

# Investor Presentation

May 2020

**Scotiabank®**

# Caution Regarding Forward-Looking Statements

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 2019 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; the emergence of widespread health emergencies or pandemics, including the magnitude and duration of the COVID-19 pandemic and its impact on the global economy and financial market conditions and the Bank’s business, results of operations, financial condition and prospects; and the Bank’s anticipation of and success in managing the risks implied by the foregoing. A substantial amount of the Bank’s business involves making loans or otherwise committing resources to specific companies, industries or countries. Unforeseen events affecting such borrowers, industries or countries could have a material adverse effect on the Bank’s financial results, businesses, financial condition or liquidity. These and other factors may cause the Bank’s actual performance to differ materially from that contemplated by forward-looking statements. The Bank cautions that the preceding list is not exhaustive of all possible risk factors and other factors could also adversely affect the Bank’s results, for more information, please see the “Risk Management” section of the Bank’s 2019 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 2019 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).

# TABLE OF CONTENTS

<b>Scotiabank Overview</b>	4
• Leading Bank in the Americas	5
• Well-Diversified Business with Strong Returns	6
• Business Lines	7
• Economic Outlook in Core Markets	8
• Why Invest in Scotiabank?	9
• Focused on Higher Return Markets	10
• Increasing Banking Penetration	11
• Digital Progress	12
• COVID-19 Response	13
• COVID-19: Strong Response from Governments across Core Markets	14
• Q2 2020 Financial Performance	15
• Earnings and Dividend Growth	16
• Strong Capital Position	17
• Technology Strategy	18
• Fintech	19
• Environmental, Social & Governance (ESG)	20
<b>Business Line Overview: Canadian Banking</b>	22
<b>Business Line Overview: International Banking</b>	30
<b>Business Line Overview: Global Wealth Management</b>	41
<b>Business Line Overview: Global Banking and Markets</b>	45
<b>Risk Overview</b>	49
• Risk Snapshot	50
• Risk Density	51
• Historical PCL Ratios on Impaired Loans	52
• Retail Loans and Provisions	53
• Sectors Most Impacted by COVID-19	55
• Energy - E&P and Oilfield Services Exposure	56
<b>Treasury and Funding</b>	57
• Pandemic Response	58
• Funding Strategy	59
• Wholesale Funding	60
• Deposit Overview	61
• Wholesale Funding Utilization	62
• Liquidity Metrics	63
<b>Appendix 1: Core Markets: Economic Profiles</b>	64
<b>Appendix 2: Canadian Housing Market</b>	70
<b>Appendix 3: Bail-in and TLAC</b>	77
<b>Appendix 4: Covered Bonds</b>	81
<b>Appendix 5: Additional Information</b>	84
<b>Contact Information</b>	88

# Scotiabank Overview

- Leading bank in the Americas with competitive scale in high return markets
- Repositioning of business substantially complete
- Greater geographic focus, increased scale in core markets, and improved business mix
- Strong credit quality. Stable credit metrics.
- Positioned for higher capital ratios, ongoing buybacks, and sustainable long-term earnings growth

# Leading Bank in the Americas<sup>1</sup>

Core markets: Canada, US, Mexico, Peru, Chile and Colombia

9th largest bank by assets<sup>1</sup> in the Americas



## Full-Service, Universal Bank

Canada  
Mexico  
Peru  
Chile  
Colombia  
Caribbean  
Uruguay

## Wholesale Operations

USA  
UK  
Singapore  
Australia  
Ireland  
Hong Kong SAR  
China  
Brazil  
South Korea  
Malaysia  
India  
Japan

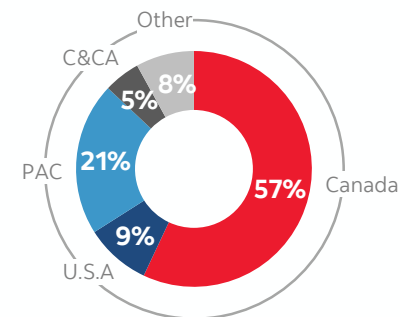
## Scotiabank<sup>2</sup>

	Q2 2020 YTD	Change YTD/YTD
Revenue	\$15,945MM	+5%
Net Income	\$3,715MM	(18%)
Return on Equity	11.1%	(260 bps)
Operating Leverage	-1.0%	n.a.
Productivity Ratio	53.7%	+50 bps
Total Assets	\$1.25T	+18%

## Ranking by Market Share<sup>3</sup>

	Canada	#3
USMCA	USA	Top 15 FBO
	Mexico	#5
PAC	Peru	#3
	Chile	#3
	Colombia	#6

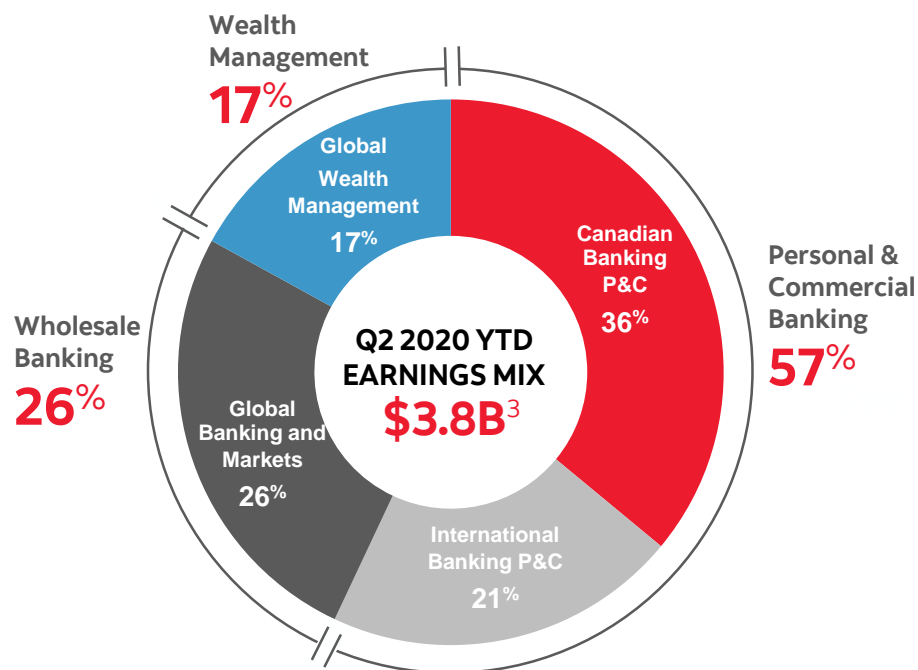
## Earnings by Market<sup>2,4</sup>



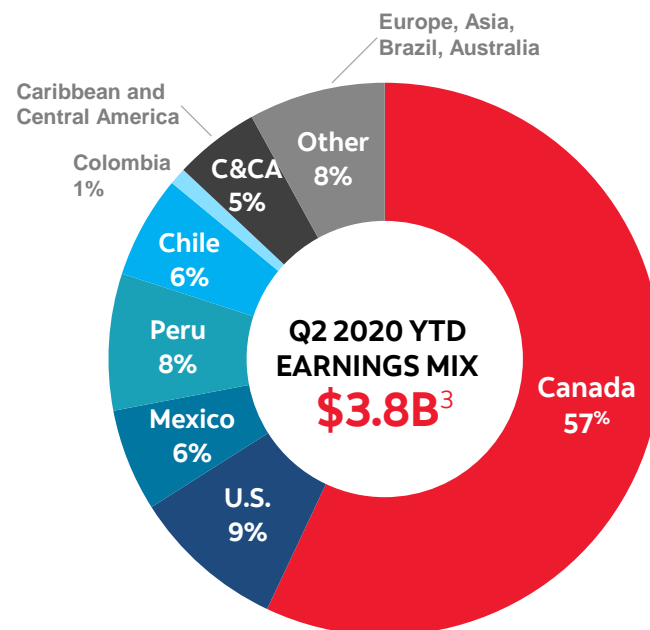
<sup>1</sup>Ranking by asset as at May 22, 2020, Bloomberg; <sup>2</sup>Adjusted for acquisition and divestiture-related amounts, impact of additional pessimistic scenario in ACLs, Derivative Valuation Adjustment, and impairment charge on software asset; <sup>3</sup>Ranking based on market share in loans as of March 2020 for PAC (incl. M&A), as of January 2020 in Canada for publicly traded banks; <sup>4</sup>Adjusted net income attributable to equity holders of the Bank for the 6 months ended April 30, 2020

# Well-Diversified Business with Strong Returns

Earnings by Business Line<sup>1,2,3</sup>



Earnings by Market<sup>1,2</sup>



Adjusted Return on Equity<sup>1,2</sup> by Business Line



<sup>1</sup>Net income attributable to equity holders for the 6 months ended April 30, 2020; <sup>2</sup> Adjusted for acquisition and divestiture-related amounts, impact of additional pessimistic scenario in ACLs, Derivative Valuation Adjustment, and impairment charge on software asset; <sup>3</sup> Excluding Other segment

# Business Lines







Activity	Personal & Commercial Banking		Wealth Management	Capital Markets
Business Line	Canadian Banking	International Banking	Global Wealth Management	Global Banking and Markets
<b>Products</b>	<ul style="list-style-type: none"> <li>• Mortgages</li> <li>• Auto Loans</li> <li>• Commercial Loans</li> <li>• Personal Loans</li> <li>• Credit Cards</li> </ul>	<ul style="list-style-type: none"> <li>• Mortgages</li> <li>• Auto Loans</li> <li>• Commercial Loans</li> <li>• Personal Loans</li> <li>• Credit Cards</li> </ul>	<ul style="list-style-type: none"> <li>• Asset Management</li> <li>• Private Banking</li> <li>• Private Investment Counsel</li> <li>• Brokerage</li> <li>• Trust</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate Banking</li> <li>• Advisory</li> <li>• Equities</li> <li>• Fixed Income</li> <li>• Foreign Exchange</li> <li>• Commodities</li> </ul>
<b>NIAEH<sup>1</sup> (\$MM)</b>	\$1,389	\$812	\$632	\$974
<b>% All-Bank<sup>1</sup></b>	36%	21%	17%	26%
<b>% Target</b>	35-40%	25-30%	~15%	15-20%
<b>Productivity Ratio<sup>1</sup></b>	46.7%	52.7%	62.2%	46.5%
<b>ROE<sup>1</sup></b>	16.7%	8.3%	13.8%	14.7%
<b>Employees<sup>2</sup></b>	18,755	52,318	7,237	2,412

<sup>1</sup>Adjusted figures for the 6 months ended April 30, 2020

<sup>2</sup>As at April 30, 2020

# Economic Outlook in Core Markets

## Real GDP Growth Forecast (2019 – 2021)

Real GDP (Annual % Change)					
Country	2010–18 Average	2019	Forecast	2020F	2021F
 Canada	2.2	1.6	Previous <sup>1</sup> Current <sup>2</sup>	1.5 -9.1	2.0 6.5
 U.S.	2.3	2.3	Previous <sup>1</sup> Current <sup>2</sup>	1.7 -6.3	1.8 7.0
 Mexico	3.0	-	Previous <sup>1</sup> Current <sup>2</sup>	1.0 -8.4	1.8 1.1
 Peru	4.8	2.3	Previous <sup>1</sup> Current <sup>2</sup>	3.0 -9.0	3.5 7.0
 Chile	3.5	1.0	Previous <sup>1</sup> Current <sup>2</sup>	1.4 -4.5	3.0 2.9
 Colombia	3.8	3.2	Previous <sup>1</sup> Current <sup>2</sup>	3.6 -2.9	3.6 3.6
<b>PAC Average</b>	<b>3.8</b>	<b>1.6</b>	<b>Previous <sup>1</sup></b> <b>Current <sup>2</sup></b>	<b>2.3</b> <b>-6.2</b>	<b>3.0</b> <b>3.7</b>

Source: Scotiabank Economics.

<sup>1</sup>Forecast as of January 13, 2020

<sup>2</sup>Forecasts as of April 17, 2020 for Canada; Forecasts as of May 16, 2020 for U.S., Mexico, Peru, Chile, and Colombia



# Why Invest in Scotiabank?



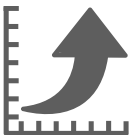
## Leading bank in the Americas

- Six core markets: Canada, US, Mexico, Chile, Peru and Colombia
- ~87% of earnings from six core markets



## Diversified exposure to high quality growth markets

- Unique Americas footprint provides diversified exposure to higher growth, high ROE banking markets
- 225 million people in the Pacific Alliance countries comprise the 6<sup>th</sup> largest economy in the world



## Increasing scale and market share in core markets

- Competitive scale and increasing market share in core markets
- Competitive advantages in technology, risk management, and funding versus competitors
- Increased scale in Wealth Management and P&C businesses via M&A



## Improved earnings quality, lower risk profile

- ~75% of earnings from stable P&C banking and wealth businesses
- Simplified footprint lowers operational risk and regulatory costs
- Strong Canadian risk management culture with strong capabilities in AML and cybersecurity

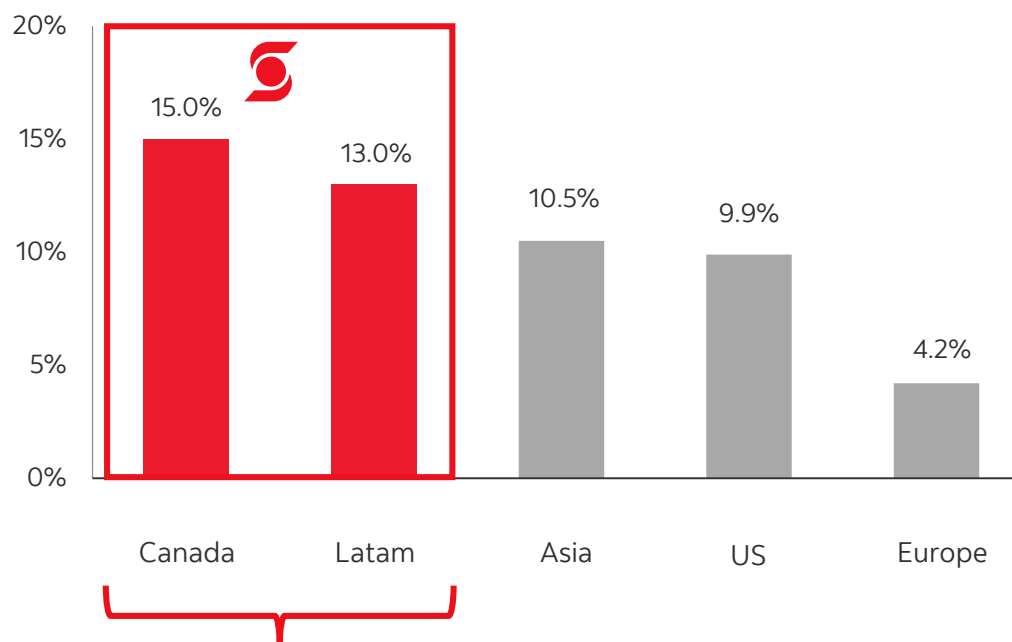


## Strengthening competitive advantages in technology and talent

- High levels of technology investment supports digital banking strategy to increase digital sales and adoption
- Named “Bank of the Year” in Canada (2019)

# Focused on Higher Return Markets

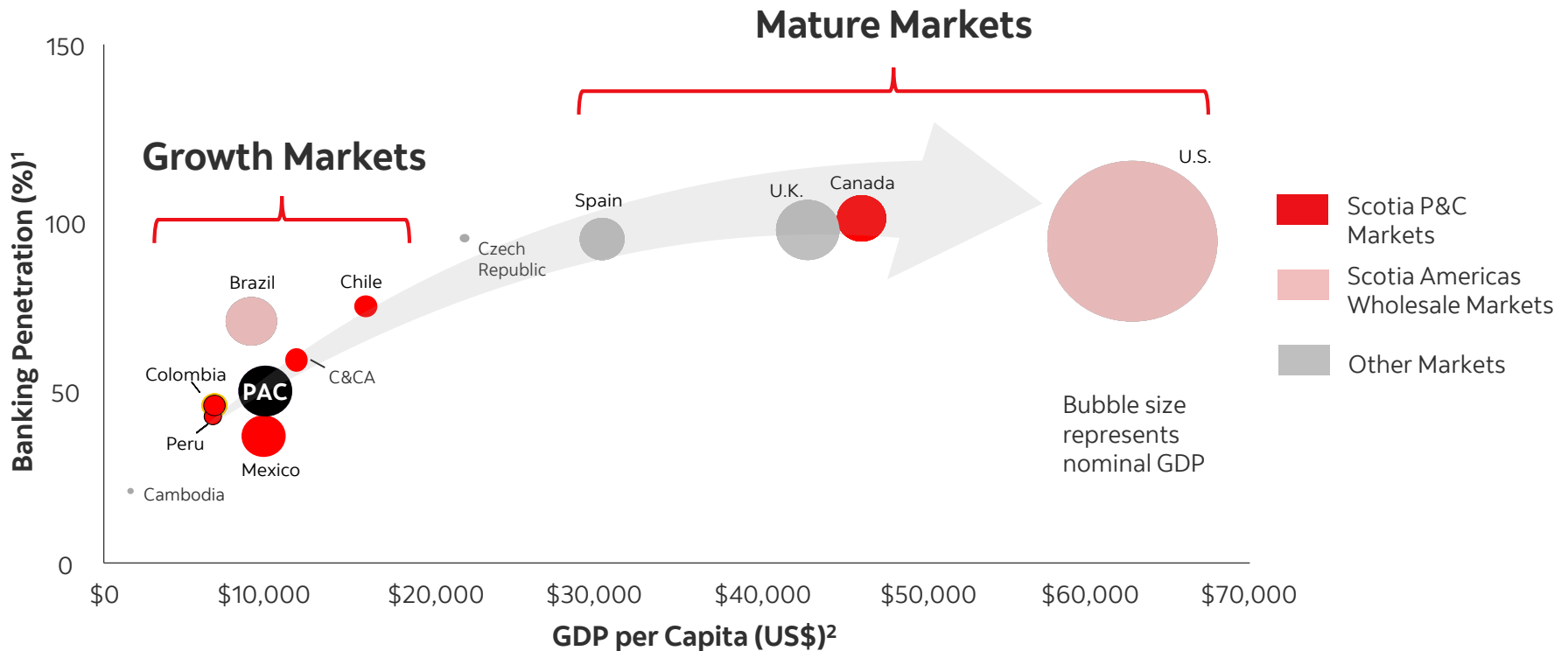
**Banking: Average ROE by Market**  
(Latest Reporting Period)



**73% of all-bank  
earnings**

Return on equity in latest reporting period for the leading bank by market share for loans in each country.  
Canada and US figures are average for five largest and 10 largest market share banks in each country, respectively  
Sources: Bloomberg LLP, Company Financial Reports.

# Increasing Banking Penetration



<sup>1</sup> Source: World Bank Open Data 2018. Banking Penetration is defined as account ownership at a financial institution or with a mobile-money-service provider (% of population ages 15+)

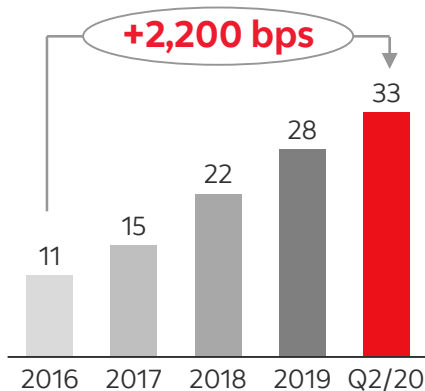
<sup>2</sup> Source: World Bank Open Data 2018. GDP per capita is nominal gross domestic product divided by mid year population

# Digital Progress



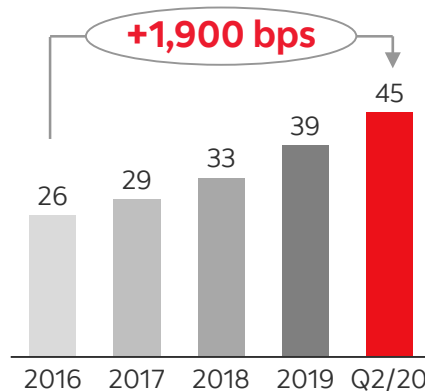
- **Canada:** >40% of payment deferral requests processed online
- **Pacific Alliance:** >80% of payment deferral requests processed online

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



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

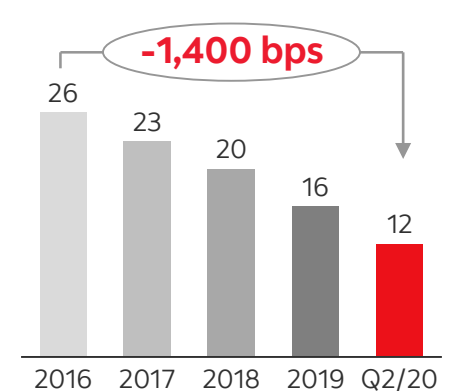
## Digital Adoption<sup>2</sup>



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

- Adoption grew 10% Y/Y

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



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

- In-branch transactions fell 5% Y/Y

<sup>1</sup> Canada: F2017 22%, F2018 26%, F2019 26% PACs: F2017 13%, F2018 19%, F2019 29%

<sup>2</sup> Canada: F2017 36%, F2018 38%, F2019 42% PACs: F2017 20%, F2018 26%, F2019 35%

<sup>3</sup> Canada: F2017 17%, F2018 15%, F2019 12% PACs: F2017 29%, F2018 24%, F2019 19%

# COVID-19 Response

## Our Customers

Supporting our individual customers in-branch, by phone, and on-line.

