

BANK OF NOVA SCOTIA
Form 424B5
September 29, 2017
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Filed pursuant to Rule 424(b)(5)
Registration Statement No. 333-215597

The information in this preliminary prospectus supplement and the accompanying prospectus is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and we are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED SEPTEMBER 28, 2017

PRELIMINARY PROSPECTUS SUPPLEMENT

Prospectus Supplement

(to the Prospectus Dated February 1, 2017)

THE BANK OF NOVA SCOTIA

US\$

% Fixed to Floating Rate Non-Cumulative Subordinated Additional Tier 1 Capital Notes

(Non-Viability Contingent Capital (NVCC))

(subordinated indebtedness)

The US\$ aggregate principal amount of % Fixed to Floating Rate Non-Cumulative Subordinated Additional Tier 1 Capital Notes (Non-Viability Contingent Capital (NVCC)) (the *Notes*) offered by this prospectus supplement (the *Prospectus Supplement*) have no scheduled maturity or scheduled redemption date. From and including , 2017 (the *Issue Date*) to, but excluding, , 2022 (the *Fixed Rate Period*), interest will accrue on the Notes at an initial rate equal to % per annum. From and including , 2022 (the *Floating Rate Period*), interest will accrue on the Notes at a rate per annum equal to three-month LIBOR (as defined herein) plus % . Subject to the cancellation rights described below, The Bank of Nova Scotia (the *Bank*) will pay interest on Notes semi-annually in arrears on the and of each year, commencing on , 2018 to and including , 2022, and quarterly in arrears on the , , and of each year, commencing on , 2023 (each, an *Interest Payment Date*).

The Notes are intended to qualify as the Bank's additional Tier 1 capital within the meaning of the regulatory capital adequacy requirements to which the Bank is subject. The Notes have no scheduled maturity and holders

do not have the right to call for their redemption. Interest on the Notes will be due and payable only at the Bank's sole and absolute discretion and the Bank may cancel (in whole or in part) any interest payment at any time. Any cancelled interest payments will not be cumulative. Accordingly, the Bank is not required to make any repayment of the principal amount of the Notes except in the event of bankruptcy or insolvency and provided that an NVCC Automatic Conversion (as defined herein) has not occurred. As a result, holders could lose part or all of their investment in the Notes. See Description of the Notes NVCC Automatic Conversion.

The Notes will be the Bank's direct unsecured obligations and, in the event of the Bank's insolvency or winding-up, will rank (a) subordinate in right of payment to the prior payment in full of all Higher Ranked Indebtedness (as defined herein) and (b) in right of payment equally with and not prior to Deeply Subordinated Indebtedness (as defined herein) (other than Deeply Subordinated Indebtedness which by its terms ranks subordinate to the Notes) of the Bank, in each case, from time to time outstanding. The Notes will constitute subordinated indebtedness for the purposes of the *Bank Act* (Canada) (the *Bank Act*). In the event of the Bank's insolvency or winding-up, the Notes will rank ahead of the Bank's Common Shares (as defined below) and preferred shares.

Upon the occurrence of a Trigger Event (as defined herein), each outstanding Note will automatically and immediately be converted, on a full and permanent basis, without the consent of the holders thereof, into that number of fully-paid common shares of the Bank (the *Common Shares*) determined by dividing (a) the product of the Multiplier (as defined herein) and the Note Value (as defined herein), by (b) the Conversion Price (as defined herein). See Description of the Notes NVCC Automatic Conversion. This Prospectus Supplement also relates to the offering and sale of the Common Shares issuable upon conversion of the Notes. See Description of Common Shares and Preferred Shares in the accompanying prospectus of the Bank dated February 1, 2017 (the *Prospectus*).

The Bank may, at its option, with the prior written approval of the Superintendent of Financial Institutions (Canada) (the *Superintendent*), redeem the Notes, (i) in whole or in part, on any Interest Payment Date on or after _____, 2022, (ii) in whole but not in part, at any time within 90 days following a Regulatory Event Date (as defined herein) and (iii) in whole but not in part, on any date following the occurrence of a Tax Event (as defined herein), in each case, at a redemption price equal to 100% of the principal amount thereof, plus any accrued and unpaid interest up to, but excluding, the date of redemption (except to the extent such unpaid interest was cancelled). See Description of the Notes Redemption.

