b>EU Selling Restrictions:</b> | No prospectus (as defined in Directive 2003/71/EC (as amended, the “Prospectus Directive”)) will be prepared in connection with the Notes. Accordingly, the Notes may not be offered to the public in any member state of the European Economic Area (the “EEA”), and any purchaser of the Notes who subsequently sells any of the Notes in any EEA member state must do so only in accordance with the requirements of the Prospectus Directive, as implemented in that member state.  |

**Additional Information to Investors about the Notes:**

Investors in the Notes should be aware that they are subject to certain risk factors. Potential investors in the Notes are urged to consult his or her own legal, accounting and tax advisors in order to determine the consequences of an investment in the Notes and to make an independent evaluation of such investment. Specific risk factors include, but are not limited to:

**Non-Standard Investments:** The Notes have certain investment characteristics that differ from traditional fixed income securities. Specifically, the performance of the Notes will not track the same price movements as traditional interest rate products. An investor should reach a decision to invest in the Notes after carefully considering, with his or her advisors, the suitability of the Notes in light of his or her investment objectives and the information set out in the above terms of the offering. Neither the Bank nor SCI makes any recommendation as to whether the Notes are a suitable investment for any person.

**The Extension Feature:** The Extension Feature of the Notes is unique. As a result of the Extension Feature of the Notes, the price movement of the Notes will be quite different from that of other notes, bonds, and similar debt instruments with the same credit risk and term to maturity. For example, if prevailing interest rates fall, the market price of the Notes may be limited to the price applicable to the then-existing Maturity Date. Investors are compensated for the uncertainty caused by the Extension Feature of the Notes by receiving a higher yield compared to other debt instruments with a similar credit risk and term to maturity.

*The Bank is less likely to exercise its right to extend the Maturity Date of the Notes during periods of relatively low interest rates, or otherwise where it determines that its borrowing cost under the Note is, or might be, higher than from other available sources. The decision to extend (or not to extend) the Note will be made solely by the Bank and may occur at a point in time that is not advantageous to investors.*

**Suitability:** An investment in the Notes may not be suitable for all investors. An investor should reach a decision to invest in the Notes after carefully considering the suitability of the Notes and his or her investment objectives. Neither the Bank nor SCI makes any recommendation as to the suitability of the Notes for an investor's investment purposes. Investors should consult with their investment advisor before making a decision regarding an investment in Notes.

**Potential Conflicts of Interest:**

The Bank and its affiliates may engage in activities and perform functions that could adversely impact the value of the Notes, the ability of the holder to resell their Notes or the amount or timing of receipt of payments under the Notes. Consequently, potential conflicts between the interests of holders and the Bank's interests may arise.