- Lower interest rates and fee waivers provided on many products
- ~90% of branches open globally
- Processed >600,000 CERB and >55,000 CEBA requests
- Launched priority services for front-line healthcare workers and seniors

### *Financial Relief Measures for Customers*

	Canada		International	
	# Customer Accounts ('000s)	Amount Outstanding (\$B)	# Customer Accounts ('000s)	Amount Outstanding (\$B)
Residential Mortgages	134	\$38.0	94	\$9.7
Personal Loans	164	\$5.5	1,066	\$6.7
Credit Cards	73	\$0.4	1,499	\$3.4
Commercial & Small Business	10	\$16.7	2	\$11.1
<b>Total</b>	<b>381</b>	<b>\$60.6</b>	<b>2,661</b>	<b>\$30.9</b>

Supporting our business customers by providing liquidity, extending credit and arranging financing:

- >\$25 billion of loan financing provided to support corporate customers and their employees
- >\$250 billion in capital markets financing arranged for customers

## Our Employees

Protecting and supporting our employees while they serve our customers:

- Business continuity planning invoked in late February
- >80% of employees working remotely (ex. branches). Balance of employees in low density/safety-enhanced workspace
- Increased pay to support employees. Added safety measures in branches and laptops for working remotely
- Deployed medical, mental health, and wellness support for employees

## Our Communities

Supporting our communities to manage through COVID-19 and beyond:

- Committed \$15 million to support COVID-19 response efforts by local charities
  - Partnered with the Canadian Medical Association (CMA) and MD Financial to commit \$4.6 million to support physicians during the COVID-19 pandemic.
  - Partnered with CMA in contributing to the Code Life Ventilator Challenge
- Provided financial grants to academic partners working on scalable healthcare innovations

# COVID-19: Strong Response from Governments across Core Markets

Policy Action	Canada	United States	Mexico	Peru	Chile	Colombia
<b>Movement Restrictions</b> (Date of Introduction)	March 12-22	March 19-24	March 24	March 16	March 18	March 25
<b>Policy Rate Cuts</b> (Since March 1, 2020)	150 bps	150 bps	150 bps	200 bps	125 bps	100 bps
<b>Fiscal &amp; Financial Measures<sup>1</sup></b> (% of GDP)	16.5%	13.6%	Emerging Market Average: 2.6% <sup>1</sup>			
			0.7%	12.0%	5.7%	2.8%
<b>Key Measures<sup>1</sup></b>	<ul style="list-style-type: none"> <li>• Liquidity programs</li> <li>• Wage and payroll support programs</li> <li>• Payment deferral programs</li> <li>• Small business and sectoral programs</li> </ul>	<ul style="list-style-type: none"> <li>• Liquidity programs</li> <li>• Wage and payroll support programs</li> <li>• Payment deferral programs</li> <li>• Small business and sectoral programs</li> </ul>	<ul style="list-style-type: none"> <li>• Liquidity programs</li> <li>• Payment deferral programs</li> <li>• Small business and sectoral programs</li> </ul>	<ul style="list-style-type: none"> <li>• Liquidity programs</li> <li>• Loan guarantees</li> <li>• Payment deferral programs</li> <li>• Small business programs</li> <li>• Retirement savings withdrawals</li> </ul>	<ul style="list-style-type: none"> <li>• Liquidity programs</li> <li>• Loan guarantees</li> <li>• Payment deferral programs</li> <li>• Tax holidays</li> </ul>	<ul style="list-style-type: none"> <li>• Liquidity programs</li> <li>• Loan guarantees</li> <li>• Payment deferral programs</li> <li>• Tax holidays</li> <li>• Small business programs</li> </ul>

<sup>1</sup> Source: Scotia Economics

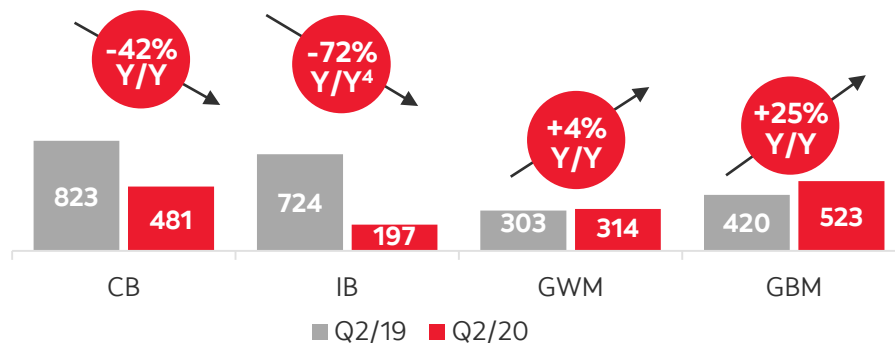
# Q2 2020 Financial Performance

\$MM, except EPS	Q2/20	Y/Y	Q/Q
<b>Reported</b>			
Net Income	\$1,324	(41%)	(43%)
Pre-Tax, Pre Provision Profit	\$3,593	(4%)	(3%)
Diluted EPS	\$1.00	(42%)	(46%)
Revenue	\$7,956	+2%	(2%)
Expenses	\$4,363	+8%	(1%)
Productivity Ratio	54.8%	+300 bps	+50 bps
Core Banking Margin	2.35%	(10bps)	(10bps)
PCL Ratio <sup>1</sup>	119 bps	+58 bps	+58 bps
PCL Ratio on Impaired Loans <sup>1</sup>	56 bps	+7 bps	+1 bp
<b>Adjusted<sup>2</sup></b>			
Net Income	\$1,371	(39%)	(42%)
Pre-Tax, Pre Provision Profit	\$3,661	+1%	(2%)
Diluted EPS	\$1.04	(39%)	(43%)
Revenue	\$7,956	+4%	-
Expenses	\$4,295	+8%	+1%
Productivity Ratio	54.0%	+170 bps	+60 bps
PCL Ratio <sup>1</sup>	119 bps	+68 bps	+68 bps
PCL Ratio on Impaired Loans <sup>1</sup>	56 bps	+7 bps	+3 bps

## YEAR-OVER-YEAR HIGHLIGHTS

- Adjusted EPS down 39%<sup>2</sup>
- Adjusted Net Income down 39%<sup>2</sup>
  - Pre-tax, pre-provision profit (PTPP) up 1%<sup>2</sup> or up 7% excluding metals business charges
- Adjusted Revenue up 4%<sup>2</sup> or +9% excluding divestitures
  - Net interest income up 5%
  - Non-interest income up 3%<sup>2</sup>
- Adjusted Expense growth of 8%<sup>2</sup>, +5% excluding metals business charges and divestitures
- Adjusted YTD operating leverage of -1.0%<sup>2</sup>, +3.5% excluding metals business charges and divestitures

## ADJUSTED NET INCOME<sup>3</sup> BY BUSINESS SEGMENT (\$MM)



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

<sup>2</sup> Refer to Non-GAAP Measures on Slide 44 for adjusted results

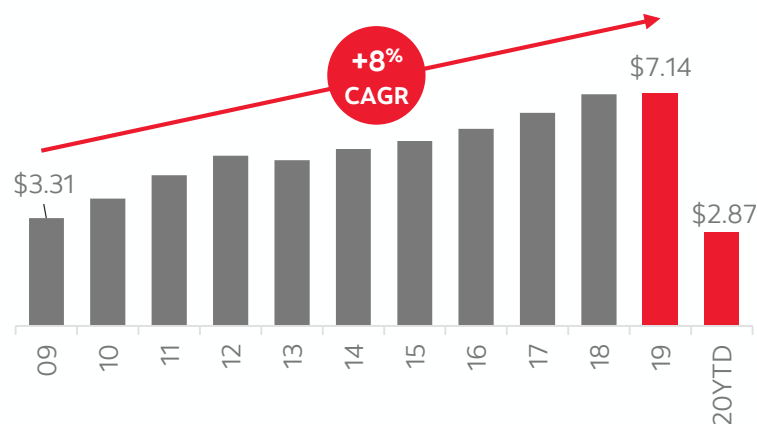
<sup>3</sup> After non-controlling interests

<sup>4</sup> Y/Y growth rate is on a constant dollars basis

# Earnings and Dividend Growth

Strong track record of stable and predictable earnings and growing dividends

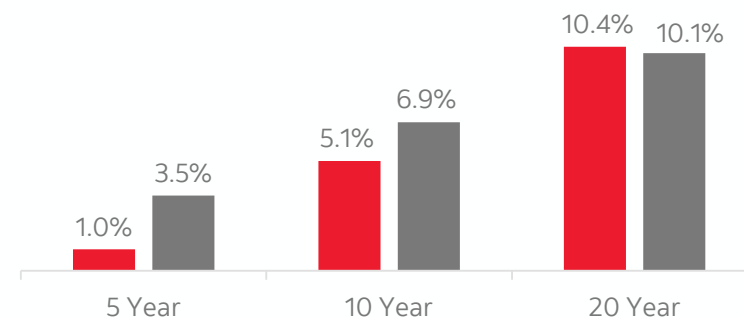
Earnings per share (C\$)<sup>1,2</sup>



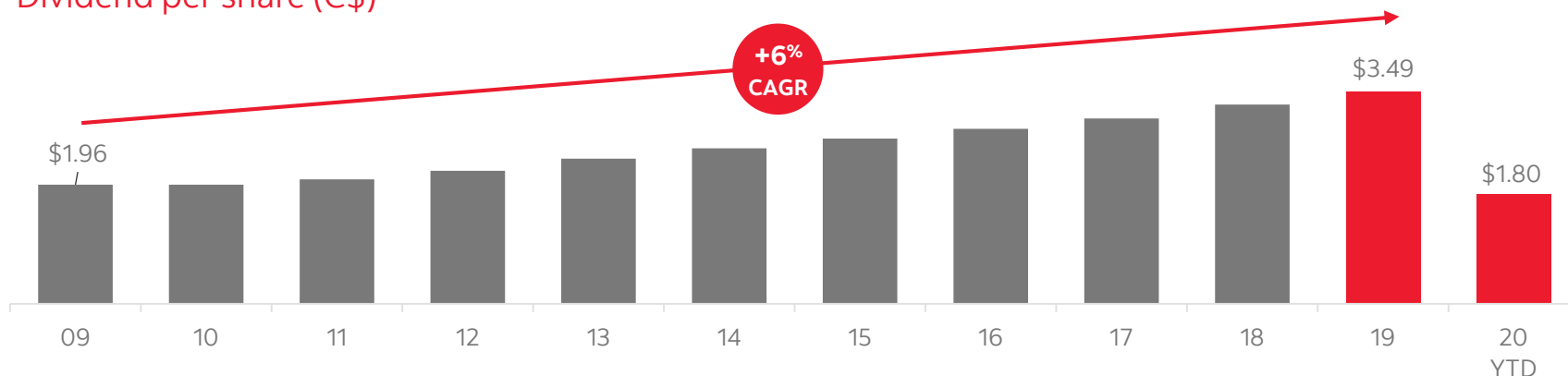
Total shareholder return<sup>3</sup>

■ Scotiabank

■ Big 5 Peers (ex. Scotiabank)



Dividend per share (C\$)

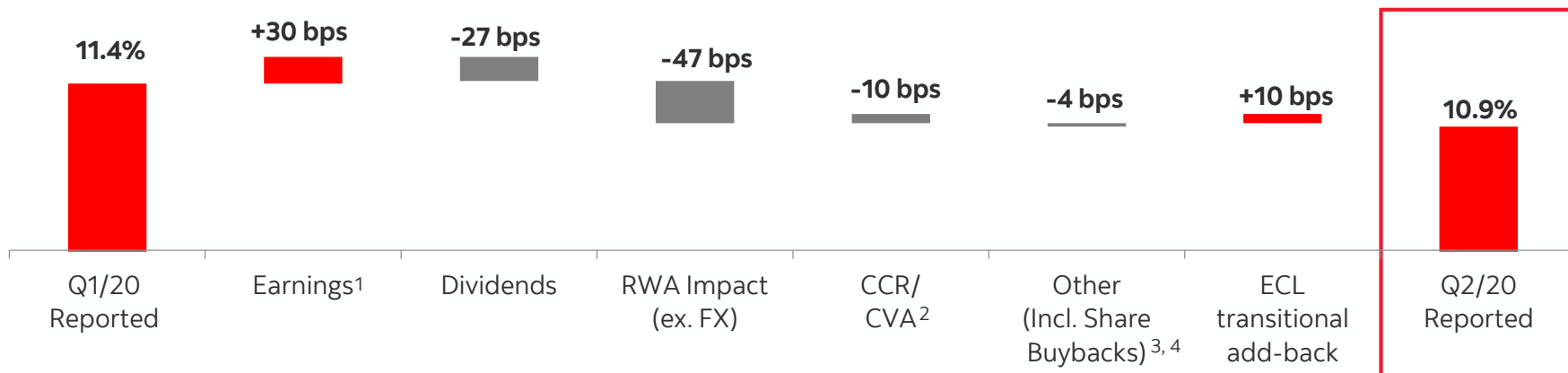


<sup>1</sup> Reflects adoption of IFRS in Fiscal 2011. <sup>2</sup> Excludes notable items for years prior to 2016. For 2016 onwards, results adjusted for acquisition and divestiture-related amounts, impact of additional pessimistic scenario in ACLs, Derivative Valuation Adjustment, and impairment charge on software asset. <sup>3</sup> As of April 30, 2020

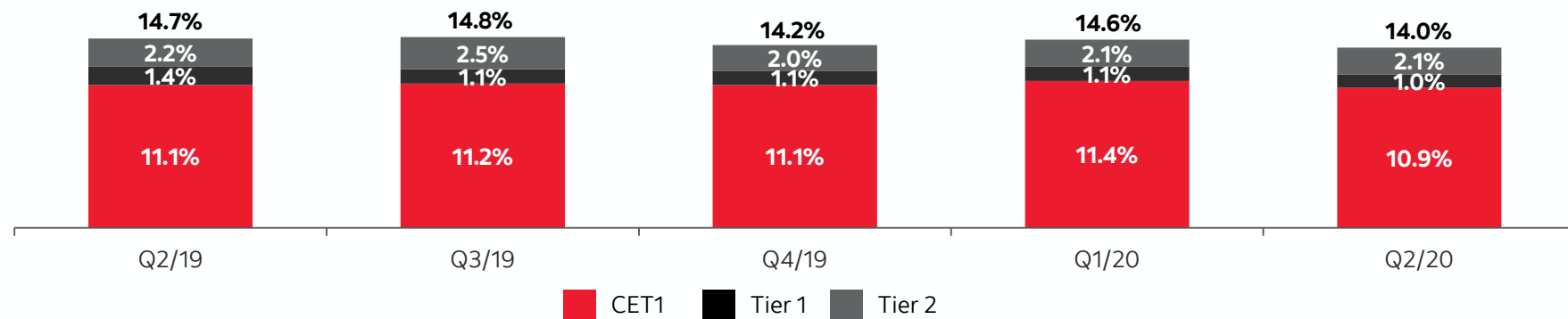


# Strong Capital Position

## CET1 Ratio



## Strong Capital Levels



<sup>1</sup> Net Income Available to Equity Holders. <sup>2</sup> Counterparty Credit Risk and Credit Valuation Adjustment impact on RWA. <sup>3</sup> Repurchased 2 million common shares in Q2 2020. <sup>4</sup> 'Other' includes impacts from regulatory capital deductions, foreign exchange translation, FVTOCI securities, etc.

# Technology Strategy



- Build a strong and scalable platform foundation



- Cloud-first strategy for automation and speed

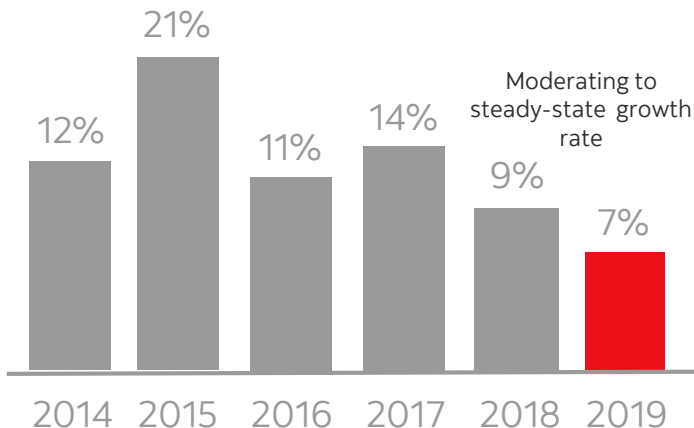


- Rebalance core technology spending towards modernization



- Maintain consistent investment in technology

## Technology Investment Growth Rate (YoY Change)



## Technology Investment ~11% of revenue (\$3.6B)

- Common systems
- Software re-use, best practice-sharing
- Consistent software design
- Customer-focused micro-services
- Analytics on real-time data
- Strong cyber-security foundation

# Fintech

## Partnerships



## Focus Areas

- Credit adjudication
- Accessibility
- Natural language processing
- Personal financial management
- Customer experience and self-service
- Machine-learning modelling
- Data collaboration
- Cybersecurity

## Proof of Concepts<sup>1</sup>



<sup>1</sup> Selected proof of concepts with fintech partners

# Environmental, Social & Governance (ESG)

Scotiabank's Climate Commitments include:

**Mobilize \$100 billion by 2025**

to reduce the impacts of climate change.

## Memberships, Associations and Partnerships

MEMBER OF  
**Dow Jones  
Sustainability Indices**  
In Collaboration with RobecoSAM

**SAM**  
Sustainability Award  
Industry mover 2019

**SAM**  
Sustainability Award  
Bronze Class 2019



**TOP 100  
COMPANY  
2018**  
Thomson Reuters  
Diversity & Inclusion Index

**REFINITIV**  
**TOP 100 COMPANY 2019**  
Diversity and Inclusion Index

**United Nations  
Global Compact**

**UN  
WOMEN**

**UNEP  
FINANCE  
INITIATIVE**

**PRI** Principles for  
Responsible  
Investment

**SUSTAINABLE  
DEVELOPMENT  
GOALS**

**TCFD** TASK FORCE ON  
CLIMATE-RELATED  
FINANCIAL  
DISCLOSURES

**CDP**  
DRIVING SUSTAINABLE ECONOMIES

**EQUATOR  
PRINCIPLES**

**CP  
LC** CARBON PRICING  
LEADERSHIP COALITION

# Environmental, Social & Governance (ESG)

Highlights from 2019 / 2020



- Committed to **mobilize \$100 billion** by 2025 to reduce the impacts of climate change
- Issued **USD\$500 million Green Bond**. Proceeds fund assets under the Scotiabank Green Bond Framework, including renewable energy, clean transportation and green buildings
- Achieved **17% greenhouse gas (GHG) reduction** from a 2016 baseline, achieving our 10% target two years early; set new target of 25% by 2025
- Internal price on carbon of \$15/tonne invested in GHG reduction initiatives; increased to \$30/tonne for 2020; to \$60/tonne by 2022
- Implemented a **Climate Change Risk Assessment** tool in corporate & commercial lending to assess clients' physical & transition climate risks
- COVID-19 response** includes various relief measures for **customers**, added personal days and wellness expense allocations for **employees**, and a **commitment of \$15 million to support communities most at-risk**, including our partner programs and our ongoing support of hospitals and healthcare professionals
- Nearly **\$100 million invested globally** in communities where we operate as part of our global philanthropy program
- \$3 billion in funding committed** over the first three years of The Scotiabank Women Initiative™ to advance women-led businesses in Canada
- Signed the UN Women's Empowerment Principles and UN LGBTI Codes for Business Conduct
- \$250 million committed** over 10 years to help employees adapt to the digital economy
- Top 1% of global financial institutions** for Corporate Governance in Dow Jones Sustainability Index
- 38% of our directors are female**. We first established a Board diversity policy in 2013
- Appointed third independent Chairman in 2019. Separate CEO and Chairman roles since 2004
- Dedicated significant Board time to cybersecurity, anti-money laundering, conduct and culture issues, keeping the Bank safe

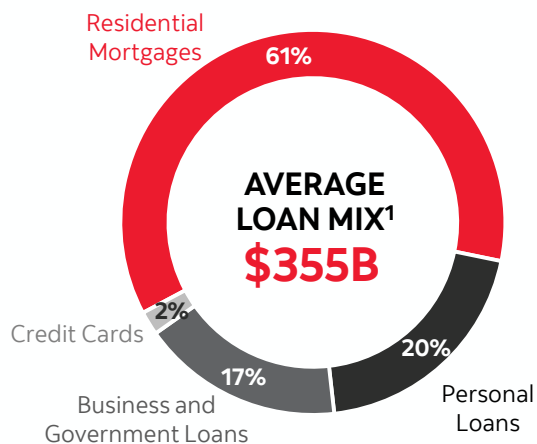
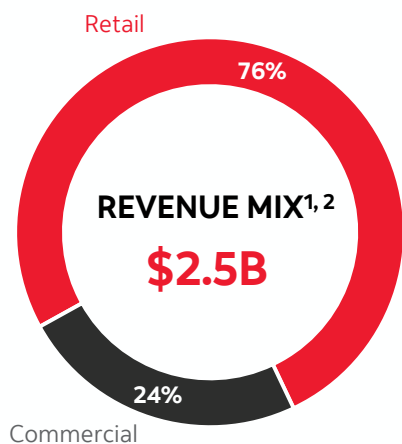
# **Business Line Overview**

## **Canadian Banking**

# Canadian Banking

## Top 3 bank in personal & commercial banking in Canada

- **Canadian Banking** provides a full suite of financial advice and banking solutions, supported by an excellent customer experience, to Retail, Small Business, Commercial Banking customers. Canadian Banking also provides an alternative self-directed banking solution to over 2 million Tangerine Bank customers.



### ► MEDIUM-TERM FINANCIAL OBJECTIVES

	Target <sup>3</sup>
NIAT Growth <sup>4</sup>	5%+
Productivity Ratio	<44%
Operating Leverage	Positive

### STRATEGIC OUTLOOK

- **Improve Sustained Business Performance:** Invest to grow our higher ROE businesses, including Business Banking, to deliver consistent and stable long-term earnings growth
- **Instill a Winning team Culture:** Engage employees through a RESULTS (Revenue, Earnings, Simplify, Urgency, Listen, Trust, Support) focused culture
- **Superior Customer Experience:** Develop deeper household relationships for our customers across Canada by providing differentiated focus and service to those who are most loyal and engaged
- **Scale our unique partnerships and assets:** Leverage our long-term partnerships and assets like MLSE, Scene and Wealth businesses to generate growth across our division

<sup>1</sup>For the three months ended April 30, 2020; <sup>2</sup>Reflects the adoption new leases accounting standards, IFRS16; <sup>3</sup>3-5 year target from 2020 Investor Day; <sup>4</sup>Adjusted Net income attributed to equity shareholders

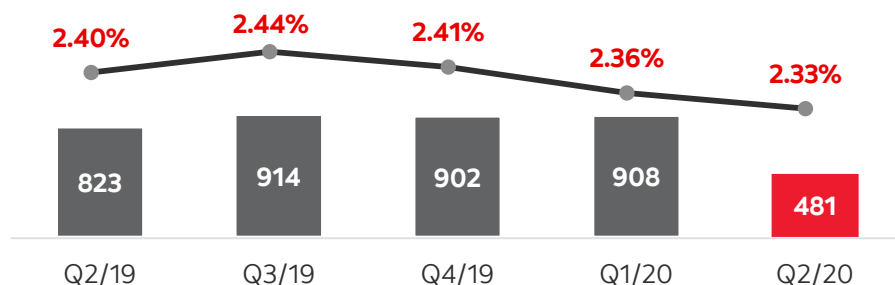
# Canadian Banking

\$MM	Q2/20	Y/Y	Q/Q
<b>Reported</b>			
Net Income <sup>1</sup>	\$477	(42%)	(44%)
Pre-Tax, Pre Provision Profit	\$1,306	(4%)	(11%)
Revenue	\$2,526	-	(7%)
Expenses	\$1,220	+4%	(1%)
PCLs	\$670	+165%	+109%
Productivity Ratio	48.3%	+200 bps	+270 bps
Net Interest Margin	2.33%	(7 bps)	(3 bps)
PCL Ratio <sup>2</sup>	0.77%	+46 bps	+41 bps
PCL Ratio Impaired Loans <sup>2</sup>	0.36%	+7 bps	+6 bps
<b>Adjusted<sup>3</sup></b>			
Net Income <sup>1</sup>	\$481	(42%)	(47%)
Pre-Tax, Pre Provision Profit	\$1,312	(4%)	(11%)
Expenses	\$1,214	+4%	(1%)
PCLs	\$670	+165%	+168%
Productivity Ratio	48.1%	+200 bps	+270 bps
PCL Ratio <sup>2</sup>	0.77%	+46 bps	+49 bps
PCL Ratio Impaired Loans <sup>2</sup>	0.36%	+7 bps	+7 bps

## YEAR-OVER-YEAR HIGHLIGHTS

- **Adjusted Net Income down 42%<sup>3</sup>**
  - Higher performing loan PCLs
  - Strong volume growth and higher net interest income offset by lower non-interest income
- **Revenue flat**
  - Net interest income up 4%
  - Non-interest income down 11%
- **Loan growth of 7%**
  - Residential mortgages up 6%; credit cards flat
  - Business loans up 14%
- **Deposit growth of 4%**
  - Personal up 3%; Non-Personal up 6%
- **NIM down 7 bps**
- **Adjusted YTD operating leverage of -1.7%<sup>3</sup>**

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



<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>Refer to Non-GAAP Measures on Slide 44 for adjusted results



# Canadian Banking: Financial Performance

High quality retail loan portfolio: ~93% secured

- **High quality residential mortgage portfolio**

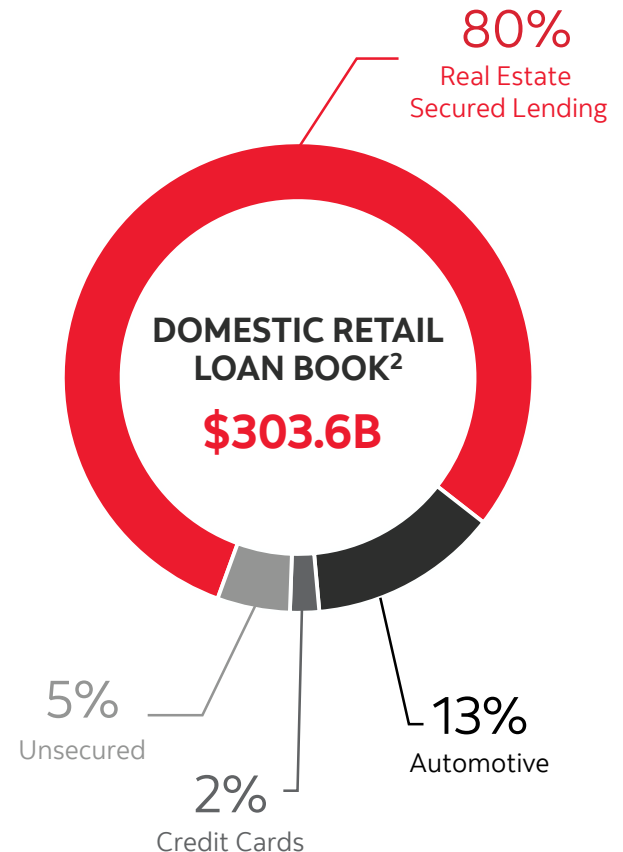
- 38% insured; remaining 62% uninsured has a LTV of 53%<sup>1</sup>

- **Market leader in auto loans**

- \$38.7 billion retail auto loan portfolio with 7 OEM relationships (3 exclusive)
- Prime Auto and Leases (~91%)
- Stable lending tenor with contractual terms for new originations averaging 78 months (6.5 years) with projected effective terms of 53 months (4.5 years)

- **Prudent growth in credit cards**

- \$6.7 billion credit card portfolio represents ~2% of domestic retail loan book and 1.0% of the Bank's total loan book
- Organic growth strategy focused on payments and deepening customer relationships
- Strong risk management culture with specialized credit card teams, customer analytics and collections focus
- Prudent growth of Card portfolio given elevated unemployment across Canada and additional pressure on loan obligations: de-risking policies are put in place at the onset of the pandemic to ensure borrowers' debt capacity and credit profile are within the Bank's controlled risk appetite under crisis