It is not currently anticipated that the Notes will be listed on any stock exchange or quotation system and, consequently, there is no market through which the Notes may be sold and purchasers may not be able to resell the Notes purchased under this Prospectus Supplement. Our Common Shares are listed on the New York Stock Exchange (*NYSE*) and the Toronto Stock Exchange (*TSX*) under the trading symbol *BNS*. On September 27, 2017 the last reported sale price of our Common Shares was US\$64.07 per share on the NYSE and \$80.02 per share on the TSX.

Investing in the Notes (and Common Shares upon an NVCC Automatic Conversion) involves risks. See Risk Factors beginning on page S-11 of this Prospectus Supplement and page 5 of the accompanying Prospectus.

Prospective investors should be aware that the acquisition of the Notes described herein may have tax consequences both in the United States and in Canada. Such consequences for investors who are resident in, or citizens of, the United States may not be described fully herein.

The enforcement by investors of civil liabilities under the United States federal securities laws may be affected adversely by the fact that the Bank is a Canadian bank, that many of its officers and directors, and some of the experts named in this Prospectus Supplement, may be residents of Canada and that all or a substantial portion of the assets of the Bank and such persons may be located outside the United States.

Neither the U.S. Securities and Exchange Commission (the *SEC*) nor any state securities commission has approved or disapproved of the Notes or the Common Shares, or determined if this Prospectus Supplement or

the accompanying Prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

| | Per Note | Total |
|--|-----------------|--------------|
| Price to public (1) | % | US\$ |
| Underwriters' fees | % | US\$ |
| Net proceeds, before expenses, to the Bank (1) | % | US\$ |

(1) Plus accrued interest, if any, from _____, 2017 to the date of delivery.

The Notes will not constitute deposits that are insured under the *Canada Deposit Insurance Corporation Act* (Canada) or by the United States Federal Deposit Insurance Corporation or any other Canadian or U.S. government agency or instrumentality.

The principal executive office of the Bank is located at 1709 Hollis Street, Halifax, Nova Scotia, B3J 3B7 and its executive offices are at Scotia Plaza, 44 King Street West, Toronto, Ontario, M5H 1H1.

The Notes will be ready for delivery through the book-entry facilities of The Depository Trust Company and its direct and indirect participants, including Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme*, on or about _____, 2017.

Global Coordinator, Structuring Agent and Joint Bookrunner

UBS Investment Bank

Joint Bookrunner

Scotiabank

_____, 2017

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We have not, and the underwriters have not, authorized anyone to provide you with information other than the information contained or incorporated by reference in this Prospectus Supplement, the accompanying Prospectus or in any free writing prospectus we have authorized. We take no responsibility for and can make no assurance as to the reliability of any other information that others may give you. We are not, and the underwriters are not, making an offer to sell any Notes or Common Shares in any jurisdiction where the offer or sale is not permitted. You should not assume that the information contained in this Prospectus Supplement, the accompanying Prospectus, the documents incorporated by reference or any free writing prospectus we may authorize to be delivered to you is accurate as of any date other than the dates thereon. Our business, financial condition, results of operations and prospects may have changed since those dates.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document consists of two parts. The first part is this Prospectus Supplement, which describes the specific terms of this offering. The second part, the accompanying Prospectus, gives more general information, some of which may not apply to this offering. If information in this Prospectus Supplement is inconsistent with the accompanying Prospectus, investors should rely on the information in this Prospectus Supplement.

This Prospectus Supplement, the accompanying Prospectus and the documents incorporated by reference into each of them include important information about the Bank, the Notes being offered and other information investors should know before investing in the Notes.

Unless otherwise mentioned or unless the context requires otherwise, all references in this Prospectus Supplement to the Bank, we, us, our or similar references mean The Bank of Nova Scotia and do not include the subsidiaries of The Bank of Nova Scotia.

