Investor Presentation

SECOND QUARTER 2016

May 31, 2016

Scotiabank®

Caution Regarding Forward-Looking Statements

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. 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 2015 Annual Report under the headings "Overview-Outlook," for Group Financial Performance "Outlook," for each business segment "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 (including those in the area of risk management), 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," "anticipate," "intent," "estimate," "plan," "may increase," "may fluctuate," and similar expressions of future or conditional verbs, such as "will," "may," "should," "would" and "could." By their very nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, and the risk that predictions and other forward-looking statements will not prove to be accurate. Do not unduly rely on forward-looking statements, as a number of important factors, many of which are beyond the Bank's control and the effects of which can be difficult to predict, could cause actual results to differ materially from the estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited to: the economic and financial conditions in Canada and globally; fluctuations in interest rates and currency values; liquidity and funding; significant market volatility and interruptions; the failure of third parties to comply with their obligations to the Bank and its affiliates; changes in monetary policy; legislative and regulatory developments in Canada and elsewhere, including changes to, and interpretations of tax laws and risk-based capital guidelines and reporting instructions and liquidity regulatory guidance; changes to the Bank's credit ratings; operational (including technology) and infrastructure risks; reputational risks; the risk that the Bank's risk management models may not take into account all relevant factors; the accuracy and completeness of information the Bank receives on customers and counterparties; the timely development and introduction of new products and services in receptive markets; the Bank's ability to expand existing distribution channels and to develop and realize revenues from new distribution channels; the Bank's ability to complete and integrate acquisitions and its other growth strategies; critical accounting estimates and the effects of changes in accounting policies and methods used by the Bank (See "Controls and Accounting Policies—Critical accounting estimates" in the Bank's 2015 Annual Report, as updated by this document); global capital markets activity; the Bank's ability to attract and retain key executives; reliance on third parties to provide components of the Bank's business infrastructure; unexpected changes in consumer spending and saving habits; technological developments; fraud by internal or external parties, including the use of new technologies in unprecedented ways to defraud the Bank or its customers; increasing cyber security risks which may include theft of assets, unauthorized access to sensitive information or operational disruption; consolidation in the Canadian financial services sector; competition, both from new entrants and established competitors; judicial and regulatory proceedings; natural disasters, including, but not limited to, earthquakes and hurricanes, and disruptions to public infrastructure, such as transportation, communication, power or water supply; the possible impact of international conflicts and other developments, including terrorist activities and war; the effects of disease or illness on local, national or international economies; 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. For more information, see the "Risk Management" section starting on page 66 of the Bank's 2015 Annual Report. Material economic assumptions underlying the forward-looking statements contained in this document are set out in the 2015 Annual Report under the heading "Overview-Outlook," as updated by this document; and for each business segment "Outlook". 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. The preceding list of factors is not exhaustive of all possible risk factors and other factors could also adversely affect the Bank's results. When relying on forward-looking statements to make decisions with respect to the Bank and its securities, investors and others should carefully consider the preceding factors, other uncertainties and potential events. The 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 and on the EDGAR section of the SEC's website at www.sec.gov.

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Overview

Brian Porter

President & Chief Executive Officer

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Q2 2016 Overview

- **Good Q2 results[1]**
  - Net income of $1.9 billion
  - Diluted EPS of $1.46 per share
  - ROE of 14.4%
- **Revenue growth of 10% year-over-year**
- **Capital position remains strong at 10.1%**
- **Quarterly dividend unchanged at $0.72 per share**

(1) Excluding restructuring charge of $278 million after-tax ($378 million before-tax)

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Delivering on our key strategic priorities

Customer Experience

Leadership

Low Cost by Design

Digital Transformation

Business Mix




Financial Review

Sean McGuckin

Chief Financial Officer

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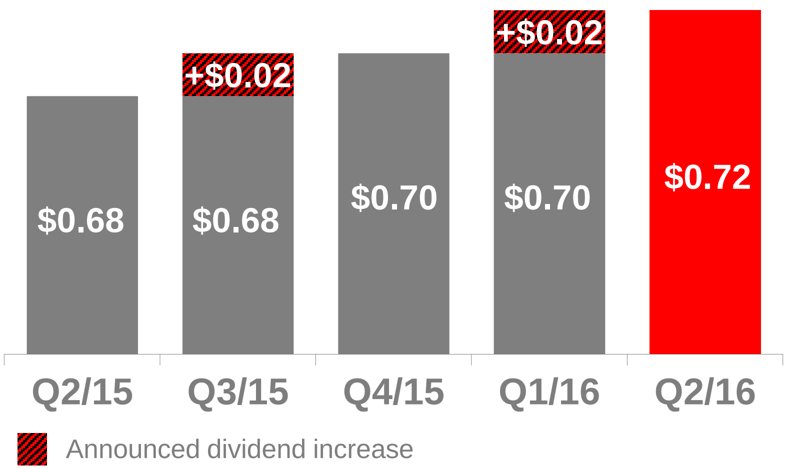
Q2 2016 Financial Performance

$ millions, except EPS	Q2/16[2]	Q/Q[2]	Y/Y[2]
Net Income	$1,862	+3%	+4%
Diluted EPS	$1.46	+2%	+3%
Revenues[1]	$6,647	+2%	+10%
Expenses	$3,439	-4%	+7%
Productivity Ratio	51.7%	-310bps	-160bps
Core Banking Margin[1]	2.38%	+0bps	-3bps

Dividends Per Common Share



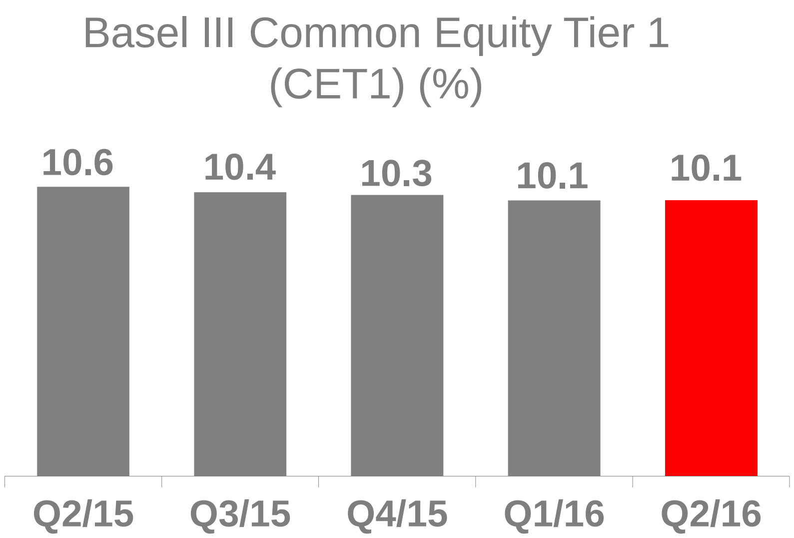
Year-over-Year Highlights

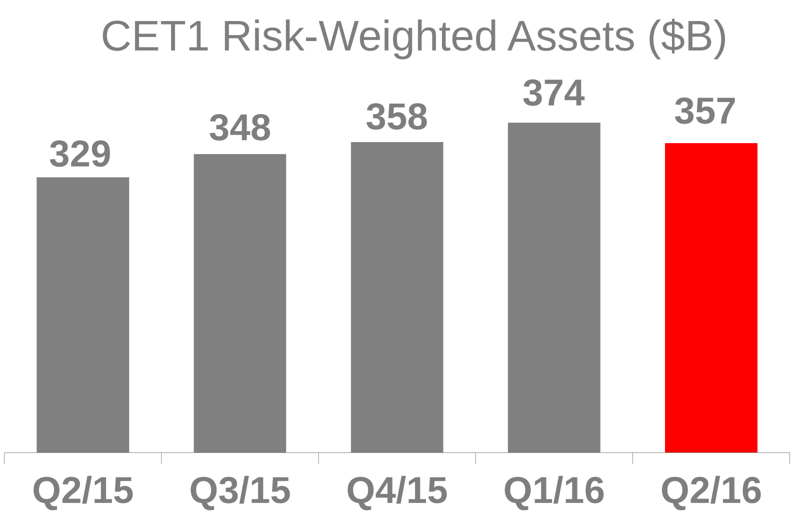
- **Diluted EPS growth of 3%[2]**
- **Revenue growth of 10%[1]**
  - Solid asset growth across business segments
  - Positive impact of acquisitions
  - Higher banking revenues and net gains on investment securities, as well as a gain on the sale of a non-core lease financing business
  - Partly offset by lower wealth management, underwriting and advisory and trading revenues
- **Expense growth up 7%[2]**
  - Excluding the impact of acquisitions, expense growth was up 2%
  - Higher technology and professional fees reflecting the continued investment in technology and efficiency initiatives
- **Quarterly dividend of $0.72 per share**

(1) Taxable equivalent basis

(2) Excluding restructuring charge of $278 million after-tax ($378 million before-tax)

Capital – Strong Position





Highlights

- **Internal capital generation of $0.6 billion**
- **Quarterly dividend of $0.72 is 6% higher than the same quarter last year**
- **CET1 risk-weighted assets were down $17 billion Q/Q**
  - Impact of a stronger Canadian dollar on foreign currency denominated risk weighted assets
- **Basel III Leverage ratio of 4.1%**

Capital position remains strong

Restructuring Initiatives

- **As part of management's strategic efforts to enhance the customer experience, drive a digital transformation and improve productivity, the Bank announced a Q2/16 restructuring charge**
- **These initiatives primarily relate to:**
  - Optimizing the branch network in Canadian Banking
  - Simplifying and optimizing the Bank's organizational structure
  - Reducing costs to deliver our internal corporate services including technology services
- **These strategic efforts will help the Bank sustain its strength in the marketplace, and better position for long term growth**

Summary	Details
Amount of restructuring	$278 million after-tax ($378 million before-tax), or $0.23 per share
Synergies / Timing	Expect annual run-rate savings of ~$350 million by 2017, growing to $550 million by 2018 and growing to over $750 million for 2019 • Approximately 70% in Canadian Banking • Net savings of ~5% against the Bank's current expense base • Contribute ~200-250 basis points of improvement to the Bank's productivity ratio for 2019

