

# INVESTOR PRESENTATION

**SECOND QUARTER 2019**

May 28, 2019



# CAUTION REGARDING FORWARD-LOOKING STATEMENTS

From time to time, our public communications often include oral or written forward-looking statements. Statements of this type are included in this document, and may be included in other filings with Canadian securities regulators or the U.S. Securities and Exchange Commission, or in other communications. In addition, representatives of the Bank may include forward-looking statements orally to analysts, investors, the media and others. All such statements are made pursuant to the “safe harbor” provisions of the U.S. Private Securities Litigation Reform Act of 1995 and any applicable Canadian securities legislation. Forward-looking statements may include, but are not limited to, statements made in this document, the Management’s Discussion and Analysis in the Bank’s 2018 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,” “project,” and similar expressions of future or conditional verbs, such as “will,” “may,” “should,” “would” and “could.”

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

We caution readers not to place undue reliance on these statements as a number of risk factors, many of which are beyond our control and effects of which can be difficult to predict, could cause our 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 we operate; 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 our credit ratings; 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; our ability to execute our 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 we operate, including through internet and mobile banking and non-traditional competitors; exposure related to significant litigation and regulatory matters; the occurrence of natural and unnatural catastrophic events and claims resulting from such events; 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 2018 Annual Report, as may be updated by quarterly reports.

Material economic assumptions underlying the forward-looking statements contained in this document are set out in the 2018 Annual Report under the headings “Outlook”, as updated by quarterly reports. The “Outlook” sections are based on the Bank’s views and the actual outcome is uncertain. Readers should consider the above-noted factors when reviewing these sections. 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. Any 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 does not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time by or on its behalf.

Additional information relating to the Bank, including the Bank’s Annual Information Form, can be located on the SEDAR website at [www.sedar.com](http://www.sedar.com) and on the EDGAR section of the SEC’s website at [www.sec.gov](http://www.sec.gov).

# SCOTIABANK OVERVIEW

**Brian Porter**

President & Chief Executive Officer

# Q2 2019 OVERVIEW

- **Solid operating performance**

- Net income of \$2.3 billion (adjusted<sup>1</sup> net income of \$2.3 billion)
- Diluted EPS of \$1.73 (adjusted<sup>1</sup> diluted EPS of \$1.70)
- ROE of 13.8% (adjusted<sup>1</sup> ROE of 13.6%)
- Strong asset and deposit growth across all business segments
- Good expense management and productivity ratio improvement

- **Strong performance in International Banking**

- **Capital position remains strong**

- CET1 ratio of 11.1%
- Pro-forma increase of 20 bps from announced divestitures

<sup>1</sup> Figures adjusted for Acquisition and divestiture-related amounts, including Day 1 PCLs, integration and amortization costs related to current acquisitions, amortization of intangibles related to current and past acquisitions and net gain on divestitures

# FINANCIAL REVIEW

**Raj Viswanathan**  
Chief Financial Officer

# INTEGRATION UPDATE – MATERIAL ACQUISITIONS

On track to exceed ~\$0.15 adjusted diluted EPS accretion in 2020

- Customer retention rates continue to be very high and key integration metrics are strong
- Realization of synergies are on track and as expected

## BBVA Chile

- Increase in combined market share for loans year-over-year (~+20 bps)
- Successfully migrated BBVA credit card portfolio in Q2/19
- Integration execution on track and expected to be completed by Q4/19

## Wealth Management Acquisitions (MD Financial, JFL)

- Positive AUM/AUA growth in Q2/19 and since acquisition
- MD surpassed \$50B in assets for the first time in its history
- Customer retention rates are higher quarter-over-quarter and above pre-acquisition levels
- Acquisition-related synergies are on track
- Scotia Private Banking now co-located in all major MD offices

# Q2 2019 FINANCIAL PERFORMANCE

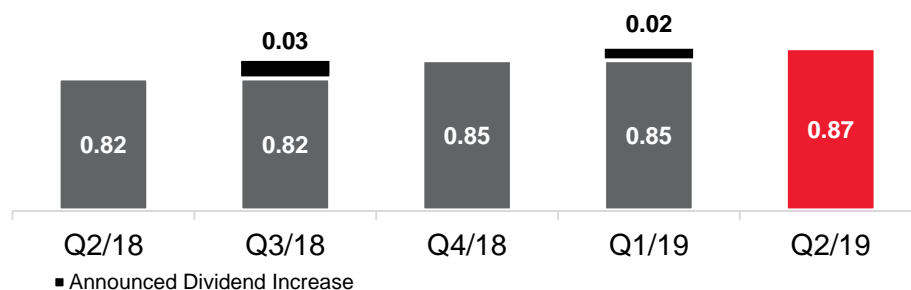
Strong revenue and balance sheet growth

| \$MM, except EPS                         | Q2/19   | Y/Y      | Q/Q      |
|--|---------|----------|----------|
| <b>Reported</b>                          |         |          |          |
| Net Income                               | \$2,259 | +4%      | +1%      |
| Diluted EPS                              | \$1.73  | +2%      | +1%      |
| Revenue                                  | \$7,803 | +11%     | +3%      |
| Expenses                                 | \$4,046 | +9%      | (3%)     |
| Productivity Ratio                       | 51.8%   | (100bps) | (310bps) |
| Core Banking Margin                      | 2.45%   | (2bps)   | -        |
| PCL Ratio <sup>1</sup>                   | 61bps   | +19bps   | +14bps   |
| PCL Ratio on Impaired Loans <sup>1</sup> | 49bps   | +3bps    | +2bps    |
| <b>Adjusted<sup>2</sup></b>              |         |          |          |
| Net Income                               | \$2,263 | +3%      | (1%)     |
| Diluted EPS                              | \$1.70  | (1%)     | (3%)     |
| Revenue                                  | \$7,630 | +8%      | -        |
| Expenses                                 | \$3,993 | +8%      | (3%)     |
| Productivity Ratio                       | 52.3%   | (20bps)  | (180bps) |
| PCL Ratio <sup>1</sup>                   | 51bps   | +9bps    | +4bps    |

## YEAR-OVER-YEAR HIGHLIGHTS

- **Adjusted Net Income up 3%<sup>2</sup>**
- **Revenue up 8%<sup>2</sup>**
  - Mostly relating to acquisitions
  - Net interest income up 6%
  - Non-interest income up 11%
- **Expenses up 8%<sup>2</sup>**
  - Mostly driven by acquisitions
  - Excluding acquisitions and the impact of IFRS15, expenses were up 1% Y/Y
  - Expenses were down 3% Q/Q
- **PCL ratio on impaired loans<sup>1</sup> up 3 bps**
  - In-line with 30-year historical average

## DIVIDENDS PER COMMON SHARE

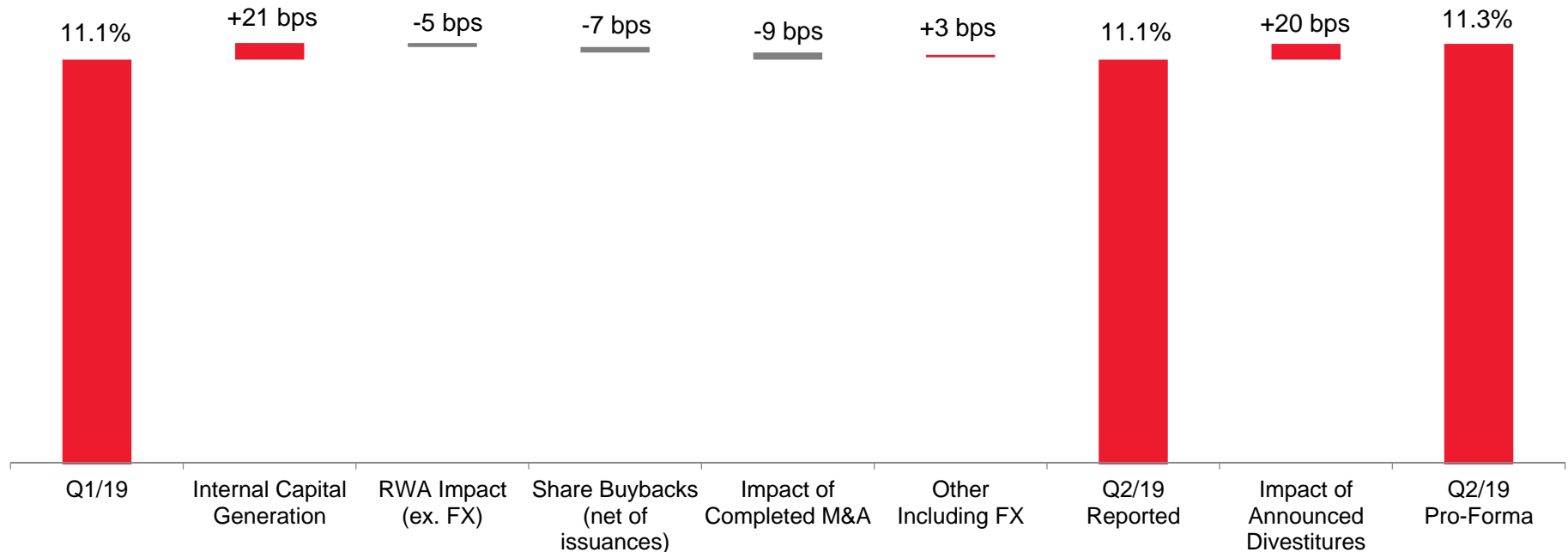


<sup>1</sup> Provision for credit losses on certain assets – loans, acceptances and off-balance sheet exposures

<sup>2</sup> Adjusted for Acquisition and divestiture-related amounts, including Day 1 PCLs, integration and amortization costs related to current acquisitions, amortization of intangibles related to current and past acquisitions and net gain on divestitures

# CAPITAL POSITION REMAINS STRONG

Pro-forma capital ratio 11.3%



- **Strong internal capital generation of 21 basis points**
- **Repurchased 4 million common shares in Q2/19, 7.25 million shares 2019 YTD**
- **9 bps reduction from the impact from acquisitions and divestitures closed in Q2/19**
- **20 bps increase pro-forma from announced divestitures**
- **Q2/19 pro-forma CET 1 ratio of 11.3% excludes additional 25 bps on potential reduced investment in Thanachart Bank**



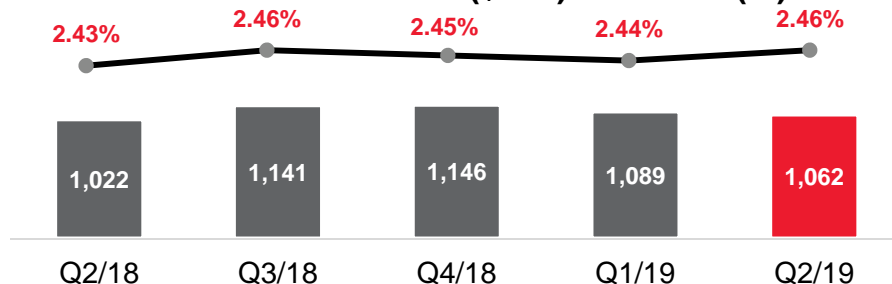
# CANADIAN BANKING

Strong deposit growth, higher NIM and good expense management

## FINANCIAL PERFORMANCE AND METRICS (\$MM)<sup>1</sup>

|  | Q2/19   | Y/Y     | Q/Q   |
|--|---------|---------|-------|
| <b>Reported</b>                          |         |         |       |
| Revenue                                  | \$3,380 | +5%     | (1%)  |
| Expenses                                 | \$1,711 | +4%     | (1%)  |
| PCLs                                     | \$252   | +23%    | +8%   |
| Net Income                               | \$1,048 | +3%     | (2%)  |
| Productivity Ratio                       | 50.6%   | (20bps) | -     |
| Net Interest Margin                      | 2.46%   | +3bps   | +2bps |
| PCL Ratio <sup>2</sup>                   | 0.30%   | +5bps   | +3bps |
| PCL Ratio on Impaired Loans <sup>2</sup> | 0.28%   | +3bps   | +1bp  |
| <b>Adjusted<sup>3</sup></b>              |         |         |       |
| Expenses                                 | \$1,691 | +3%     | (1%)  |
| Net Income                               | \$1,062 | +4%     | (2%)  |
| Productivity Ratio                       | 50.0%   | (60bps) | -     |

## ADJUSTED NET INCOME<sup>1,3</sup> (\$MM) AND NIM (%)



## YEAR-OVER-YEAR HIGHLIGHTS

- **Adjusted Net Income up 4%<sup>3</sup>**
  - Margin expansion
  - Lower real estate gains and last year's benefit from alignment of insurance reporting reduced net income growth by 4%
  - Higher PCLs primarily from unsecured lending and auto loans and impact of less favourable forward looking macro-economic inputs
- **Revenue up 5%**
  - Net interest income up 4%
- **Loan growth of 3%**
  - Residential mortgages up 2%; credit cards up 6%
  - Business loans up 9%
- **Deposit growth of 11%**
  - Personal up 8%; Non-Personal up 15%
- **NIM up 3 bps**
  - Primarily driven by deposit growth
- **Expenses up 3%<sup>3</sup>**
  - Investments in technology and regulatory initiatives
  - Excluding M&A and IFRS15, expenses were flat
- **Quarterly operating leverage of +1.1%<sup>3</sup>**
- **PCL ratio<sup>2</sup> up 5 bps to 30 bps**

<sup>1</sup> Attributable to equity holders of the Bank

<sup>2</sup> Provision for credit losses on certain assets – loans, acceptances and off-balance sheet exposures

<sup>3</sup> Adjusted for Acquisition-related costs, including integration and amortization costs related to current acquisitions, and amortization of intangibles related to current and past acquisitions

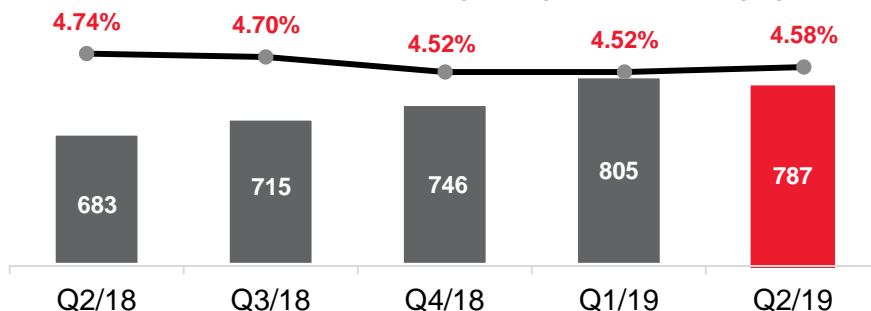
# INTERNATIONAL BANKING

Strong performance across the Pacific Alliance

## FINANCIAL PERFORMANCE AND METRICS (\$MM)<sup>1, 2</sup>

|  | Q2/19   | Y/Y      | Q/Q      |
|--|---------|----------|----------|
| <b>Reported</b>                          |         |          |          |
| Revenue                                  | \$3,356 | +22%     | (1%)     |
| Expenses                                 | \$1,710 | +19%     | (3%)     |
| PCLs                                     | \$628   | +87%     | 31%      |
| Net Income                               | \$700   | +2%      | (13%)    |
| Productivity Ratio                       | 51.0%   | (150bps) | (130bps) |
| Net Interest Margin                      | 4.58%   | (16bps)  | +6bps    |
| PCL Ratio <sup>3</sup>                   | 1.71%   | +49bps   | +43bps   |
| PCL Ratio on Impaired Loans <sup>3</sup> | 1.29%   | (9bps)   | +6bps    |
| <b>Adjusted<sup>5</sup></b>              |         |          |          |
| Expenses                                 | \$1,677 | +18%     | (3%)     |
| PCLs                                     | \$477   | +42%     | 0%       |
| Net Income                               | \$787   | +14%     | (5%)     |
| Productivity Ratio                       | 50.0%   | (210bps) | (110bps) |
| PCL Ratio <sup>3</sup>                   | 1.30%   | +8bps    | +2bps    |