The distribution of this Prospectus Supplement, the accompanying Prospectus and any free writing prospectus we have authorized and the offering of the Notes in certain jurisdictions may be restricted by law. Persons who come into possession of this Prospectus Supplement, the accompanying Prospectus or any free writing prospectus we have authorized should inform themselves about and observe any such restrictions. This Prospectus Supplement, the accompanying Prospectus and any free writing prospectus we have authorized do not constitute, and may not be used in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

You should not consider any information in this Prospectus Supplement, the accompanying Prospectus or any free writing prospectus we have authorized to be investment, legal or tax advice. You should consult your own counsel, accountant and other advisors for legal, tax, business, financial and related advice regarding the purchase of the Notes. We are not making any representation to you regarding the legality of an investment in the Notes by you under applicable investment or similar laws.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This Prospectus Supplement and the accompanying Prospectus, including those documents incorporated by reference herein and therein, may contain forward-looking information or forward-looking statements (collectively, forward-looking statements). 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 Prospectus Supplement and the accompanying Prospectus, the Management's Discussion and Analysis in the Bank's Annual Report on Form 40-F for the fiscal year ended October 31, 2016 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, may increase, may fluctuate, and similar expressions of future or conditional verbs, such as will, may, should, 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.

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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

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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 as described in the Bank's annual financial statements (see Controls and Accounting Policies Critical accounting estimates in the Bank's Annual Report on Form 40-F for the fiscal year ended October 31, 2016, and updated by quarterly reports); 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 or other criminal behavior 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; anti-money laundering; consolidation in the financial services sector in Canada and globally; competition, both from new entrants and established competitors including through internet and mobile banking; 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 60 of the Bank's Annual Report on Form 40-F for the fiscal year ended October 31, 2016.

Material economic assumptions underlying the forward-looking statements are set out in the Bank's Annual Report on Form 40-F for the fiscal year ended October 31, 2016 under the heading Overview Outlook, as updated by quarterly reports; 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.

INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

The SEC allows us to incorporate by reference into this Prospectus Supplement and the accompanying Prospectus the information in certain documents we file with it. This means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be a part of this Prospectus Supplement and the accompanying Prospectus and should be read with the same care. When we update the information contained in documents that have been incorporated by reference by making future filings with the SEC the information incorporated by reference is considered to be automatically updated and superseded. The modifying or

superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. In other words, in the case of a conflict or inconsistency between information contained in this

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Prospectus Supplement or the accompanying Prospectus and information incorporated by reference into this Prospectus Supplement or the accompanying Prospectus, you should rely on the information contained in the document that was filed later. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded to constitute a part of this Prospectus Supplement and the accompanying Prospectus.

We incorporate by reference the documents listed below and all documents which we subsequently file with the SEC (other than, in each case, documents or information deemed to have been furnished and not filed in accordance with the SEC rules) pursuant to Section 13(a), 13(c), 14 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the *Exchange Act*), until the termination of the offering of the Notes under this Prospectus Supplement:

Annual Report on Form 40-F for the fiscal year ended October 31, 2016, filed on November 29, 2016;
Reports on Form 6-K filed on November 29, 2016 (five filings) (Acc-nos: 0001193125-16-778798, 0001193125-16-778851, 0001193125-16-778896, 0001193125-16-778977 and 0001102624-16-003695);
Report on Form 6-K filed on December 9, 2016;
Report on Form 6-K filed on January 6, 2017;
Report on Form 6-K filed on January 10, 2017;
Report on Form 6-K filed on February 2, 2017;
Report on Form 6-K filed on February 15, 2017;
Reports on Form 6-K filed on February 28, 2017 (three filings) (Acc-nos: 0001193125-17-060206, 0001193125-17-060243 and 0001193125-17-060608);
Reports on Form 6-K filed on March 2, 2017 (two filings) (Acc-nos: 0001279569-17-000366 and 0001193125-17-067497);
Report on Form 6-K filed on March 3, 2017;
Report on Form 6-K filed on March 7, 2017 (Acc-no: 0001193125-17-073079);
Report on Form 6-K filed on March 13, 2017;
Report on Form 6-K filed on March 22, 2017;
Report on Form 6-K filed on April 4, 2017;
Report on Form 6-K filed on April 7, 2017;
Reports on Form 6-K filed on May 30, 2017 (four filings) (Acc-nos: 0001193125-17-186308; 0001193125-17-186357; 0001193125-17-186370 and 0001193125-17-186630);
Report on Form 6-K filed on June 5, 2017;
Report on Form 6-K filed on June 23, 2017;
Report on Form 6-K filed on June 30, 2017; and
Reports on Form 6-K filed on August 29, 2017 (four filings) (Acc-nos: 0001193125-17-271159; 0001193125-17-271182; 0001193125-17-271209 and 0001193125-17-271224).