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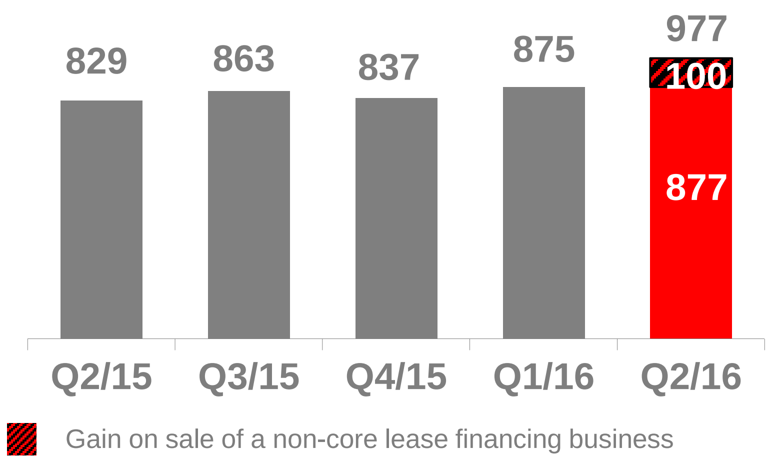
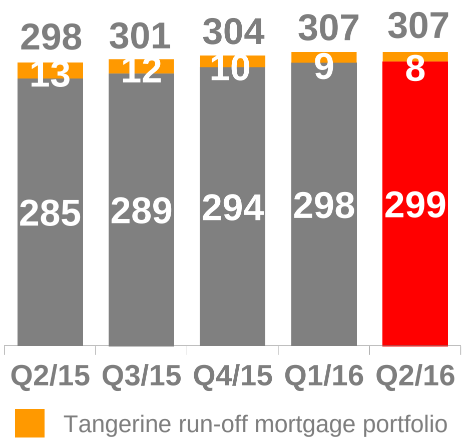
Canadian Banking

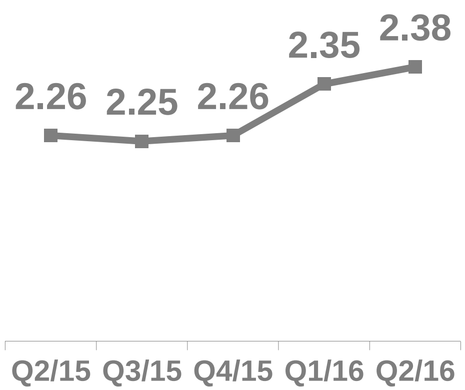
Net Income[1] ($MM)



Average Assets ($B)



Net Interest Margin (%)



(1) Attributable to equity holders of the Bank

Year-over-Year Highlights

- **Net income up 18%, or 6% excluding the gain on sale**
- **Loan growth of 3%**
  - Ex. Tangerine run-off portfolio, up 5%
  - Double digit growth in credit cards and auto lending
- **Deposits up 7%**
  - Retail chequing was up 9% and savings deposits were up 15%
- **NIM up 12 bps**
  - Higher margin personal lending and margin expansion in deposits
  - Impact of acquisition
  - Run-off of low spread Tangerine mortgages
- **PCL loss ratio up 4 bps**
- **Expenses up 4% or 2% excluding acquisition**
  - Higher technology and project spending, partially offset by benefits realized from previous cost reduction initiatives

Strong volume growth and margin expansion

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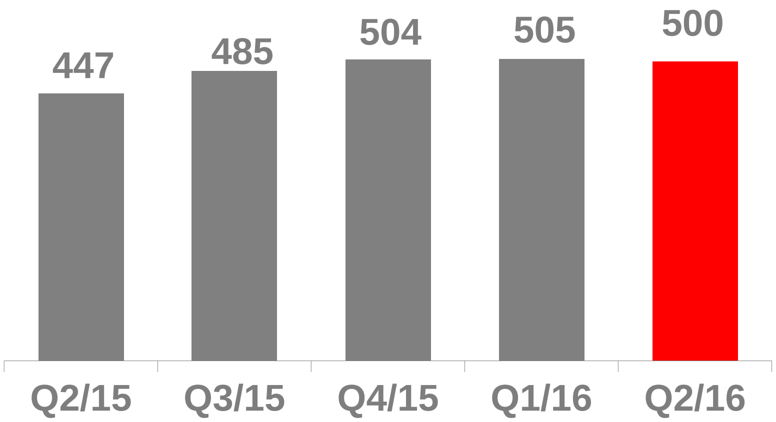
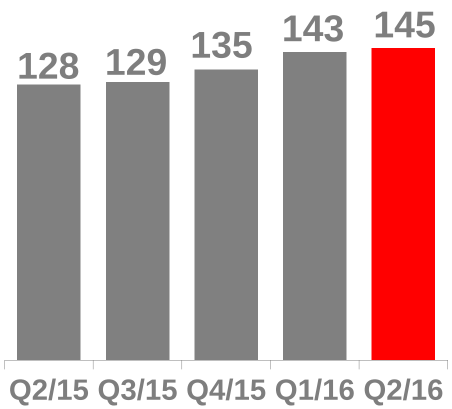
International Banking

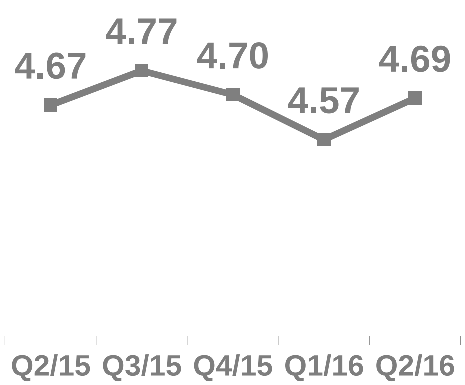
Net Income[1] ($MM)



Average Assets ($B)



Net Interest Margin (%)



(1) Attributable to equity holders of the Bank

Year-over-Year Highlights

- **Net Income up 12%**
  - Strong loan, deposit and fee income growth in the Pacific Alliance
  - Strong positive operating leverage
  - Partly offset by higher PCLs
- **Loans up 13% and deposits up 19%**
  - Ex. FX translation, total loans were up 15% (Latin America was up 19%) and total deposits were up 20%
- **NIM up 2 bps**
- **PCL loss ratio up 31 bps**
  - Driven primarily by commercial provisions, including one account in Colombia
- **Expenses up 11%, or up 6% excluding the impact of F/X translation and acquisitions**
  - Business volume and inflationary increases
- **Operating leverage of +3.1% YTD**

Strong volume growth and positive operating leverage

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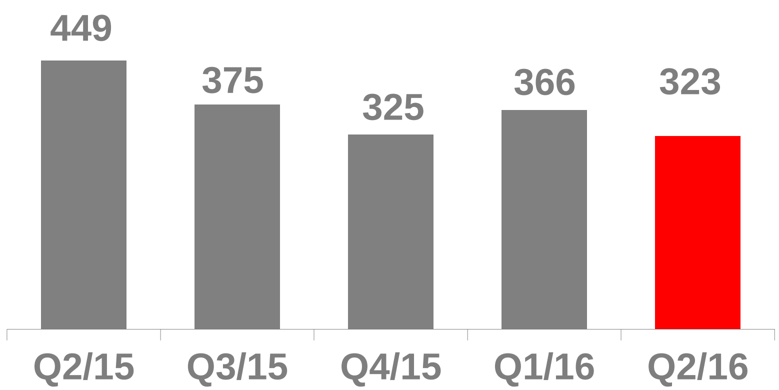
Global Banking and Markets

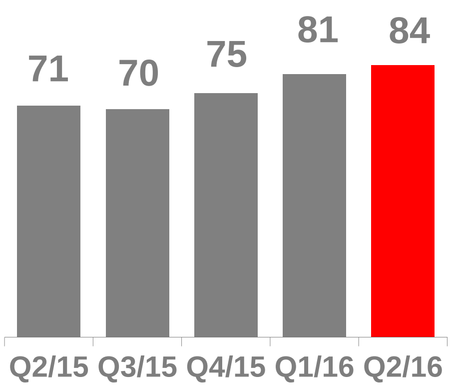
Net Income[1] ($MM)



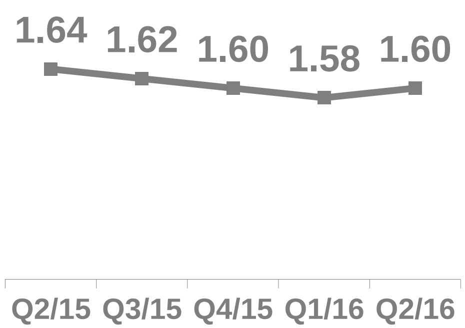
Year-over-Year Highlights

- **Net Income down 28%**
  - Higher PCLs
  - Lower contributions from equities
- **Revenue down 4%**
- **Loans up 18%**
- **PCLs up 49 bps, driven by a small number of loans in energy**
- **Expenses up 6%**
  - Negative impact from FX translation
  - Higher salaries, technology and regulatory costs

Average Loans[2] ($B)