## ADJUSTED NET INCOME<sup>1,5</sup> (\$MM) AND NIM<sup>4</sup> (%)



<sup>1</sup> Attributable to equity holders of the Bank

<sup>2</sup> Y/Y and Q/Q growth rates (%) are on a constant dollars basis, while metrics and change in bps are on a reported basis

<sup>3</sup> Provision for credit losses on certain assets – loans, acceptances and off-balance sheet exposures

<sup>4</sup> Net Interest Margin is on a reported basis

<sup>5</sup> Adjusted for Acquisition-related costs, including Day 1 PCL impact on acquired performing loans, integration and amortization costs related to current acquisitions, and amortization of intangibles related to current and past acquisitions

## YEAR-OVER-YEAR HIGHLIGHTS<sup>2</sup>

- **Adjusted Net Income up 14%<sup>5</sup>**
  - Strong loan growth across the Pacific Alliance
- **Revenues up 22%**
  - Pacific Alliance up 28%, includes impact of acquisitions
- **Loans up 29%**
  - Pacific Alliance up 42% includes impact of Chile, Colombia and Peru acquisitions
- **NIM down 16 bps**
  - Primarily driven by the business mix impact of acquisitions (BBVA Chile)
  - NIM up 6 bps Q/Q
- **Expenses up 18%<sup>5</sup>**
  - Includes impact of acquisitions
  - Business volume growth and inflation
  - Productivity ratio improvement of 210 bps<sup>5</sup>
- **Quarterly operating leverage of +5.0%<sup>5</sup>**
- **PCL ratio on impaired loans<sup>3</sup> improved 9 bps**
- **Strong growth in digital sales**

# GLOBAL BANKING AND MARKETS

Recovery versus Q1 from higher revenue and better expense management

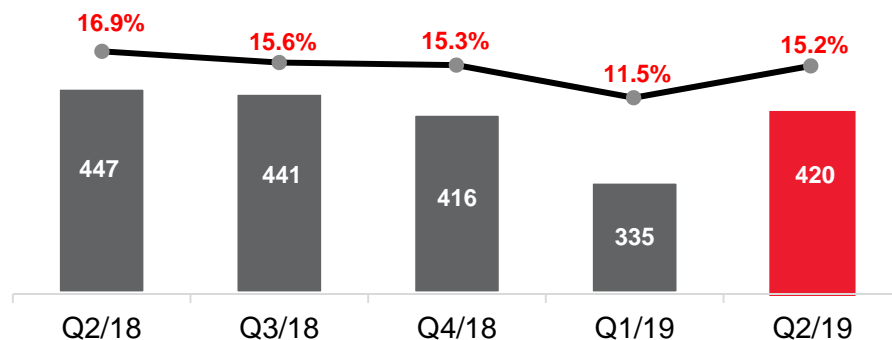
## FINANCIAL PERFORMANCE AND METRICS<sup>1</sup> (\$MM)

|  | Q2/19   | Y/Y     | Q/Q      |
|--|---------|---------|----------|
| Revenue                                  | \$1,151 | -       | +7%      |
| Expenses                                 | \$594   | +5%     | (8%)     |
| PCLs                                     | (\$6)   | N/A     | N/A      |
| Net Income                               | \$420   | (6%)    | +25%     |
| Productivity Ratio                       | 51.6%   | +270bps | (840bps) |
| Net Interest Margin                      | 1.70%   | (10bps) | (10bps)  |
| PCL Ratio <sup>2</sup>                   | (0.02%) | +3bps   | +5bps    |
| PCL Ratio on Impaired Loans <sup>2</sup> | (0.02%) | (4bps)  | (1bp)    |

## YEAR-OVER-YEAR HIGHLIGHTS

- **Reported Net Income down 6% Y/Y, up 25% Q/Q**
- **Revenue flat**
  - Net interest income down 3% due to lower deposit margins partly offset by higher loan volumes
  - Non-Interest income up 1% from higher fixed income trading, underwriting and credit fees, partly offset by lower equity trading revenues
- **NIM down 10 bps**
  - Mainly driven by lower deposit margins
- **Loans up 16%**
  - Strong corporate growth across the U.S. and Canada
- **Expenses up 5%**
  - Higher regulatory and technology investments, partly offset by lower performance-related compensation
- **PCL ratio<sup>2</sup> continues to be a recovery**

## NET INCOME<sup>1</sup> AND ROE

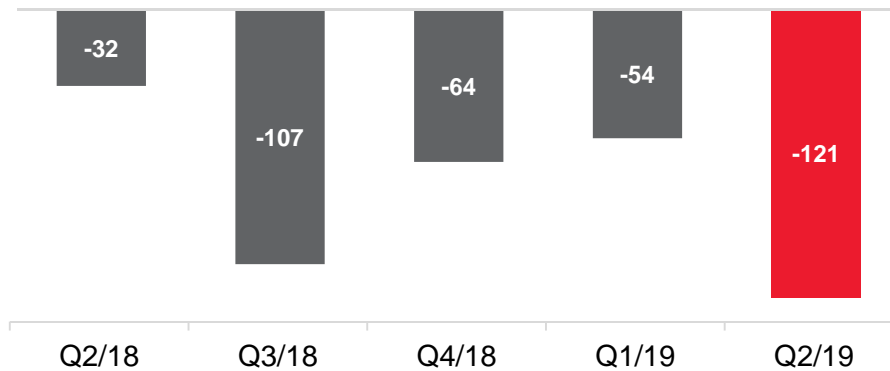


<sup>1</sup> Attributable to equity holders of the Bank

<sup>2</sup> Provision for credit losses on certain assets – loans, acceptances and off-balance sheet exposures

# OTHER SEGMENT<sup>1</sup>

## ADJUSTED NET INCOME<sup>2,3</sup> (\$MM)



## YEAR-OVER-YEAR HIGHLIGHTS

- Lower contributions from asset/liability management activities
- Negative carry of high quality liquid assets
- Partly offset by higher gains on investment securities, lower non-interest expenses and lower taxes

<sup>1</sup> Represents smaller operating segments including Group Treasury and corporate adjustments

<sup>2</sup> Attributable to equity holders of the Bank

<sup>3</sup> Adjusted for divestiture-related gain

# RISK REVIEW

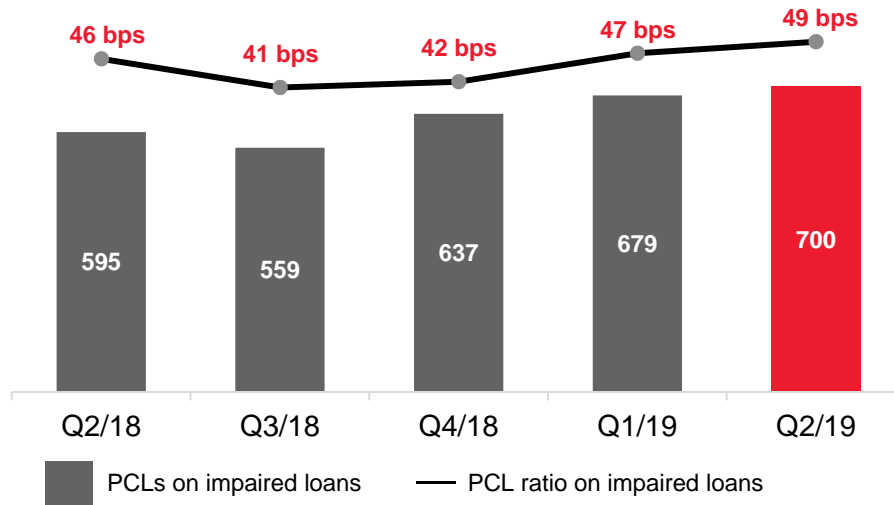
**Daniel Moore**

Chief Risk Officer

# PCL RATIOS

Credit fundamentals remain strong; PCLs on impaired loans in line with long-term average

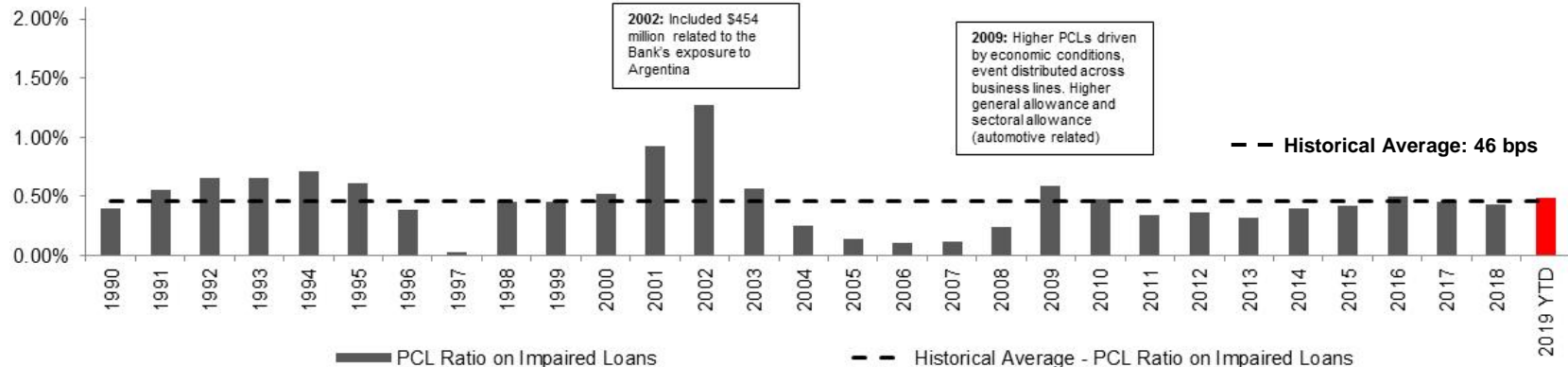
## PCLs (\$MM) AND PCL RATIO ON IMPAIRED LOANS<sup>1</sup>



## YEAR-OVER-YEAR HIGHLIGHTS

- **PCL ratio<sup>1,2</sup> was 51 bps, up 4 bps Q/Q and up 9 bps Y/Y**
  - **PCL on impaired loans<sup>1</sup>** of \$700 million were up 3% Q/Q, and 18% Y/Y primarily due to volume growth and acquisitions in International Banking
  - **PCL on performing loans<sup>1,2</sup>** of \$22 million were up \$13 million from last quarter and up \$83 million Y/Y due to the release of hurricane-related provisions, unfavourable impact of macro economic inputs for Canada and Mexico
- **PCL ratio on impaired loans<sup>1</sup> is in-line with historical average of 46 bps**

## HISTORICAL PCL RATIO ON IMPAIRED LOANS<sup>1</sup>



<sup>1</sup> Provision for credit losses on certain assets – loans, acceptances and off-balance sheet exposures

<sup>2</sup> Excludes acquisition-related costs including Day 1 impact on acquired performing loans

# PCL RATIOS

Credit fundamentals remain strong

|   | Q2/18                  |                   | Q3/18                  |                   | Q4/18                  |                     | Q1/19                  |                   | Q2/19                  |                      |                      |
|---|------------------------|-------------------|------------------------|-------------------|------------------------|---------------------|------------------------|-------------------|------------------------|----------------------|----------------------|
| (As a % of Average Net Loans & Acceptances) | PCLs on Impaired Loans | Total PCLs        | PCLs on Impaired Loans | Total PCLs (adj.) | PCLs on Impaired Loans | Total PCLs          | PCLs on Impaired Loans | Total PCLs        | PCLs on Impaired Loans | Total PCLs           | Total PCLs (adj.)    |
| <b>Canadian Banking</b>                     |                        |                   |                        |                   |                        |                     |                        |                   |                        |                      |                      |
| Retail                                      | 0.28                   | 0.28              | 0.25                   | 0.24              | 0.25                   | 0.25                | 0.28                   | 0.28              | 0.31                   | 0.35                 | 0.35                 |
| Commercial                                  | 0.09                   | 0.09              | (0.04)                 | 0.06              | 0.06                   | 0.15                | 0.21                   | 0.23 <sup>1</sup> | 0.09                   | 0.06 <sup>1</sup>    | 0.06 <sup>1</sup>    |
| Total                                       | 0.25                   | 0.25              | 0.21                   | 0.21              | 0.22                   | 0.23                | 0.27                   | 0.27 <sup>1</sup> | 0.28                   | 0.30 <sup>1</sup>    | 0.30 <sup>1</sup>    |
| <b>International Banking</b>                |                        |                   |                        |                   |                        |                     |                        |                   |                        |                      |                      |
| Retail                                      | 2.26                   | 2.16              | 2.36                   | 2.25 <sup>2</sup> | 2.38                   | 2.21                | 2.33                   | 2.36              | 2.36                   | 3.18 <sup>3</sup>    | 2.35 <sup>2</sup>    |
| Commercial                                  | 0.55                   | 0.34 <sup>1</sup> | 0.38                   | 0.31 <sup>2</sup> | 0.07                   | (0.06) <sup>1</sup> | 0.19                   | 0.26 <sup>1</sup> | 0.27                   | 0.31 <sup>1, 3</sup> | 0.30 <sup>1, 2</sup> |
| Total                                       | 1.38                   | 1.22 <sup>1</sup> | 1.33                   | 1.23 <sup>2</sup> | 1.20                   | 1.05 <sup>1</sup>   | 1.23                   | 1.28 <sup>1</sup> | 1.29                   | 1.71 <sup>1, 3</sup> | 1.30 <sup>1, 2</sup> |
| <b>Global Banking and Markets</b>           | 0.02                   | (0.05)            | (0.06)                 | (0.05)            | (0.07)                 | (0.09) <sup>1</sup> | (0.01)                 | (0.07)            | (0.02)                 | (0.02)               | (0.02)               |
| <b>All Bank</b>                             | <b>0.46</b>            | <b>0.42</b>       | <b>0.41</b>            | <b>0.40</b>       | <b>0.42</b>            | <b>0.39</b>         | <b>0.47</b>            | <b>0.47</b>       | <b>0.49</b>            | <b>0.61</b>          | <b>0.51</b>          |

<sup>1</sup> Excludes provision for credit losses on debt securities and deposit with banks