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

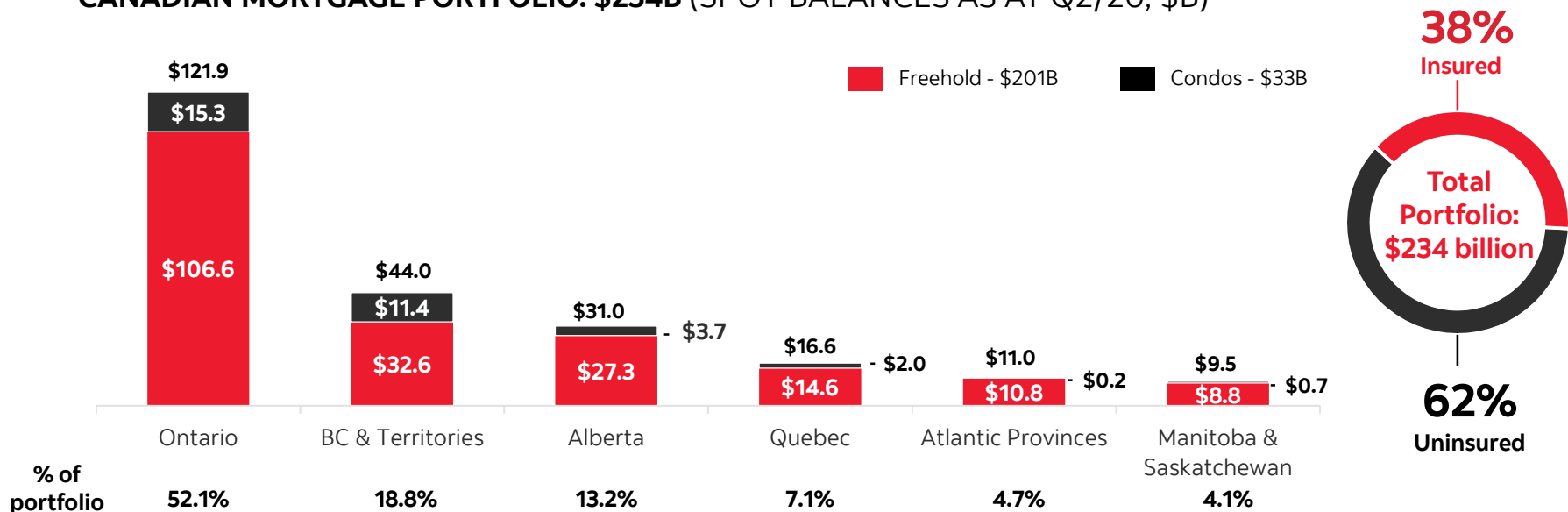
<sup>2</sup> Spot Balance as of April 30, 2020

# Canadian Banking: Residential Mortgages

High quality, diversified portfolio

- **Residential mortgage portfolio of \$234 billion: 38% insured; LTV 53% on the uninsured book<sup>1</sup>**
  - Mortgage business model is “originate to hold”
  - New originations<sup>2</sup> in Q2/20 had average LTV of 64%
  - Majority is freehold properties; condominiums represent approximately 14% of the portfolio
- **Three distinct distribution channels: all adjudicated under the same standards**
  - 1. Broker (~59%); 2. Branch (~20%); and 3. Mobile Salesforce (~21%)
  - Scotiabank eHOME is our fully digital 4th distribution channel for pre-approvals and standard applications. Since the launch of eHOME, we have processed more than 8000 mortgage applications. Most recently, we have enabled eHOME to service the unique lending needs of MD Financial customers, which has been very positively received

## CANADIAN MORTGAGE PORTFOLIO: \$234B (SPOT BALANCES AS AT Q2/20, \$B)



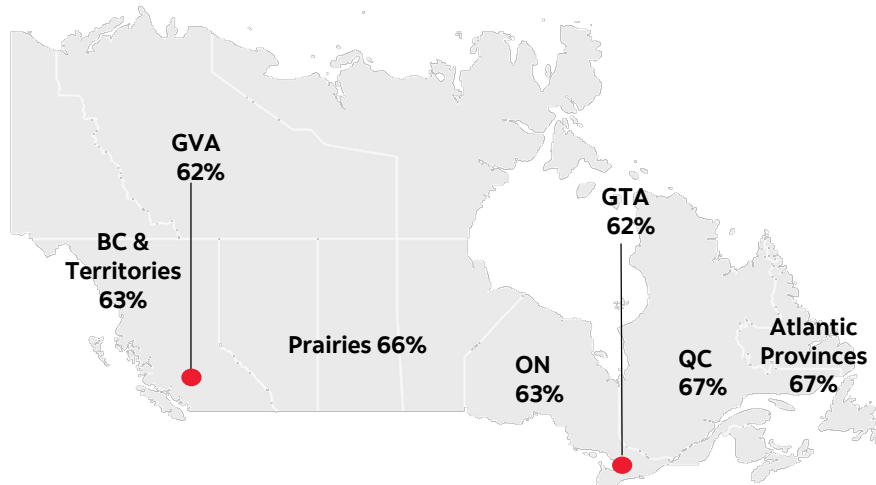
<sup>1</sup>LTV calculated based on the total outstanding balance secured by the property. Property values indexed using Teranet HPI data

<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

# Canadian Residential Mortgages – LTVs\*

Credit fundamentals remain strong

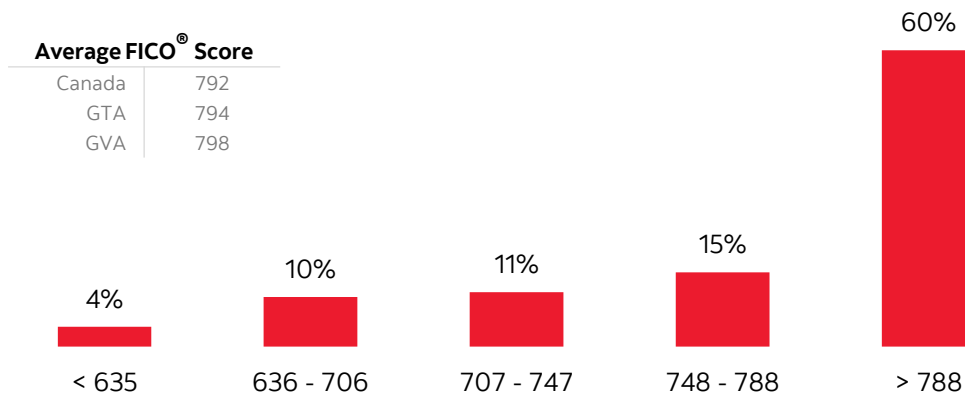
## NEW ORIGINATIONS UNINSURED LTV\* DISTRIBUTION



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

	Q2/19	Q1/20	Q2/20
<b>Canada</b>			
Total Originations (\$B)	7.1	11.2	10.5
Uninsured LTV	64%	64%	64%
<b>GTA</b>			
Total Originations (\$B)	2.3	3.7	3.3
Uninsured LTV	64%	63%	62%
<b>GVA</b>			
Total Originations (\$B)	0.9	1.4	1.4
Uninsured LTV	63%	63%	62%

## FICO® DISTRIBUTION – CANADIAN UNINSURED PORTFOLIO<sup>2</sup>



### Average FICO® Score

Canada	792
GTA	794
GVA	798

- Only <0.66% of uninsured portfolio<sup>3</sup> has a FICO® score of <620 and an LTV >65%
- Canadian uninsured mortgage portfolio is \$144 billion as at Q2/2020

FICO is a registered trademark of Fair Isaac Corporation

<sup>2</sup> FICO® distribution for Canadian uninsured portfolio based on score ranges at origination

<sup>3</sup> Percentage is based on Total Mortgages

\*Above figures include Wealth Management

## Medium Term Objectives

**15%+**  
Earnings CAGR

**6%+**  
Deposits CAGR

**10%+**  
Assets CAGR

## Recent Accolades



**No.1**  
Client Satisfaction

Ranked No. 1 in Client Satisfaction among Mid-Sized Retail Banks in 2020 by J.D. Power<sup>1</sup> for the 9<sup>th</sup> year in a row



**A+® Award**  
By Fundgrade

Awarded for performance of Balanced Income Portfolio in 2019



**No.1**  
Credit Card

Ranked highest in Credit Card Satisfaction in 2019 by J.D. Power for the Money-Back Credit Card

## Our Approach

### Client Experience

Maintain industry-leading position in customer experience through best-in-class onboarding and servicing.

### Product Innovation

Broaden asset and payments portfolios to drive earnings growth and meet evolving client needs

### Strategic Partnerships

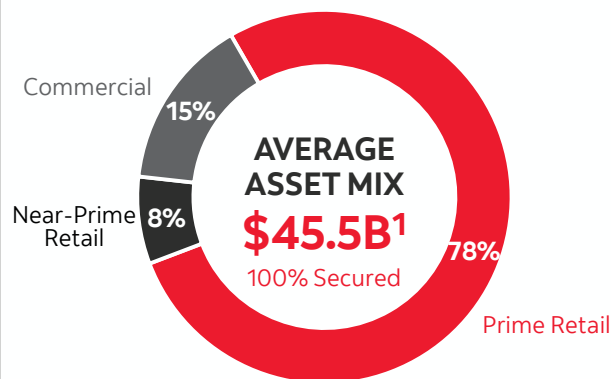
Leverage partnerships with Raptors, MLSE, and Cineplex to broaden reach and drive client growth.

<sup>1</sup>Tangerine received the highest score among midsize retail banks in the J.D. Power 2012-2020 Canada Retail Banking Satisfaction Studies of customers' satisfaction with their primary bank. Visit [jdpower.com/awards](https://jdpower.com/awards).

# Automotive Finance

Canada's leader in automotive finance

- Provide personal and commercial dealer financing solutions, in partnership with seven leading global automotive manufacturers in Canada
- Portfolio grew 6%<sup>1</sup> year-over-year
  - Personal up 5.5%, Commercial up 9%



## Exclusive Relationships

MAZDA

VOLVO

JAGUAR/LAND ROVER

## Semi-Exclusive Relationships\*

HYUNDAI

CHRYSLER

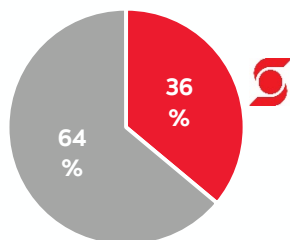
GM

TESLA

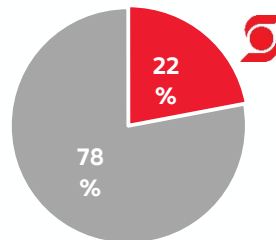
\* 1 to 2 other financial institutions comprise Semi-Exclusive relationships

## Market Share

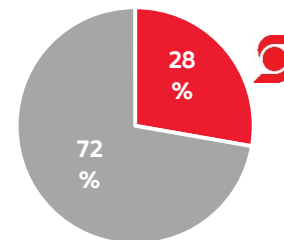
Prime Retail Market Share<sup>2</sup>



Near-Prime Retail Market Share<sup>3</sup>



Commercial Floorplan Market Share<sup>4</sup>



<sup>1</sup> For the three months ended April 30, 2020; <sup>2</sup> CBA data as of January 2020, includes RBC, CIBC, Canadian Western Bank, National Bank, TD, Scotiabank, Laurentian Bank; <sup>3</sup> DealerTrack Portal data, includes all Near-Prime Retail providers on DealerTrack Portal, data for April 2020 originations; <sup>4</sup> Includes BMO, CIBC, RBC, Scotiabank, TD, HSBC, Canadian Western Bank, Laurentian Bank, data as of June 2019

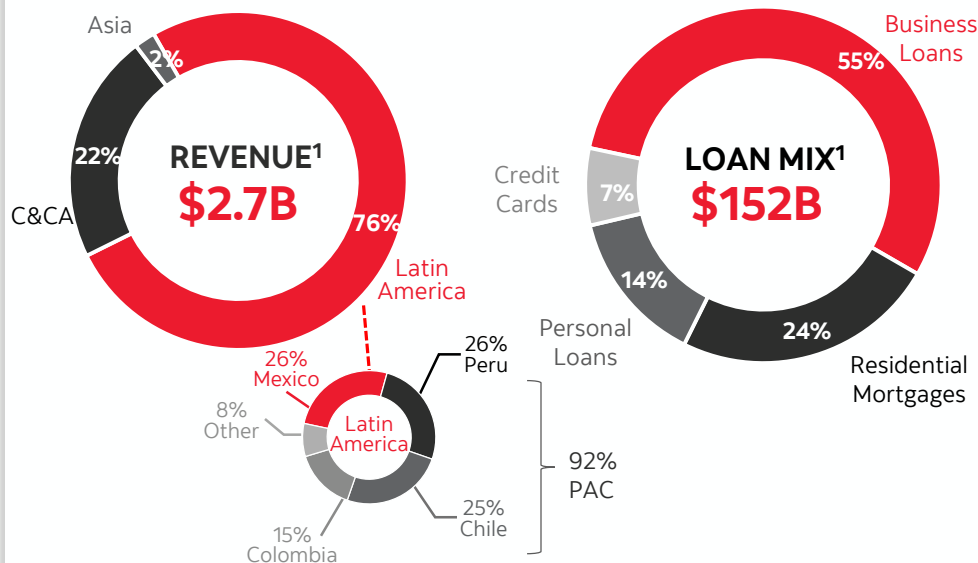
# **Business Line Overview**

## **International Banking**

# International Banking

Leading P&C bank focused on high quality growth markets in Latin America and the Caribbean

- International Banking** operates primarily in Latin America and the Caribbean with a full range of personal and commercial financial services. Core markets are the Pacific Alliance countries of Mexico, Peru, Chile and Colombia



## MEDIUM-TERM FINANCIAL OBJECTIVES

	Target <sup>2</sup>
NIAT Growth <sup>3</sup>	9%+
Productivity Ratio	<50%
Operating Leverage	Positive

## STRATEGIC OUTLOOK

- Optimize Footprint:** Continue executing with discipline announced acquisitions and divestitures to enhance the risk profile of our portfolio and improve quality of our earnings
- Lead in Customer Experience and Digital:** Continue accelerating our digital transformation to amplify business impact and continue deploying digital solutions to other channels to optimize our distribution model
- Accelerate Growth Drivers:** Leverage new strategic partnership to accelerate insurance growth, scale our Capital Markets business in the Pacific Alliance and build our Wealth business with focus in affluent customer segment

<sup>1</sup> For the 3 months ended April 30, 2020; <sup>2</sup> 3-5 year target from 2020 Investor Day; <sup>3</sup> Excluding divestitures impact

# International Banking

\$MM <sup>1</sup>	Q2/20	Y/Y	Q/Q
<b>Reported</b>			
Net Income <sup>2</sup>	\$173	(72%)	(66%)
Pre-Tax, Pre Provision Profit	\$1,242	(15%)	(5%)
Revenue	\$2,707	(9%)	(8%)
Expenses	\$1,465	(2%)	(10%)
PCLs	\$1,019	+74%	+79%
Productivity Ratio	54.1%	+330 bps	(160 bps)
Net Interest Margin <sup>3</sup>	4.28%	(34 bps)	(23 bps)
PCL Ratio <sup>4</sup>	2.78%	+106 bps	+121 bps
PCL Ratio Impaired Loans <sup>4</sup>	1.45%	+15 bps	-
<b>Adjusted<sup>5</sup></b>			
Net Income <sup>2</sup>	\$197	(72%)	(68%)
Net Income – Ex Divested Ops. <sup>2</sup>	\$197	(63%)	(65%)
Pre-Tax, Pre Provision Profit	\$1,287	(14%)	(7%)
Expenses	\$1,420	(3%)	(8%)
PCLs	\$1,019	+133%	+107%
Productivity Ratio	52.5%	+270 bps	(40 bps)
PCL Ratio <sup>4</sup>	2.78%	+147 bps	+142 bps
PCL Ratio Impaired Loans <sup>4</sup>	1.45%	+15 bps	+8 bps

<sup>1</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>2</sup> Attributable to equity holders of the Bank

<sup>3</sup> Net Interest Margin is on a reported basis

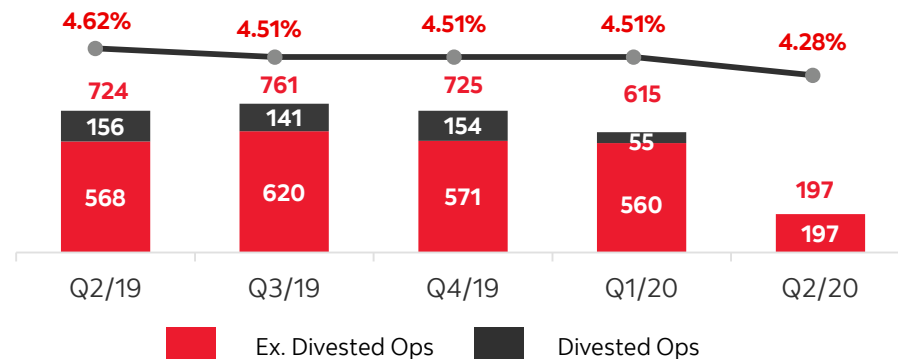
<sup>4</sup> Provision for credit losses on certain assets – loans, acceptances and off-balance sheet exposures

<sup>5</sup> Refer to Non-GAAP Measures on Slide 44 for adjusted results

## YEAR-OVER-YEAR HIGHLIGHTS<sup>1</sup>

- **Adjusted Net Income ex. divestitures down 63%<sup>2,5</sup>**
  - Higher performing loan PCLs
  - Ex divested operations, PTPP up 1%
- **Revenues ex. divestitures up 2%**
  - Strong loan and deposit growth of 11% ex. divestitures
- **NIM down 34 bps<sup>3</sup>**
  - Mainly driven by asset mix, and lower rates due to policy rate reduction in Mexico
- **Adjusted Expenses ex. divestitures up 2%<sup>5</sup>**
  - Good cost control across PAC and C&CA
- **Adjusted YTD operating leverage of -0.6%<sup>5</sup> ex. divestitures**

## ADJUSTED NET INCOME<sup>2,5</sup> (\$MM) AND NIM<sup>3</sup> (%)





# The Bank of the Pacific Alliance (PAC)

- ✓ Only universal bank with full presence in all Pacific Alliance countries
- ✓ Well-established bank with 30+ years of experience in the region
- ✓ Competitive scale in each market
- ✓ 8 million<sup>1</sup> Retail and ~30,000 Corporate & Commercial customers  
>100 multi-national corporate customers within the Pacific Alliance

<sup>1</sup> 10 million customers in PAC including affiliates

# PAC Fundamentals Driving Growth

## Strong Governance

- Democratic countries with open economies
- Independent central banks with inflation targets
- Free trade agreements and free-floating currencies
- Business-friendly environments

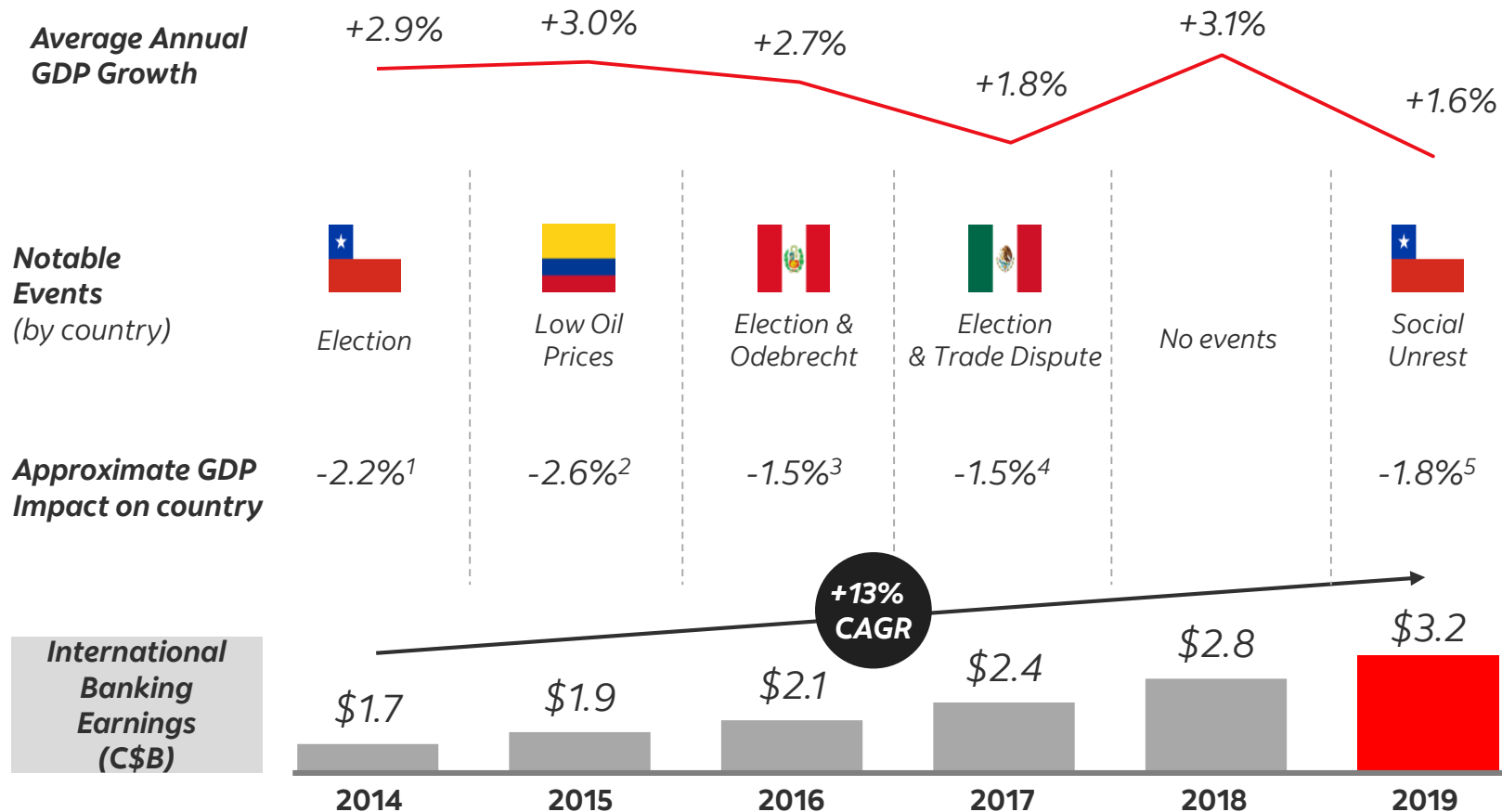
## Sound Macro Environment

- Diversified economies with strong GDP growth
- Resilience to economic and political cycles
- Investment Grade-rated
- Low Debt/GDP ratios with lower fiscal deficits compared to G7
- Increasing adoption of banking services

## Favourable Demographics

- 225 million people with median age of 30 years
- Strong domestic consumption
- Much lower banking penetration compared to Canada
- Among the fastest growing smartphone markets in the world
- Considerable growth in middle class

# Resilience of the Pacific Alliance



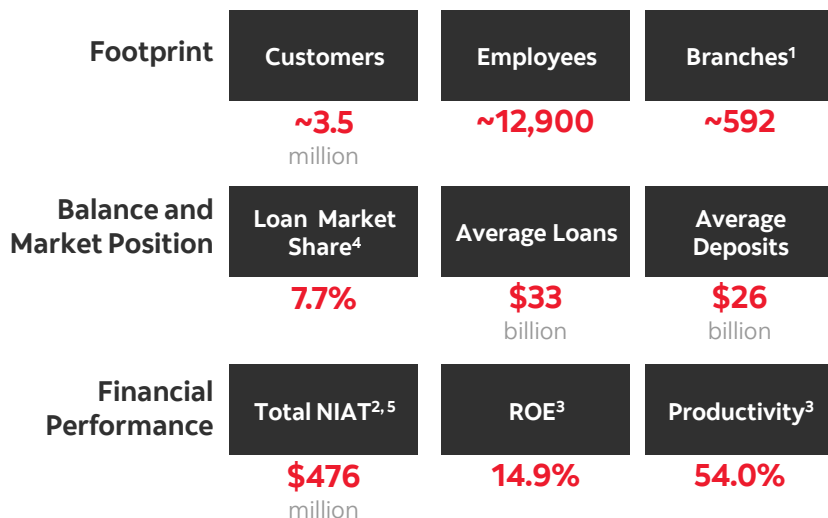
NOTE: Pacific Alliance GDP growth calculated based on mean average of the four PAC countries

<sup>1</sup> 2013 GDP growth rate vs. 2014 – 2017 average; <sup>2</sup> 2014 vs. 2015 – 2017 average; <sup>3</sup> 2016 vs. 2017; <sup>4</sup> 2016 vs. 2017 – 2019 average; <sup>5</sup> Estimated impact in 2020F due to social unrest;