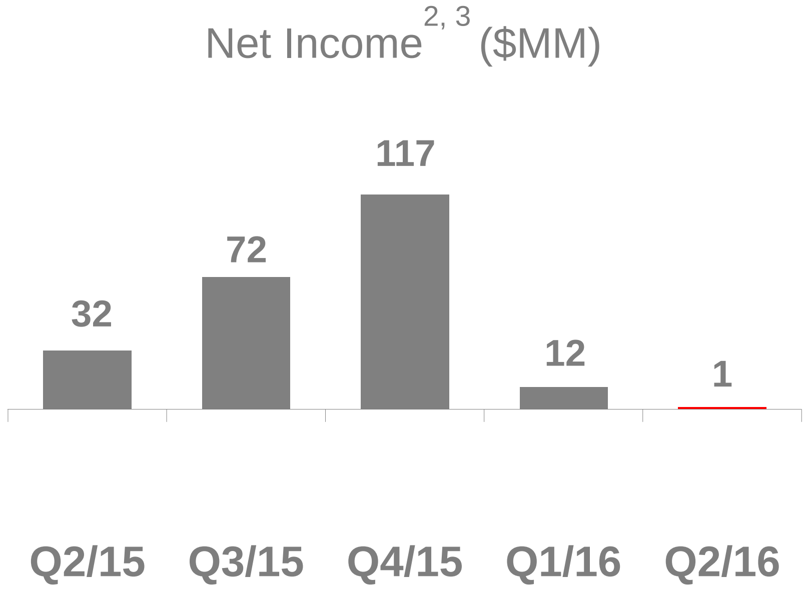
Net Interest Margin[3] (%)



Higher PCLs and challenging market conditions

(1) Attributable to equity holders of the Bank
(2) Average Business & Government Loans & Acceptances
(3) Corporate Banking only

Other Segment[1]



Year-over-Year Highlights[3]

- **Net income was lower because of lower contributions from asset/liability management activities and higher expenses. An increase in the collective allowance against performing loans, was offset by lower post-retirement benefit costs**

(1) Includes Group Treasury, smaller operating segments, and other corporate items which are not allocated to a business line. The results primarily reflect the net impact of asset/liability management activities
(2) Attributable to equity holders of the Bank
(3) Excluding restructuring charge of $278 million after-tax ($378 million before-tax) in Q2/16




Risk Review

Stephen Hart

Chief Risk Officer

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Risk Review

- **Overall credit fundamentals remain within expectations despite increased provisions on a small number of accounts**
- **PCL ratio – Q2/16 should reflect the peak loss rate for the year**
  - Excluding the impact of the collective allowance, PCL ratio increased 14 bps Q/Q and 18 bps Y/Y
- **Gross impaired loans of $5.1 billion were relatively stable, up 1% Q/Q**
  - GIL ratio up 3 bps Q/Q
  - Net formations of $982 million was up from $806 million in Q1/16
- **Market risk remains well-controlled**
  - Average 1-day all-bank VaR of $13.9 million, down from $15.2 million in Q1/16

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PCL Ratios

(Total PCL as a % of Average Net Loans & Acceptances)	Q2/15	Q3/15	Q4/15	Q1/16	Q2/16
Canadian Banking					
Retail	0.25	0.26	0.26	0.28	0.30
Commercial	0.13	0.08	0.15	0.14	0.14
Total	**0.24**	**0.23**	**0.24**	**0.26**	**0.28**
Total - Excluding net acquisition benefit	***0.24***	***0.23***	***0.24***	***0.28***	***0.30***
International Banking					
Retail (1)	2.28	2.37	2.18	2.09	2.09
Commercial (1)	0.19	0.26	0.26	0.28	0.97
Total	**1.19**	**1.27**	**1.17**	**1.14**	**1.50**
Total - Excluding net acquisition benefit	***1.21***	***1.29***	***1.24***	***1.23***	***1.63***
Global Banking and Markets	**0.08**	**0.08**	**0.14**	**0.27**	**0.57**
All Bank	**0.41**	**0.42**	**0.42** (2)	**0.45**	**0.59** (3)

(1) Colombia small business portfolio reclassed to Retail from Commercial – prior periods have been restated
(2) Excludes collective allowance increase; including collective allowance increase, All Bank PCL ratio was 0.47
(3) Excludes collective allowance increase; including collective allowance increase, All Bank PCL ratio was 0.64

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Energy Exposures[1]

Sector	Amount (in $B)	%	PCLs (in $M) Q1/15 – Q2/16	Cumulative PCL ratio[2]
Midstream	$3.2	20%	($2)	0%
Downstream	$2.1	13%	$2	0%
E&P	$9.2	56%	$232	2.5%
Services	$1.8	11%	$45	2.5%
Total Drawn	**$16.3**	**100%**	**$277**	**1.7%**

- **Drawn corporate energy exposure declined $1.6 Bn to $16.3 Bn**
  - Approximately 50% investment grade
- **Undrawn commitments of $11.4 Bn, down $2.7 Bn**
  - Approximately 75% investment grade
- **Focus on select non-investment grade E&P and Services accounts**
  - Approximately two-thirds of focus accounts have issued debt ranking below the Bank's senior position

(1) Exposures relate to loans and acceptances outstanding as of April 30, 2016 and to undrawn commitments attributed/related to those drawn loans and acceptances.

(2) Cumulative PCL ratio calculated as total energy PCLs (Q1/15 - Q2/16) divided by the energy exposure amount in Q2/16.

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Appendix

Diluted EPS Reconciliation

- **This quarter included a restructuring charge of $278 million after-tax, or $0.23 per share**

$ per share	Q2/16
Reported Diluted EPS	$1.23
Add: Amortization of Intangibles	$0.02
Add: Restructuring Charges	$0.23
Adjusted Diluted EPS excluding Restructuring Charges	$1.48

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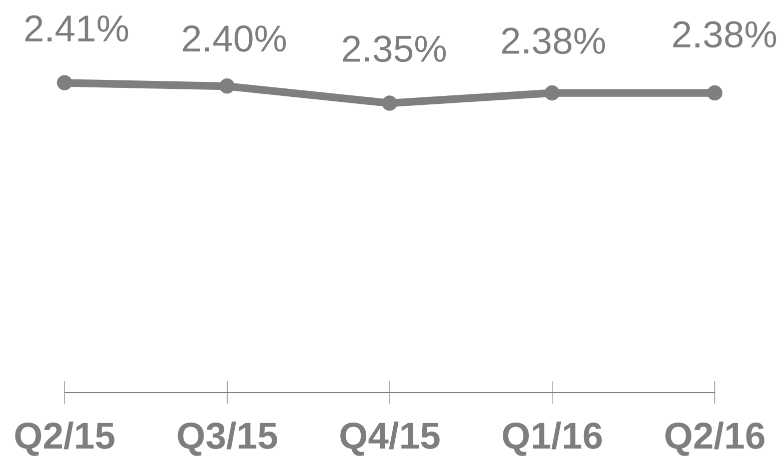
Core Banking Margin (TEB)[1]



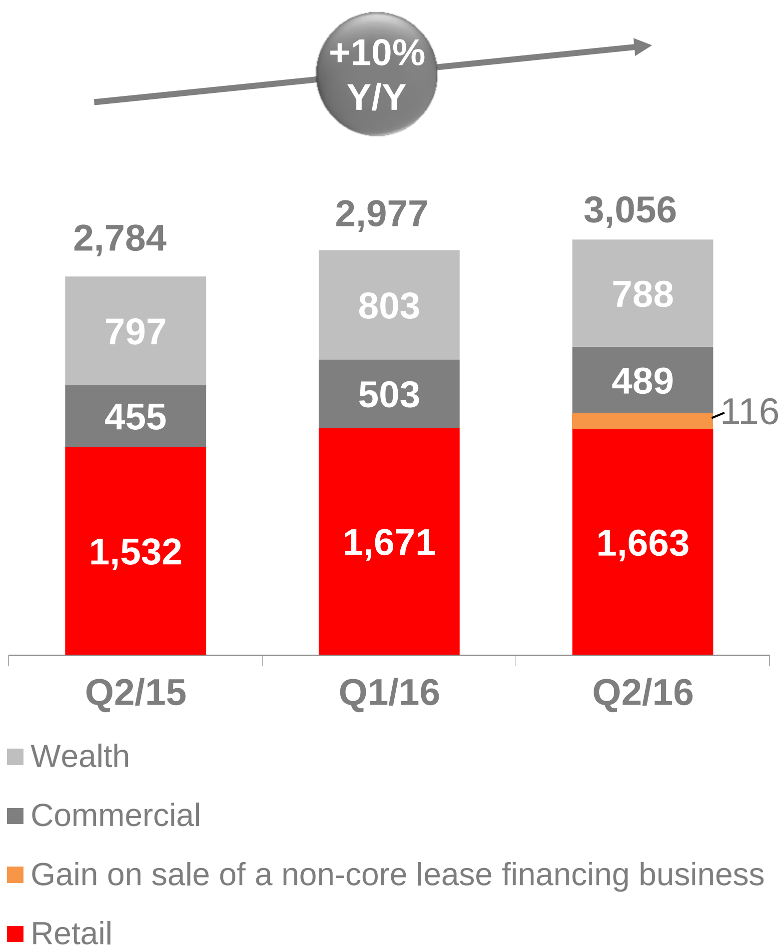
Year-over-year

- The decline in core banking margin was driven by higher volumes of lower yielding investment securities and lower interest gap profits, partly offset by wider margins in Canadian Banking.