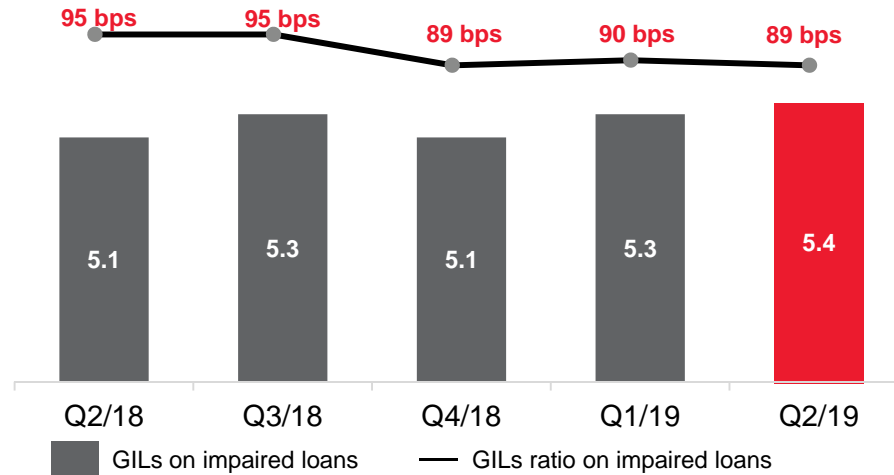
<sup>2</sup> On an adjusted basis; adjusted for Day 1 PCLs from acquisitions

<sup>3</sup> On a reported basis; includes impact of Day 1 PCLs from acquisitions

# GILS & NET WRITE-OFF RATIOS

Stable GILs and write-off ratios

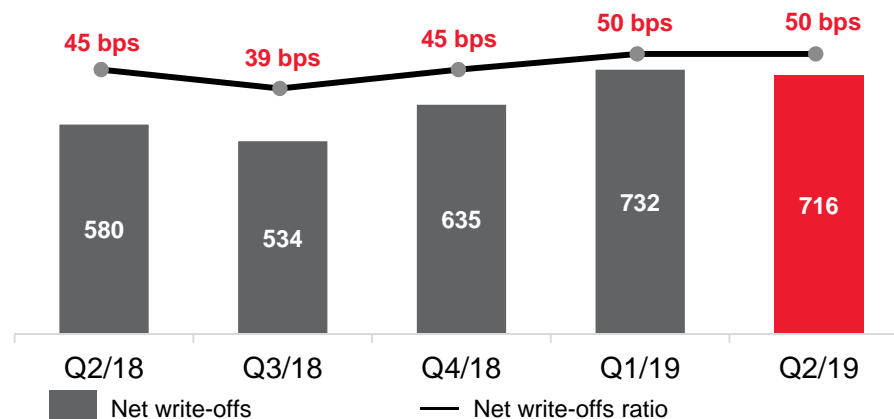
GILs (\$B) and GIL RATIO ON IMPAIRED LOANS<sup>1, 2</sup>



## YEAR-OVER-YEAR HIGHLIGHTS

- GILs<sup>1</sup> were up 1% Q/Q and 4% Y/Y primarily due to acquisitions and underlying portfolio growth
- Net write-offs<sup>3</sup> were down 2% Q/Q and up 23% Y/Y
  - Higher net write-offs in International Banking and Canadian Banking compared to last year

NET WRITE-OFFS (\$MM) AND NET WRITE-OFFS RATIO<sup>3, 4</sup>



<sup>1</sup> Excludes impact of acquisitions in Q2/19 of \$18 million (Q3/18 : \$233 million)

<sup>2</sup> As a percentage of period end loans and acceptances

<sup>3</sup> Net write-offs are net of recoveries

<sup>4</sup> As a percentage of average loans and acceptances



# APPENDIX

# NET INCOME AND ADJUSTED DILUTED EPS RECONCILIATION

| Net Income (\$MM) and EPS (\$ per share)                                       | Q2/18         | Q1/19         | Q2/19         |
|--|---------------|---------------|---------------|
| Net Income attributable to common shareholders                                 | \$2,042       | \$2,107       | \$2,125       |
| Dilutive impact of share-based payment options and others                      | \$2           | \$41          | \$37          |
| Net Income attributable to common shareholders                                 | \$2,044       | \$2,148       | \$2,162       |
| Weighted average number of common shares outstanding                           | 1,198         | 1,226         | 1,224         |
| Dilutive impact of share-based payment options and others ①                    | 5             | 29            | 28            |
| Weighted average number of diluted common shares outstanding                   | 1,203         | 1,255         | 1,252         |
| <b>Reported Basic EPS</b>  | <b>\$1.70</b> | <b>\$1.72</b> | <b>\$1.74</b> |
| Dilutive impact of share-based payment options and others ②                    | -             | (\$0.01)      | (\$0.01)      |
| <b>Reported Diluted EPS</b>  | <b>\$1.70</b> | <b>\$1.71</b> | <b>\$1.73</b> |
| Impact of Acquisition-related costs on diluted earnings per share <sup>1</sup> | \$0.01        | \$0.04        | (\$0.03)      |
| <b>Adjusted Diluted EPS</b>  | <b>\$1.71</b> | <b>\$1.75</b> | <b>\$1.70</b> |

① • Quarterly diluted common shares outstanding may be impacted by dilution on sold put options relating to the following legal entities:

- Colpatria
- Colfondos
- BBVA Chile
- Canadian Tire Financial Services

② • Impact on diluted EPS remains stable

- NCIB to repurchase up to 24 million common shares renewed effective June 4, 2019

<sup>1</sup> Adjusted for Acquisition and divestiture-related amounts, including Day 1 PCLs, integration and amortization costs related to current acquisitions, amortization of intangibles related to current and past acquisitions and net gain on divestitures

# SUMMARY OF ADJUSTING ITEMS

Adjusting items reduced reported diluted EPS by \$0.03 in Q2/19

|  | Q2/18     | Q1/19     | Q2/19     |           |                   |
|--|-----------|-----------|-----------|-----------|-------------------|
| <b>Adjusting Items (Pre-Tax) (\$MM)</b>                |           |           |           |           |                   |
| <b>Acquisition-Related Costs</b>                       |           |           |           |           |                   |
| Day 1 PCL on acquired performing financial instruments | -         | -         | 151       |           |                   |
| - International Banking                                | -         | -         |           |           |                   |
| <b>Integration Costs</b>                               |           |           |           |           |                   |
| Canadian Banking                                       | -         | 31        | 25        |           |                   |
| Canadian Banking ex. Wealth                            | -         | 7         | 6         |           |                   |
| International Banking                                  | -         | -         | -         |           |                   |
|  | -         | 24        | 19        |           |                   |
| <b>Amortization of Intangibles<sup>1</sup></b>         |           |           |           |           |                   |
| Canadian Banking                                       | 18        | 30        | 28        |           |                   |
| Canadian Banking ex. Wealth                            | 7         | 14        | 14        |           |                   |
| International Banking                                  | 5         | 5         | 6         |           |                   |
|  | 11        | 16        | 14        |           |                   |
| <b>Other</b>   |           |           |           |           |                   |
| Net Gain on Divestitures                               | -         | -         | (173)     |           |                   |
| <b>Total (Pre-Tax)</b>                                 | <b>18</b> | <b>61</b> | <b>31</b> |           |                   |
|  | Q2/18     | Q1/19     | Q2/19     |           |                   |
| <b>Adjusting Items (After-Tax and NCI) (\$MM)</b>      |           |           |           |           |                   |
|  |           |           | Tax       | NCI       | After-Tax and NCI |
| <b>Acquisition-Related Costs</b>                       |           |           |           |           |                   |
| Day 1 PCL on acquired performing financial instruments | -         | -         | 44        | 41        | 66                |
| - International Banking                                | -         | -         |           |           |                   |
| <b>Integration Costs</b>                               |           |           |           |           |                   |
| Canadian Banking                                       | -         | 17        | 7         | 3         | 15                |
| Canadian Banking ex. Wealth                            | -         | 6         | 2         | -         | 4                 |
| International Banking                                  | -         | -         | -         | -         | -                 |
|  | -         | 11        | 5         | 3         | 11                |
| <b>Amortization of Intangibles<sup>2</sup></b>         |           |           |           |           |                   |
| Canadian Banking                                       | 13        | 22        | 8         | -         | 20                |
| Canadian Banking ex. Wealth                            | 5         | 10        | 4         | -         | 10                |
| International Banking                                  | 4         | 4         | 2         | -         | 4                 |
|  | 8         | 12        | 4         | -         | 10                |
| <b>Other</b>   |           |           |           |           |                   |
| Net Gain on Divestitures                               | -         | -         | (32)      | 1         | (142)             |
| <b>Total (After-Tax and NCI)</b>                       | <b>13</b> | <b>39</b> | <b>27</b> | <b>45</b> | <b>(41)</b>       |

<sup>1</sup> Excludes amortization of intangibles related to software (pre-tax)

<sup>2</sup> Excludes amortization of intangibles related to software (after-tax)

# OTHER ITEMS IMPACTING FINANCIAL RESULTS<sup>1</sup>

Other items increased adjusted net income by \$6 million in Q2/19

| (Pre-Tax) (\$MM)                            | Q1/18         | Q2/18         | Q3/18         | Q4/18         | Q1/19         | Q2/19         | Q2/19 vs<br>Q2/18 | YTD19 vs<br>YTD18              |
|---|---------------|---------------|---------------|---------------|---------------|---------------|-------------------|--------------------------------|
| <b>Canadian Banking<sup>2</sup></b>         |               |               |               |               |               |               |                   |                                |
| One month reporting lag elimination         | -             | 34            | -             | -             | -             | -             | (34)              | (34)                           |
| Real estate gains                           | 21            | 24            | 23            | 21            | 8             | 7             | (17)              | (30)                           |
| Interac gain                                | 40            | -             | -             | -             | -             | -             | -                 | (40)                           |
| <b>Total</b>                                | <b>61</b>     | <b>58</b>     | <b>23</b>     | <b>21</b>     | <b>8</b>      | <b>7</b>      | <b>(51)</b>       | <b>(104)</b>                   |
| <b>International Banking</b>                |               |               |               |               |               |               |                   |                                |
| One month reporting lag elimination         | -             | 36            | -             | 30            | 58            | -             | (36)              | 22                             |
| <b>Total</b>                                | <b>-</b>      | <b>36</b>     | <b>-</b>      | <b>30</b>     | <b>58</b>     | <b>-</b>      | <b>(36)</b>       | <b>22</b>                      |
| <b>Other</b>                                |               |               |               |               |               |               |                   |                                |
| Employee benefits re-measurement credit     | 203           | -             | -             | -             | -             | -             | -                 | (203)                          |
| <b>Total</b>                                | <b>203</b>    | <b>-</b>      | <b>-</b>      | <b>-</b>      | <b>-</b>      | <b>-</b>      | <b>-</b>          | <b>(203)</b>                   |
| <b>Total (Pre-Tax)</b>                      | <b>264</b>    | <b>94</b>     | <b>23</b>     | <b>51</b>     | <b>66</b>     | <b>7</b>      | <b>(87)</b>       | <b>285</b>                     |
| (After-Tax and NCI) (\$MM)                  | Q1/18         | Q2/18         | Q3/18         | Q4/18         | Q1/19         | Q2/19         | Q2/19 vs<br>Q2/18 | YTD19 vs<br>YTD18 <sup>3</sup> |
| <b>Canadian Banking<sup>2</sup></b>         |               |               |               |               |               |               |                   |                                |
| One month reporting lag elimination         | -             | 25            | -             | -             | -             | -             | (25)              | (25)                           |
| Real estate gains                           | 17            | 20            | 19            | 17            | 6             | 6             | (14)              | (25)                           |
| Interac gain                                | 35            | -             | -             | -             | -             | -             | -                 | (35)                           |
| <b>Total</b>                                | <b>52</b>     | <b>45</b>     | <b>19</b>     | <b>17</b>     | <b>6</b>      | <b>6</b>      | <b>(39)</b>       | <b>(85)</b>                    |
| <b>International Banking</b>                |               |               |               |               |               |               |                   |                                |
| One month reporting lag elimination         | -             | 26            | -             | 22            | 41            | -             | (26)              | 15                             |
| <b>Total</b>                                | <b>-</b>      | <b>26</b>     | <b>-</b>      | <b>22</b>     | <b>41</b>     | <b>-</b>      | <b>(26)</b>       | <b>15</b>                      |
| <b>Other</b>                                |               |               |               |               |               |               |                   |                                |
| Employee benefits re-measurement credit     | 150           | -             | -             | -             | -             | -             | -                 | (150)                          |
| <b>Total</b>                                | <b>150</b>    | <b>-</b>      | <b>-</b>      | <b>-</b>      | <b>-</b>      | <b>-</b>      | <b>-</b>          | <b>(150)</b>                   |
| <b>Total (After-Tax and NCI)</b>            | <b>202</b>    | <b>71</b>     | <b>19</b>     | <b>39</b>     | <b>47</b>     | <b>6</b>      | <b>(65)</b>       | <b>(220)</b>                   |
| <b>Impact on diluted earnings per share</b> | <b>\$0.17</b> | <b>\$0.06</b> | <b>\$0.02</b> | <b>\$0.03</b> | <b>\$0.04</b> | <b>\$0.00</b> | <b>(\$0.06)</b>   | <b>(\$0.18)</b>                |

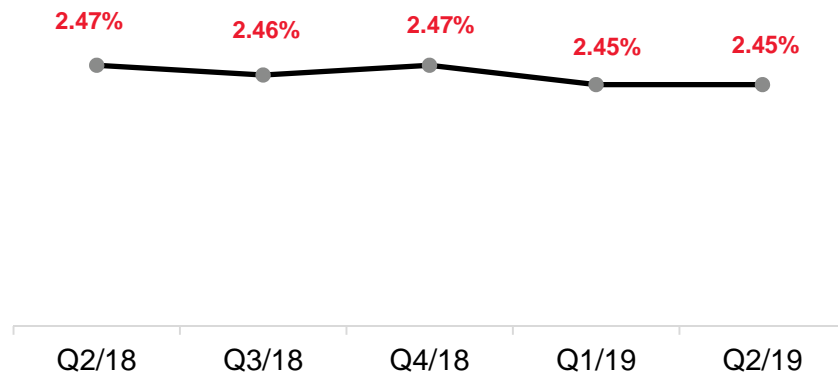
<sup>1</sup> Items on this page have not been formally adjusted for determining the bank's Adjusted Net Income and Adjusted Diluted EPS

<sup>2</sup> Effective Q1/19, the Bank adopted IFRS 15 which resulted in a re-classification prospectively (Q2/19 - \$50 million; Q1/19 - \$55 million) in Canadian Banking from Other Expenses to Card Revenues, with no impact to Net Income

<sup>3</sup> May not add due to rounding

# STABLE CORE BANKING MARGIN

Core Banking Margin (%)



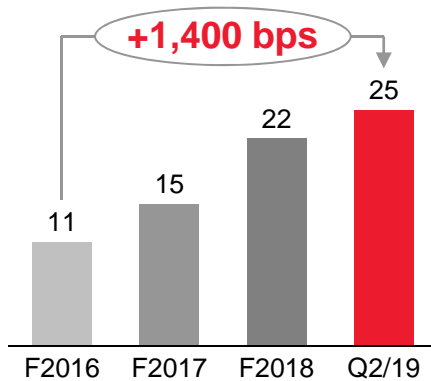
## YEAR-OVER-YEAR HIGHLIGHTS

- Change in business mix from the impact of International Banking acquisitions and higher margins in Canadian Banking
- More than offset by lower margins in Global Banking and Markets and lower contribution from asset/liability management activities