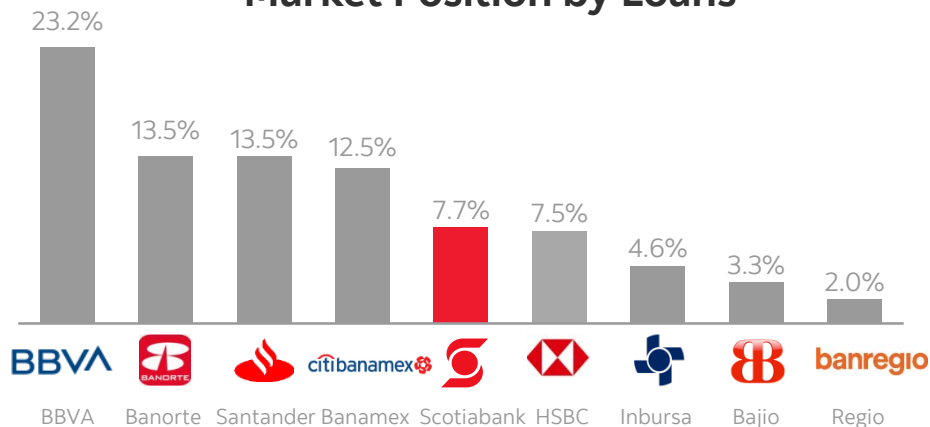
Source: Past GDP data from IMF; forecast from Scotiabank Economics

# Scotiabank in Mexico

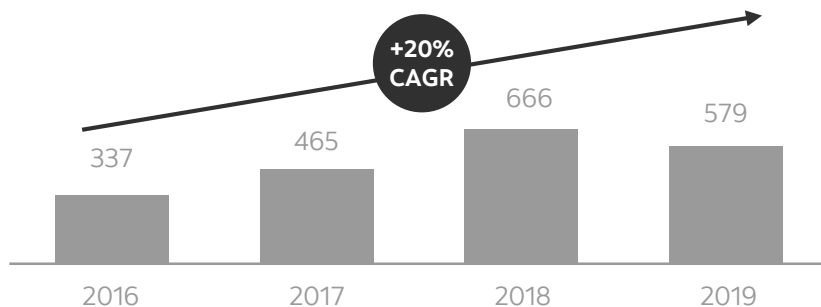
Including all Business Segments



## Market Position by Loans<sup>4</sup>



## NIAT<sup>5</sup>



All figures in CAD\$  
Constant currency

<sup>1</sup> Includes bank and wealth branches; does not include 177 Credito Familiar branches

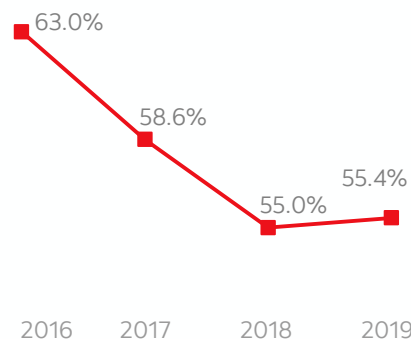
<sup>2</sup> Adjusted; for the LTM ended March 31, 2020 not adjusted for currency

<sup>3</sup> Adjusted; for the LTM ended March 31, 2020

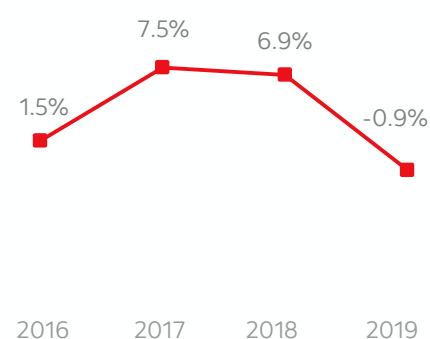
<sup>4</sup> Source: CNBV as of March 2020

<sup>5</sup> After NCI on an adjusted basis

## Productivity Ratio



## Operating Leverage



# Scotiabank in Peru

Including all Business Segments

## Footprint

### Customers<sup>1</sup>

**4.0**  
million

### Employees<sup>1</sup>

**12,000**

### Branches<sup>1</sup>

**314**

## Balance and Market Position

### Loan Market Share<sup>4</sup>

**17.9%**

### Average Loans

**\$22**  
billion

### Average Deposits

**\$19**  
billion

## Financial Performance

### Total NIAT<sup>2,5</sup>

**\$706**  
million

### ROE<sup>3</sup>

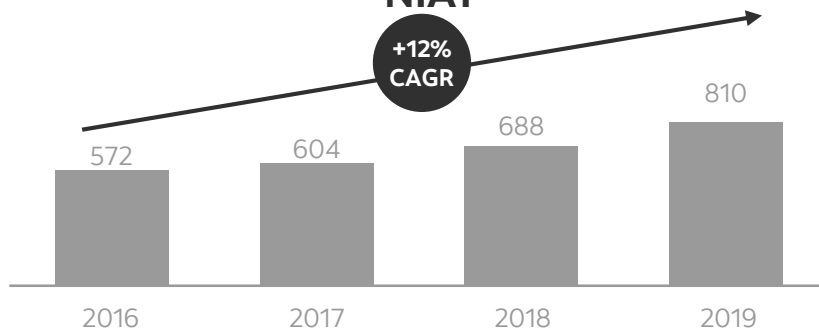
**21.1%**

### Productivity<sup>3</sup>

**35.7%**

## NIAT<sup>5</sup>

**+12% CAGR**



All figures in CAD\$  
Constant currency

<sup>1</sup> Including subsidiaries

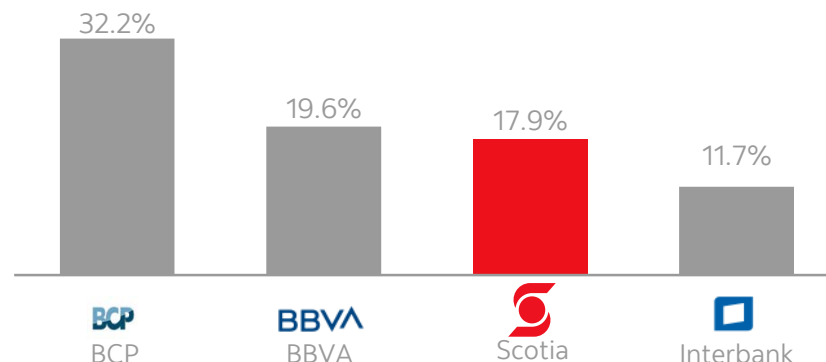
<sup>2</sup> Adjusted; for the LTM ended March 31, 2020 not adjusted for currency

<sup>3</sup> Adjusted; for the LTM ended March 31, 2020

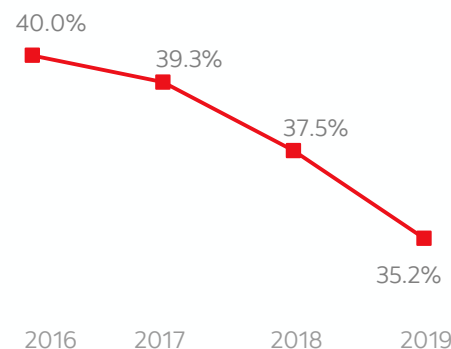
<sup>4</sup> Market share as of March 2020. Scotiabank includes SBP, CSF and Caja CAT

<sup>5</sup> After NCI on an adjusted basis

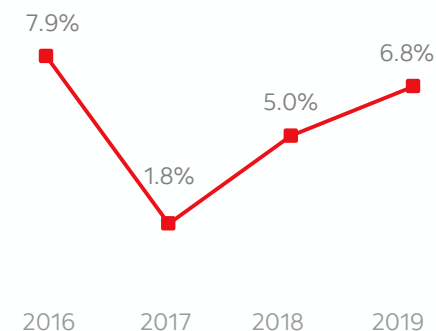
## Market Position by Loans<sup>4</sup>



## Productivity Ratio

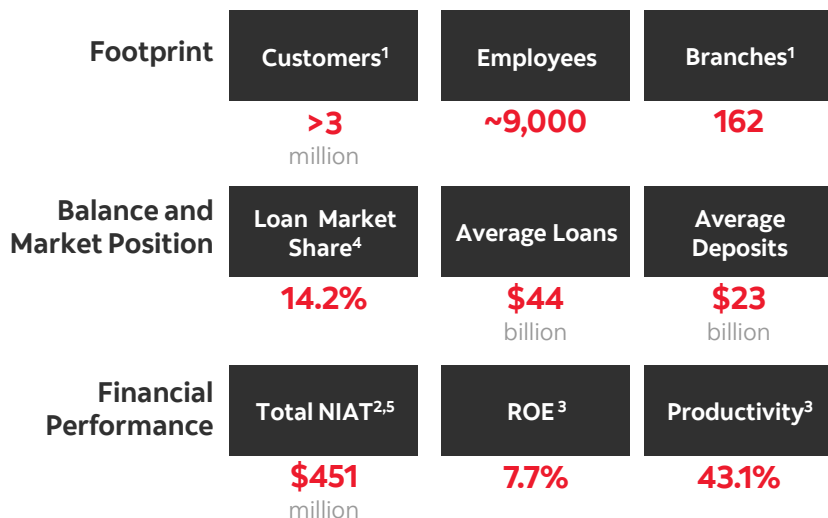


## Operating Leverage

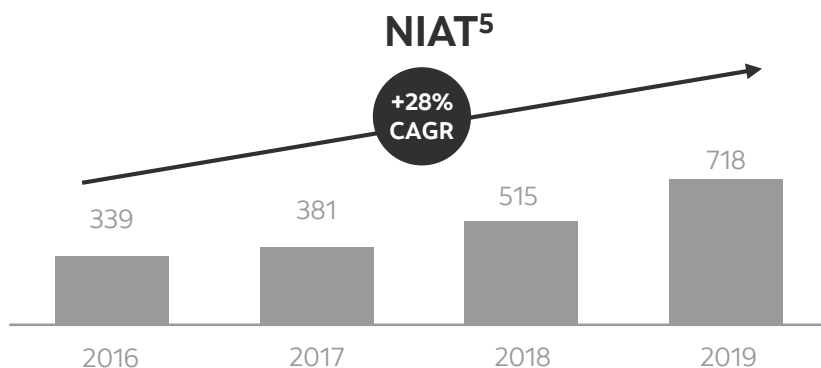
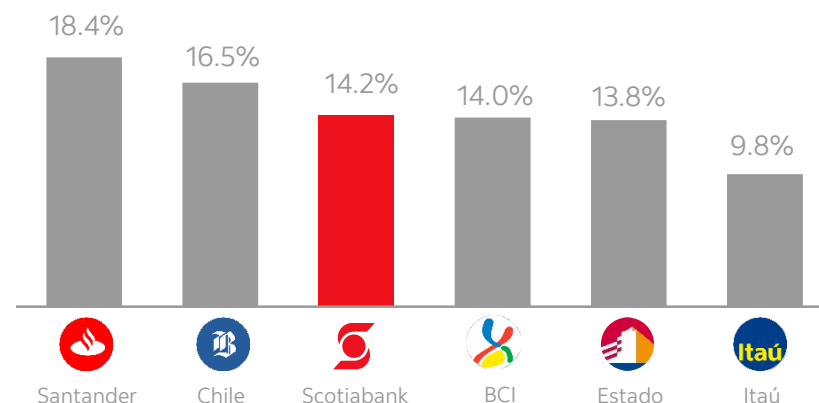


# Scotiabank in Chile

Including all Business Segments



## Market Position by Loans<sup>4</sup>



All figures in CAD\$

Constant currency

<sup>1</sup> Includes affiliates & consumer microfinance

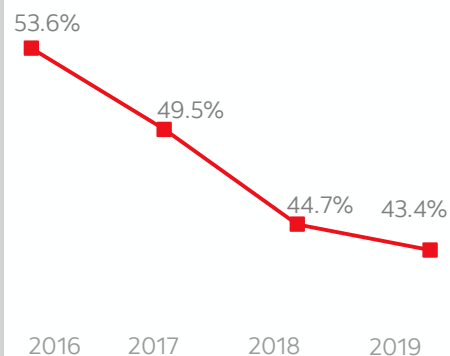
<sup>2</sup> Adjusted; for the LTM ended March 31, 2020 not adjusted for currency

<sup>3</sup> Adjusted; for the LTM ended March 31, 2020

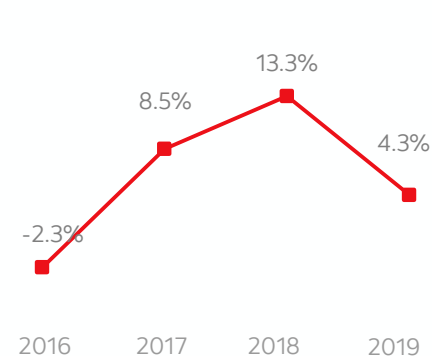
<sup>4</sup> Market share as of March 2020. Local view, exclude offshore loans. Source: CMF

<sup>5</sup> NIAT Before NCI

## Productivity Ratio

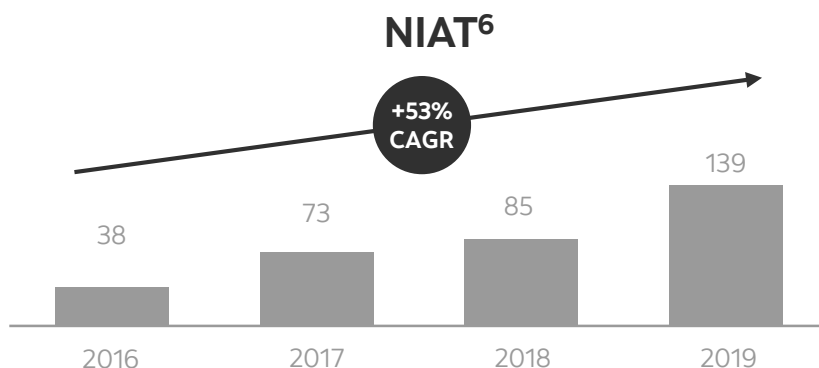
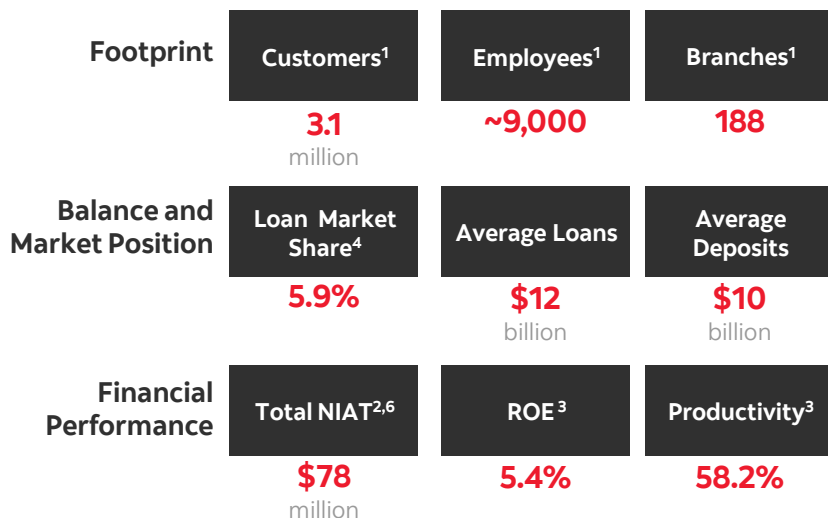


## Operating Leverage



# Scotiabank in Colombia

Including all Business Segments



All figures in CAD\$  
Constant currency

<sup>1</sup> As of November 2019

<sup>2</sup> Adjusted; for the LTM ended February 29, 2020 not adjusted for currency

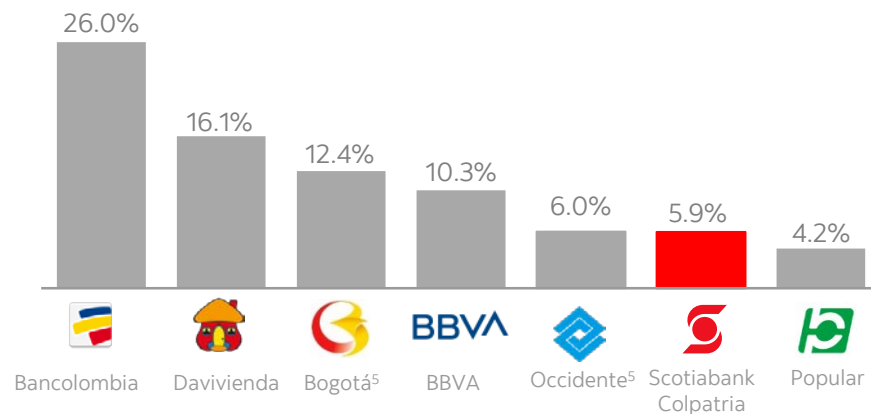
<sup>3</sup> Adjusted; for the LTM ended February 29, 2020

<sup>4</sup> Market share as of February 2020

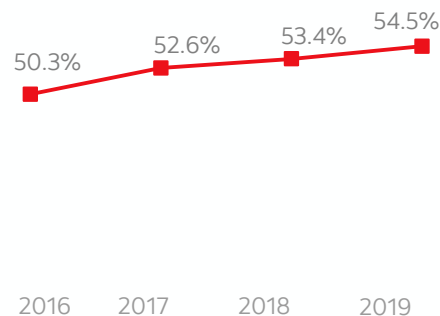
<sup>5</sup> Members of AVAL Group: Banco de Bogotá, Banco de Occidente, Banco Popular and Banco AV Villas. AVAL is 2nd in market share in terms of Loans (25%) and 1st in Deposits (27%)

<sup>6</sup> After NCI on an adjusted basis

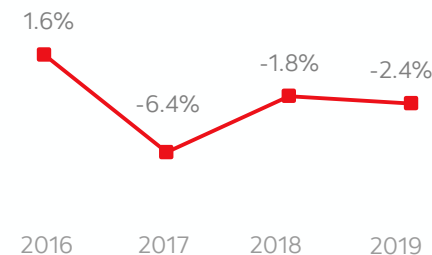
## Market Position by Loans<sup>4</sup>



## Productivity Ratio



## Operating Leverage



# Other Regions

## Leading Caribbean & Central American franchise

### Caribbean & Central America

- Leading bank serving retail, commercial, and corporate customers
- Major markets include the Dominican Republic, Jamaica, Trinidad & Tobago, Costa Rica, Panama and The Bahamas
- Sharpened geographic footprint by exiting higher risk, low growth jurisdictions including Haiti, El Salvador, Puerto Rico, US Virgin Islands, British Virgin Islands and 7 of the Leeward Islands



#### **Dominican Republic: #4 bank**

- Acquired Banco Dominicano del Progreso in 2019

### Asia



#### **Thailand: 6% interest in TMB Bank**

- Reduced investment in Thailand in Q1/20 resulting ~6% minority interest in TMB Bank



#### **China: ~18% interest in Bank of Xi'an**

- CAD \$907MM carrying value as of March 31, 2020
- CAD \$496MM of net income for twelve months ended October 31, 2019



# **Business Line Overview**

# **Global Wealth Management**

# Global Wealth Management

Profitable, High Growth, Strong Momentum

- **Global Wealth Management** is focused on delivering comprehensive wealth management advice and solutions to clients across Scotiabank's footprint

Employees<sup>1</sup>

~7,200

Countries<sup>1</sup>

14

Assets Under Administration<sup>1</sup>

**\$477**  
billion

Assets Under Management<sup>1</sup>

**\$278**  
billion

Return on Equity<sup>1,2</sup>

**13.8%**

Productivity Ratio<sup>1,2</sup>

**61.9%**

Operating Leverage<sup>1,2</sup>

**Positive**

## ► MEDIUM-TERM FINANCIAL OBJECTIVES

	Target <sup>3</sup>
Earnings Growth	8%+
Productivity Ratio	<65%
Operating Leverage	Positive

**Competitive Advantages**

**Asset Management:** Proprietary and 3rd Party Fund Distribution  
**Advisory:** Fully-integrated advice model, including Private Banking

<sup>1</sup>Figures as of April 30, 2020 or for the 3 months ended April 30, 2020

<sup>2</sup>Adjusted for Acquisition-related costs and impact of additional pessimistic scenario

<sup>3</sup>3-5 year target from 2020 Investor Day

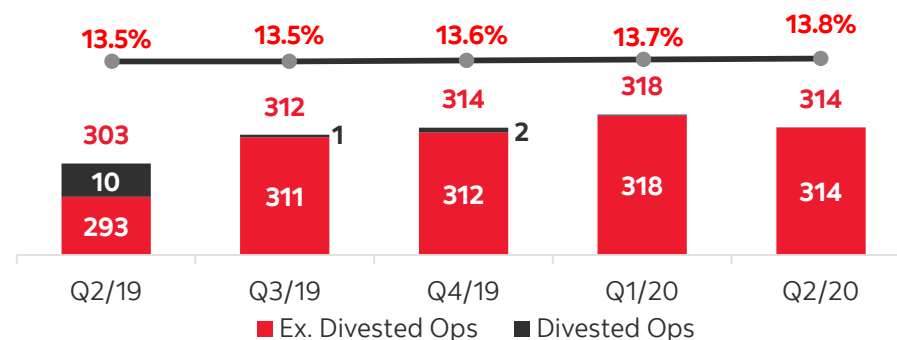
# Global Wealth Management

\$MM, except AUM/AUA	Q2/20	Y/Y	Q/Q
<b>Reported</b>			
Net Income <sup>1</sup>	\$302	+3%	(1%)
Pre-Tax, Pre Provision Profit	\$412	+3%	(2%)
Revenue	\$1,127	+1%	(3%)
Expenses	\$715	-	(3%)
PCLs	\$2	N/A	+100%
Productivity Ratio	63.4%	(80 bps)	(30 bps)
AUM (\$B)	\$278	(6%)	(6%)
AUA(\$B)	\$477	(3%)	(4%)
<b>Adjusted<sup>2</sup></b>			
Net Income <sup>1</sup>	\$314	+3%	(1%)
Pre-Tax, Pre Provision Profit	\$429	+3%	(1%)
Expenses	\$698	(1%)	(3%)
PCLs	\$2	N/A	N/A
Productivity Ratio	61.9%	(90 bps)	(50 bps)

## YEAR-OVER-YEAR HIGHLIGHTS

- **Adjusted Net Income up 3%<sup>2</sup>**
  - Up 7% excluding impact of divestitures
- **Revenue up 1%, up 4% excluding divestitures**
  - Record iTRADE brokerage fee growth
  - Strong retail mutual fund net sales
- **Adjusted Expenses down 1%<sup>2</sup>**
- **Adjusted YTD operating leverage of +2.6%<sup>2</sup>, excluding divestitures**
- **Adjusted productivity ratio<sup>2</sup> improved 90bps**
- **Excluding impact of divestitures, AUM down 1% and AUA flat with prior year**
  - Market depreciation offset by strong net sales

## ADJUSTED NET INCOME<sup>1,2</sup> (\$MM) AND ROE<sup>2</sup> (%)

























































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

<sup>2</sup> Refer to Non-GAAP Measures on Slide 44 for adjusted results

# Global Wealth Management

Profitable, High Growth, Strong Momentum

		1st	2nd	3rd	4th	5th	6th	6+
Canada	Advisory	Private Investment Counsel						
		Private Banking						
		Trust						
		Full Service Brokerage						
		Discount Brokerage						
	Asset Management	Retail Mutual Funds						
		Institutional Funds						
		Mexico AUM		Blackrock				
International	Asset Management	Chile AUM					Larrain Vital	
		Peru AUM	Credifondo	Continental		Interfondos	Fondos Sura	

Sources: IFIC, Strategic Insight Reports

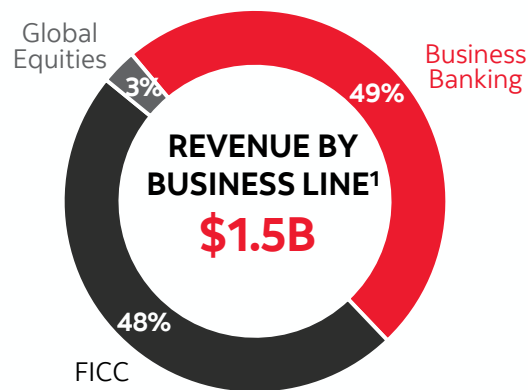
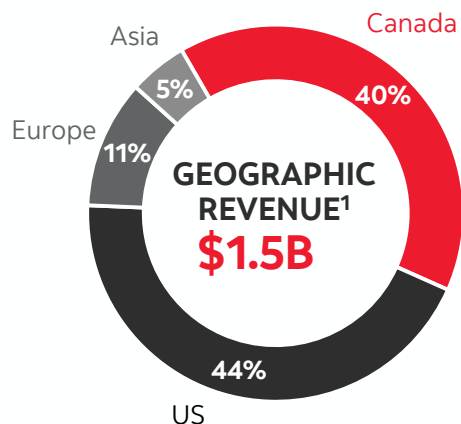
# **Business Line Overview**

## **Global Banking and Markets**

# Global Banking and Markets

Second-largest Canadian wholesale banking and capital markets business

- **Full-service wholesale bank** the Americas, with operations in 21 countries, serving clients across Canada, the United States, Latin America, Europe and Asia-Pacific



## ► MEDIUM-TERM FINANCIAL OBJECTIVES

	Target <sup>2</sup>
NIAT Growth	~5%
Productivity Ratio	~50%
Operating Leverage	Positive