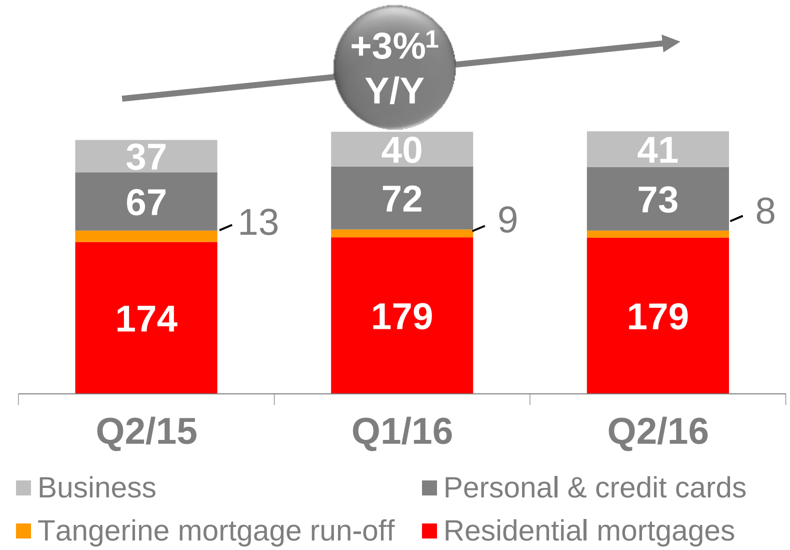
(1) Represents net interest income (TEB) as a % of average earning assets excluding bankers acceptances and total average assets relating to the Global Capital Markets business within Global Banking & Markets

Canadian Banking – Revenue & Volume Growth

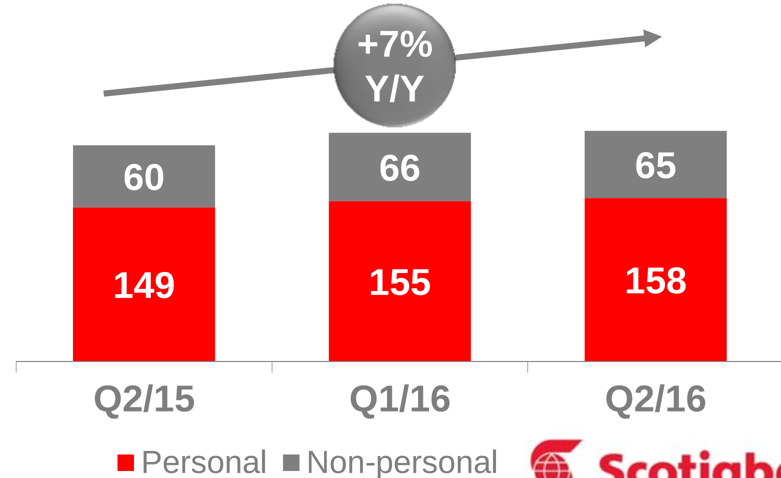
Revenues (TEB) ($ millions)



Average Loans & Acceptances ($ billions)



Average Deposits ($ billions)



(1) Excluding Tangerine run-off portfolio, loans & acceptances increased 5% year-over-year

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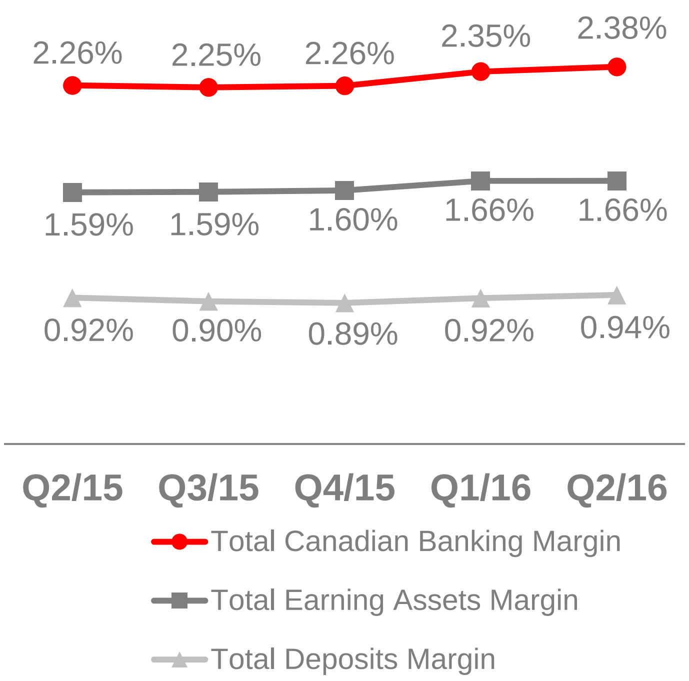
Canadian Banking – Net Interest Margin



Year-over-Year

- Net Interest Margin was up 12bps, driven primarily from higher earning asset and deposit margin. The positive impact from acquisitions was 6bps.

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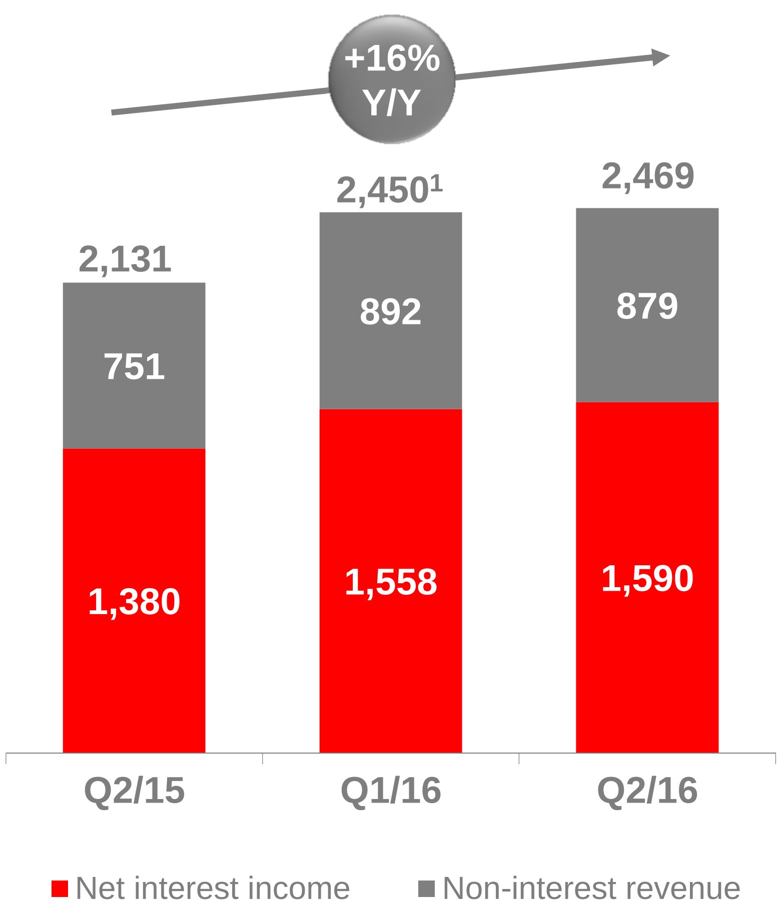
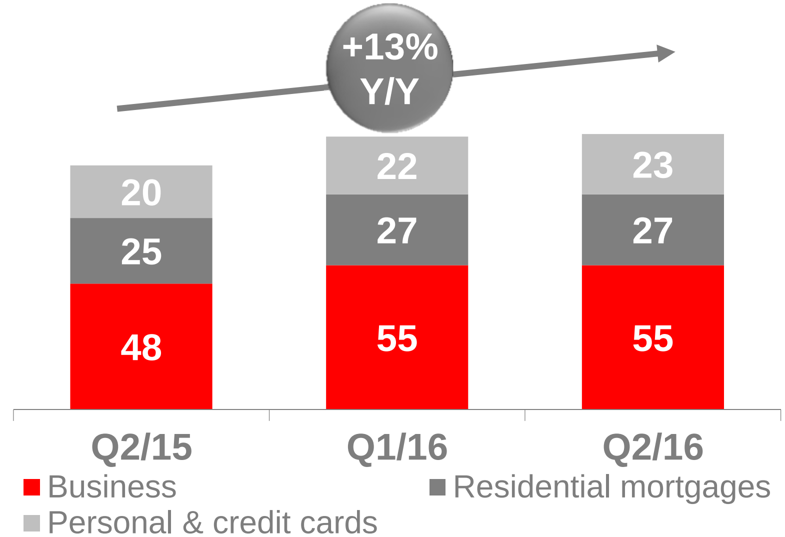
International Banking – Revenue & Volume Growth

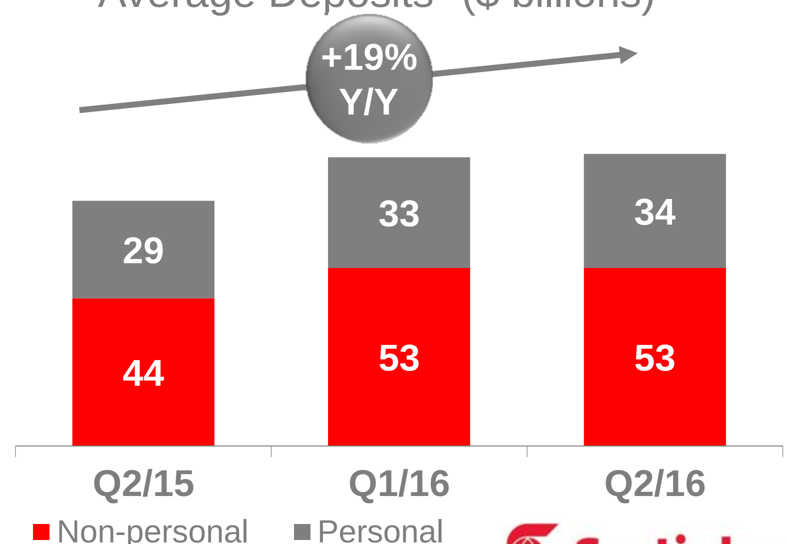
Revenues (TEB) ($ millions)



Average Loans & Acceptances[2] ($ billions)



Average Deposits[3] ($ billions)



(1) Includes $30 million of negative goodwill related to the acquisition of Discount Bank in Uruguay which was entirely offset by integration charges

(2) Colombia small business portfolio reclassed to Retail from Commercial commencing in Q1/16 – prior periods have been restated