# DIGITAL PROGRESS UPDATE

Steady progress against 2018 Investor Day digital targets

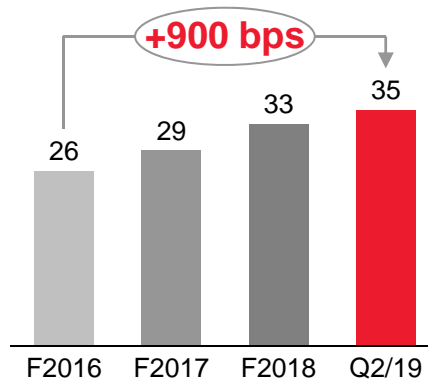
### Digital Retail Sales<sup>1</sup>



**Goal**  
**>50%**

- Strong progress made in across key markets, especially in Colombia and Chile

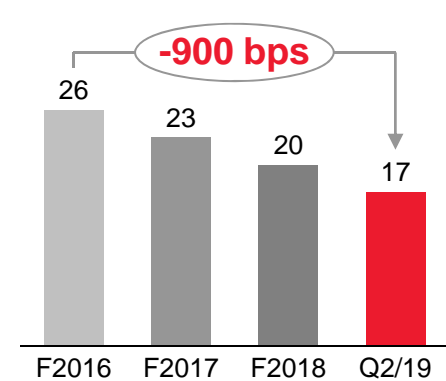
### Digital Adoption<sup>2</sup>



**Goal**  
**>70%**

- Adoption grew 400bps against Q2 of last year

### In-Branch Financial Transactions<sup>3</sup>



**Goal**  
**<10%**

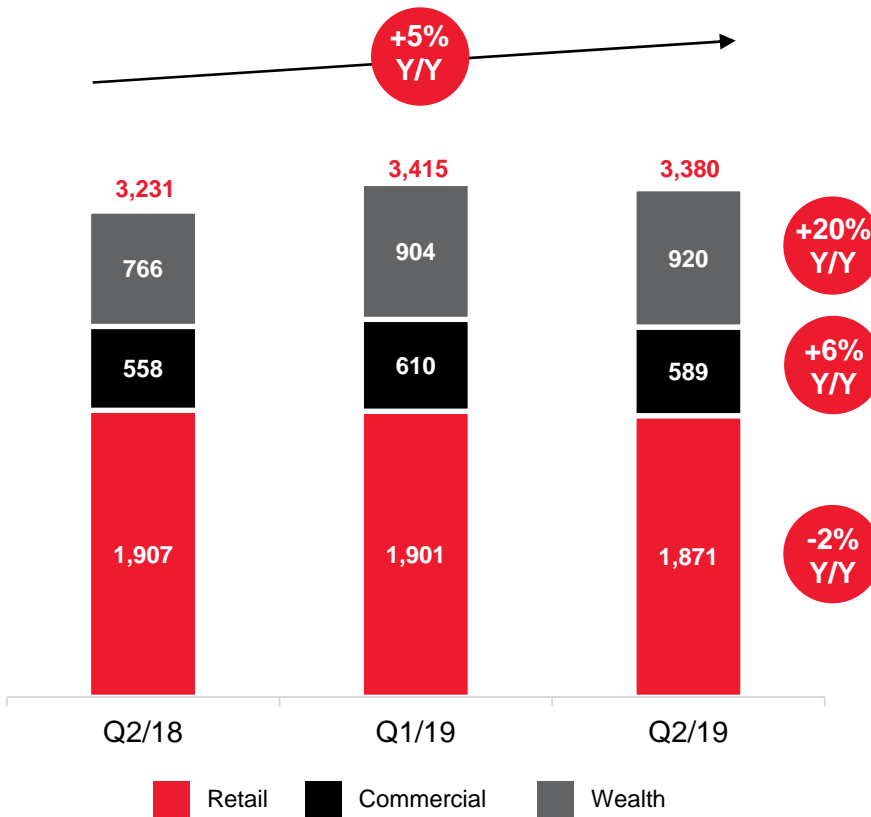
- In-branch transactions continued to decline at a steady pace

<sup>1</sup> Canada: F2017 22%, F2018 26%, Q2/19 25% PACs: F2017 13%, F2018 19%, Q2/19 25%  
<sup>2</sup> Canada: F2017 36%, F2018 38%, Q2/19 40% PACs: F2017 20%, F2018 26%, Q2/19 28%  
<sup>3</sup> Canada: F2017 17%, F2018 15%, Q2/19 13% PACs: F2017 29%, F2018 24%, Q2/19 21%

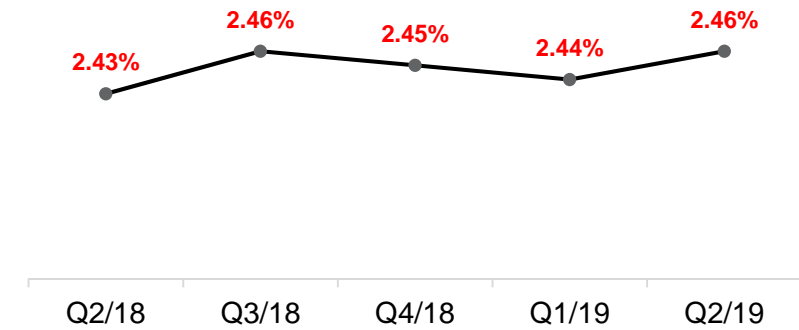
# CANADIAN BANKING – REVENUES, NIM & PRODUCTIVITY

Good commercial lending and wealth management revenue growth

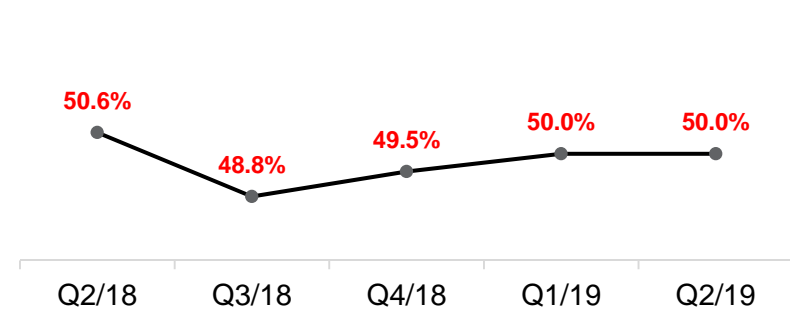
REVENUE (TEB) (\$MM)



NIM



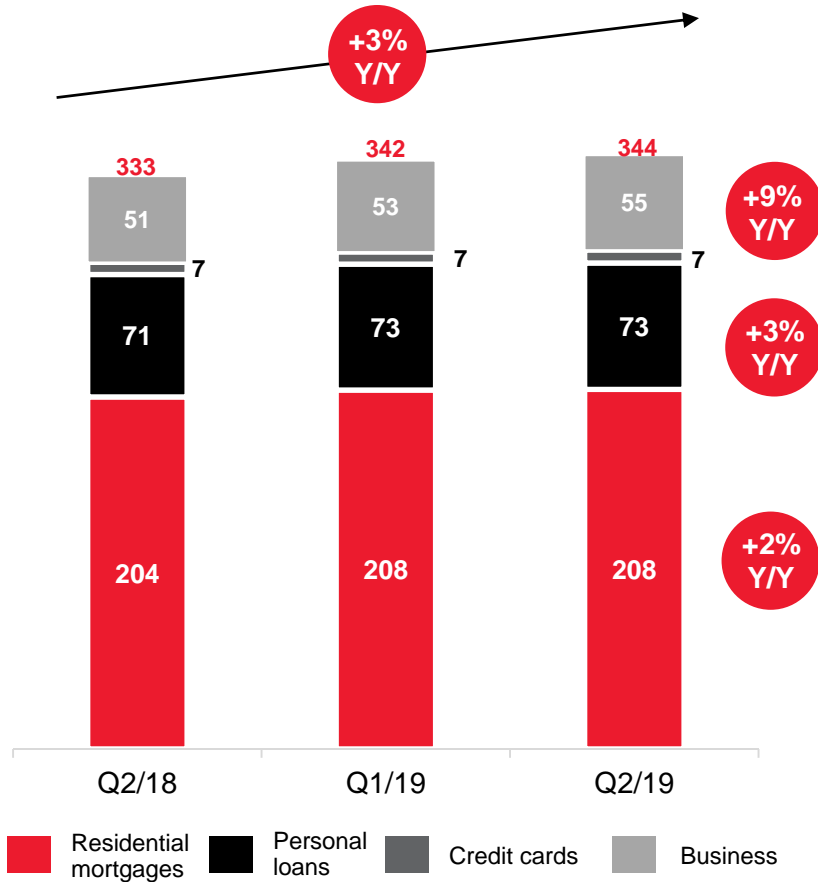
ADJUSTED PRODUCTIVITY RATIO



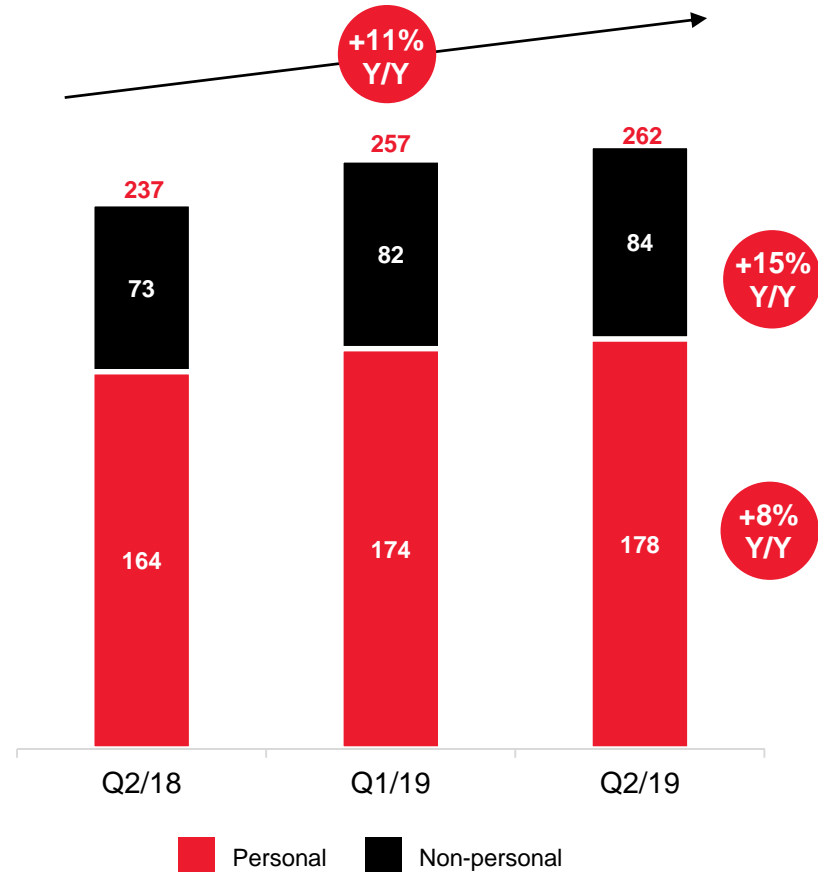
# CANADIAN BANKING – VOLUME GROWTH

Strong business loan and retail deposit growth

AVERAGE LOANS & ACCEPTANCES (\$B)<sup>1</sup>



AVERAGE DEPOSITS (\$B)<sup>1</sup>

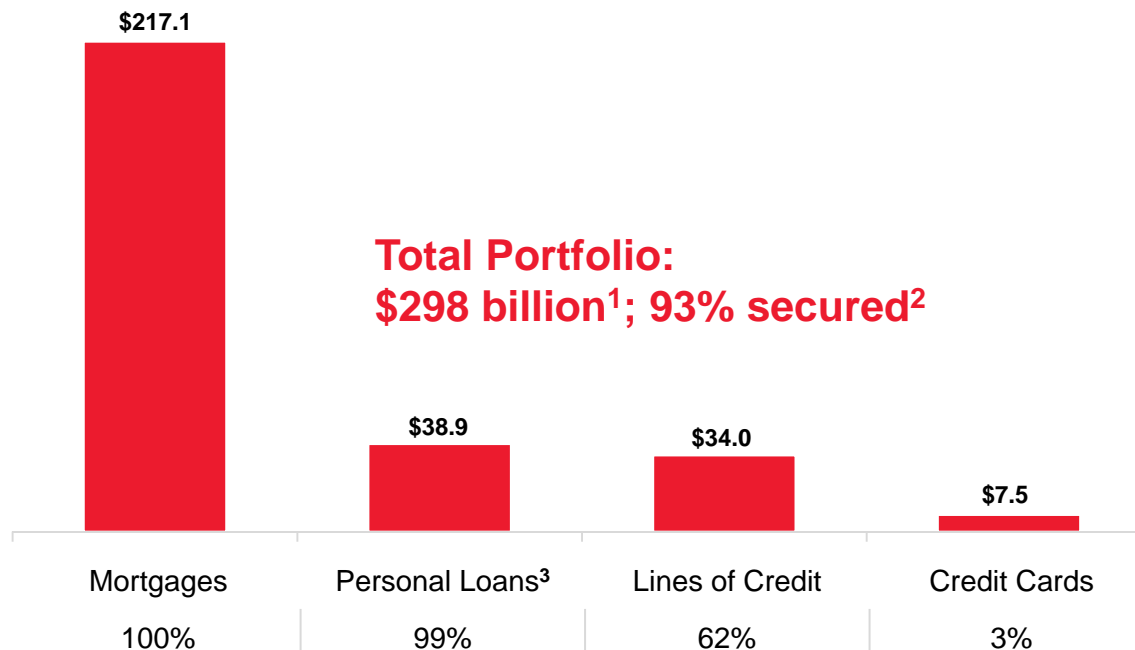


<sup>1</sup> May not add due to rounding



# CANADIAN RETAIL: LOANS AND PROVISION

(Spot Balances as at Q2/19, \$B)