## STRATEGIC OUTLOOK

- **Client Focus:** Increase our relevance to our corporate clients and drive alignment of resources with the most significant revenue opportunities, to capture more of the non-lending wallet
- **Strengthen our capital markets offering:** Enhance distribution and product capabilities and deepen institutional relationships
- **Build on our presence in the Americas:** Enhance our franchise in Canada, continue to pursue targeted, phased growth in the U.S., create a top-tier local and cross-border Pacific Alliance business, and leverage Europe and Asia for distribution of our Americas product in support of our corporate clients

<sup>1</sup>For the 3 months ended April 30, 2020; <sup>2</sup>3-5 year target from 2020 Investor Day

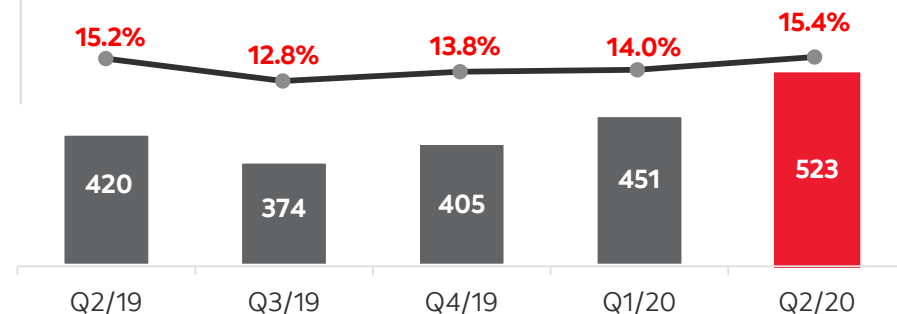
# Global Banking and Markets

\$MM	Q2/20	Y/Y	Q/Q
<b>Reported</b>			
Net Income <sup>1</sup>	\$523	+25%	+41%
Pre-Tax, Pre Provision Profit	\$844	+52%	+65%
Revenue	\$1,460	+27%	+25%
Expenses	\$616	+4%	(6%)
PCLs	\$155	N/A	+546%
Productivity Ratio	42.2%	(940 bps)	(1,380 bps)
PCL Ratio <sup>2</sup>	0.54%	+56 bps	+45 bps
PCL Ratio Impaired Loans <sup>2</sup>	0.09%	+11 bps	(5 bps)
<b>Adjusted<sup>3</sup></b>			
Net Income <sup>1</sup>	\$523	+25%	+16%
Pre-Tax, Pre Provision Profit	\$844	+52%	+37%
Revenue	\$1,460	+27%	+15%
PCLs	\$155	N/A	+761%
Productivity Ratio	42.2%	(940 bps)	(930 bps)
PCL Ratio <sup>2</sup>	0.54%	+56 bps	+47 bps

## YEAR-OVER-YEAR HIGHLIGHTS

- **Net Income up 25% Y/Y**
  - Strong growth in FICC trading revenue
- **Revenue up 27%**
  - Non-interest income up 34%
  - Net Interest income up 10%
- **Loans grew 20%**
- **Deposits up a strong 33%**
- **Expenses up 4%**
- **Improved productivity ratio by 940 bps**
- **Positive YTD operating leverage of 20%**
- **PCL ratio<sup>2</sup> of 54 bps**

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



<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>Refer to Non-GAAP Measures on Slide 44 for adjusted results

# Scotiabank in the U.S.

- **Wholesale bank in the US:** Corporate & Investment Banking, Capital Markets, Cash Management and Trade Finance
- **Top 15 foreign bank organization (FBO)** in the US

Clients<sup>1</sup>

>4,000

Employees<sup>1</sup>

~700

Offices<sup>1</sup>

5

Revenue<sup>1</sup>

\$1,896

million

Average Loans<sup>1</sup>

\$43

billion

Average Deposits<sup>1</sup>

\$57

billion

Total NIAT<sup>1</sup>

\$777

million

ROE<sup>1</sup>

18.7%

Productivity<sup>1</sup>

46.2%

- Client focus is on S&P 500, investment grade corporates
- Current sectors of strength include: Power & Utilities and Energy. Focus areas for growth include Real Estate, Technology, and Healthcare

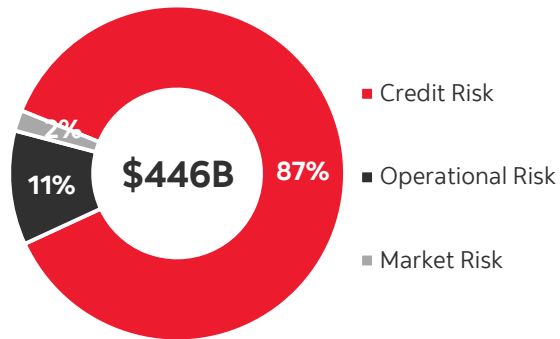
<sup>1</sup>As presented in the 2020 Investor Day; figures for fiscal 2019



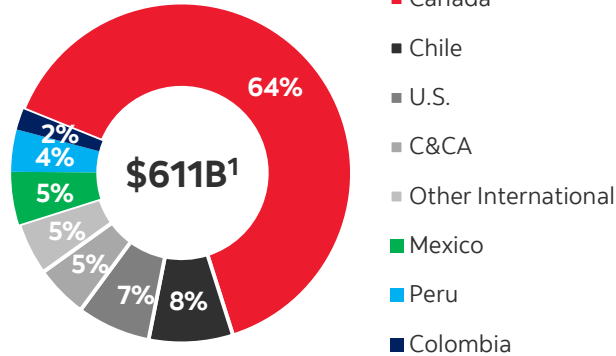
# Risk Overview

# Risk Snapshot

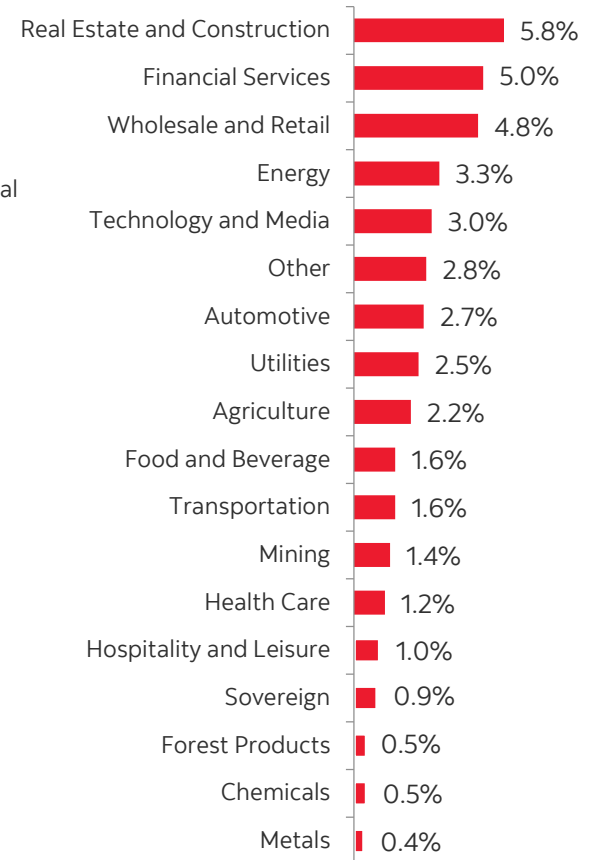
## RWA Breakdown<sup>1</sup>



## Credit Exposure by Country<sup>2,3</sup>

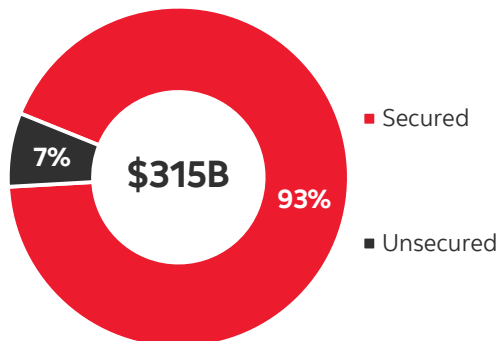


## Credit Exposure by Sector<sup>1,2</sup>

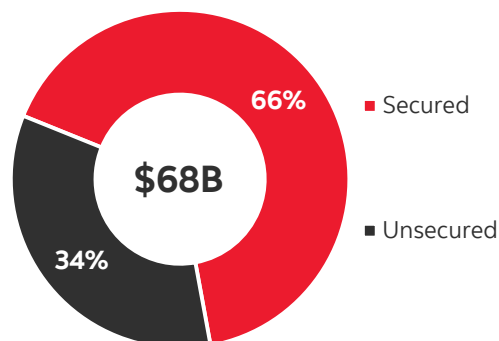


## Personal & Commercial Lending

### Canadian Banking<sup>1,2</sup>



### International Banking<sup>1,2</sup>



<sup>1</sup> As at April 30, 2020

<sup>2</sup> % of total loans and acceptances

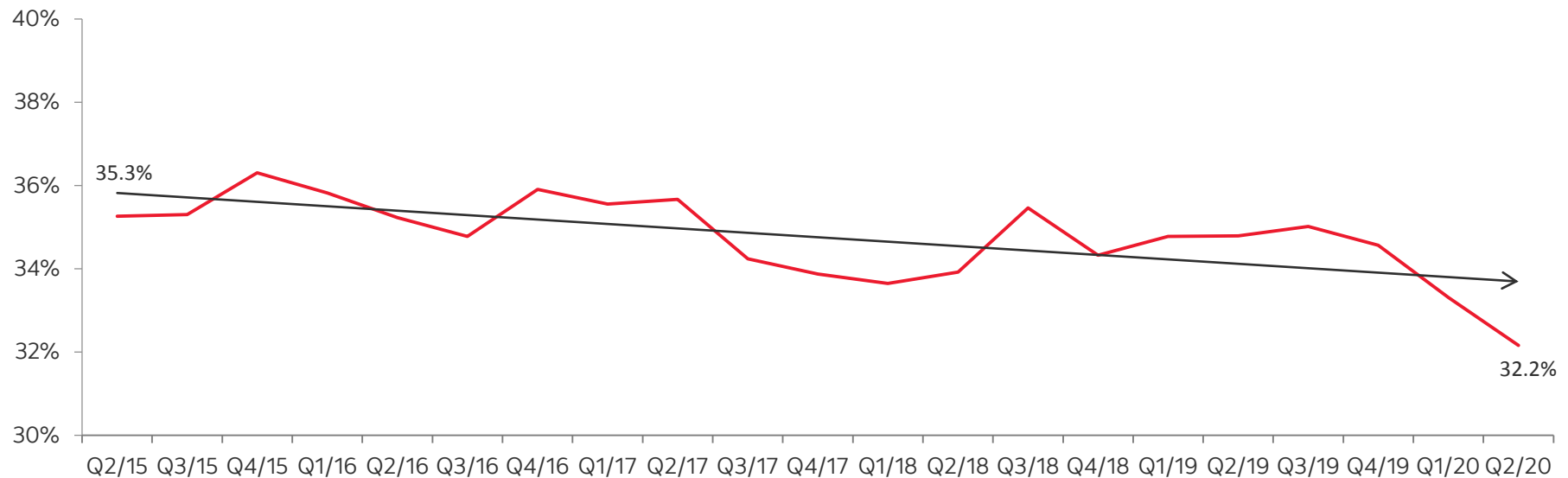
<sup>3</sup> As at October 31, 2019

# Risk Density

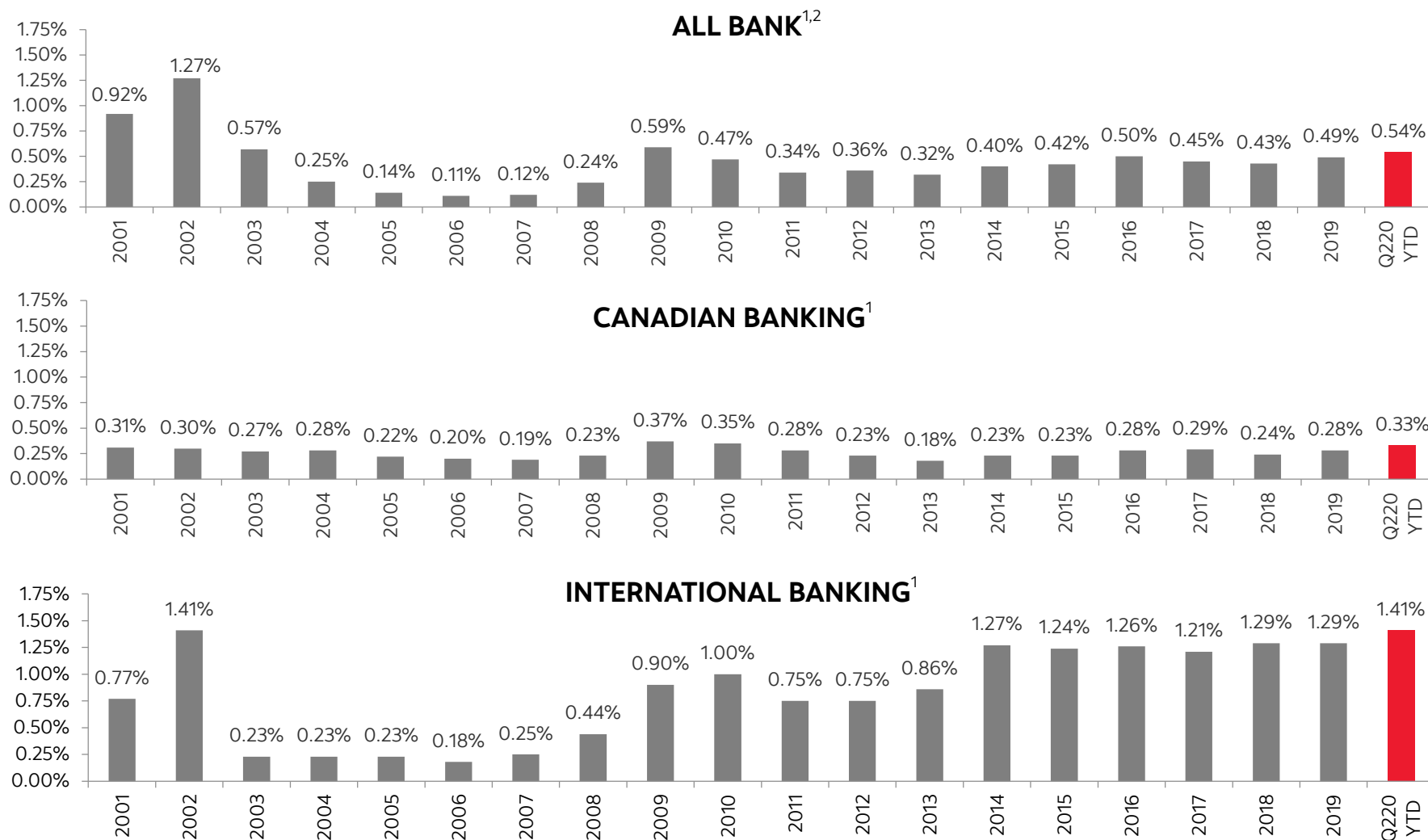
- Risk density has declined over the past 5 years
- Major acquisitions have been successfully integrated with no adverse impact on risk density

## Credit RWA Density

(Credit Risk-Weighted Assets/Credit Exposure at Default)



# Historical PCL Ratios on Impaired Loans

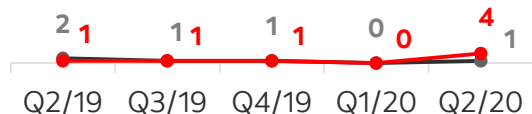


<sup>1</sup> Provision for credit losses on certain assets – loans, acceptances and off-balance sheet exposures

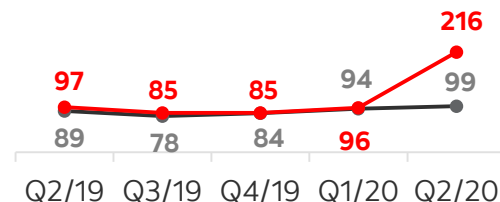
<sup>2</sup> 2002: Included \$454 million related to the Bank's exposure to Argentina; 2009: Higher PCLs driven by economic conditions, event distributed across business lines. Higher general allowance and sectoral allowance (automotive related)

# Canadian Retail: Loans and Provisions<sup>1</sup>

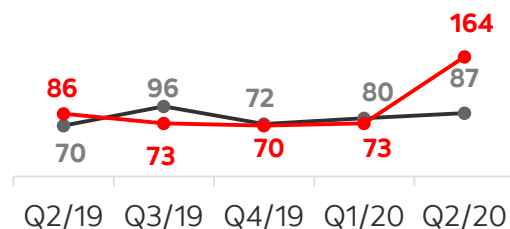
## MORTGAGES



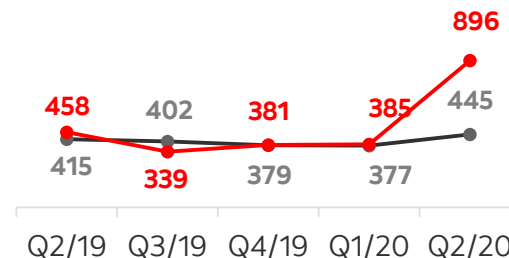
## AUTO LOANS



## Lines of Credit<sup>2</sup>



## CREDIT CARDS



● PCL as a % of avg. net loans (bps)

● PCLs on Impaired Loans as a % of avg. net loans (bps)

Loan Balances Q2/20	Mortgages	Auto Loans	Lines of Credit <sup>2</sup>	Credit Cards	Total
Spot (\$B)	\$234	\$39	\$34	\$7	\$315 <sup>3</sup>
% Secured	100%	100%	61%	3%	93% <sup>4</sup>

<sup>1</sup>Includes Wealth Management, PCL excludes impact of additional pessimistic scenario

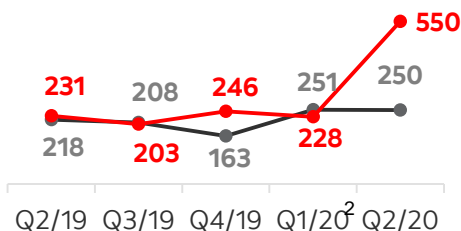
<sup>2</sup>Includes Home Equity Lines of Credit and Unsecured Lines of Credit

<sup>3</sup>Includes Tangerine balances of \$6 billion and other smaller portfolios

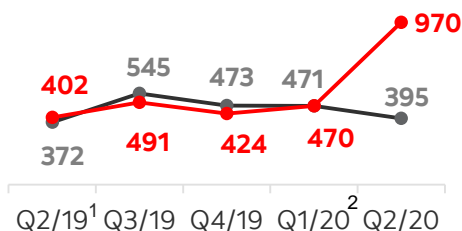
<sup>4</sup> 80% secured by real estate; 13% secured by automotive

# International Retail: Loans and Provisions

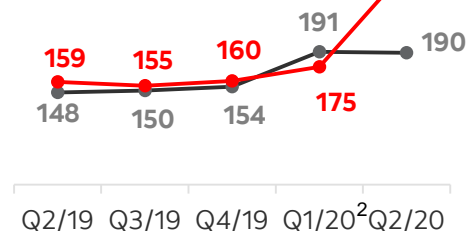
## MEXICO



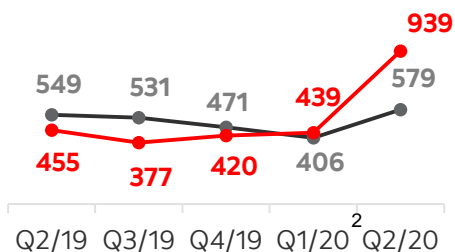
## PERU



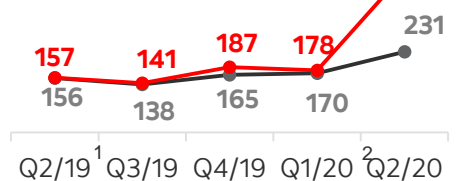
## CHILE



## COLOMBIA



## CARIBBEAN & CENTRAL AMERICA



● PCL as a % of avg. net loans (bps)

● PCLs on Impaired Loans as a % of avg. net loans (bps)

Loan Balances Q2/20	Mexico	Peru	Chile	Colombia	C&CA	Total <sup>3</sup>
Spot (\$B)	\$12	\$10	\$24	\$7	\$14	\$68

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

<sup>2</sup> PCL excludes impact of additional pessimistic scenario

<sup>3</sup> Total includes other smaller portfolios

# Sectors Most Impacted by COVID-19<sup>1</sup>

## Total Loans (\$B)

**\$653.9B**

Energy - E&P and Oilfield Services: **1.7%**

Real Estate – Office and Retail: **1.5%**

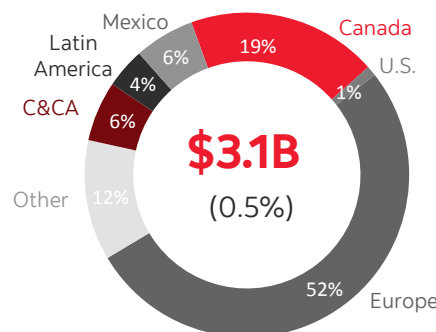
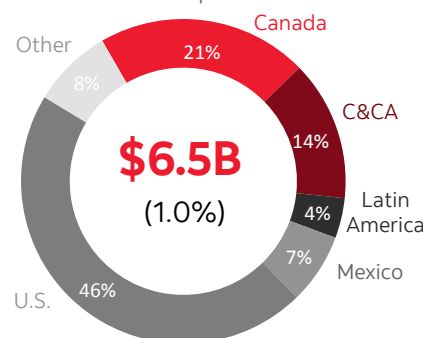
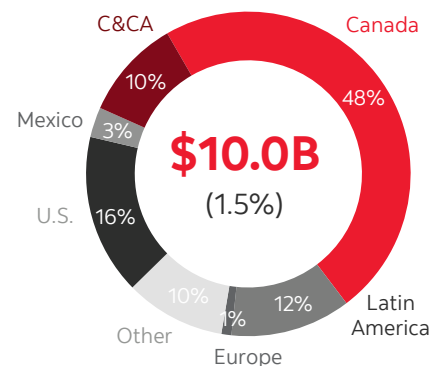
Transportation – Air Travel: **0.5%**

Hospitality & Leisure: **1.0%**

**Total COVID-19 High Impact: 4.7%**

<sup>1</sup> Sectors which have experienced the greatest disruption in normal business activities and impact to revenue due to the COVID-19 pandemic (including, but not limited to, government-mandated closures) relative to other sectors.

<sup>2</sup> May not add due to rounding



## Real Estate: Office and Retail

	\$B	%IG
Office REIT	\$1.3	75%
Office Real Estate	\$3.0	38%
Retail REIT	\$2.4	100%
Retail Real Estate	\$3.2	59%
<b>Total<sup>2</sup></b>	<b>\$10.0</b>	<b>65%</b>

## Hospitality & Leisure

	\$B	%IG
Hotels	\$4.9	36%
Cruise Lines	\$0.4	-
Gaming	\$1.3	-
<b>Total<sup>2</sup></b>	<b>\$6.5</b>	<b>26%</b>

## Transportation: Air Travel

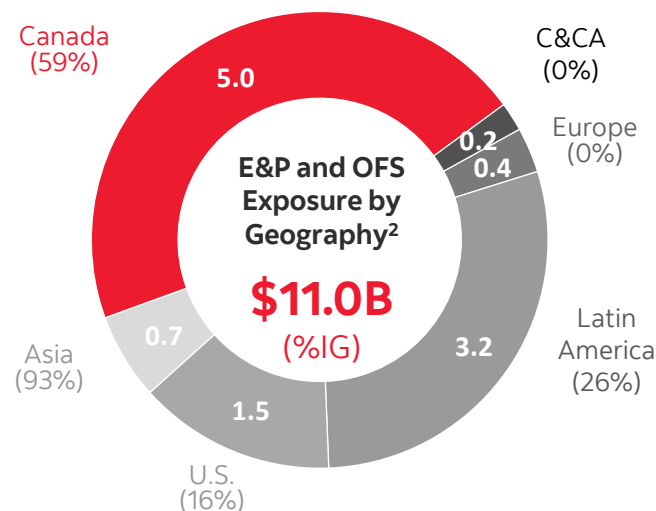
	\$B	%IG
Aircraft Finance	\$1.4	98%
Airlines	\$0.5	2%
Airports	\$1.2	76%
<b>Total</b>	<b>\$3.1</b>	<b>75%</b>

# Energy - E&P and OFS Exposure<sup>1</sup>

	Loans and Acceptances Outstanding (\$B)	% of Total E&P and OFS	% of Total Loans and Acceptances Outstanding	% Investment Grade
Total Exploration & Production (E&P)	9.3	85%	1.4%	47%
Canadian E&P	3.7	34%	0.6%	73%
U.S. E&P*	1.4	13%	0.2%	17%
Oilfield Services (OFS)	1.7	15%	0.3%	14%
<b>Total E&amp;P and Oilfield Services Exposure<sup>2</sup></b>	<b>11.0<sup>2</sup></b>	<b>100%</b>	<b>1.7%</b>	<b>42%</b>

\*Decline in U.S. E&P Investment Grade vs. Q1/20 related to downward rating migration of the portfolio

- **42% is rated Investment Grade (IG)**
  - 54% of Total Energy (including Midstream and Downstream) exposure is Investment Grade
- **Exploration & Production**
  - Majority of non-investment grade exposure is to secured reserve-based loans or sovereign owned/controlled entities
- **Oilfield Services**
  - Majority of non-investment grade exposure is secured. Focused on companies with stronger liquidity and balance sheets
- **ACL coverage in E&P and OFS beyond Stage 3**
  - Added substantially to Stage 1&2 ECL through expert credit judgement. US exposure has material subordinated debt as a first loss tranche and is largely secured



<sup>1</sup>As of April 30, 2020. Excludes Midstream and Downstream.