(3) Includes deposits from banks

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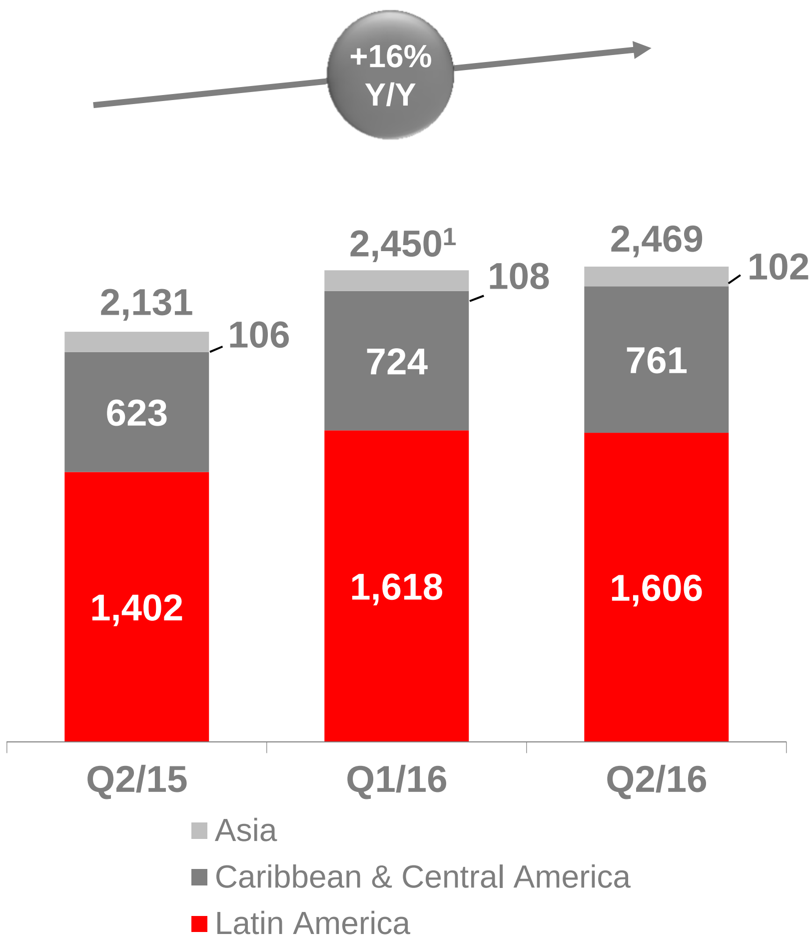
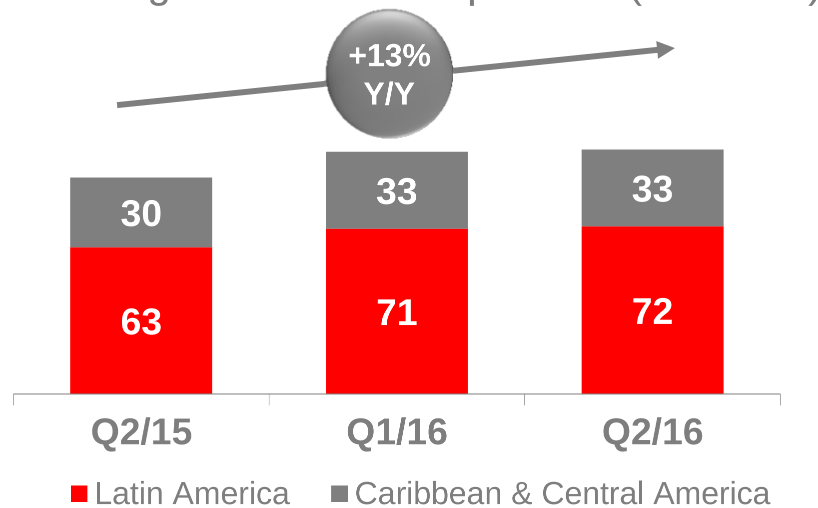
International Banking – Regional Growth

Revenues (TEB) ($ millions)



Average Loans & Acceptances ($ billions)



Constant FX Loan Volumes[2] Y/Y	Retail	Commercial[3]	Total
Latin America[4]	19%	19%	19%
C&CA	8%	1%	5%
Total	15%	14%	15%

(1) Includes $30 million of negative goodwill related to the acquisition of Discount Bank in Uruguay which was entirely offset by integration charges
(2) Colombia small business portfolio reclassed to Retail from Commercial commencing in Q1/16 – prior periods have been restated
(3) Excludes bankers acceptances
(4) Excluding impact of acquisitions - Discount (Uruguay), Cencosud (Chile), Peru Citi, Costa Rica and Panama - and at constant FX, retail volumes were up 13% in Latin America and 3% in C&CA

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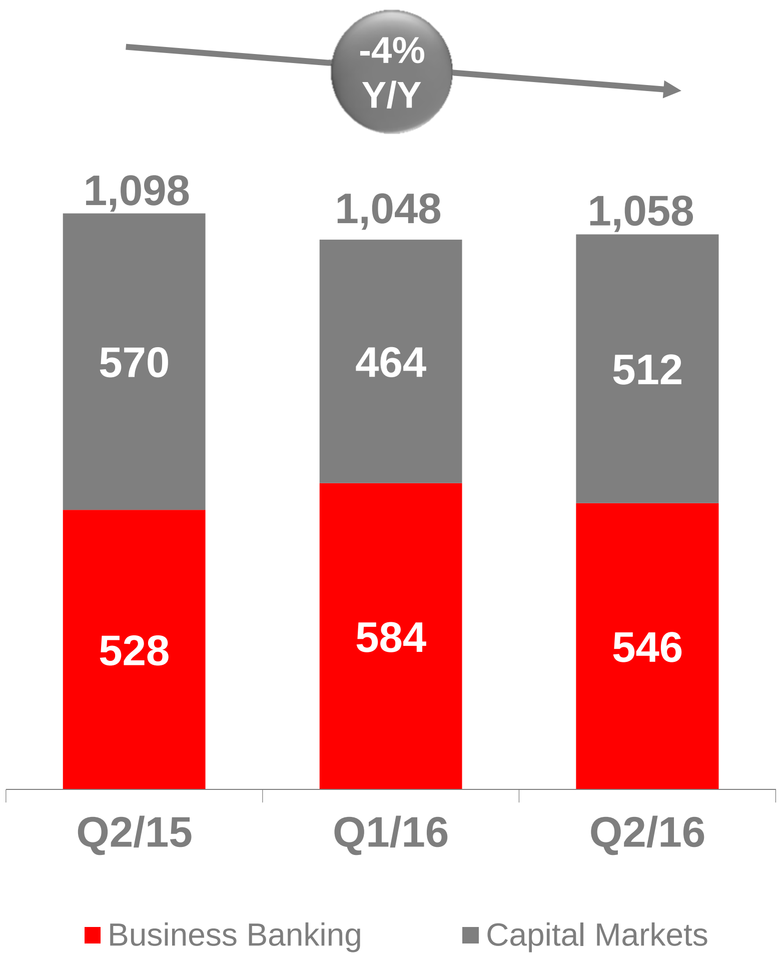
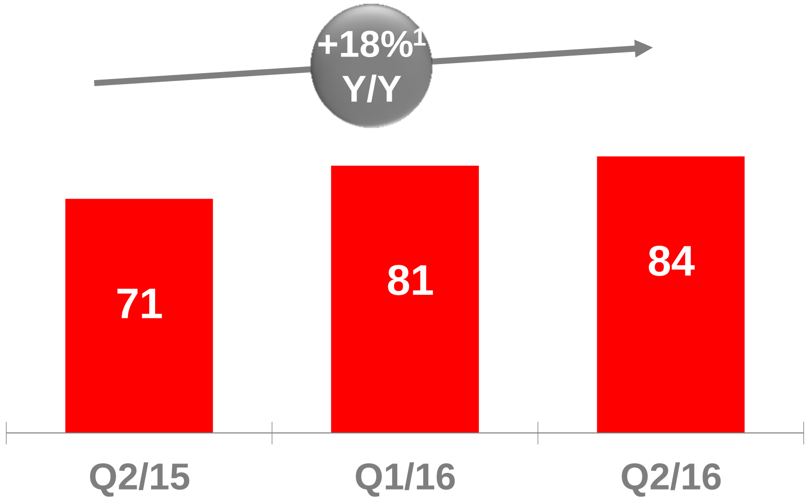
Global Banking and Markets – Revenue & Volume Growth

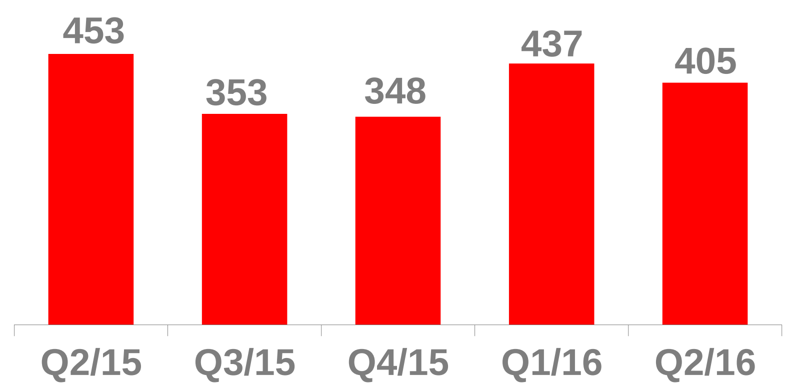
Revenues[1] (TEB) ($ millions)



Average Loans & Acceptances ($ billions)



All-Bank Trading Revenue
(TEB, $ millions)



(1) 13% on a constant currency basis

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Economic Outlook in Key Markets

Country	Real GDP (Annual % Change)			
	2000-14 Avg.	2015	2016F	2017F
Mexico	2.3	2.5	2.4	3.1
Peru	5.4	3.2	3.8	3.6
Chile	4.3	2.1	1.7	2.3
Colombia	4.3	3.1	2.4	3.0
	2000-14 Avg.	2015	2016F	2017F
Canada	2.2	1.2	1.6	2.0
U.S.	1.9	2.4	1.8	2.3

Source: Scotia Economics, as of May 11, 2016

Provisions for Credit Losses

($ millions)	Q2/15	Q3/15	Q4/15	Q1/16	Q2/16
Canadian Retail	157	165	166	181	190
Canadian Commercial	12	8	14	13	14
Total Canadian Banking	**169**	**173**	**180**	**194**	**204**
Total - Excluding net acquisition benefit	***170***	***174***	***180***	***212***	***221***
International Retail	242	262	252	252	250
International Commercial	24	31	32	39	130
Total International Banking	**266**	**293**	**284**	**291**	**380**
Total - Excluding net acquisition benefit	***269***	***299***	***301***	***315***	***415***
Global Banking and Markets	**13**	**14**	**27**	**54**	**118**
All Bank	**448**	**480**	**491**	**539**	**702**
All Bank - Excluding net acquisition benefit	***452***	***487***	***508***	***581***	***754***
Increase in Collective Allowance	**0**	**0**	**60**	**0**	**50**
All Bank	**448**	**480**	**551**	**539**	**752**
PCL ratio (bps) – Total PCLs as a % of Average Net Loans & Acceptances					
Excluding Collective Allowance	**41**	**42**	**42**	**45**	**59**
Including Collective Allowance	**41**	**42**	**47**	**45**	**64**