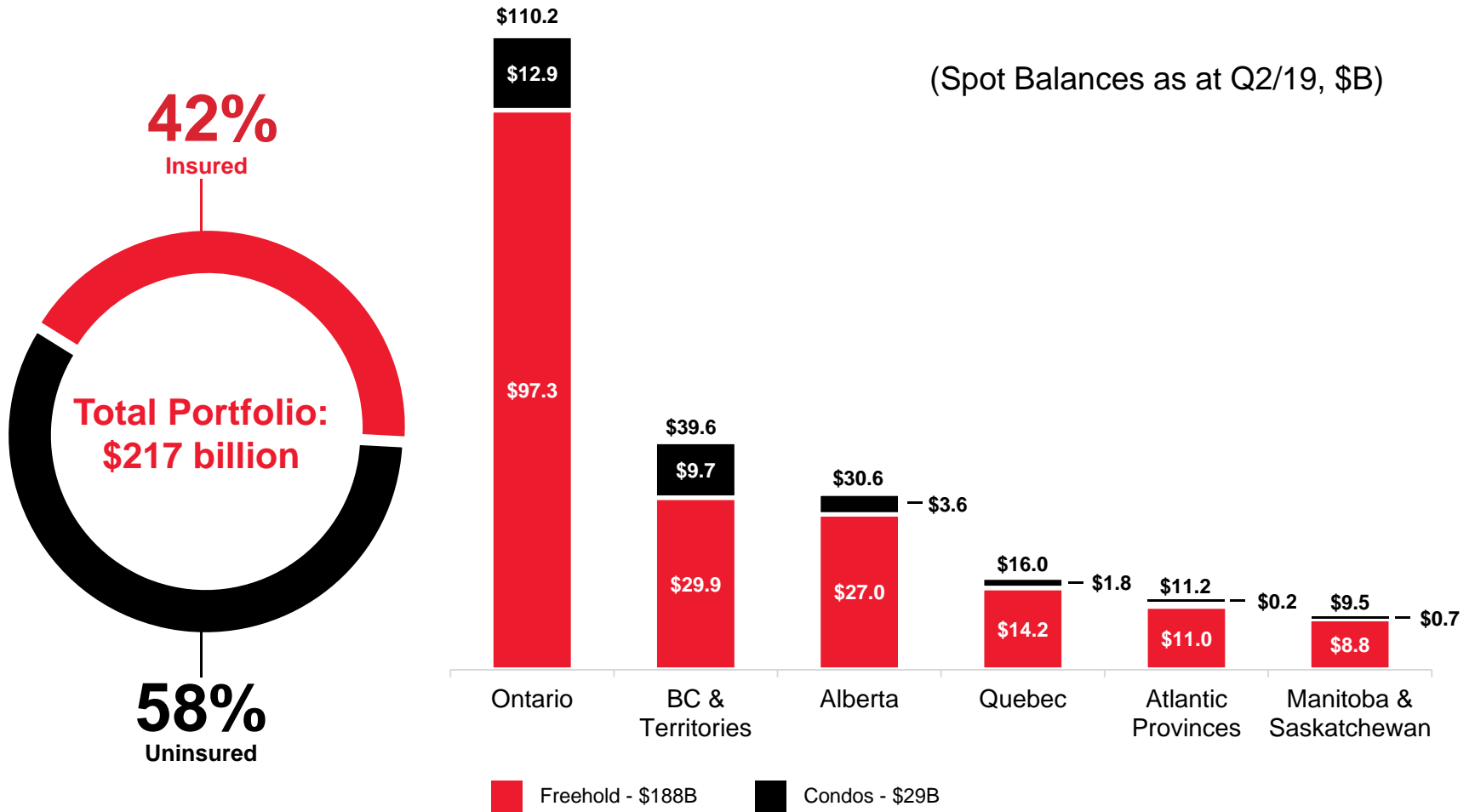
| PCL                           | Mortgages |       | Personal Loans <sup>3</sup> |       | Lines of Credit |       | Credit Cards |       |
|-------------------------------|-----------|-------|-----------------------------|-------|-----------------|-------|--------------|-------|
|                               | Q2/19     | Q1/19 | Q2/19                       | Q1/19 | Q2/19           | Q1/19 | Q2/19        | Q1/19 |
| <b>PCLs on Impaired Loans</b> |           |       |                             |       |                 |       |              |       |
| \$ millions                   | 9         | 6     | 85                          | 71    | 55              | 61    | 71           | 63    |
| % of avg. net loans (bps)     | 2         | 1     | 88                          | 69    | 70              | 75    | 415          | 349   |
| <b>PCLs</b>                   |           |       |                             |       |                 |       |              |       |
| \$ millions                   | 6         | 12    | 94                          | 82    | 67              | 65    | 78           | 43    |
| % of avg. net loans (bps)     | 1         | 2     | 95                          | 80    | 86              | 81    | 458          | 241   |

<sup>1</sup> Includes Tangerine balances of \$6 billion

<sup>2</sup> 80% secured by real estate; 13% secured by automotive

<sup>3</sup> 96% are automotive loans

# CANADIAN RESIDENTIAL MORTGAGE PORTFOLIO



Average LTV of uninsured mortgages is 55%<sup>1</sup>

New originations<sup>2</sup> average LTV of 64% in Q2/19

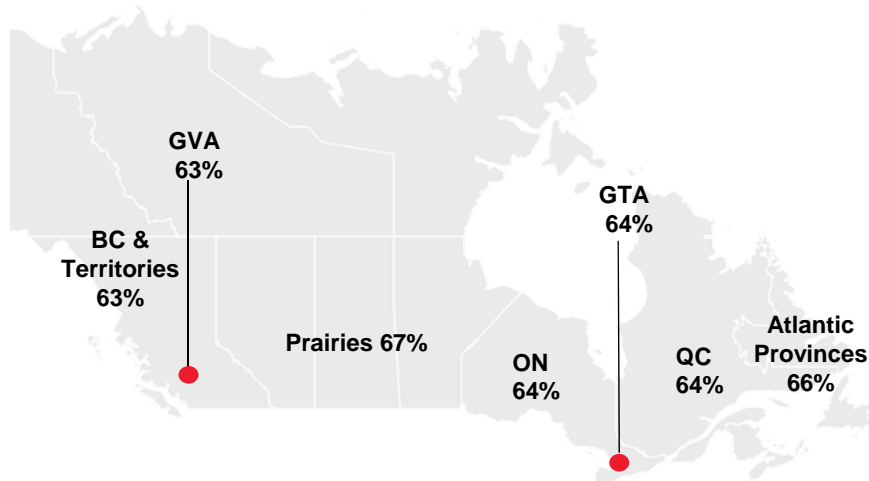
<sup>1</sup> LTV calculated based on the total outstanding balance secured by the property. Property values indexed using Teranet HPI data.

<sup>2</sup> New originations defined as newly originated uninsured residential mortgages and have equity lines of credit, which include mortgages for purchases refinances with a request for additional funds and transfer from other financial institutions.

# Q2 2019 CANADIAN RESIDENTIAL MORTGAGES

Credit fundamentals remain strong

## NEW ORIGINATIONS UNINSURED LTV\* DISTRIBUTION



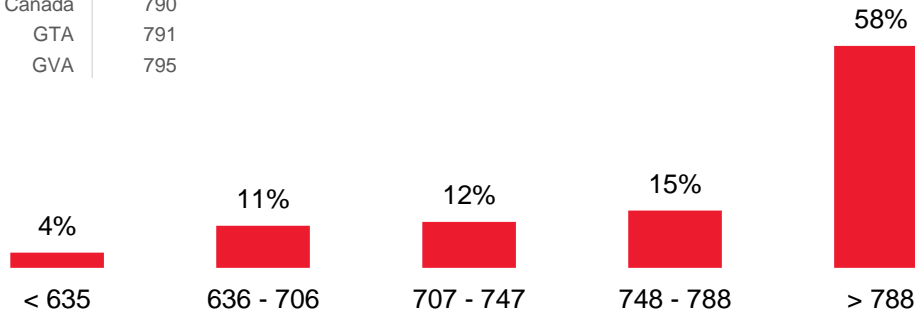
|                          | Q2/18 | Q1/19 | Q2/19 |
|--------------------------|-------|-------|-------|
| <b>Canada</b>            |       |       |       |
| Total Originations (\$B) | 8.9   | 9.3   | 7.1   |
| Uninsured LTV            | 63%   | 64%   | 64%   |
| <b>GTA</b>               |       |       |       |
| Total Originations (\$B) | 2.8   | 3.2   | 2.3   |
| Uninsured LTV            | 62%   | 63%   | 64%   |
| <b>GVA</b>               |       |       |       |
| Total Originations (\$B) | 1.2   | 1.0   | 0.9   |
| Uninsured LTV            | 59%   | 59%   | 63%   |

\*Average LTV ratios for our uninsured residential mortgages originated during the quarter

## FICO® DISTRIBUTION – CANADIAN UNINSURED PORTFOLIO<sup>1</sup>

### Average FICO® Score

|        |     |
|--------|-----|
| Canada | 790 |
| GTA    | 791 |
| GVA    | 795 |



- Only <0.72% of uninsured portfolio has a FICO® score of <620 and an LTV >65%
- Canadian uninsured mortgage portfolio is \$126 billion as at Q2/2019

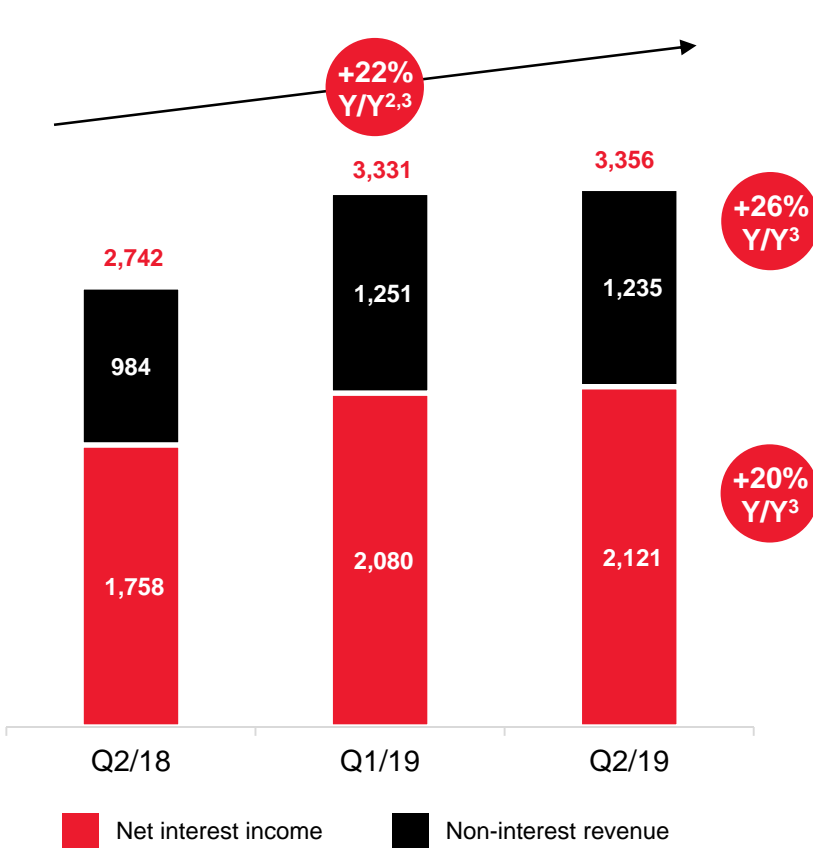
FICO is a registered trademark of Fair Isaac Corporation

<sup>1</sup> FICO® distribution for Canadian uninsured portfolio based on score ranges at origination

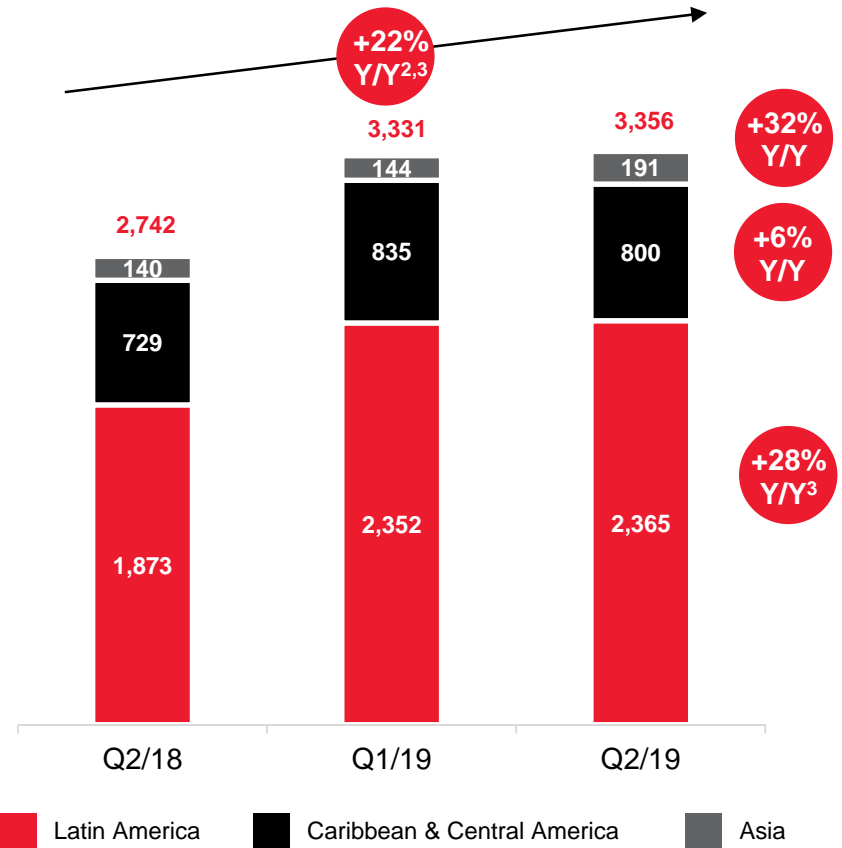
# INTERNATIONAL BANKING – REVENUE GROWTH

Latin America, driven by the Pacific Alliance, continues to deliver strong revenue growth

BY TYPE (TEB) (\$MM)<sup>1</sup>



BY REGION (TEB) (\$MM)<sup>1</sup>

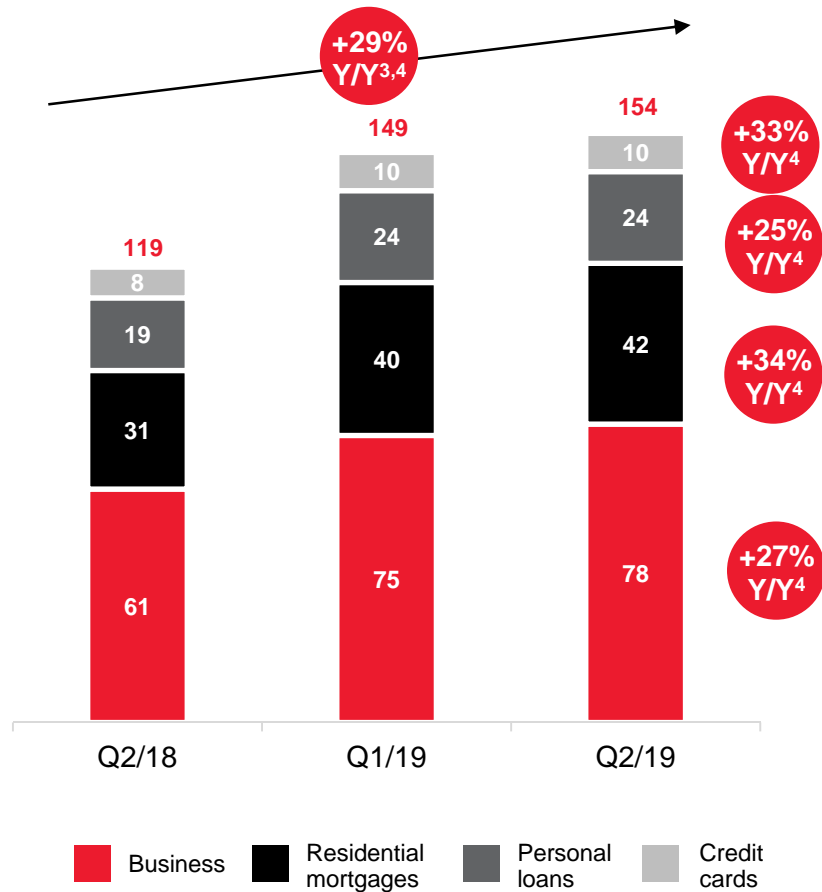


<sup>1</sup> Y/Y growth rates are on a constant dollar basis  
<sup>2</sup> Revenue growth of 22% Y/Y on a reported basis  
<sup>3</sup> Includes the impact of acquisitions