<sup>2</sup>May not add due to rounding



# Treasury and Funding

# Pandemic Response

## Increased liquidity and maintained access to funding markets

- **Liquidity remains well positioned and in excess of regulatory requirements as loan draws / outflows and HQLA were prudently managed**
  - Instituted enhanced liquidity monitoring and reporting in response to COVID-19
  - LCR of 132%, +5% Q/Q and +7% Y/Y
  - Operate with LCRs of 150-200% in Pacific Alliance countries
  - HQLA of \$188B, +\$20B Q/Q and +\$29B Y/Y, is substantially comprised of Level 1 assets
- **Accessed government and central bank liquidity programs globally to support lending to the real economy and promote stability of financial markets**
  - Participated in Bank of Canada Term Repo, Standing Term Liquidity Facility (STLF) and Banker's Acceptance Purchase Facility
  - Central bank funding reduced requirement primarily for money market wholesale funding
- **Q2 term funding activity included TLAC and covered bond issuance, despite market volatility**
  - Issued \$3.5B of bail-inable senior and \$2.8B of bail-inable structured notes support TLAC build
  - Issued \$5.9B of covered bonds in public markets
  - Self-issued \$22.5B of covered bonds to be available to pledge to the Bank of Canada term repo facility

# Funding Strategy

Flexible, well-balanced and diversified funding sources

- Increase contribution from customer deposits
- Continue to reduce wholesale funding utilization while building TLAC
- Maintain balance between efficiency, stability of funding and pricing relative to peers
- Diversify funding by type, currency, program, tenor and source/market
- Utilize a centralized (head office managed) funding and associated risk management approach

<sup>1</sup> In addition to the programs listed, there are also CD programs in the following currencies: Yankee/USD, EUR, GBP, AUD, HKD

## Funding Programs<sup>1</sup>



### US Debt & Equity Shelf

(senior / subordinated debt, preferred and common shares)  
Limit – USD 40 billion



### Global Registered Covered Bond Program

(uninsured Canadian mortgages)  
Limit – CAD 100 billion



### EMTN Shelf

Limit – USD 20 billion



### CAD Debt & Equity Shelf

(senior / subordinated debt, preferred and common shares)  
Limit – CAD 15 billion



### START ABS program (indirect auto loans)

Limit – CAD 15 billion



### Australian MTN program

Limit – AUD 8 billion



### Singapore MTN program

Limit – USD 7.5 billion



### Halifax ABS shelf (unsecured lines of credit)

Limit – CAD 7 billion



### Principal at Risk (PAR) Note shelf

Limit – CAD 6 billion



### Trillium ABS shelf (credit cards)

Limit – CAD 5 billion

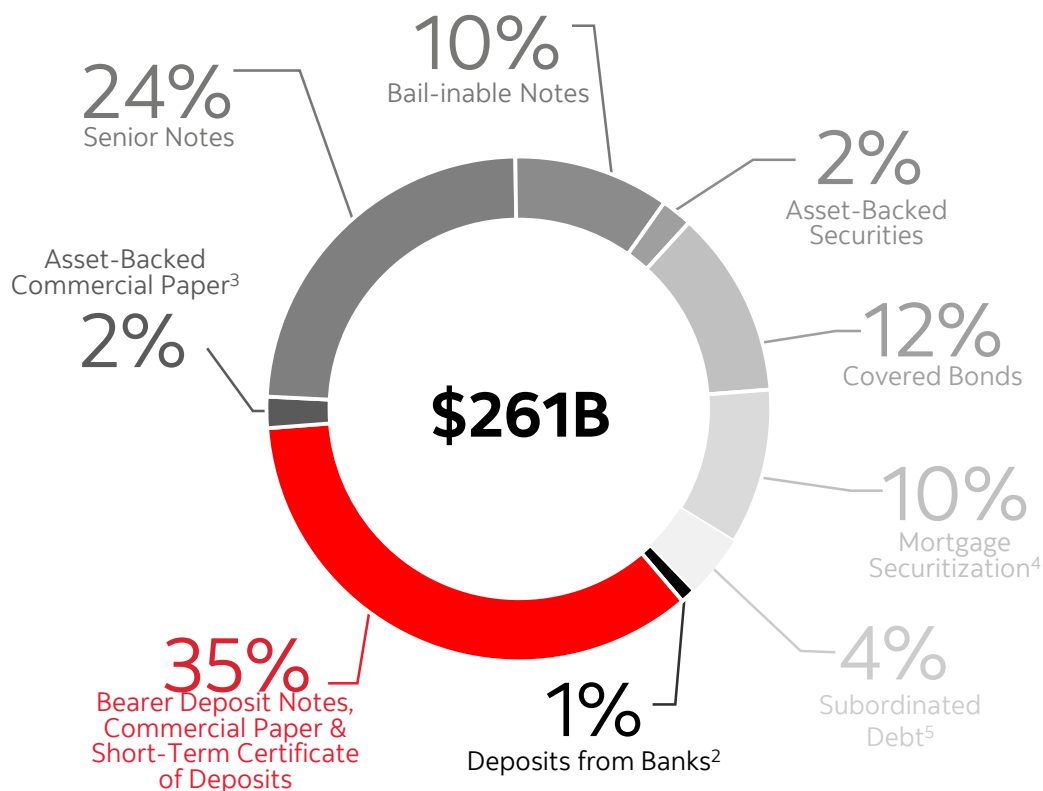


### USD Bank CP Program

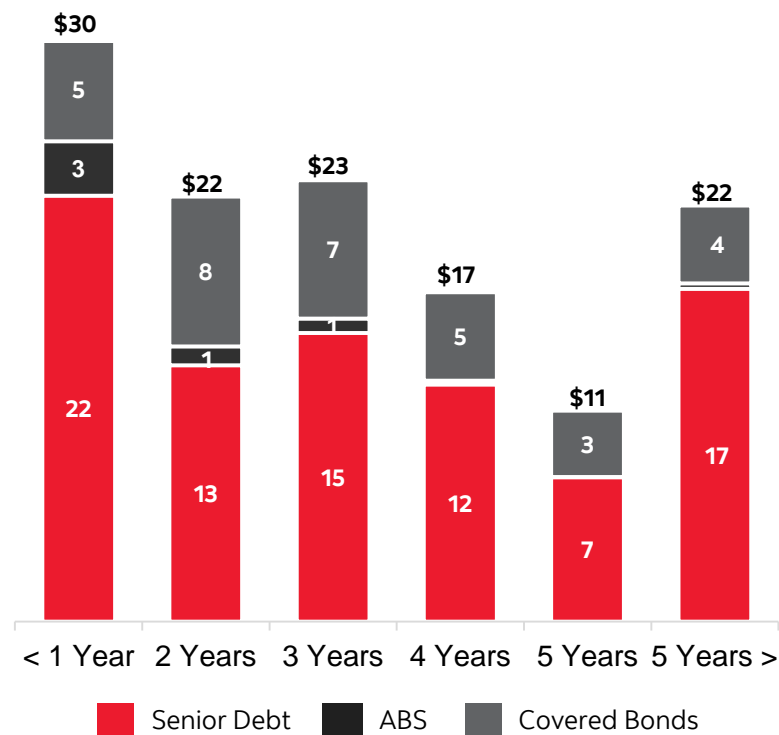
Limit – USD 35 billion

# Wholesale Funding

Wholesale funding diversity by instrument and maturity<sup>1,6,7</sup>



**TERM FUNDING MATURITY TABLE**  
(EXCLUDING SUB DEBT AND MORTGAGE SECURITIZATION)  
(CANADIAN DOLLAR EQUIVALENT, \$B)



<sup>1</sup> Excludes repo transactions and bankers acceptances, which are disclosed in the contractual maturities table in the MD&A of the Interim Consolidated Financial Statements. Amounts are based on remaining term to maturity.

<sup>2</sup> Only includes commercial bank deposits raised by Group Treasury.

<sup>3</sup> Excludes asset-backed commercial paper (ABCP) issued by certain ABCP conduits that are not consolidated for financial reporting purposes.

<sup>4</sup> Represents residential mortgages funded through Canadian Federal Government agency sponsored programs. Funding accessed through such programs does not impact the funding capacity of the Bank in its own name.

<sup>5</sup> Although subordinated debentures are a component of regulatory capital, they are included in this table in accordance with EDTF recommended disclosures.

<sup>6</sup> As per Wholesale Funding Sources Table in MD&A, as of Q2/20.

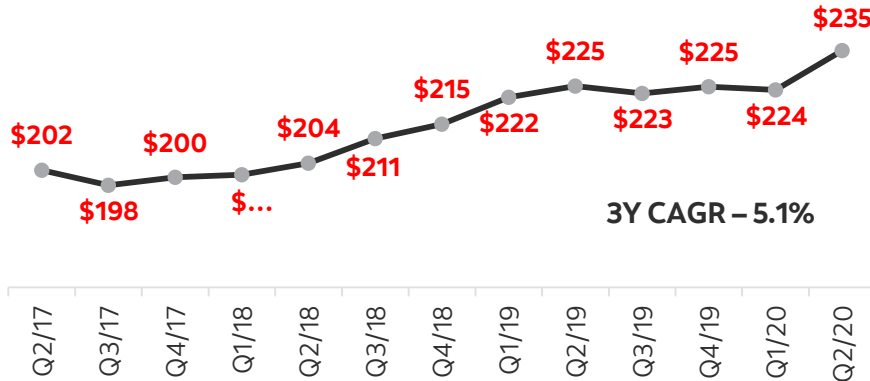
<sup>7</sup> May not add to 100% due to rounding.

# Deposit Overview

Stable trend in personal & business and government deposits

## PERSONAL DEPOSITS

(SPOT, CANADIAN DOLLAR EQUIVALENT, \$B)

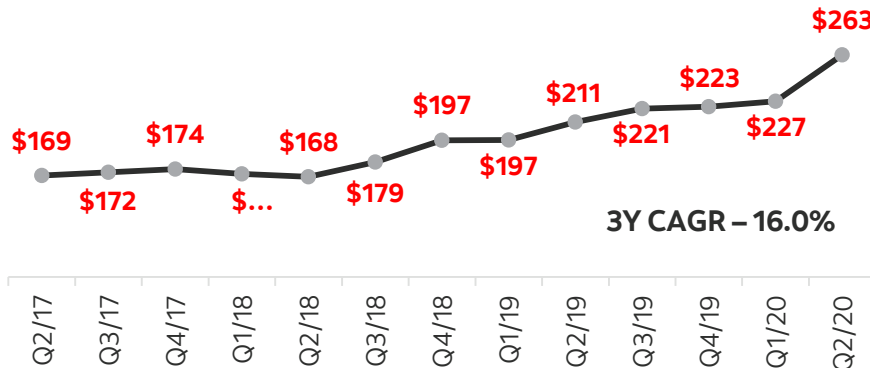


## PERSONAL DEPOSITS

- \$10B of growth from Canada
- Important for both relationship purposes and regulatory value

## BUSINESS & GOVERNMENT DEPOSITS<sup>1</sup>

(SPOT, CANADIAN DOLLAR EQUIVALENT, \$B)



## BUSINESS & GOVERNMENT

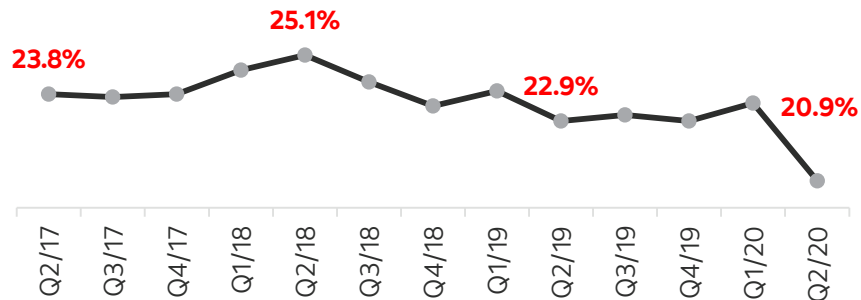
- Growth reflects portion of corporate drawdowns put back on deposit
- Continuing to leverage relationships to grow deposits
- Focusing on operational, regulatory friendly deposits

<sup>1</sup>Calculated as business & government deposits less wholesale funding as per Wholesale Funding Sources table in the MD&A, adjusted for Sub Debt

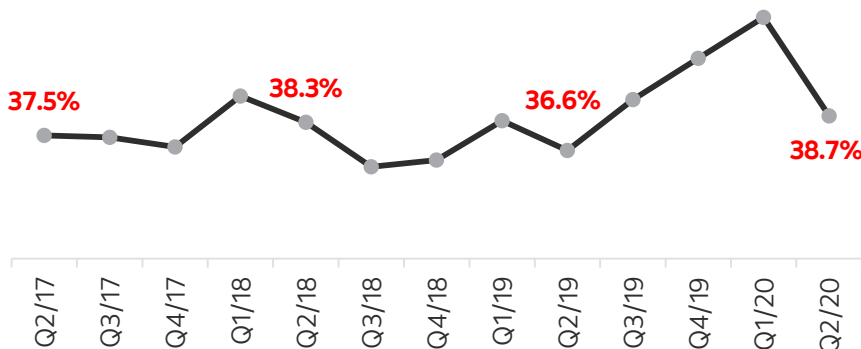
# Wholesale Funding Utilization

Managing reliance on wholesale funding and growing deposits

## WHOLESALE FUNDING / TOTAL ASSETS



## MONEY MARKET WHOLESALE FUNDING / TOTAL WHOLESALE FUNDING



## ▶ REDUCTION IN WHOLESALE FUNDING DRIVEN BY FUNDING THROUGH CENTRAL BANK PROGRAMS

- Accessed central bank liquidity programs to support lending to the real economy and promote stability of financial markets
  - Accessed term wholesale funding markets in both secured and senior form

## ▶ FOCUS ON TERM FUNDING

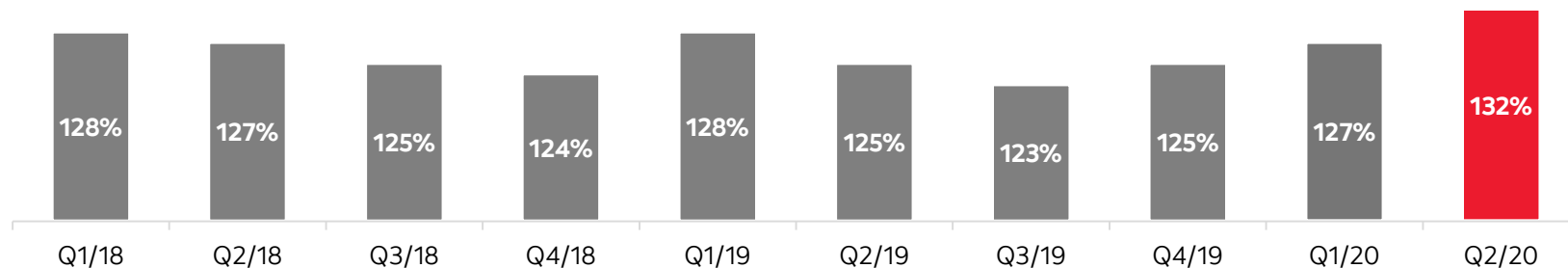
- Prudently using money market funding to absorb short term funding requirements
  - Primarily driven by increases in certificate of deposits, commercial paper and bearer notes

# Liquidity Metrics

Well funded Bank with strong liquidity

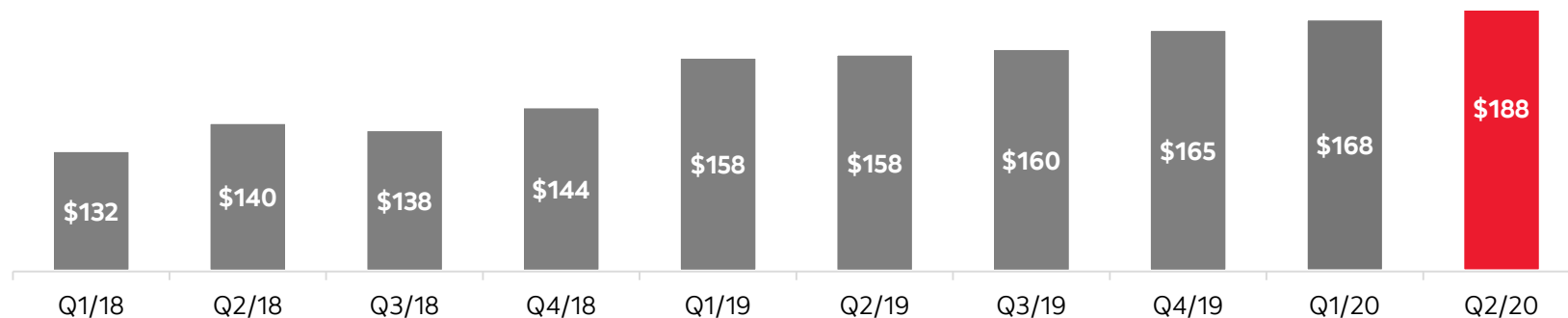
- **Liquidity Coverage Ratio (LCR)**

- Liquidity remains well positioned and in excess of regulatory requirements
- Prudently managed loan draws and other outflows
- Bolstered by central bank actions to support the Canadian economy and financial system
- LCR of 150-200% in Pacific Alliance countries



- **High Quality Liquid Assets (HQLA)**

- Substantially comprised of Level 1 assets
- Strong growth: +\$20B Q/Q and +\$29B Y/Y



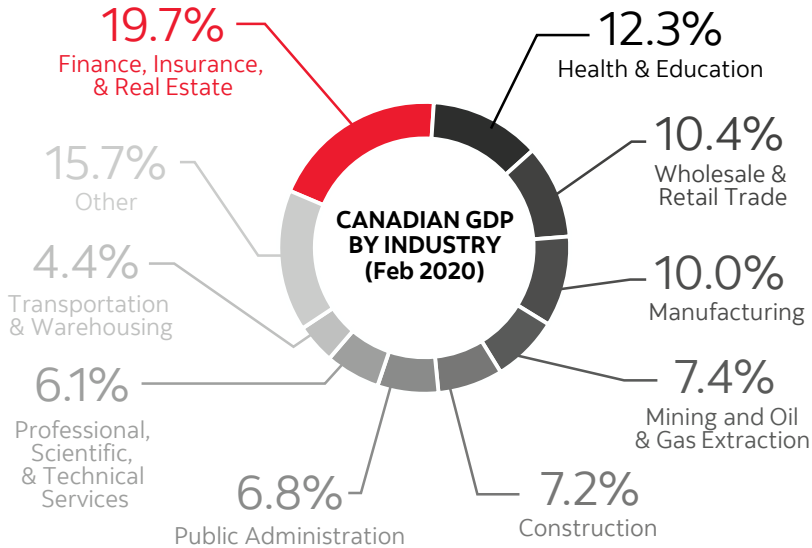
# Appendix 1

## **Core Markets: Economic Profiles**

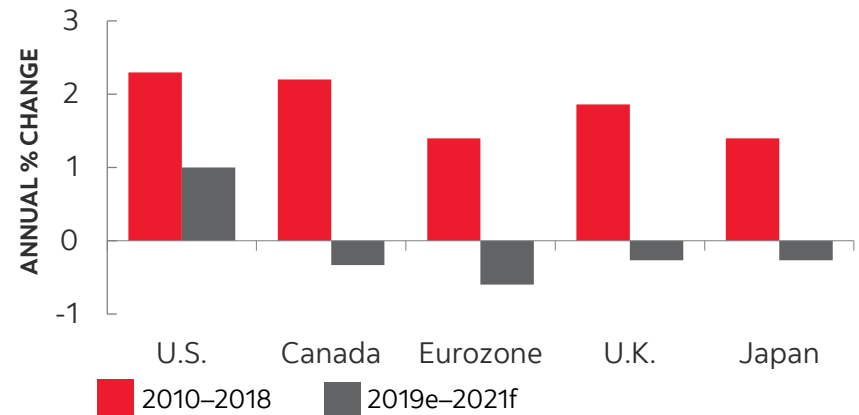


# Canadian Economy

Diverse sources of growth with a strong balance sheet

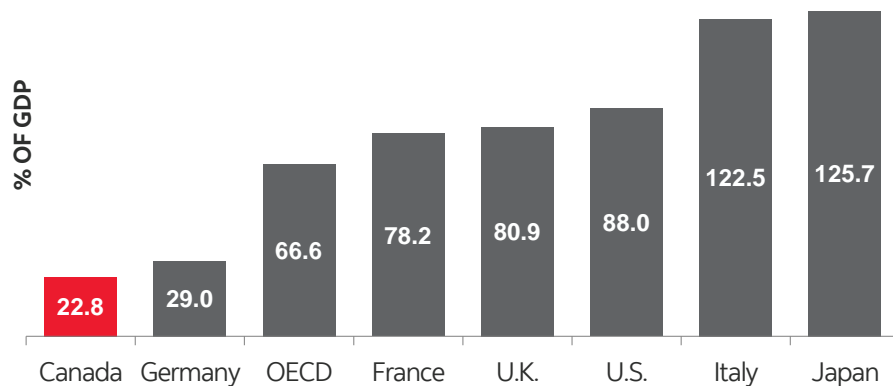


## REAL GDP GROWTH



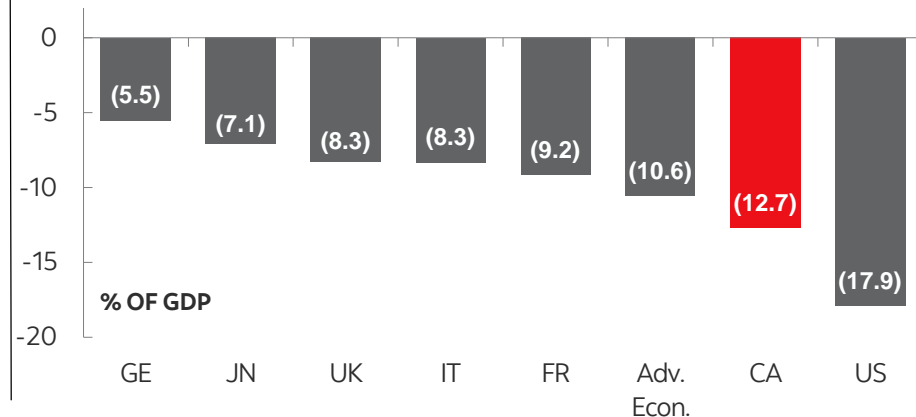
Sources: Scotiabank Economics, Haver Analytics, Statistics Canada. Forecasts as of April 17, 2020.

## GENERAL GOVERNMENT NET FINANCIAL LIABILITIES



Sources: Scotiabank Economics, OECD (2020 estimates). As of April 2020.

## GOVERNMENT FINANCIAL DEFICITS

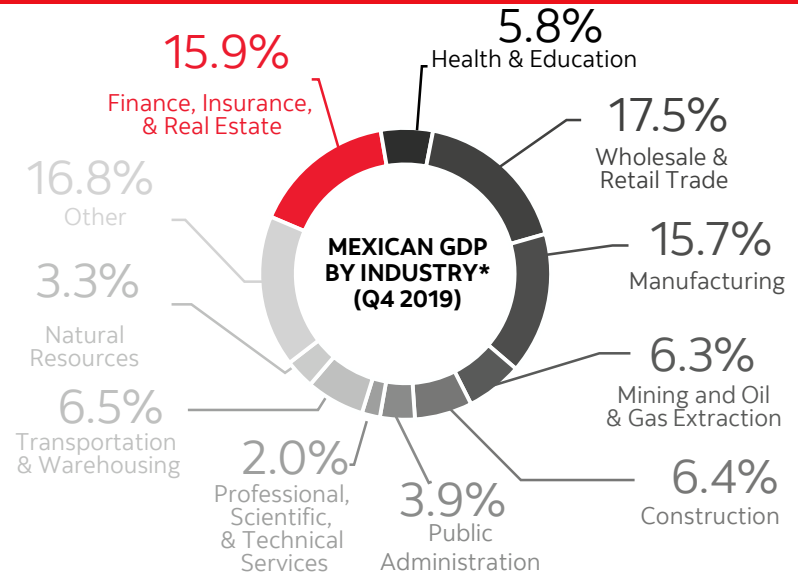


Sources: Scotiabank Economics, IMF (2020 estimates), CBO. As of April 2020.