We may also incorporate any other Form 6-K that we submit to the SEC on or after the date hereof and prior to the termination of this offering of the Notes under this Prospectus Supplement if the Form 6-K filing specifically states that it is incorporated by reference into the registration statement of which the accompanying Prospectus forms a part.

We will provide without charge to each person, including any beneficial owner, to whom this Prospectus Supplement is delivered, upon his or her written or oral request, a copy of any or all documents referred to above which have been or may be incorporated by reference into this Prospectus Supplement excluding exhibits to those documents, unless

they are specifically incorporated by reference into those

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documents. You may obtain copies of those documents by requesting them in writing or by telephoning us at the following address:

The Bank of Nova Scotia

Scotia Plaza

44 King Street West

Toronto, Ontario

Canada M5H 1H1

Attention: Secretary

Telephone: (416) 866-3672

PRESENTATION OF FINANCIAL INFORMATION

The Bank prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). Additionally, the Bank publishes its consolidated financial statements in Canadian dollars. In this Prospectus Supplement, currency amounts are stated in Canadian dollars (\$), unless specified that they are stated in U.S. dollars (US\$). As indicated in the table below, the Canadian dollar has fluctuated in value compared to the U.S. dollar over time.

The tables below sets forth the high and low daily exchange rates, the average yearly rate and the rate at period end between Canadian dollars and U.S. dollars (in U.S. dollars per Canadian dollar) for the periods listed below, as applicable. All references to exchange rates prior to January 1, 2017 are based on the noon exchange rate as reported by the Bank of Canada prior to April 28, 2017 and all references to exchange rates on or after January 1, 2017 are based on the daily exchange rate as reported by the Bank of Canada. On September 27, 2017, the daily exchange rate was US\$0.8057 = \$1.00.

| Year Ended October 31, | High | Low | Average Rate(1) | At Period End |
|-----------------------------------|-------------|------------|------------------------|----------------------|
| 2012 | 1.0299 | 0.9536 | 0.9968 | 1.0004 |
| 2013 | 1.0164 | 0.9455 | 0.9777 | 0.9589 |
| 2014 | 0.9602 | 0.9170 | 0.9149 | 0.8869 |
| 2015 | 0.8900 | 0.7455 | 0.7979 | 0.7644 |
| 2016 | 0.7972 | 0.6854 | 0.7550 | 0.7461 |
| Nine Months Ended July 31, | High | Low | Average Rate(1) | At Period End |
| 2016 | 0.7972 | 0.6854 | 0.7535 | 0.7668 |
| 2017 | 0.8034 | 0.7276 | 0.7559 | 0.8010 |
| Month of 2017 | High | Low | Average Rate | At Period End |
| March | 0.7517 | 0.7400 | 0.7470 | 0.7513 |

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|----------------------------------|--------|--------|--------|--------|
| April | 0.7533 | 0.7320 | 0.7441 | 0.7320 |
| May | 0.7437 | 0.7276 | 0.7350 | 0.7407 |
| June | 0.7706 | 0.7405 | 0.7521 | 0.7706 |
| July | 0.8034 | 0.7703 | 0.7883 | 0.8010 |
| August | 0.8012 | 0.7840 | 0.7934 | 0.7977 |
| September (through September 27) | 0.8245 | 0.8057 | 0.8155 | 0.8057 |

(1) The average of the noon exchange rates or the daily exchange rates, as applicable, on the last business day of each full month during the relevant period.

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The summary below describes the principal terms of the Notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The *Description of the Notes* section of this Prospectus Supplement and the *Description of the Debt Securities We May Offer* and *Description of Certain Provisions Relating to the Debt Securities We May Offer* sections of the accompanying Prospectus contain a more detailed description of the terms and conditions of the Notes and the *Description of Common Shares and Preferred Shares* section of the accompanying Prospectus contains a more detailed description of Common Shares to be issued upon an NVCC Automatic Conversion (as defined below). As used in this section, the Bank, we, us and our refer to The Bank of Nova Scotia and not to its subsidiaries.