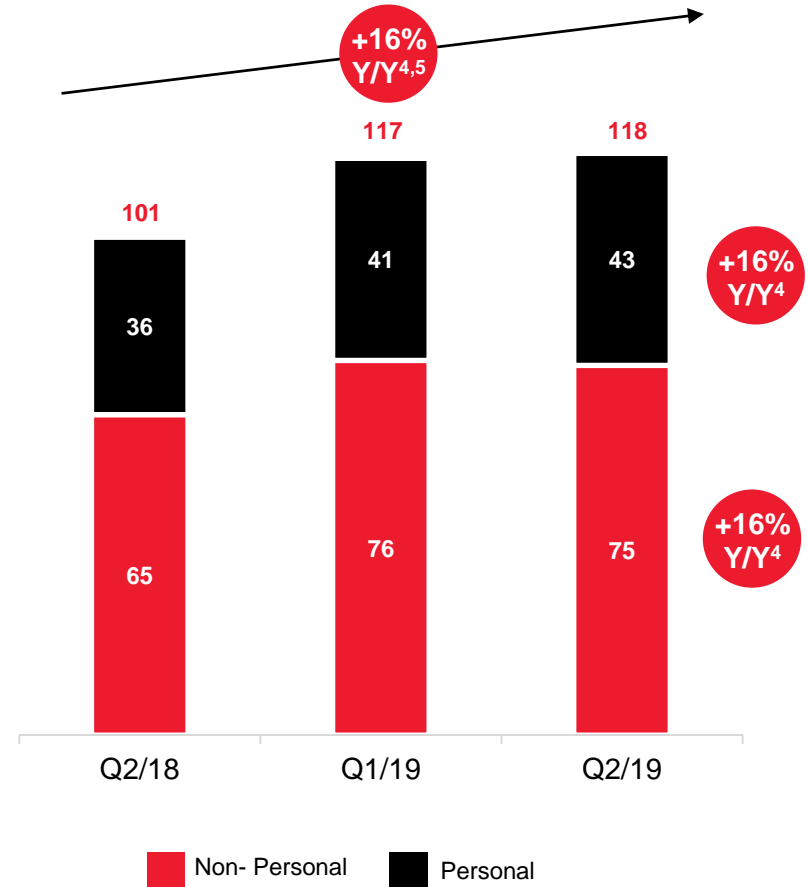
# INTERNATIONAL BANKING – VOLUME GROWTH

Strong loan and deposit growth

AVERAGE LOANS & ACCEPTANCES (\$B)<sup>1</sup>



AVERAGE DEPOSITS (\$B)<sup>1,2</sup>



<sup>1</sup> Y/Y growth rates are on a constant dollar basis

<sup>2</sup> Includes deposits from banks

<sup>3</sup> Average loans & acceptances growth of 30% Y/Y on a reported basis

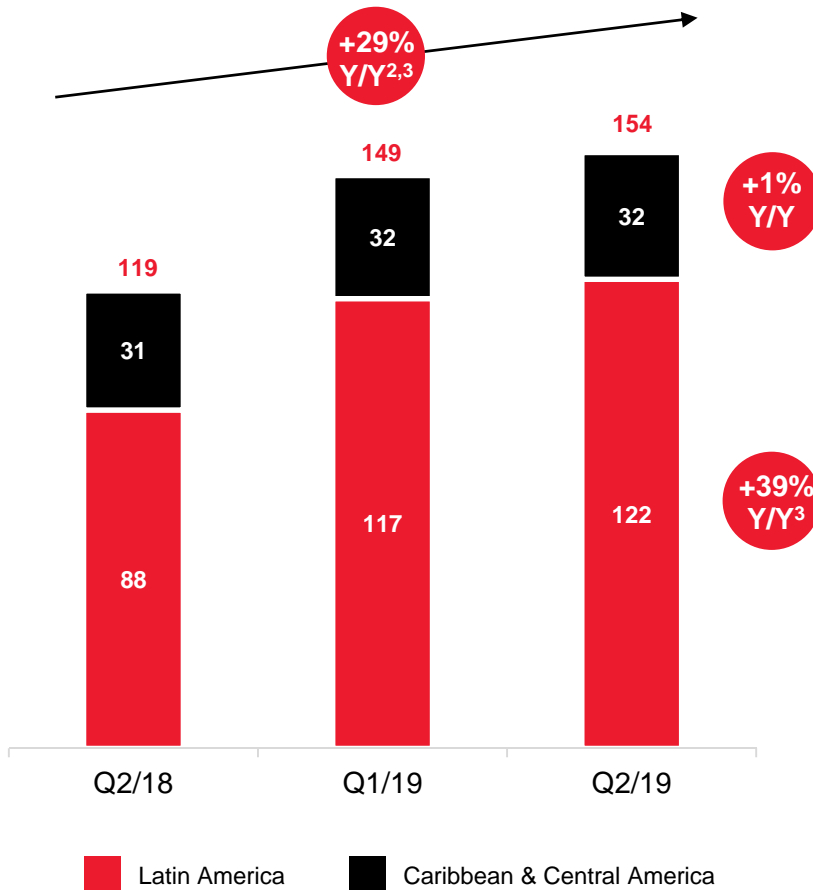
<sup>4</sup> Includes the impact of acquisitions

<sup>5</sup> Average deposits growth of 17% Y/Y on a reported basis

# INTERNATIONAL BANKING – REGIONAL LOAN GROWTH

Strong loan growth in Latin America bolstered by acquisitions

AVERAGE LOANS & ACCEPTANCES (\$B)<sup>1</sup>



CONSTANT DOLLAR LOAN VOLUMES, Y/Y

|               | Retail     | Commercial <sup>4</sup> | Total      |
|---------------|------------|-------------------------|------------|
| Latin America | 45%        | 34%                     | 39%        |
| C&CA          | 1%         | 0%                      | 1%         |
| <b>Total</b>  | <b>31%</b> | <b>27%</b>              | <b>29%</b> |

<sup>1</sup> Y/Y growth rates are on a constant dollar basis

<sup>2</sup> Average loans & acceptances growth of 30% Y/Y on a reported basis

<sup>3</sup> Includes the impact of acquisitions

<sup>4</sup> Excludes bankers acceptances

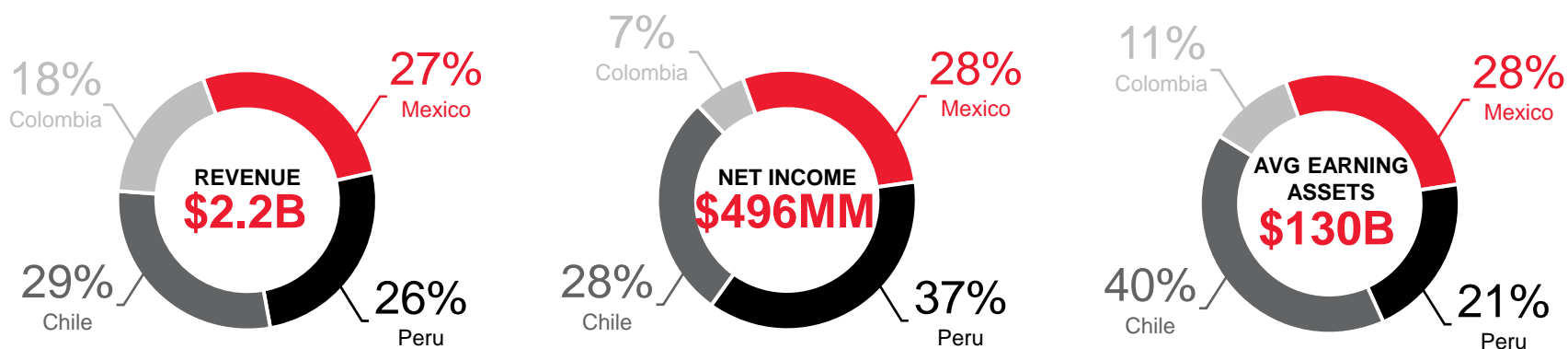
# INTERNATIONAL BANKING – PACIFIC ALLIANCE

Continue to deliver strong results across the Pacific Alliance countries

## FINANCIAL PERFORMANCE AND METRICS (\$MM)<sup>1, 2, 3</sup>

|                    | Q2/19 | Q1/19 | Q2/18 | Q/Q               | Y/Y     |
|--------------------|-------|-------|-------|-------------------|---------|
| Revenue (\$MM)     | 2,179 | 2,192 | 1,723 | -3% <sup>5</sup>  | +28%    |
| Expenses (\$MM)    | 1,010 | 1,006 | 806   | -2%               | +27%    |
| Net Income (\$MM)  | 496   | 568   | 448   | -15% <sup>5</sup> | +11%    |
| NIM                | 4.65% | 4.61% | 4.98% | +4bps             | (33bps) |
| Productivity Ratio | 46.4% | 45.9% | 46.7% | +46bps            | (37bps) |

## GEOGRAPHIC DISTRIBUTION<sup>4</sup>



<sup>1</sup> Attributable to equity holders of the Bank

<sup>2</sup> Y/Y and Q/Q growth rates (%) are on a constant dollars basis, while metrics and change in bps are on a reported basis

<sup>3</sup> Adjusted for Acquisition-related costs, including Day 1 PCL impact on acquired performing loans, integration and amortization costs related to current acquisitions, and amortization of intangibles related to current and past acquisitions

<sup>4</sup> For the 3 months ended April 30, 2019

<sup>5</sup> Excluding benefit of alignment of reporting period in Peru in Q1'19 Revenues flat Q/Q, and Net Income down (8%) Q/Q on a constant basis

# SCOTIABANK IN THE PACIFIC ALLIANCE COUNTRIES

Well positioned in high quality, growth markets

## PAC Highlights

- 230 million people<sup>1</sup>, median age of 29<sup>2</sup>
- 9<sup>th</sup> largest economy in the world<sup>1</sup>
- Banking penetration <50%<sup>1</sup>
- Sovereign ratings all “Investment Grade”<sup>3</sup>
- 64% of exports related to manufacturing<sup>4</sup>
- Largest trading partner is the United States<sup>4</sup>

## Scotiabank in the PAC

- Only global bank present in all PAC countries
- Top 3 bank in Chile and Peru
- 28-year operating history (average)
- 2018 “Bank of the Year”, *Latin Finance*

**Scotiabank Market Share<sup>5</sup>**  
**Market Share Ranking<sup>5</sup>**  
**Strengths**  
**Average Total Loans<sup>6</sup>(C\$B)**  
**Revenue<sup>7</sup>(C\$B)**  
**Net Income after NCI<sup>7,8</sup>(C\$MM)**  
**ROE<sup>6,8</sup>**  
**# of Employees<sup>9,10</sup>**

|   |  |  |  |  |
|---|---|---|---|---|
|   | <b>Mexico</b>   | <b>Peru</b>   | <b>Chile</b>  | <b>Colombia</b>   |
| Market Share <sup>5</sup>                   | 7.4%  | 17.8%   | 14.1%   | 6.1%  |
| Market Share Ranking <sup>5</sup>           | 6th   | 3rd   | 3rd   | 5th   |
| Strengths                                   | Auto and Mortgages  | P&C and Mortgages   | Credit Cards, Mortgages   | Credit Cards, Personal  |
| Average Total Loans <sup>6</sup> (C\$B)     | \$29.3  | \$21.0  | \$48.0  | \$12.6  |
| Revenue <sup>7</sup> (C\$B)                 | \$2.3   | \$2.2   | \$2.2   | \$1.5   |
| Net Income after NCI <sup>7,8</sup> (C\$MM) | \$644   | \$750   | \$507   | \$122   |
| ROE <sup>6,8</sup>                          | 20%   | 24%   | 9%  | 8%  |
| # of Employees <sup>9,10</sup>              | 13,024  | 11,471  | 9,146   | 8,884   |

<sup>1</sup> Source: World Bank 2017

<sup>2</sup> Source: The World Factbook, CIA 2017

<sup>3</sup> Sovereign ratings from Moody's, S&P, and Fitch; Source: Bloomberg

<sup>4</sup> Source: United Nation Conference on Trade and Development (UNCTAD) 2017; Organization for Economic Co-operation and Development (OECD) 2016

<sup>5</sup> Ranking based on publicly traded banks by total loans market share as of March, 2019, inc. M&A

<sup>6</sup> For the three months ended April 30, 2019

<sup>7</sup> For the trailing 12 months ended April 30, 2019 not adjusted for currency

<sup>8</sup> Earnings adjusted for acquisition –related costs including integration and amortization costs related to current acquisitions, and amortization of intangibles related to current and past acquisitions

<sup>9</sup> Employees are reported on a full-time equivalent basis

<sup>10</sup>As of April 30, 2019

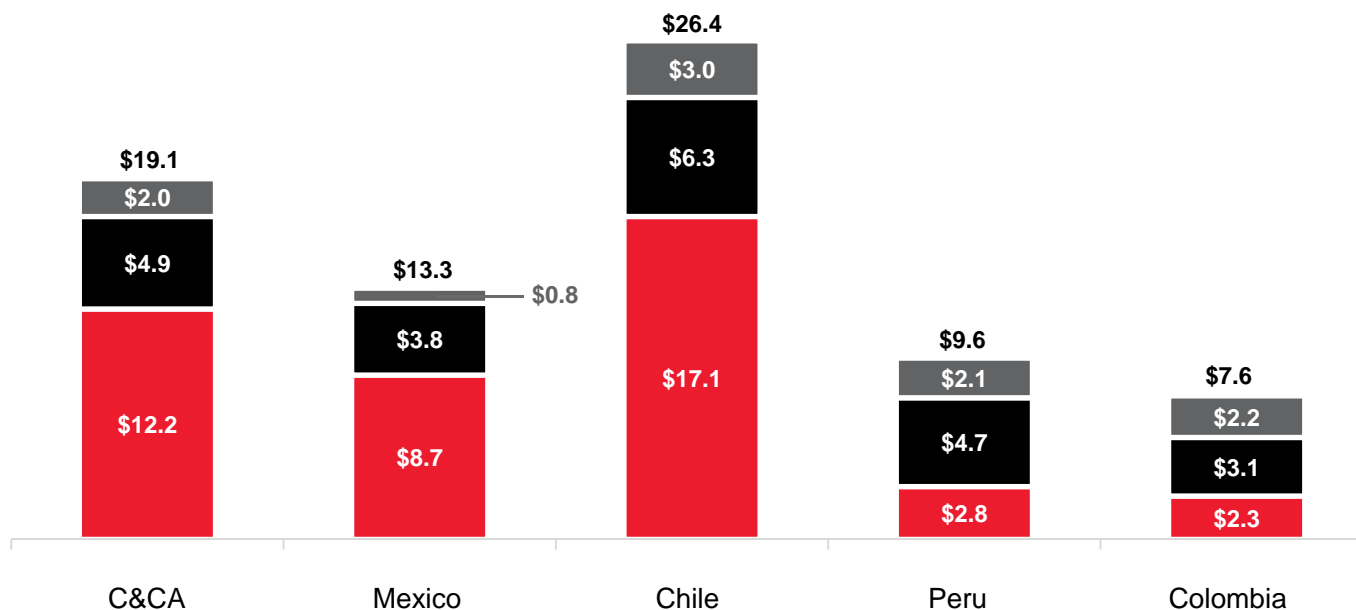


# INTERNATIONAL RETAIL: LOANS AND PROVISION

**Total Portfolio<sup>1</sup>:  
\$77 billion; 67% secured**

(Spot Balances as  
at Q2/19, \$B<sup>1</sup>)