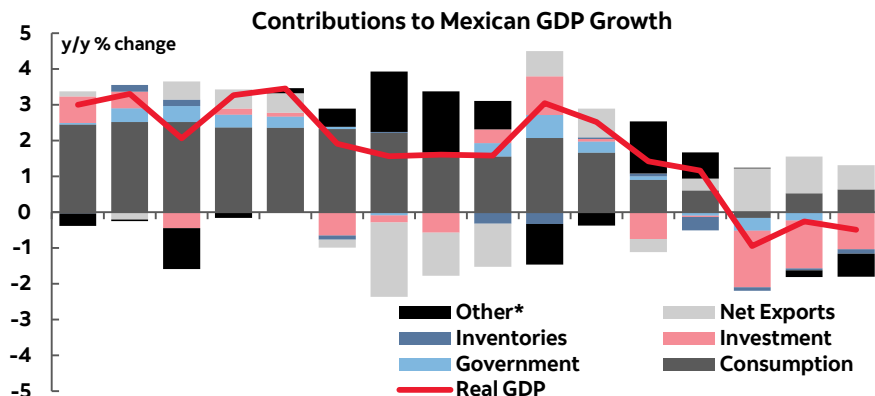
# Mexican Economy

Diverse economy with a strong balance sheet

- The Mexican economy reflects a solid mix of commodities, goods production, and services
- Trade remains dominated by the U.S., but Mexico's diversification agenda is underpinned by 13 free-trade agreements with 47 countries that account for 40% of global GDP and include all G7 countries

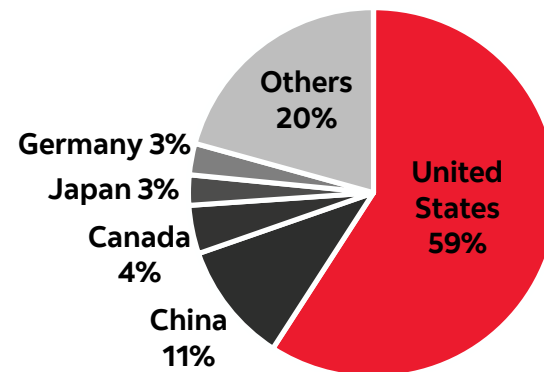


\* Q1-2020 real GDP growth -1.6% y/y. Industry GDP breakdown not yet available for Q1 2020.



\*Statistical discrepancy, subject to revision.  
Sources: Scotiabank Economics, Haver Analytics.

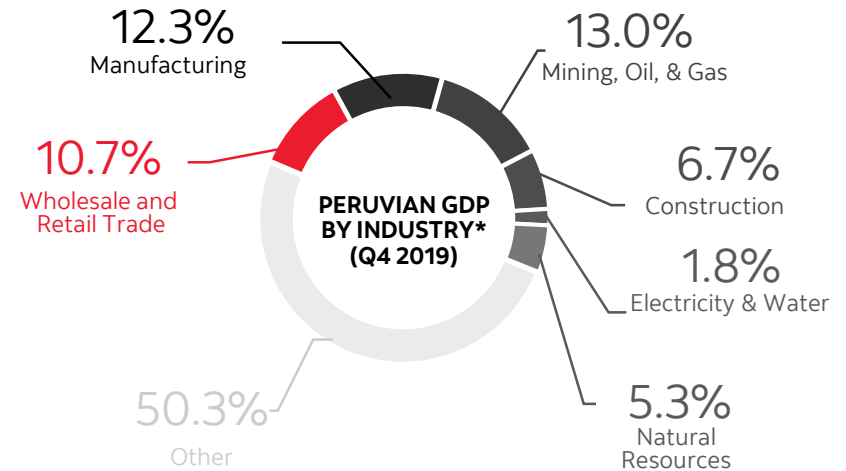
## Top 5 Trading Partners



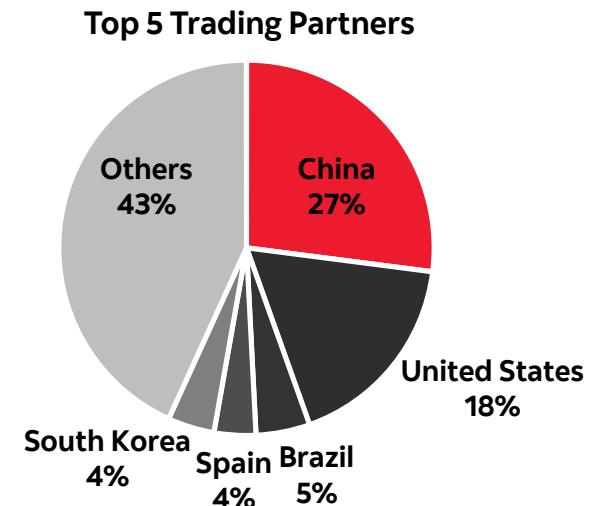
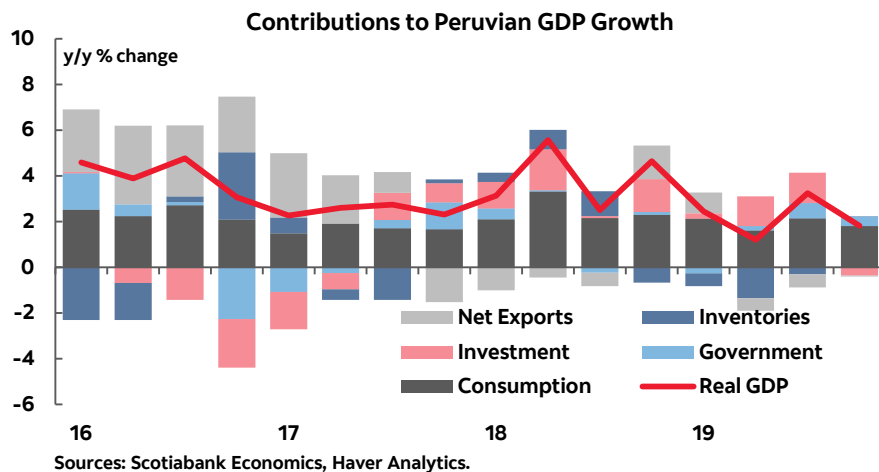
# Peruvian Economy

## Resilient economic fundamentals

- Peru's important resource sectors are increasingly balanced by stronger service-sector activity and solid economic fundamentals
- Peru has 16 free-trade agreements with 49 countries that account for 66% of global GDP
- Investment is making a consistently strong contribution to GDP, which should make solid growth rates more sustainable in the future



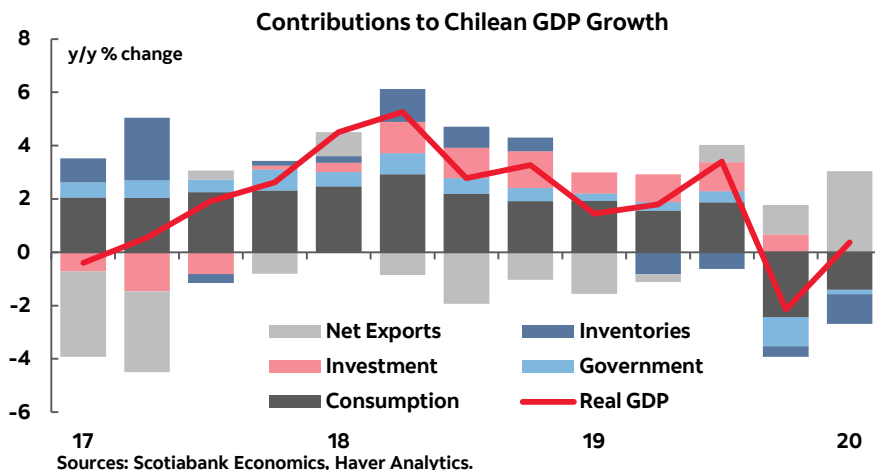
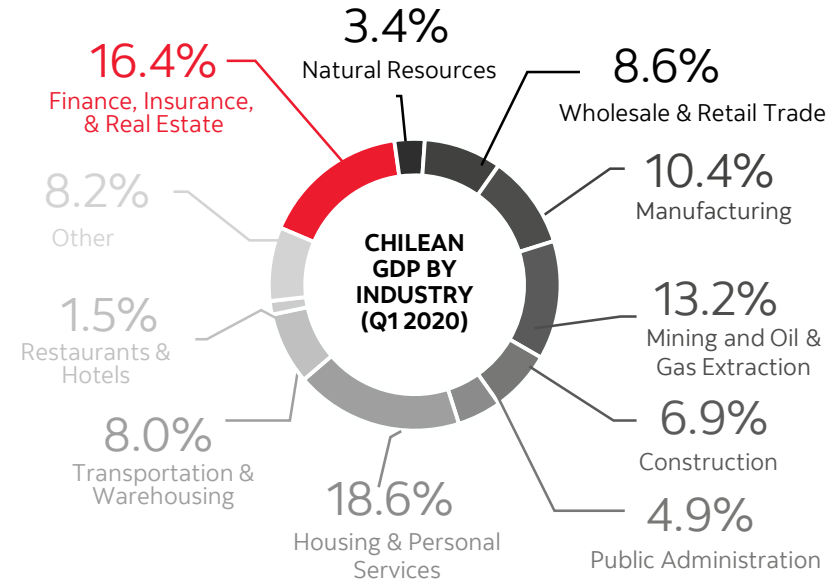
\* Q1-2020 real GDP growth -3.4% y/y. Industry GDP breakdown not yet available for Q1 2020.



# Chilean Economy

Advanced economy with wide-ranging trade links

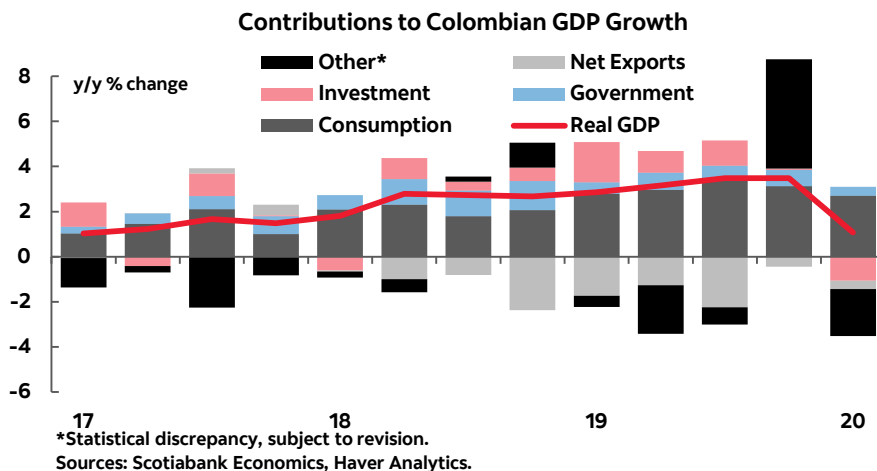
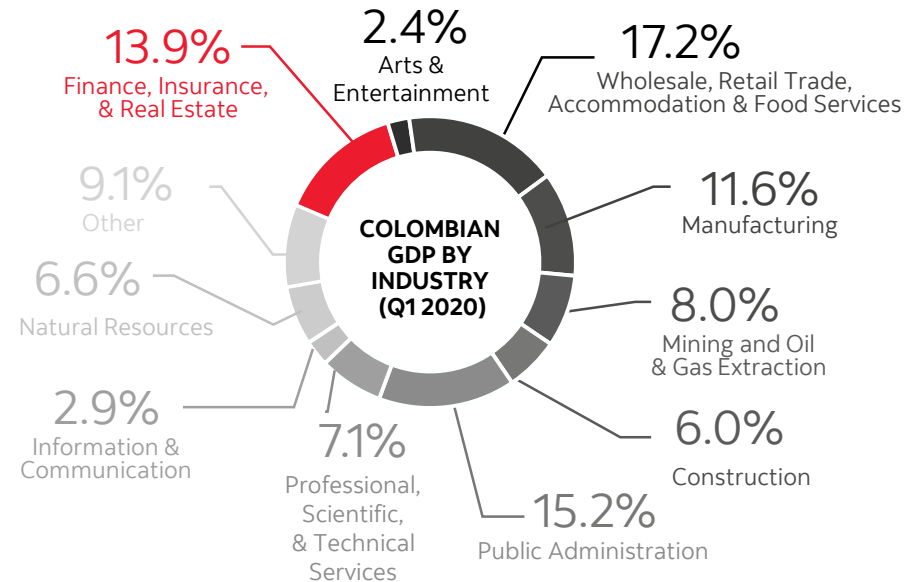
- Chile's mix of economic activities reflects its status as an advanced market economy
- Chile's diversified trading relationships are supported by 23 free-trade agreements with 60 countries that account for 73% of global GDP
- Investment has been a strong contributor to growth in Chile, which should underpin future productivity gains as the economy rebounds from recent social difficulties



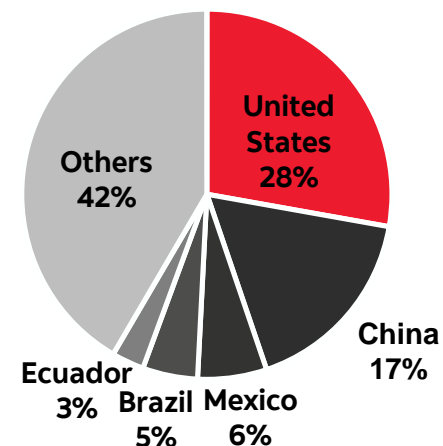
# Colombian Economy

## Gaining momentum

- Services account for a rising share of Colombian GDP compared with traditional strengths in extractive industries
- Colombia continues to build on its 11 free-trade agreements with 46 countries that account for 41% of global GDP
- Rising consumption, supported by public spending, reflects an expanding middle class as growth gains momentum and converges toward the economy's underlying potential



## Top 5 Trading Partners



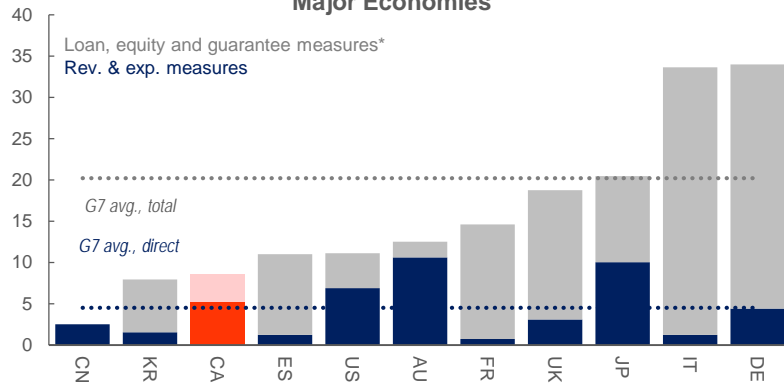
## Appendix 2

# Canadian Housing Market

# Canada: COVID-19 Major Drag on Growth

Substantial policy support should enable a rebound post-virus

**Fiscal Response Across Major Economies**



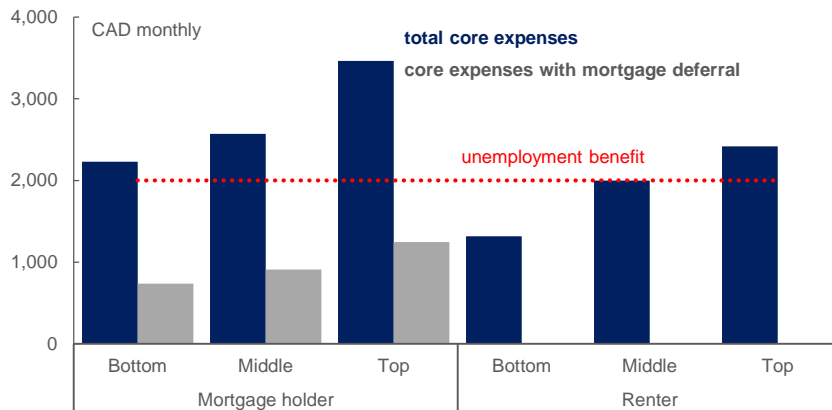
\* Tax deferrals not included.

Sources: Scotiabank Economics, IMF.

As of mid-April

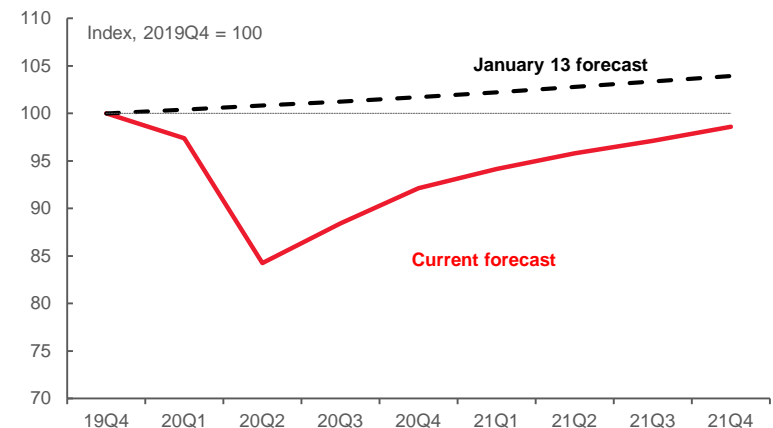
- COVID-19 leading to sharp drop in economic activity in 1H20
- Massive government support is setting the stage for a sharp rebound in the economy in 2H20 if the virus remains contained.
- Population growth remains a key differentiator in Canada relative to other countries

**Core Expenses Across Households**



Sources: Scotiabank Economics, Bank of Canada.

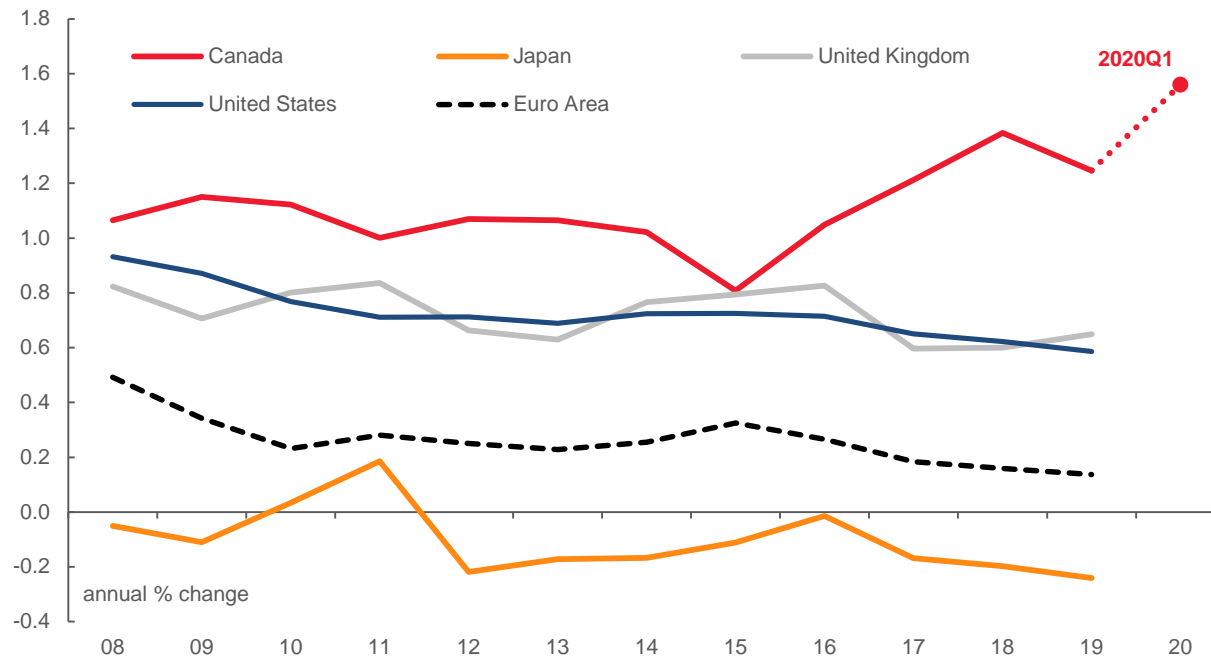
**The Lasting Impact of COVID-19 on Canadian GDP**



Source: Scotiabank Economics.

# Population Growth: A Canadian Differentiator

G7 Population Growth

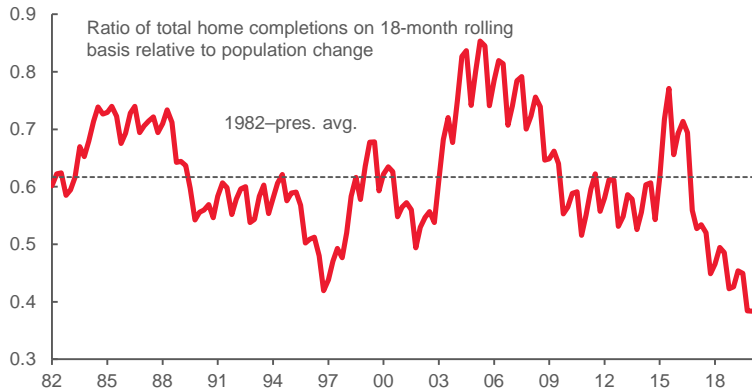




# Canadian Housing Market on Pause

Significant undersupply should lead to a recovery as economy re-opens

## Housing Market is Historically Undersupplied



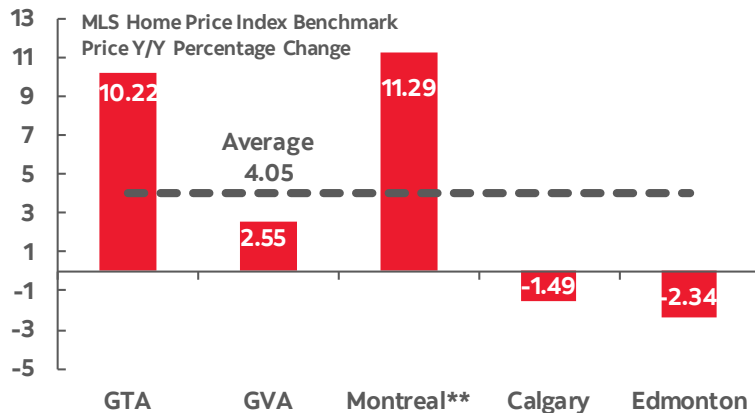
Sources: Scotiabank Economics, Statistics Canada.

## Sales and Listings Falling Concurrently



Sources: Scotiabank Economics, CREA.

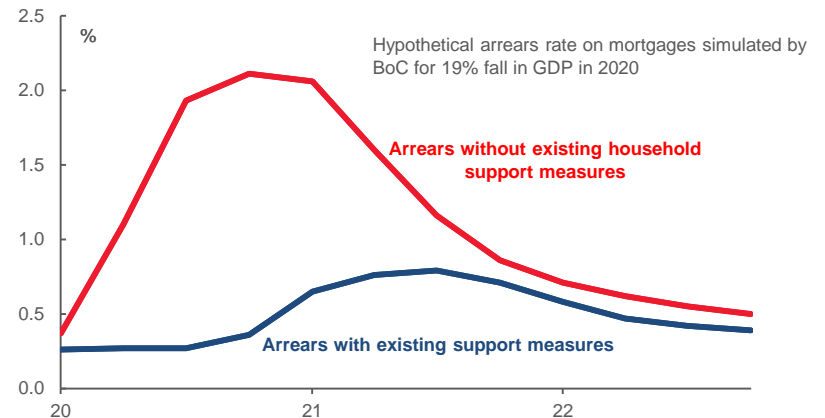
## Canada's Five Largest Metropolitan Areas\*



Sources: Scotiabank Economics, CREA. Data reflects April 2020

\*Actual - not seasonally adjusted; \*\*Data reflects March 2020

## Policy Support Providing Large Assistance to Households



Sources: Scotiabank Economics, Bank of Canada *Financial System Review*.