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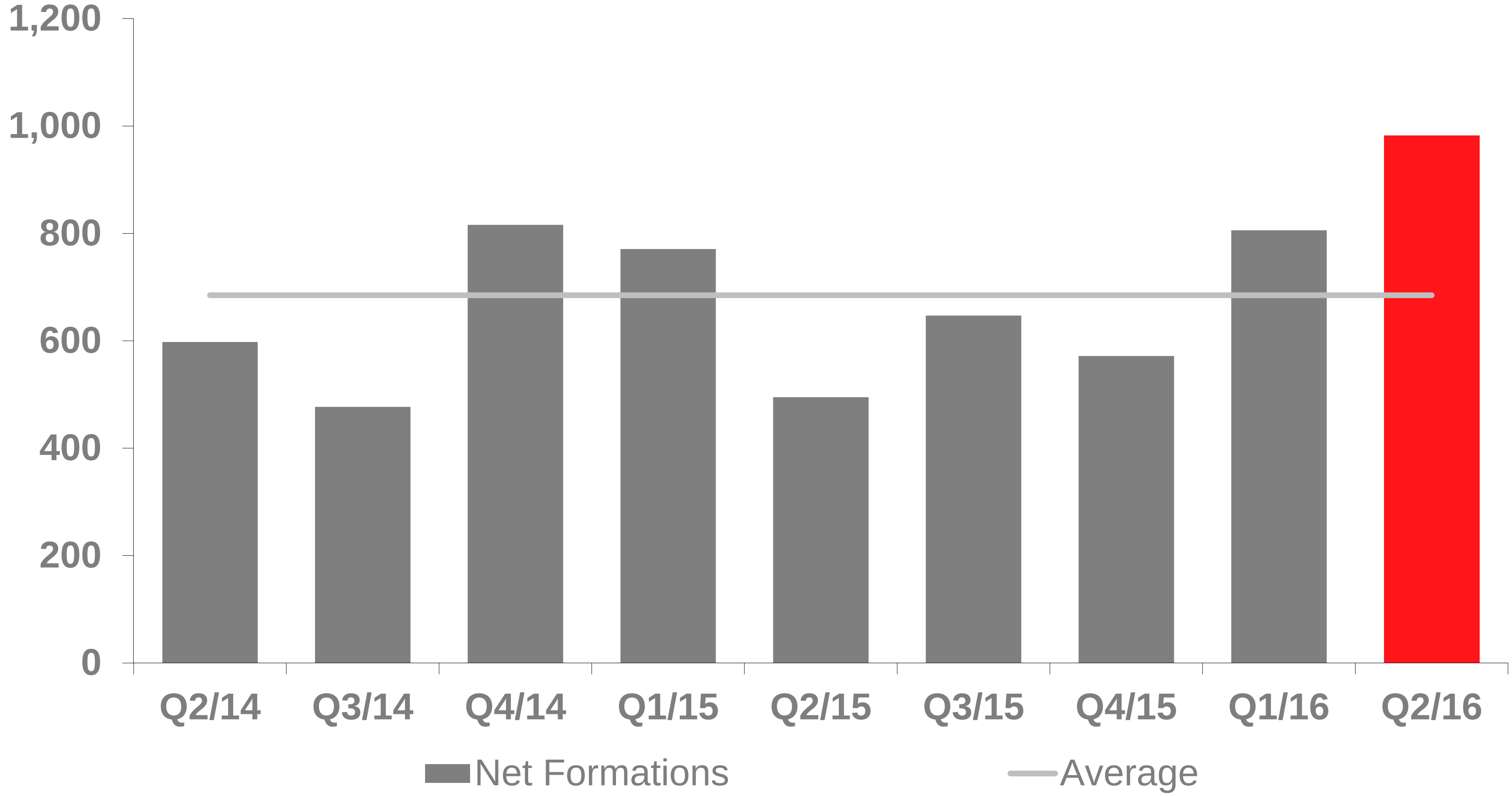
Net Formations of Impaired Loans[1]

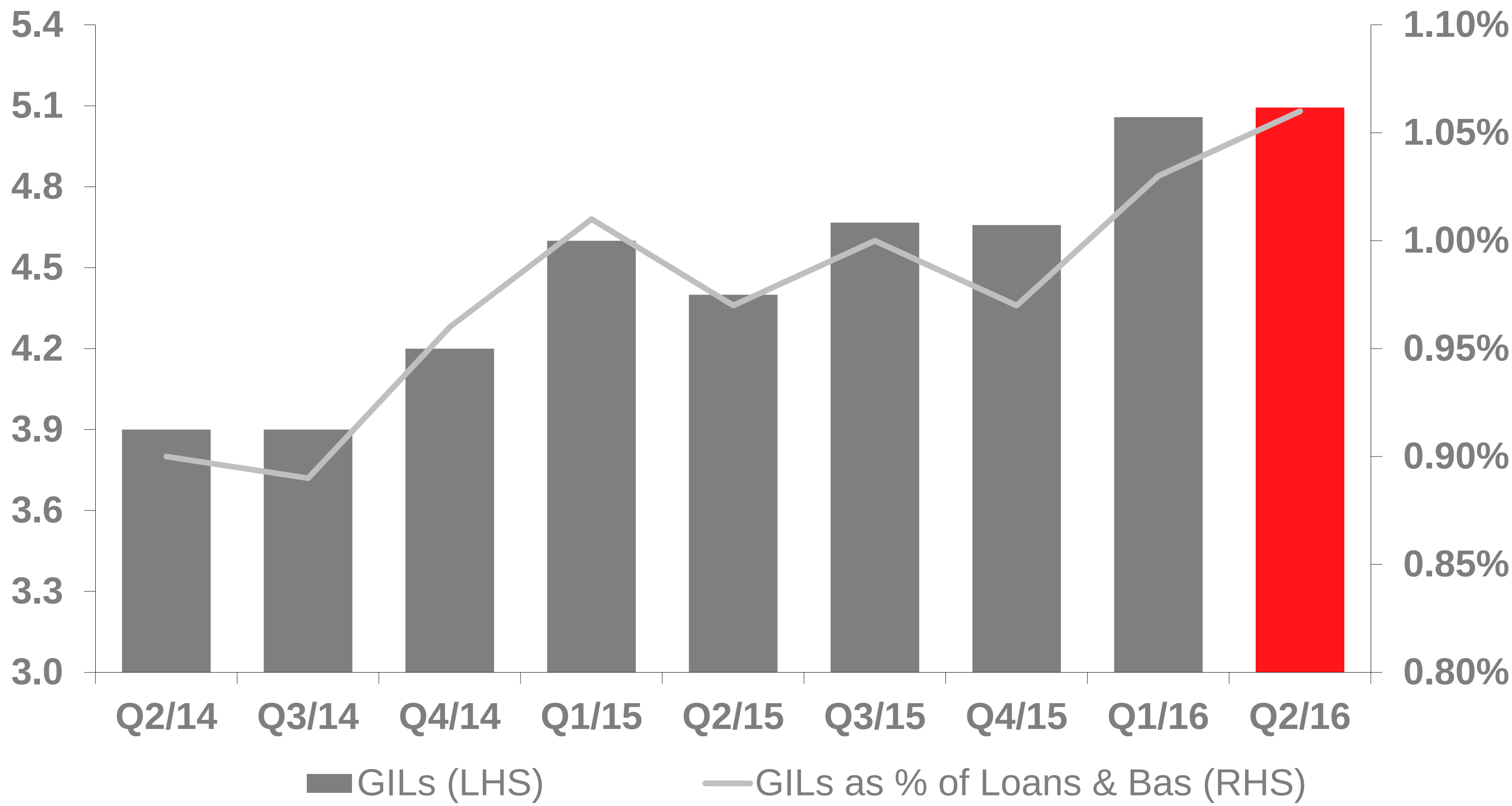
($ millions)



(1) Excludes loans acquired under the Federal Deposit Insurance Corporation (FDIC) guarantee related to the acquisition of R-G Premier Bank of Puerto Rico.