- Mortgages (\$43.1B)
- Personal loans (\$22.8B)
- Credit cards (\$10.1B)



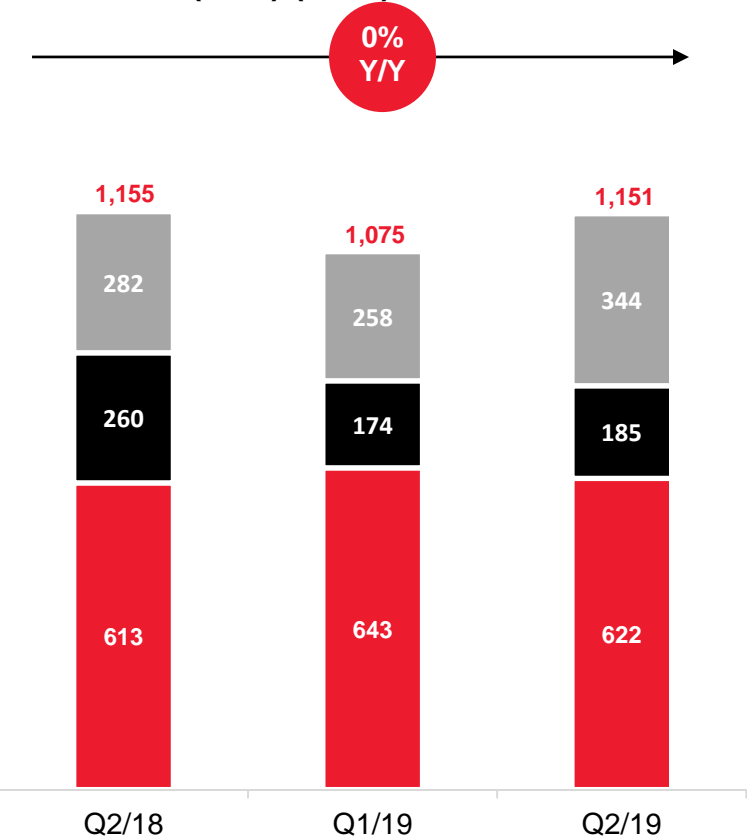
| PCL                           | C&CA             |       | Mexico |       | Chile |       | Peru             |       | Colombia |       |
|-------------------------------|------------------|-------|--------|-------|-------|-------|------------------|-------|----------|-------|
|                               | Q2/19            | Q1/19 | Q2/19  | Q1/19 | Q2/19 | Q1/19 | Q2/19            | Q1/19 | Q2/19    | Q1/19 |
| <b>PCLs on Impaired Loans</b> |                  |       |        |       |       |       |                  |       |          |       |
| \$ millions                   | 70               | 63    | 64     | 59    | 94    | 75    | 78               | 106   | 99       | 101   |
| % of avg. net loans (bps)     | 156              | 138   | 218    | 199   | 148   | 120   | 372              | 517   | 549      | 554   |
| <b>PCLs</b>                   |                  |       |        |       |       |       |                  |       |          |       |
| \$ millions                   | 70 <sup>2</sup>  | 78    | 68     | 69    | 101   | 96    | 84 <sup>2</sup>  | 74    | 82       | 89    |
| % of avg. net loans (bps)     | 157 <sup>2</sup> | 170   | 231    | 233   | 159   | 155   | 402 <sup>2</sup> | 364   | 455      | 485   |

<sup>1</sup>Total Portfolio includes other smaller portfolios

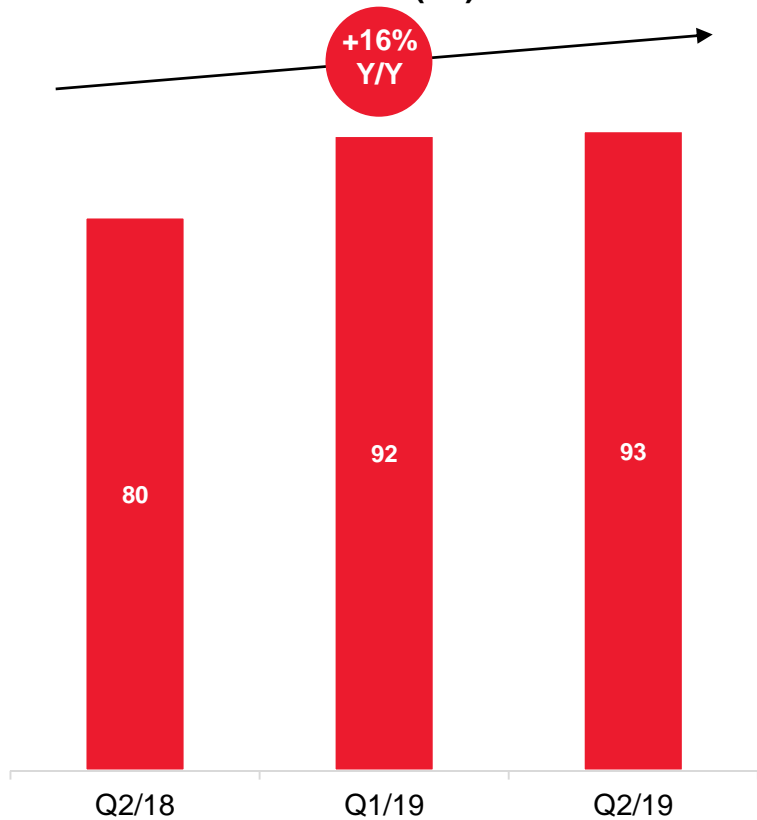
<sup>2</sup>Adjusted for acquisition-related costs, including Day 1 PCL impact on acquired performing loans

# GLOBAL BANKING AND MARKETS – REVENUE AND LOANS

REVENUE (TEB) (\$MM) <sup>1</sup>



AVERAGE BUSINESS AND GOVERNMENT LOANS & ACCEPTANCES (\$B)

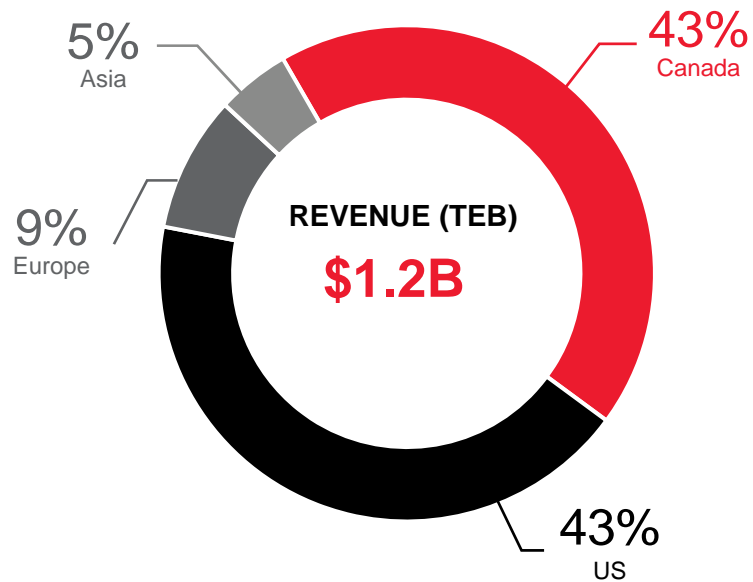


■ Business banking    ■ Global Equities  
■ FICC

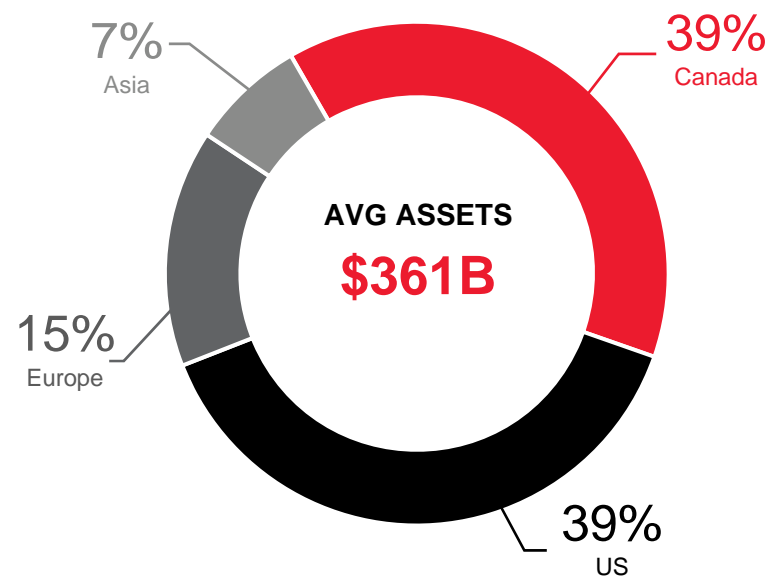
<sup>1</sup> International Banking revenue contribution and assets reported in International Banking's results

# GLOBAL BANKING AND MARKETS – REGIONAL REVENUE AND AVERAGE ASSETS

GEOGRAPHIC REVENUE<sup>1,2</sup>



ASSETS BY GEOGRAPHY<sup>1,2</sup>

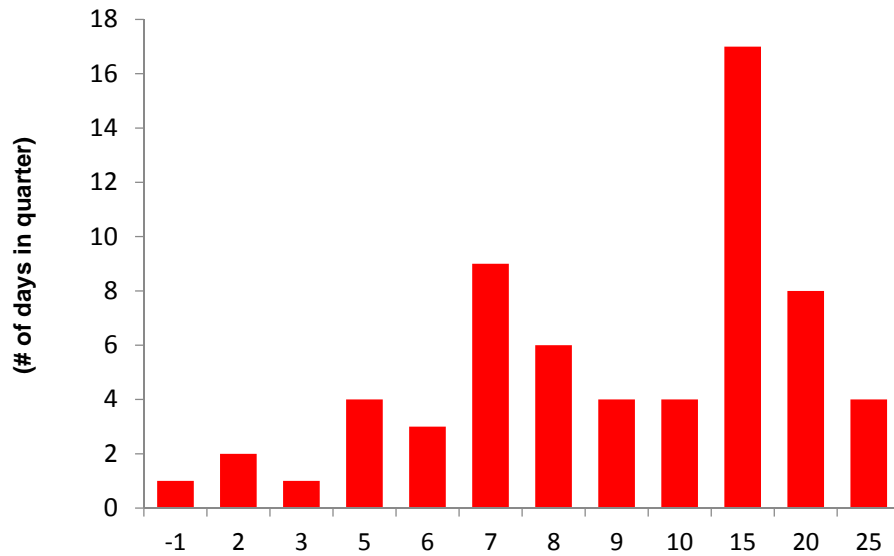


<sup>1</sup> For the 3 months ended April 30, 2019

<sup>2</sup> International Banking revenue contribution and assets reported in International Banking's results

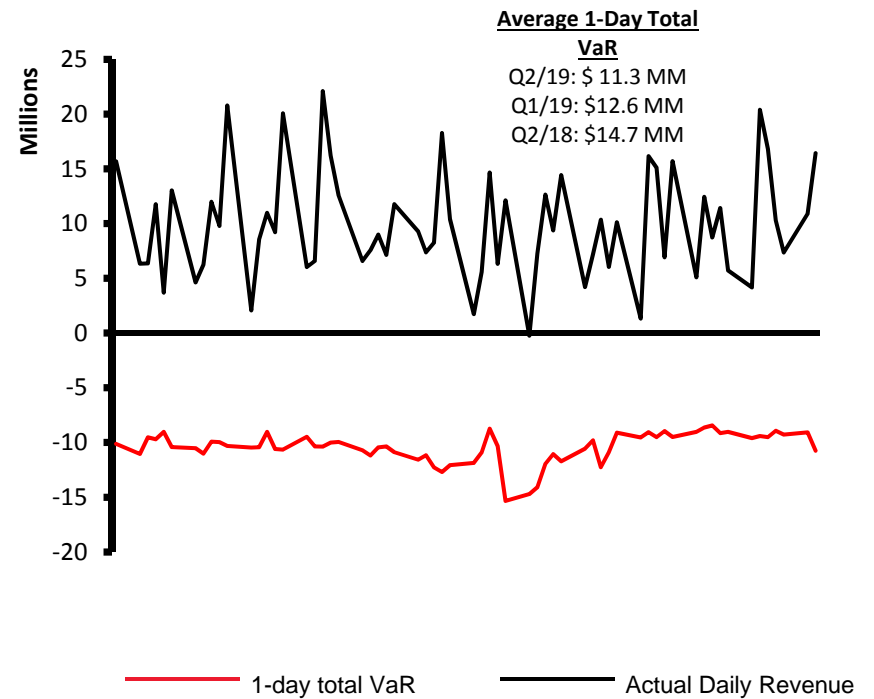
# TRADING RESULTS

1 TRADING LOSS DAY IN Q2/19



Q2/19 Daily Trading Revenues (\$MM)







Q2/19 TRADING REVENUE AND ONE-DAY TOTAL VAR



# ECONOMIC OUTLOOK IN KEY MARKETS

Macro economic growth outlook remains positive for the Pacific Alliance countries

## Real GDP (Annual % Change)

| Country  | 2017 | 2018 | 2019F | 2020F |
|--|------|------|-------|-------|
|  Canada     | 3.0  | 1.8  | 1.6   | 2.1   |
|  U.S.       | 2.2  | 2.9  | 2.4   | 1.9   |
|  Mexico     | 2.1  | 2.0  | 1.4   | 1.3   |
|  Peru       | 2.5  | 4.0  | 4.0   | 4.0   |
|  Chile    | 1.5  | 4.0  | 3.2   | 3.2   |
|  Colombia | 1.8  | 2.6  | 3.4   | 3.8   |