| | |
|---|---|
| Issuer | The Bank of Nova Scotia |
| Notes Offered | US\$ aggregate principal amount of % Fixed to Floating Rate Non-Cumulative Subordinated Additional Tier 1 Capital Notes (Non-Viability Contingent Capital (NVCC)) (the Notes). |
| Maturity Date | The Notes have no scheduled maturity or redemption date. Accordingly, the Bank is not required to make any repayment of the principal amount of the Notes except in the event of bankruptcy or insolvency and provided that an NVCC Automatic Conversion has not occurred. See <i>Description of the Notes Events of Default</i> and <i>Description of the Notes NVCC Automatic Conversion</i> . |
| Interest Rate | From and including the Issue Date to, but excluding, , 2022 (the <i>Fixed Rate Period</i>), interest will accrue on the Notes at an initial rate equal to % per annum. From and including , 2022 (the <i>Floating Rate Period</i>), interest will accrue on the Notes at a rate per annum equal to three-month LIBOR (as defined herein) plus % and will reset quarterly. |
| Interest Payment Dates | Subject to the Bank's right to cancel interest payments, interest on the Notes will be payable semi-annually in arrears on the and of each year, commencing on , 2018 to and including , 2022, and quarterly in arrears on the , , and of each year, commencing on , 2023 (each, an <i>Interest Payment Date</i>). |
| Discretionary Cancellation of Interest Payments | Interest will be due and payable on an Interest Payment Date only if it is not cancelled by the Bank. Any cancelled interest payments will not be cumulative. The Bank has the sole and absolute discretion at all times and for any reason to cancel (in whole or in part), with notice to the holders of the Notes, any interest payment that would otherwise be payable on any Interest Payment Date. As a result, you may not receive any |

interest on any Interest Payment Date or at any other times, and you will have no claims whatsoever in respect of that cancelled interest. See Description of the Notes Cancellation of Interest Payments.

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Status and Subordination

The Notes will be the Bank's direct unsecured obligations and, in the event of the Bank's insolvency or winding-up, will rank (a) subordinate in right of payment to the prior payment in full of all Higher Ranked Indebtedness (as defined herein) and (b) in right of payment equally with and not prior to Deeply Subordinated Indebtedness (as defined herein) (other than Deeply Subordinated Indebtedness which by its terms ranks subordinate to the Notes) of the Bank, in each case, from time to time outstanding. The Notes will constitute subordinated indebtedness for the purposes of the Bank Act. In the event of the Bank's insolvency or winding-up, the Notes will rank ahead of the Bank's Common Shares and preferred shares.

Optional Redemption

The Notes will not constitute deposits that are insured under the *Canada Deposit Insurance Corporation Act* (Canada) or by the United States Federal Deposit Insurance Corporation or any other Canadian or U.S. government agency or instrumentality.

The Bank may, at its option, with the prior written approval of the Superintendent of Financial Institutions (Canada) (the *Superintendent*), redeem the Notes, in whole or in part, on any Interest Payment Date on or after _____, 2022, at a redemption price equal to 100% of the principal amount thereof, plus any accrued and unpaid interest up to, but excluding, the date of redemption (except to the extent such unpaid interest was cancelled).

The Bank may, at its option, with the prior written approval of the Superintendent, redeem the Notes, in whole but not in part, at any time within 90 days following a Regulatory Event Date (as defined herein), at a redemption price equal to 100% of the principal amount thereof, plus any accrued and unpaid interest up to, but excluding, the date of redemption (except to the extent such unpaid interest was cancelled).

Additionally, the Bank may, at its option, with the prior written approval of the Superintendent, redeem the Notes, in whole but not in part, on any date following the occurrence of a Tax Event (as defined herein), at a redemption price equal to 100% of the principal amount thereof, plus any accrued and unpaid interest up to, but excluding, the date of redemption (except to the extent such unpaid interest was cancelled).

Payment of Additional Amounts

See Description of the Notes Redemption.

Subject to the Bank's sole and absolute right to cancel interest payments at any time, the Bank will pay additional amounts in respect of any withholding or deduction imposed in respect of payments on the Notes subject to certain exemptions as described under Description of the Notes Payment of Additional Amounts.

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NVCC Automatic Conversion

Upon the occurrence of a Trigger Event (as defined below), each outstanding Note will automatically and immediately be converted, on a full and permanent basis, without the consent of the holders thereof, into that number of Common Shares determined by dividing (a) the product of the Multiplier and the Note Value, by (b) the Conversion Price (an NVCC Automatic Conversion). See Description of the Notes NVCC Automatic Conversion.