Gross Impaired Loans[1]

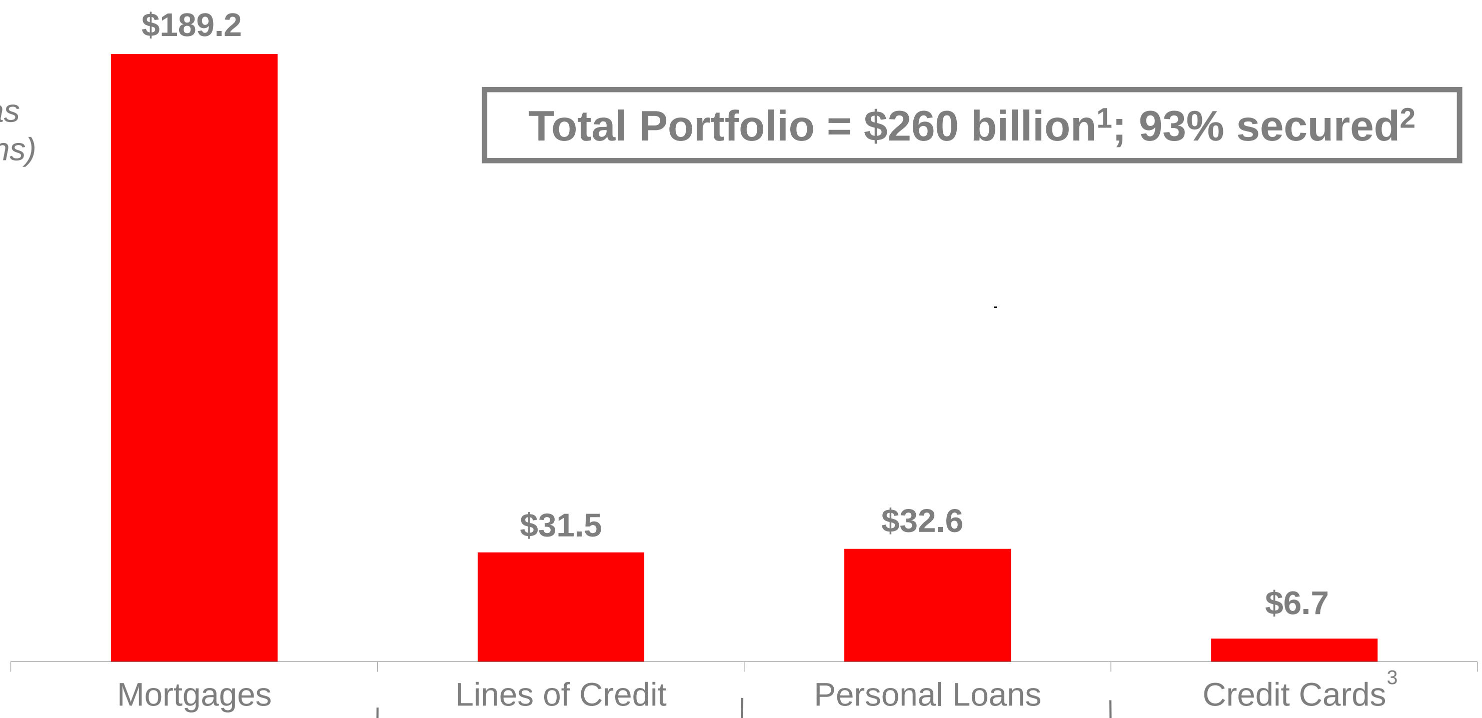
($ billions)



(1) Excludes loans acquired under the Federal Deposit Insurance Corporation (FDIC) guarantee related to the acquisition of R-G Premier Bank of Puerto Rico.

Canadian Banking Retail: Loans and Provisions

(Spot Balances as at Q2/16, $ billions)



	Mortgages	Lines of Credit	Personal Loans	Credit Cards[3]
% secured	100%	61%	99%	4%

PCL	Q2/16	Q1/16	Q2/16	Q1/16	Q2/16	Q1/16	Q2/16	Q1/16
$ millions	3	3	48	45	84	79	55	54
% of avg. net loans (bps)	1	1	63	57	106	99	338	334

(1) Includes Tangerine balances of $12 billion
(2) 81% secured by real estate; 12% secured by automotive
(3) Includes JP Morgan Chase acquisition of $1.3 billion

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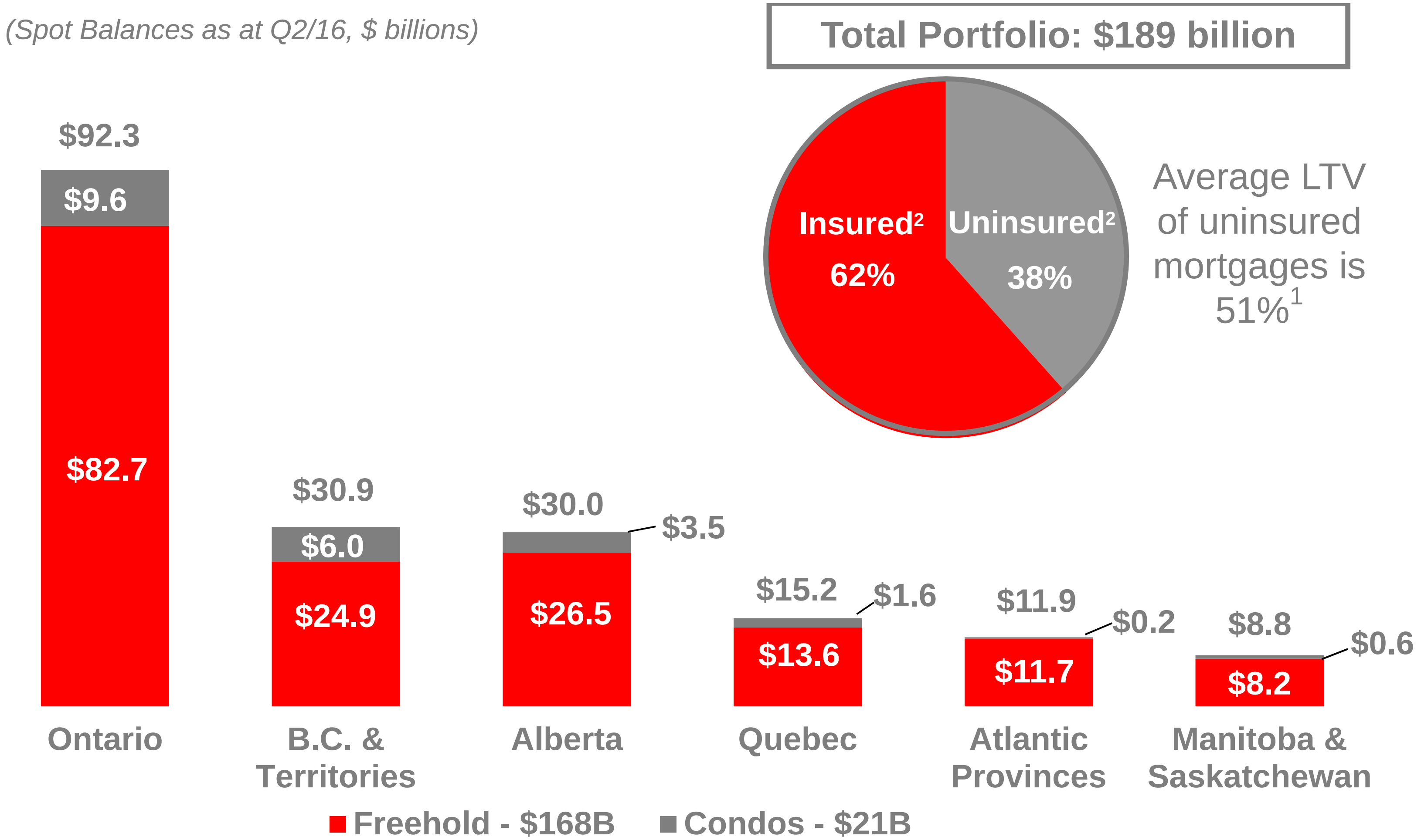
Canadian Residential Mortgage Portfolio

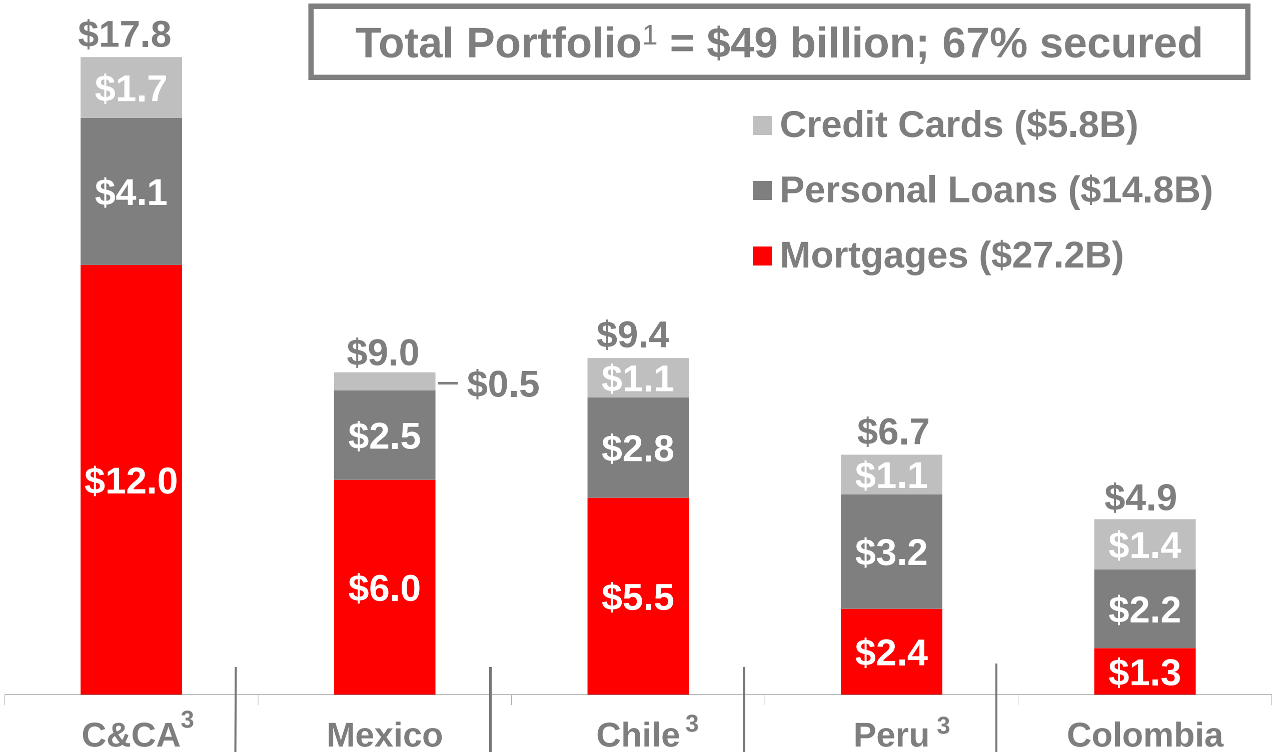
(Spot Balances as at Q2/16, $ billions)



(1) LTV calculated based on the total outstanding balance secured by the property. Property values indexed using Teranet HPI data.
(2) In Q2/16, new portfolio insurance transactions converted $26.5 billion of uninsured to insured mortgages.
(3) Some figures on bar chart may not add due to rounding.