Source: Scotia Economics, as of April 12, 2019

# PROVISION FOR CREDIT LOSSES

| (\$MM)                            | Q2/18                  |                           | Q3/18                  |                              | Q4/18                     |                           | Q1/19                  |                      | Q2/19                  |                        |                           |
|-----------------------------------|------------------------|---------------------------|------------------------|------------------------------|---------------------------|---------------------------|------------------------|----------------------|------------------------|------------------------|---------------------------|
|                                   | PCLs on Impaired Loans | Total PCLs                | PCLs on Impaired Loans | Total PCLs (adj.)            | PCLs on Impaired Loans    | Total PCLs                | PCLs on Impaired Loans | Total PCLs           | PCLs on Impaired Loans | Total PCLs             | Total PCLs (adj.)         |
| <b>Canadian Banking</b>           |                        |                           |                        |                              |                           |                           |                        |                      |                        |                        |                           |
| Canadian Retail                   | 193                    | 193                       | 179                    | 174                          | 181                       | 179                       | 201                    | 202                  | 220                    | 245                    | 245                       |
| Canadian Commercial               | 11                     | 12                        | (5)                    | 7                            | 7                         | 19                        | 28                     | 31 <sup>1</sup>      | 13                     | 7 <sup>1</sup>         | 7 <sup>1</sup>            |
| <b>Total Canadian Banking</b>     | <b>204</b>             | <b>205</b>                | <b>174</b>             | <b>181</b>                   | <b>188</b>                | <b>198</b>                | <b>229</b>             | <b>233</b>           | <b>233</b>             | <b>252<sup>1</sup></b> | <b>252<sup>1</sup></b>    |
| <b>International Banking</b>      |                        |                           |                        |                              |                           |                           |                        |                      |                        |                        |                           |
| International Retail              | 308                    | 294                       | 337                    | 320 <sup>3</sup>             | 412                       | 384                       | 416                    | 421                  | 421                    | 568                    | 419 <sup>3</sup>          |
| International Commercial          | 80                     | 46 <sup>1</sup>           | 60                     | 47 <sup>1, 3</sup>           | 54 <sup>1</sup>           | 28 <sup>1</sup>           | 35                     | 49 <sup>1</sup>      | 51                     | 60 <sup>1</sup>        | 58 <sup>1, 3</sup>        |
| <b>Total</b>                      | <b>388<sup>2</sup></b> | <b>340<sup>1, 2</sup></b> | <b>397<sup>2</sup></b> | <b>367<sup>1, 2, 3</sup></b> | <b>466<sup>1, 2</sup></b> | <b>412<sup>1, 2</sup></b> | <b>451</b>             | <b>470</b>           | <b>472</b>             | <b>628<sup>1</sup></b> | <b>477<sup>1, 3</sup></b> |
| <b>Global Banking and Markets</b> | <b>3</b>               | <b>(11)</b>               | <b>(12)</b>            | <b>(10)</b>                  | <b>(17)</b>               | <b>(20)<sup>1</sup></b>   | <b>(1)</b>             | <b>(16)</b>          | <b>(5)</b>             | <b>(6)</b>             | <b>(6)</b>                |
| <b>Other</b>                      | <b>-</b>               | <b>-</b>                  | <b>-</b>               | <b>1<sup>1</sup></b>         | <b>-</b>                  | <b>-</b>                  | <b>-</b>               | <b>1<sup>1</sup></b> | <b>-</b>               | <b>(1)<sup>1</sup></b> | <b>(1)<sup>1</sup></b>    |
| <b>All Bank</b>                   | <b>595</b>             | <b>534</b>                | <b>559</b>             | <b>539</b>                   | <b>637</b>                | <b>590</b>                | <b>679</b>             | <b>688</b>           | <b>700</b>             | <b>873</b>             | <b>722</b>                |

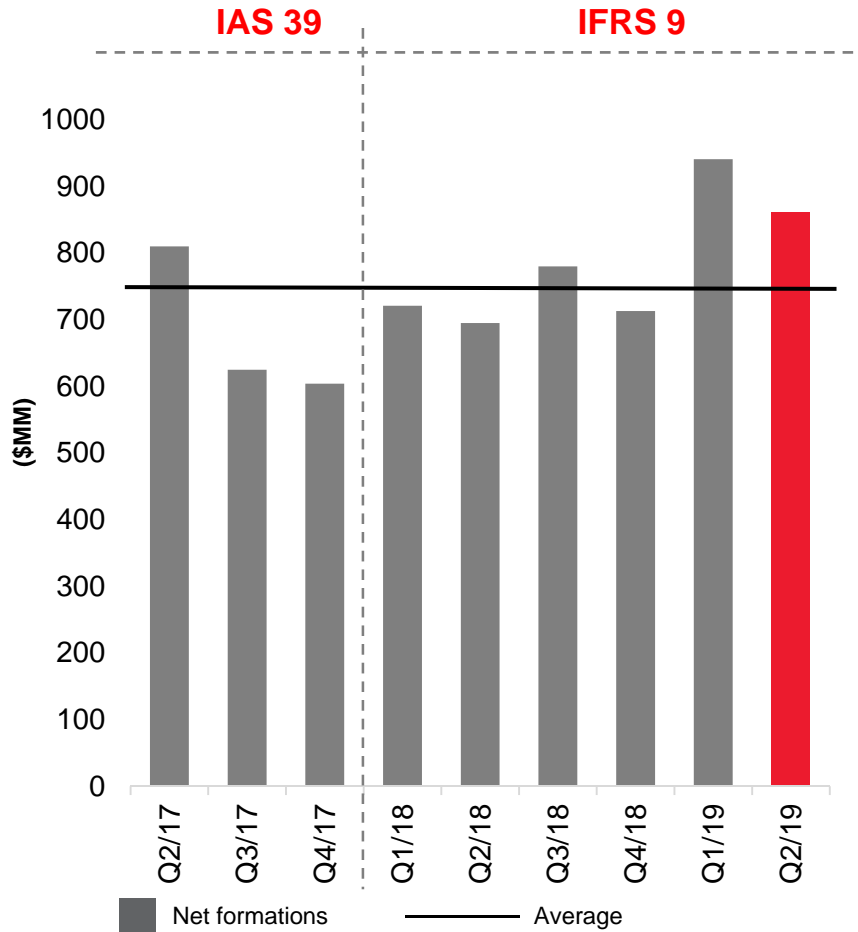
<sup>1</sup> Includes provision for credit losses on debt securities and deposit with banks of -\$1 million in Canadian Banking (Q1/19: \$2 million), -\$1 million (Q2/18: -\$4 million, Q3/18: \$Nil, Q4/18: \$41 million (impaired) and \$40 million (total), Q1/19: \$2 million) in International Banking, \$nil in Global Banking and Markets (Q4/18: \$1 million) and \$1 million (Q2/18: \$Nil, Q3/18: \$1 Million, Q4/18: \$1 million, Q1/19: -\$1 million) in Other

<sup>2</sup> Not comparable to periods prior to Q1/18, which were net of acquisition benefits

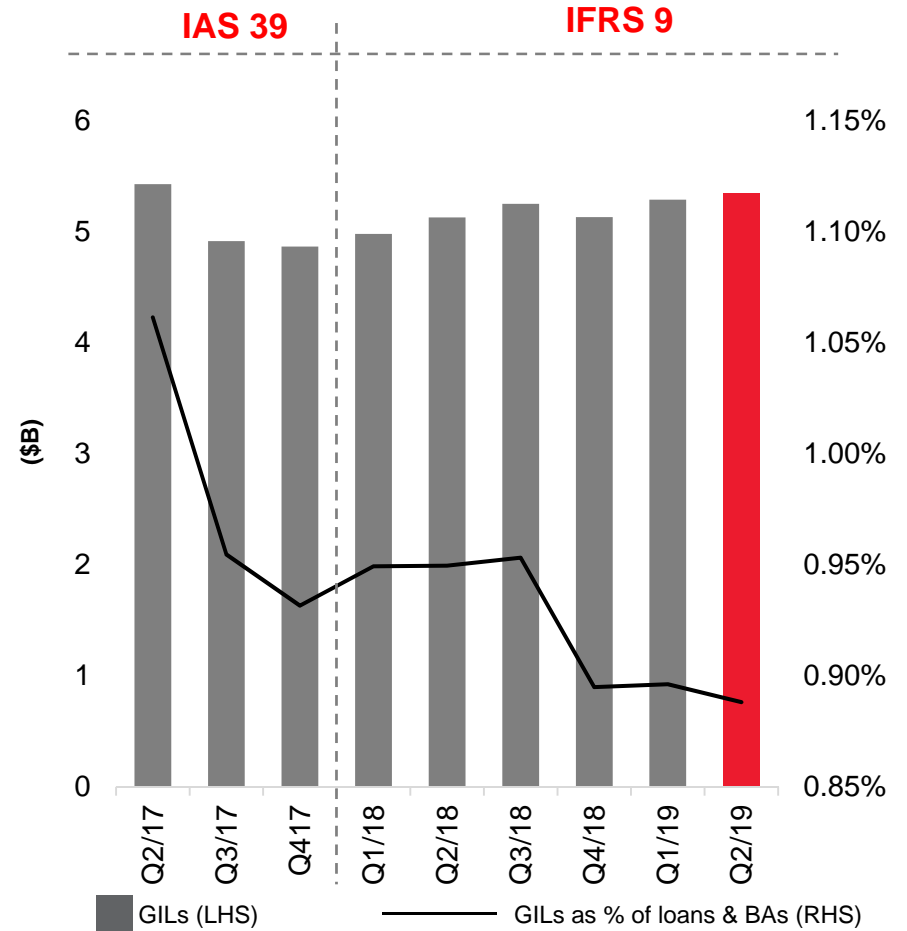
<sup>3</sup> Figures on an adjusted basis; adjusted for Day 1 PCLs from acquisitions

# IMPAIRED LOANS

## NET FORMATIONS OF IMPAIRED LOANS<sup>1,2</sup>



## GROSS IMPAIRED LOANS<sup>1,2,3</sup>



<sup>1</sup> Prior to Q1/18, excludes loans acquired under the Federal Deposit Insurance Corporation (FDIC) guarantee related to the acquisition of R-G Premier Bank of Puerto Rico. Effective Q1/18, includes loans acquired under the Federal Deposit Insurance Corporation (FDIC) guarantee related to the acquisition of R-G Premier Bank of Puerto Rico.

<sup>2</sup> 2018 and later amounts are based on IFRS 9. Prior period amounts were based on IAS 39

<sup>3</sup> Excludes impact of acquisitions in Q2/19 of \$18 million (Q3/18 : \$233 million)

# GILS & NET WRITE-OFF RATIOS

Stable GILs and net write-off ratios

| Gross impaired loans  | Q2/18        | Q3/18        | Q4/18        | Q1/19        | Q2/19        |
|---|--------------|--------------|--------------|--------------|--------------|
| <b>(As a % of Period End Loans &amp; Acceptances)<sup>2</sup></b> |              |              |              |              |              |
| Canadian Banking  | 0.30%        | 0.30%        | 0.29%        | 0.31%        | 0.31%        |
| International Banking   | 3.08%        | 3.10%        | 2.70%        | 2.58%        | 2.54%        |
| Global Banking and Markets  | 0.49%        | 0.43%        | 0.30%        | 0.33%        | 0.28%        |
| <b>All Bank</b>   | <b>0.95%</b> | <b>0.95%</b> | <b>0.89%</b> | <b>0.90%</b> | <b>0.89%</b> |

| Net write-offs  | Q2/18        | Q3/18        | Q4/18        | Q1/19        | Q2/19        |
|---|--------------|--------------|--------------|--------------|--------------|
| <b>(As a % of Average Net Loans &amp; Acceptances)<sup>1, 3</sup></b> |              |              |              |              |              |
| Canadian Banking  | 0.26%        | 0.23%        | 0.23%        | 0.28%        | 0.28%        |
| International Banking   | 1.26%        | 1.14%        | 1.24%        | 1.34%        | 1.26%        |
| Global Banking and Markets  | 0.08%        | -            | (0.03)%      | -            | 0.09%        |
| <b>All Bank</b>   | <b>0.45%</b> | <b>0.39%</b> | <b>0.45%</b> | <b>0.50%</b> | <b>0.50%</b> |

<sup>1</sup> Annualized

<sup>2</sup> Excludes impact of acquisitions in Q2/19 of \$18 million (Q3/18 : \$233 million)

<sup>3</sup> Net write-offs are net of recoveries



# RETAIL 90+ DAYS PAST DUE LOANS

Favourable credit quality across all markets and products

| CANADA        |                                       | Q2/18        | Q3/18              | Q4/18              | Q1/19              | Q2/19                |
|---------------|---------------------------------------|--------------|--------------------|--------------------|--------------------|----------------------|
|               | Mortgages                             | 0.19%        | 0.20%              | 0.20%              | 0.21%              | 0.21%                |
|               | Personal Loans                        | 0.57%        | 0.56%              | 0.56%              | 0.58%              | 0.56%                |
|               | Credit Cards                          | 1.08%        | 0.89%              | 0.91%              | 0.95%              | 0.92%                |
|               | Secured and Unsecured Lines of Credit | 0.30%        | 0.28%              | 0.29%              | 0.30%              | 0.30%                |
|               | <b>Total</b>                          | <b>0.27%</b> | <b>0.27%</b>       | <b>0.28%</b>       | <b>0.29%</b>       | <b>0.28%</b>         |
| INTERNATIONAL |                                       | Q2/18        | Q3/18 <sup>1</sup> | Q4/18 <sup>1</sup> | Q1/19 <sup>1</sup> | Q2/19 <sup>1,2</sup> |
|               | Mortgages                             | 3.70%        | 3.28%              | 3.18%              | 3.24%              | 3.16%                |
|               | Personal Loans                        | 3.64%        | 3.45%              | 3.56%              | 3.59%              | 3.52%                |
|               | Credit Cards                          | 2.87%        | 3.03%              | 2.96%              | 3.01%              | 3.01%                |
|               | <b>TOTAL</b>                          | <b>3.56%</b> | <b>3.31%</b>       | <b>3.25%</b>       | <b>3.30%</b>       | <b>3.23%</b>         |

<sup>1</sup> Includes acquisitions in Chile, Colombia.

<sup>2</sup> Includes acquisitions in Peru and Dominican Republic.

# FX MOVEMENTS VERSUS CANADIAN DOLLAR

| Currency       | Q2/19 | Q1/19 | Q2/18 | Canadian (Appreciation)<br>/ Depreciation |         |
|----------------|-------|-------|-------|---|---------|
|                |       |       |       | Q/Q                                       | Y/Y     |
| <b>SPOT</b>    |       |       |       |   |         |
| U.S. Dollar    | 0.746 | 0.761 | 0.779 | 1.9%                                      | 4.2%    |
| Mexican Peso   | 14.15 | 14.56 | 14.56 | 2.8%                                      | 2.8%    |
| Peruvian Sol   | 2.469 | 2.547 | 2.534 | 3.0%                                      | 2.6%    |
| Colombian Peso | 2,413 | 2,363 | 2,188 | (2.1%)                                    | (10.3%) |
| Chilean Peso   | 505.5 | 499.2 | 477.7 | (1.3%)                                    | (5.8%)  |
| <b>AVERAGE</b> |       |       |       |   |         |
| U.S. Dollar    | 0.751 | 0.751 | 0.784 | 0.0%                                      | 4.2%    |
| Mexican Peso   | 14.36 | 14.89 | 14.54 | 3.5%                                      | 1.2%    |
| Peruvian Sol   | 2.485 | 2.522 | 2.543 | 1.5%                                      | 2.3%    |
| Colombian Peso | 2,354 | 2,396 | 2,216 | 1.7%                                      | (6.2%)  |
| Chilean Peso   | 499.1 | 509.8 | 471.2 | 2.1%                                      | (5.9%)  |

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