Conversion Price means, in respect of each Note, the greater of (i) the Floor Price and (ii) the Current Market Price.

Current Market Price means the volume weighted average trading price of the Common Shares on the TSX or, if not then listed on the TSX, on another exchange or market chosen by the board of directors of the Bank on which the Common Shares are then traded, for the 10 consecutive trading days ending on the trading day immediately prior to the date on which the Trigger Event occurs (with the conversion occurring as of the start of business on the date on which the Trigger Event occurs), converted (if not denominated in U.S. dollars) into U.S. dollars at the Prevailing Rate on the day immediately prior to the date on which the Trigger Event occurs. If no such trading prices are available, Current Market Price shall be the Floor Price.

Floor Price means the U.S. dollar equivalent of CAD\$5.00 converted into U.S. dollars at the Prevailing Rate on the day immediately prior to the date on which the Trigger Event occurs, subject to adjustment in the event of (i) the issuance of Common Shares or securities exchangeable for or convertible into Common Shares to all holders of Common Shares as a stock dividend, (ii) the subdivision, redivision or change of the Common Shares into a greater number of Common Shares, or (iii) the reduction, combination or consolidation of the Common Shares into a lesser number of Common Shares. The adjustment shall be calculated to the nearest one-tenth of one cent provided that no adjustment of the Floor Price shall be required unless such adjustment would require an increase or decrease of at least 1% of the Floor Price then in effect; *provided, however*, that in such case any adjustment that would

otherwise be required to be made will be carried forward and will be made at the time of and together with the next subsequent adjustment which, together with any adjustments so carried forward, will amount to at least 1% of the Floor Price.

Multiplier means 1.25.

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Note Value means, in respect of each Note, US\$1,000 plus any accrued and unpaid interest on such Note up to, but excluding, the date of the Trigger Event (except to the extent such unpaid interest was cancelled).

Prevailing Rate means, in respect of any currencies on any day, the spot rate of exchange between the relevant currencies prevailing as at or about 12:00 noon (New York time) on that date as appearing on or derived from the Relevant Page or, if such a rate cannot be determined at such time, the rate prevailing as at or about 12:00 noon (New York time) on the immediately preceding day on which such rate can be so determined or, if such rate cannot be so determined by reference to the Relevant Page, the rate determined in such other manner as an Independent Financial Adviser (as defined herein) shall consider in good faith appropriate.

Relevant Page means the relevant page on Bloomberg or such other information service provider that displays the relevant information.

Trigger Event

Trigger Event has the meaning set out in the Office of the Superintendent of Financial Institutions (Canada) (OSFI), Guideline for Capital Adequacy Requirements (CAR), Chapter 2 - Definition of Capital dated December 2016, as such term may be amended or superseded by OSFI from time to time, which term currently provides that each of the following constitutes a Trigger Event:

- the Superintendent publicly announces that the Bank has been advised, in writing, that the Superintendent is of the opinion that the Bank has ceased, or is about to cease, to be viable and that, after the conversion of the Notes and all other contingent instruments issued by the Bank and taking into account any other factors or circumstances that are considered relevant or appropriate, it is reasonably likely that the viability of the Bank will be restored or maintained; or
- a federal or provincial government in Canada publicly announces that the Bank has accepted or agreed to accept a

capital injection, or equivalent support, from the federal government or any provincial government or political subdivision or agent or agency thereof without which the Bank would have been determined by the Superintendent to be non-viable.

Restrictions on the Payment of Dividends
and Retirement of Shares

If on any Interest Payment Date, the Bank does not pay in full the applicable interest on the Notes that is due and payable on such Interest Payment Date (whether as a result of cancellation or otherwise), the Bank will not (a) declare