International Retail Loans and Provisions

(Spot Balances as at Q2/16, $ billions[1])



PCL[2]	Q2/16	Q1/16	Q2/16	Q1/16	Q2/16	Q1/16	Q2/16	Q1/16	Q2/16	Q1/16
$ millions	42	54	49	56	22	22	71	61	56	49
% of avg. net loans (bps)	95	121	221	242	96	97	440	364	476	432

(1) Total Portfolio includes other smaller portfolios
(2) Excludes Uruguay PCLs of approximately $10 million
(3) Includes the benefits from Cencosud and Citibank net acquisition benefits, excluding the net acquisition benefits, C&CA's ratio would be 133 bps for Q2/16 (Central America Citi acquisition in Q2/16), Chile's ratio would be 152 bps for Q2/16 and 187 bps for Q1/16 and Peru's ratio would be 457 bps for Q2/16 and 381 bps for Q1/16

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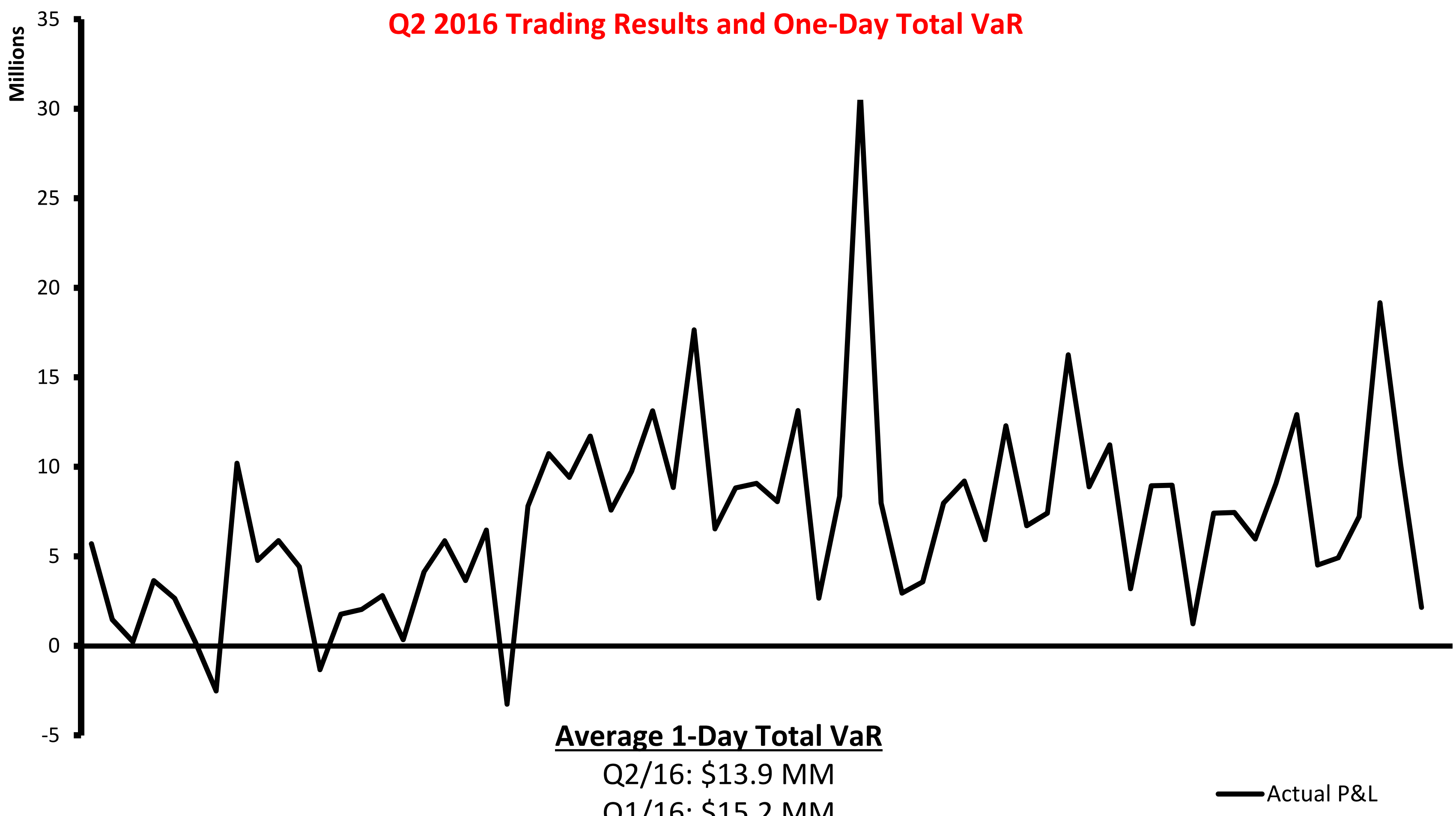
Q2 2016 Trading Results and One-Day Total VaR



Average 1-Day Total VaR

Q2/16: $13.9 MM

Q1/16: $15.2 MM

Q2/15: $10.5 MM

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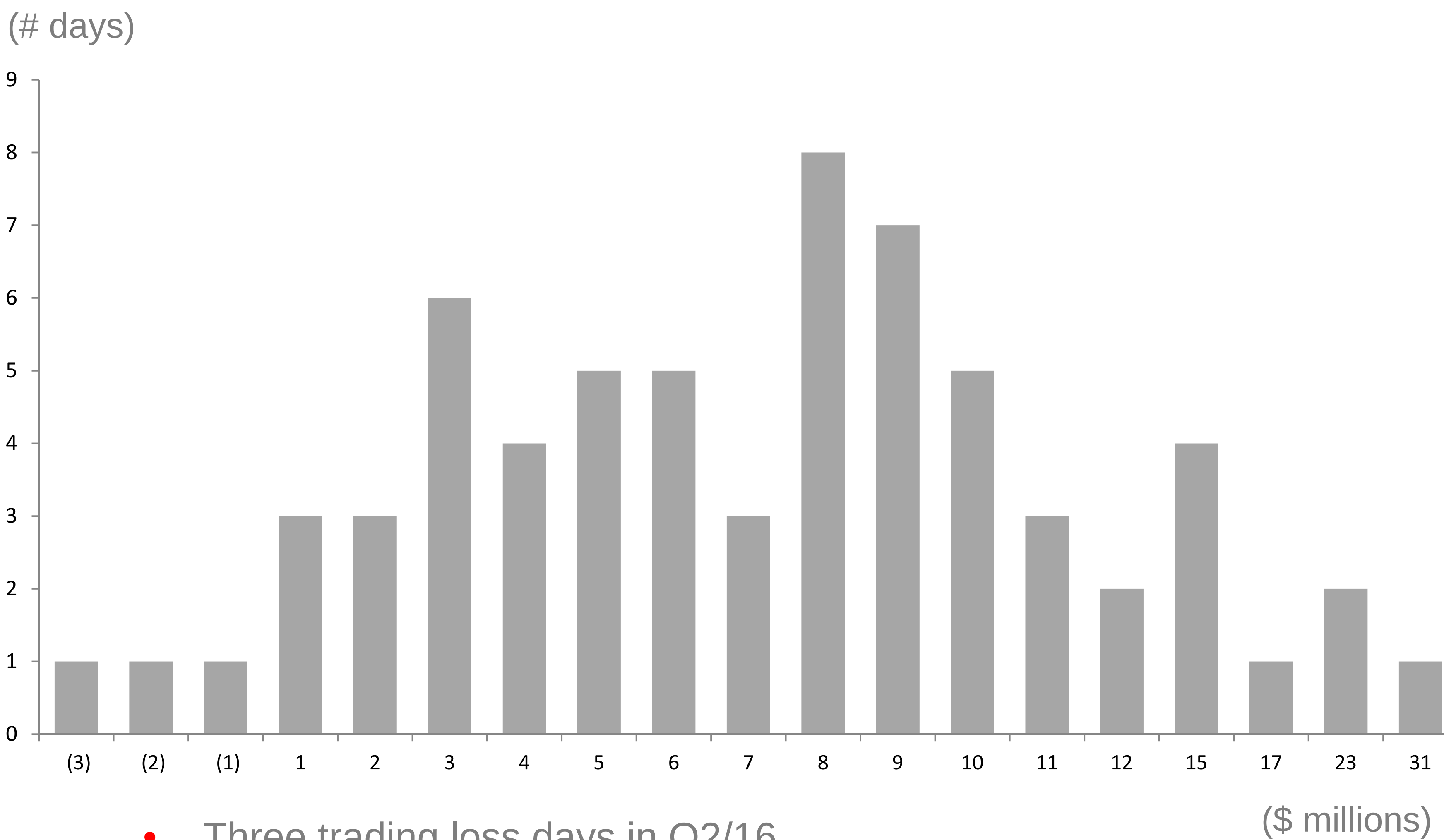
Q2 2016 Trading Results and One-Day Total VaR



- Three trading loss days in Q2/16

FX Movements versus Canadian Dollar

Currency	Q2/16	Q1/16	Q2/15	Canadian (Appreciation) / Depreciation	
				Q / Q	Y / Y
Spot					
U.S. Dollar	0.797	0.713	0.829	-11.7%	3.8%
Mexican Peso	13.71	12.94	12.72	-6.0%	-7.8%
Peruvian Sol	2.608	2.479	2.595	-5.2%	-0.5%
Colombian Peso	2,273	2,351	1,982	3.3%	-14.7%
Chilean Peso	526.2	509.0	507.2	-3.4%	-3.8%
Average					
U.S. Dollar	0.755	0.729	0.801	-3.5%	5.7%
Mexican Peso	13.46	12.57	12.12	-7.1%	-11.1%
Peruvian Sol	2.565	2.466	2.479	-4.0%	-3.5%
Colombian Peso	2,376	2,317	2,003	-2.5%	-18.6%
Chilean Peso	515.2	517.5	497.5	0.4%	-3.6%

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