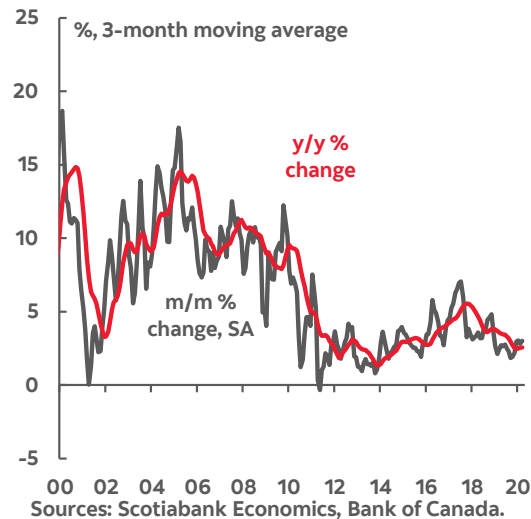
# Canadian Consumer Indebtedness

- Total household credit grew at 4.6% in annual nominal terms in March 2020 vs the 2008 peak of 12.2% annually
- Consumer loans excluding mortgages (i.e., cards, HELOCs, unsecured lines, auto loans, etc.) grew at 2.7% annually in Q1/20 vs > 5% in late 2017
- Mortgage credit grew at 5.3% annually in Q1/20 vs 2008 peak of 13%. Lower five-year rates are driving a rebound in the pace of growth, as is strength of underlying demand

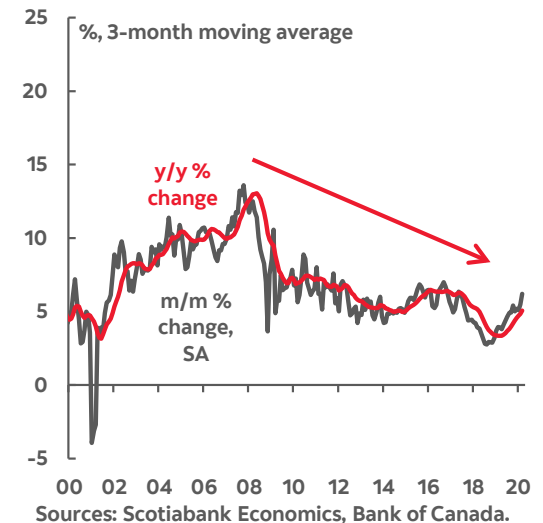
## HOUSEHOLD CREDIT GROWTH



## CONSUMER LOAN GROWTH



## RESIDENTIAL MORTGAGE GROWTH



# Housing Market Differences vs U.S.

Canada's housing market features distinct practices and policies

	Canada	U.S.
Regulation and Taxation	<ul style="list-style-type: none"> <li>• Mortgage interest not tax-deductible</li> <li>• Full recourse against borrowers in most provinces</li> <li>• Foreclosure on non-performing mortgages, no stay periods</li> </ul> <p><b>Insurance</b></p> <ul style="list-style-type: none"> <li>• Mandatory default insurance mortgages with LTV &gt; 80% <ul style="list-style-type: none"> <li>○ CMHC backed by Government of Canada (AAA). Private insurers are 90% government backed</li> <li>○ Insurance available for homes up to CAD 1MM</li> <li>○ Premium is payable upfront</li> <li>○ Covers full amount for life of mortgage</li> </ul> </li> <li>• Homebuyers must qualify for mortgage insurance at interest rate equal to greater of five-year average posted mortgage rate or actual mortgage rate plus 200 bps</li> <li>• Re-financing cap of 80% LTV on non-insured mortgages</li> </ul> <p><b>Amortization</b></p> <ul style="list-style-type: none"> <li>• Maximum 25-year amortization on mortgages with LTV &gt; 80%</li> <li>• Maximum 30-year amortization on conventional mortgages</li> <li>• Down payment of &gt; 20% required for non-owner occupied properties</li> </ul>	<ul style="list-style-type: none"> <li>• Tax-deductible mortgage interest creates incentive to borrow and delay repayment</li> <li>• Lenders have limited recourse in most states</li> <li>• 90-day to 1-year stay period to foreclose on non-performing mortgages</li> <li>• No regulatory LTV limit</li> <li>• Private insurers are not government backed</li> </ul>
Product	<ul style="list-style-type: none"> <li>• Conservative product offerings, fixed or variable rate options</li> <li>• Much less reliance upon securitization and wholesale funding</li> <li>• Asset-backed securities not subjected to US-style off-balance sheet leverage via special purpose vehicles</li> </ul>	<ul style="list-style-type: none"> <li>• Can include exotic products (e.g. adjustable rate mortgages, interest only)</li> </ul>
Underwriting	<ul style="list-style-type: none"> <li>• Terms usually three or five years, renewable at maturity</li> <li>• Extensive documentation and strong standards</li> </ul>	<ul style="list-style-type: none"> <li>• 30-year term most common</li> <li>• Wide range of documentation and underwriting requirements</li> </ul>

# Housing Policy Developments in Canada

Consistent policy initiatives to maintain a balanced and sustainable market

2016

2017

2018

2019

- **Canada:** Qualifying stress rate for all new mortgage insurance must be the greater of the contract mortgage rate or the Bank of Canada's conventional five-year fixed posted rate
- Low-ratio mortgage insurance eligibility requirements updated for lenders wishing to use portfolio insurance:
  - Maximum amortization 25 years
  - C\$1MM max. purchase price
  - Minimum credit score of 600
  - Owner-occupied property
- Elimination of primary residence tax exemption for foreign buyers
- Min. down payment on insured increased from 5% to 10% (for homes C\$0.5–\$1.0MM)
- **British Columbia:** 15% land transfer tax on non-resident purchases in Metro Vancouver introduced
- **Ontario:** 16 measures aimed to slow rate of house price appreciation
  - Key aspects include:**
    - 15% non-resident speculation tax
    - Expanded rent control to all private rental units in Ontario
    - Vacant home tax
    - C\$125MM five-year program to encourage construction of new rental apartment buildings
- **Canada:** OSFI imposes more stringent stress tests for uninsured mortgages, including a minimum qualifying rate at the greater of the five-year fixed posted rate or the contractual rate plus 200 bps, effective January 1, 2018
- **Ontario:** Elimination of rent control on new rental units first occupied on or before November 1, 2018
- **British Columbia:** Extension of the Property Transfer Tax on non-resident buyers. Investment of more than C\$1.6B through FY2021 toward the goal of building 114,000 affordable housing units in the next 10 years
- **British Columbia:** Increase in speculation tax on foreign and domestic home owners who do not pay income tax in BC from 0.5% of a property's assessed value to 2%; additional school tax levied on portion of a property's value that exceeds C\$3MM
- **Ontario:** Measures to increase supply of available housing
  - Key aspects include:**
    - Greater authority over land use planning decisions for the province's independent municipal dispute resolution body
    - Reduced red tape on new residential developments
    - Updated zoning regulations to facilitate building of affordable homes near transit

# Appendix 3

## **Bail-in and TLAC**

# Canadian Bail-in Regulations: Key Features

## Best in class approach






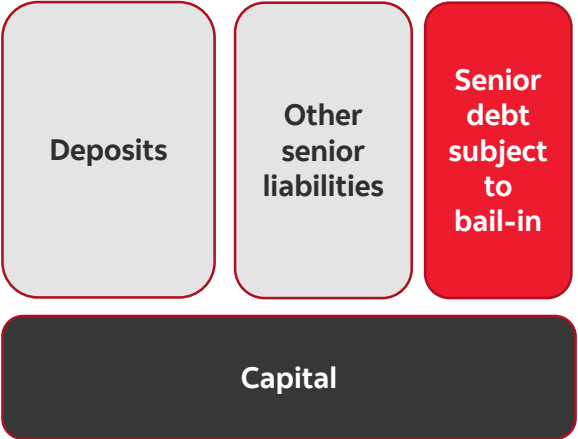
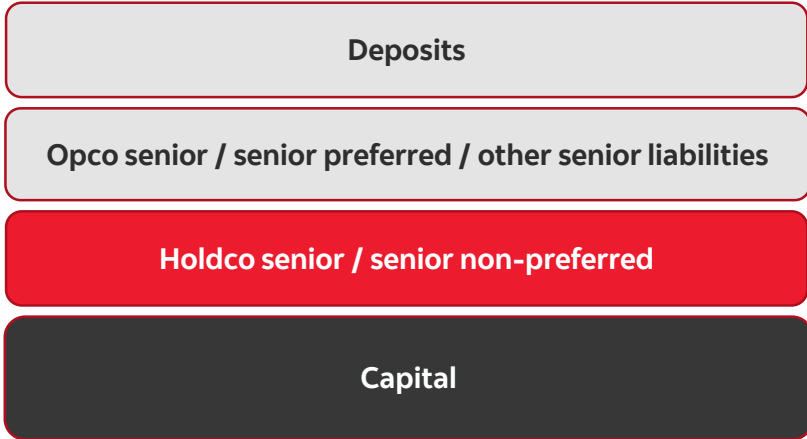
- Post September 23, 2018, senior unsecured debt issued by Canadian DSIBs that is subject to bail-in is the only format of issuance available<sup>1</sup> and is a single class of debt<sup>2</sup> that is not subordinated to another class of wholesale senior debt
- Canadian bank term senior unsecured debt is not structurally, statutorily or contractually subordinated to another class of senior liabilities and therefore ranks equally to deposits and other senior liabilities in liquidation
- Canada utilizes a statutory bail-in regime where, unlike the contractual regime of Canadian NVCC capital instruments, bail-in conversion terms are not prescribed. CDIC retains flexibility to exercise the bail-in power in a manner that is appropriate given the circumstances at the time and subject to certain parameters.
- In the remote event of non-viability, the no creditor worse off principle ensures that bailed-in senior creditors do not incur greater losses through resolution than liquidation. The CDIC compensation regime floors recovery at the liquidation value.
- The bail-in regime provides for a relative hierarchy of claims. Creditors receive common shares in accordance with their relative rankings.

<sup>1</sup>Excludes structured notes as defined in section 2(6) of the Bank Recapitalization (Bail-in) Conversion Regulations under the CDIC Act

<sup>2</sup>Ranks pari passu with other forms of senior debt, except as otherwise prescribed by law and subject to the exercise of bank resolution powers

# Canadian Bail-in Regulations: Jurisdictional Comparison

Best in class approach

					
<b>Instrument type</b>	Opco senior	Holdco senior	Holdco senior <sup>1</sup>	Holdco senior	Opco non-preferred senior
<b>Ranking in Liquidation</b>	Pari passu with deposits and other senior liabilities	Structural subordination <sup>2</sup>	Structural subordination <sup>2</sup>	Structural subordination <sup>2</sup>	Contractual subordination <sup>2</sup>
<b>Subordination schematic</b>					
<b>Depositor preference</b>	No	Yes	Yes	Yes	Yes
<b>Participation in equity post resolution</b>	Conversion to equity of the bank or an affiliate allows participation in the upside, if any <sup>3</sup>	N/A <sup>4</sup>	Uncertain given possibility of writedown	Uncertain given possibility of writedown	Uncertain given possibility of writedown
<b>Acceleration rights upon failure to pay principal and interest</b>	Yes	Yes	Yes	Yes	No <sup>5</sup>

<sup>1</sup>Applicable in practice for G-SIBs' issuance of non-capital bail-in debt

<sup>2</sup>Approach applicable to G-SIBs in relevant jurisdictions. Additionally, Switzerland uses structural subordination, Germany uses statutory subordination, Spain uses contractual subordination

<sup>3</sup>Assuming only bail-in is triggered. If other resolution powers are exercised, debt holders could be exposed to losses in a manner similar to a write-down of their claims

<sup>4</sup>No bail-in power. In resolution, debtholders could potentially receive partial recoveries (analogous to a write-down) or have their claims satisfied through the issuance of new securities (analogous to a bail-in conversion)

<sup>5</sup>The terms of senior non-preferred do not include acceleration rights upon failure to pay principal and interest; however, there is no statutory restriction in this regard. Once resolution proceedings are underway, holders may declare an event of default for failure to meet payment obligations

# Summary of Bail-in / TLAC Regime

## Best in class approach

Scope	OSFI designated DSIBs
Scope of bail-in instruments	Senior unsecured debt that is tradeable and transferable, original term >400 days, unsecured and issued, originated or renegotiated after September 23, 2018
Liabilities excluded from bail-in	Insured deposits, uninsured deposits <sup>1</sup> , debt with original term < 400 days, ABS / covered bonds, structured notes <sup>2</sup> , derivative liabilities, other liabilities
TLAC compliance date	November 1, 2021
TLAC requirement	22.5% minimum risk-based TLAC ratio (21.5% plus a 1.0% Domestic Stability Buffer) 6.75% minimum TLAC leverage ratio
TLAC eligibility	Regulatory capital <sup>3</sup> + bail-in debt with remaining term to maturity > 1 year <sup>4</sup>
Grandfathering	Yes – all senior instruments issued prior to September 23, 2018
Sequencing and preconditions	1. Federal authorities bring bank into resolution 2. Full conversion of bank's NVCC instruments must occur prior to or concurrently with bail-in
Form of bail-in	Equity conversion
DSIB disclosure requirements	- Include disclosure related to the conversion power in any agreement governing an eligible liability as well as any accompanying offering document - Include a clause in the contractual provisions governing any eligible liability through which investors provide express submission to the Canadian bail-in regime - Provide disclosure of TLAC ratios beginning Q1 2019

- Bail-in is **not the only path** in Canada to resolve a failing bank. Canadian authorities retain full discretion to use other powers including “vesting order”, “receivership order”, “bridge bank resolution order”, etc.
- Equity conversion under the Canadian bail-in regime has the potential to result in realizable value in excess of principal amount

<sup>1</sup>Yankee CD's with original term > 400 days are in-scope of bail-in

<sup>2</sup>As per definition of structured notes in section 2(6) of the Bank Recapitalization (Bail-in) Conversion Regulations under the CDIC Act

<sup>3</sup>Adjusted to fully include subordinated debentures with a remaining term of one to five years

<sup>4</sup> Provided such bail-in debt meets certain other requirements



## Appendix 4

# Covered Bonds

# Global Registered Covered Bond Program

Global Covered Bond Program: CAD\$100 billion

- Able to issue across multiple currencies such as USD, EUR, GBP, AUD and CHF
- CAD\$53.8 billion outstanding (of which \$22.5 billion is self-issued) vs. \$100 billion program size
- Extensive regulatory oversight and pool audit requirements
- Mandatory property value indexation
- Established high level of safeguards and disclosure requirements
- Program carries the ECBC Covered Bond Label

<b>Issuer</b>	The Bank of Nova Scotia
<b>Guarantor</b>	Scotiabank Covered Bond Guarantor Limited Partnership
<b>Guarantee</b>	Payments of interest and principal in respect of the covered bonds are irrevocably guaranteed by the Guarantor. The obligations under the Covered Bond Guarantee constitute direct obligations of the Issuer and are secured by the assets of the Guarantor, including the Portfolio.
<b>Status</b>	The covered bonds will constitute legal, valid and binding direct, unconditional, unsubordinated and unsecured obligations of the Bank and will rank pari passu with all deposit liabilities of the Bank without any preference among themselves and at least pari passu with all other unsubordinated and unsecured obligations of the Bank, present and future.
<b>Program Size</b>	CAD \$100 billion
<b>Ratings</b>	Aaa / AAA / AAA (Moody's / Fitch / DBRS)
<b>Cover Pool</b>	First lien uninsured Canadian residential mortgage loans with LTV limit of 80%
<b>Asset Percentage</b>	94.8%
<b>Law</b>	Ontario, Canada
<b>Issuance Format</b>	144A / Reg S (UKLA Listed)

# Canadian Legislative Covered Bonds

## (CMHC Registered)

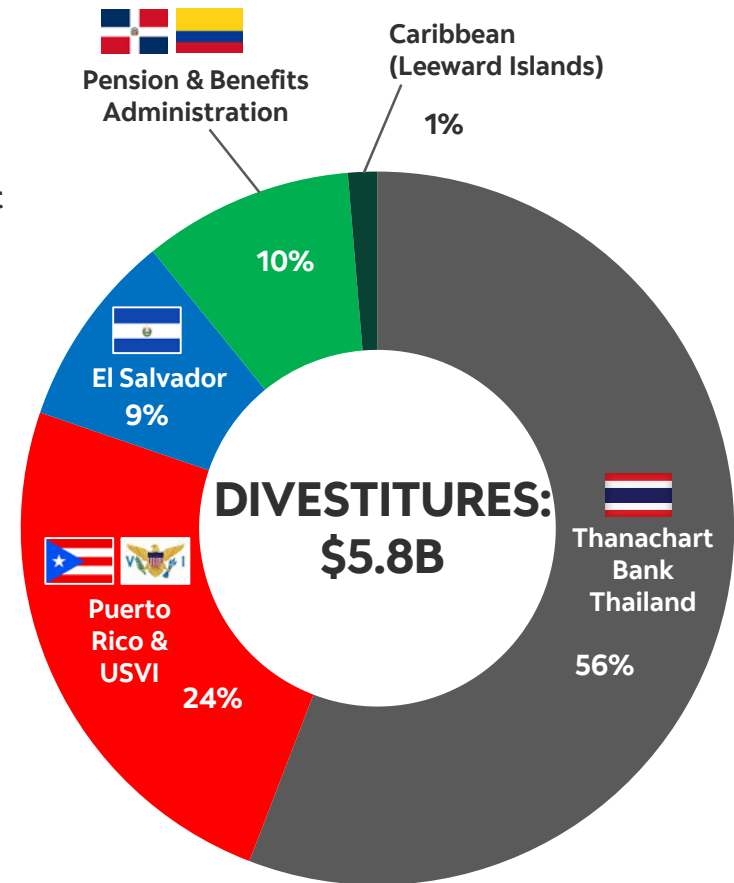
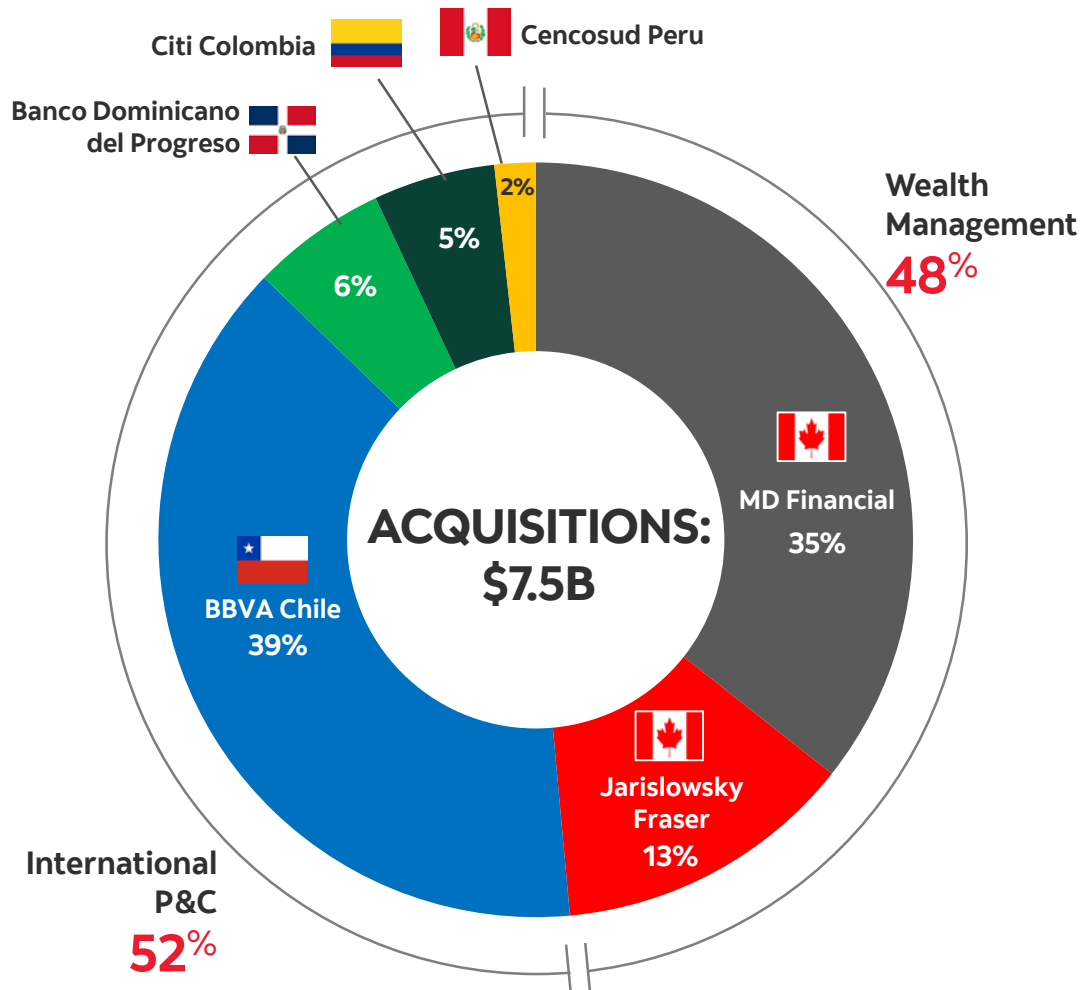
<b>Issuance Framework</b>	<ul style="list-style-type: none"> <li>• Canadian Registered Covered Bond Programs' Legal Framework (Canadian National Housing Act)</li> <li>• Canadian Registered Covered Bond Programs Guide issued by Canada Mortgage and Housing Corporation (CMHC)</li> </ul>
<b>Eligible Assets</b>	<ul style="list-style-type: none"> <li>• Uninsured loans secured by residential property in Canada</li> </ul>
<b>Mortgage LTV Limits</b>	<ul style="list-style-type: none"> <li>• LTV limit of 80%</li> </ul>
<b>Basis for Valuation of Mortgage Collateral</b>	<ul style="list-style-type: none"> <li>• Issuers are required to index the value of the property underlying mortgage loans in the covered pool while performing various tests</li> </ul>
<b>Substitute Assets</b>	<ul style="list-style-type: none"> <li>• Securities issued by the Government of Canada</li> <li>• Repos of Government of Canada securities having terms acceptable to CMHC</li> </ul>
<b>Substitute Assets Limitation</b>	<ul style="list-style-type: none"> <li>• 10% of the aggregate value of (a) the loans (b) any Substitute Assets and (c) all cash held by the Guarantor</li> </ul>
<b>Cash Restriction</b>	<ul style="list-style-type: none"> <li>• The cash assets of the Guarantor cannot exceed the Guarantor's payment obligations for the immediately succeeding six months</li> </ul>
<b>Coverage Test</b>	<ul style="list-style-type: none"> <li>• Asset coverage Test</li> <li>• Amortization Test</li> </ul>
<b>Credit Enhancement</b>	<ul style="list-style-type: none"> <li>• Overcollateralization</li> <li>• Reserve Fund</li> </ul>
<b>Swaps</b>	<ul style="list-style-type: none"> <li>• Covered bond swap, forward starting</li> <li>• Interest rate swap, forward starting</li> </ul>
<b>Market Risk Reporting</b>	<ul style="list-style-type: none"> <li>• Valuation calculation</li> <li>• Mandatory property value indexation</li> </ul>
<b>Covered Bond Supervisory Body</b>	<ul style="list-style-type: none"> <li>• CMHC</li> </ul>
<b>Requirement to Register Issuer and Program</b>	<ul style="list-style-type: none"> <li>• Yes; prior to first issuance of the covered bond program</li> </ul>
<b>Registry</b>	<ul style="list-style-type: none"> <li>• Yes</li> </ul>
<b>Disclosure Requirements</b>	<ul style="list-style-type: none"> <li>• Monthly investor report with prescribed disclosure requirements set out by CMHC</li> <li>• Investor reports must be posted on the program website</li> <li>• Required to meet applicable regulatory disclosure requirements</li> </ul>

# Appendix 5

## **Additional Information**

# Acquisition & Divestiture Activity (2018-2020)

## Increasing Scale in Core P&C Markets and Wealth Management



# Medium-Term Financial Objectives

## All-Bank Objectives<sup>1</sup>

**EPS Growth**

7%+

**ROE**

14%+

**Operating Leverage**

Positive

**Capital**

Strong Levels

<sup>1</sup>3-5 year targets from 2020 Investor Day

# Additional Information

## Scotiabank Listings:

- Toronto Stock Exchange (TSX: BNS)
- New York Stock Exchange (NYSE: BNS)

## Scotiabank Common Share Issue Information:

- CUSIP: 064149107
- ISIN: CA0641491075
- FIGI: BBG000BXSXH3
- NAICS: 522110

## Scotiabank Credit Ratings

	Moody's Investors Services	Standard & Poor's	Fitch Ratings	Dominion Bond Rating Service Ltd.
Legacy Senior Debt <sup>1</sup>	Aa2	A+	AA	AA
Senior Debt <sup>2</sup>	A2	A-	AA-	AA (low)
Subordinated Debt (NVCC)	Baa1	BBB+	-	A (low)
Short Term Deposits/Commercial Paper	P-1	A-1	F1+	R-1 (high)
Covered Bond Program	Aaa	Not Rated	AAA	AAA
Outlook	Stable	Stable	Negative	Stable

<sup>1</sup>Includes: (a) Senior debt issued prior to September 23, 2018; and (b) Senior debt issued on or after September 23, 2018 which is excluded from the bank recapitalization "bail-in" regime

<sup>2</sup>Subject to conversion under the bank recapitalization "bail-in" regime

# Contact Information

## Investor Relations

### Philip Smith

Senior Vice President  
416-863-2866  
philip.smith@scotiabank.com

### Lemar Persaud

Director  
416-866-6124  
lemar.persaud@scotiabank.com

### Tiffany Sun

Manager  
416-866-2870  
tiffany.sun@scotiabank.com

### Steven Hung

Vice President  
416-933-8774  
steven.hung@scotiabank.com

### Judy Lai

Director  
416-775-0485  
judy.lai@scotiabank.com

## Funding

### Tom McGuire

Executive Vice President & Group Treasurer  
416-860-1688  
tom.mcguire@scotiabank.com

### Mark Michalski

Director, Strategy & Market Development, Funding  
416-866-6905  
mark.michalski@scotiabank.com

### Christy Bunker

SVP, CB Treasury, Term Funding  
and Capital management  
416-933-7974  
christy.bunker@scotiabank.com