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| | <p>dividends on the Common Shares or the preferred shares of the Bank or (b) redeem, purchase or otherwise retire any Common Shares or preferred shares of the Bank (except pursuant to any purchase obligation, retraction privilege or mandatory redemption provisions attaching to any preferred shares of the Bank), in each case, until the month commencing immediately after the Bank makes an interest payment in full on the Notes.</p> |
| Common Share Corporate Event | <p>In the event of a capital reorganization, consolidation, merger or amalgamation of the Bank or comparable transaction affecting the Common Shares, the Bank will take necessary action to ensure that holders of Notes receive, pursuant to an NVCC Automatic Conversion, the number of Common Shares or other securities that such holders would have received if the NVCC Automatic Conversion occurred immediately prior to the record date for such event.</p> |
| Prohibited Owners | <p>Upon an NVCC Automatic Conversion, the Bank reserves the right not to deliver some or all, as applicable, of the Common Shares issuable thereupon to any person whom the Bank or either Trustee (as defined herein) has reason to believe is an Ineligible Person (as defined herein) or any person who, by virtue of the operation of the NVCC Automatic Conversion, would become a Significant Shareholder (as defined herein) through the acquisition of Common Shares. See Description of the Notes Right Not to Deliver Common Shares upon NVCC Automatic Conversion.</p> |
| Events of Default | <p>The Indenture (as defined herein) governing the Notes will provide that an Event of Default (as defined in the Indenture) in respect of the Notes will occur only if the Bank becomes bankrupt or insolvent or becomes subject to the provisions of the <i>Winding-up and Restructuring Act</i> (Canada), consents to the institution of bankruptcy or insolvency proceedings against it, resolves to wind-up, liquidate or dissolve, is ordered wound-up or otherwise acknowledges its insolvency. Neither a failure to make a payment on the Notes when due (including any interest payment, whether as a result of cancellation or otherwise) nor an NVCC Automatic Conversion upon the occurrence of a Trigger Event will constitute an Event of Default. See Description of the Notes Events of Default.</p> |
| Form and Denomination | <p>The Notes will be issued in the form of one or more fully registered global notes registered in the name of the nominee of The Depository Trust Company. The Notes will be issued only in minimum denominations of US\$1,000 and integral multiples of US\$1,000 in excess thereof.</p> |

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| Governing Law | The Notes and the Indenture under which they will be issued will be governed by the laws of the State of New York, except that the provisions relating to an NVCC Automatic Conversion and the subordination provisions of the Indenture and the Notes will be governed by the laws of the Province of Ontario and the laws of Canada applicable therein. |
| Trustees | Computershare Trust Company, N.A., as United States trustee, and Computershare Trust Company of Canada, as Canadian trustee (each, a <i>Trustee</i>). |
| Use of Proceeds | The net proceeds of this offering will be used for general business purposes. See Use of Proceeds. |
| No Public Trading Market | <p>We do not intend to list the Notes on any national securities exchange or to arrange for quotation on any automated dealer quotation systems. There can be no assurance that an active trading market will develop for the Notes.</p> <p>Upon an NVCC Automatic Conversion, any outstanding Notes will automatically be converted into Common Shares. See Description of the Notes NVCC Automatic Conversion. We currently intend to apply to list such Common Shares on the TSX and the NYSE in accordance with their respective rules and requirements.</p> |
| Conflicts of Interest | As described in Underwriting (Conflicts of Interest), Scotia Capital (USA) Inc. is an affiliate of the Bank and, as such, has a conflict of interest in this offering within the meaning of FINRA Rule 5121. Consequently, the offering is being conducted in compliance with the provisions of Rule 5121. |
| Risk Factors | See Risk Factors in this Prospectus Supplement beginning on page S-11 and in the accompanying Prospectus beginning on page 5 for a discussion of factors you should carefully consider before deciding to invest in the Notes (and Common Shares upon an NVCC Automatic Conversion). |

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RISK FACTORS

An investment in the Notes (and Common Shares upon an NVCC Automatic Conversion) is subject to certain risks. Before deciding whether to invest in the Notes, investors should carefully consider the risks set out herein and incorporated by reference in this Prospectus Supplement (including subsequently filed documents incorporated by reference herein).

The value of the Notes will be affected by the general creditworthiness of the Bank.

Any payment to be made on the Notes depends on the ability of the Bank to satisfy its obligations as they come due. As a result, the actual and perceived creditworthiness of the Bank may affect the market value of the Notes and, in the event the Bank was to default on its obligations, holders of the Notes may not receive the amounts owed to them under the terms of the Notes. Prospective investors should consider the categories of risks identified in the Bank's most recent Annual Report filed on Form 40-F, as updated by quarterly reports, which are incorporated by reference herein, including credit risk, market risk, liquidity risk, operational risk, reputational risk, environmental risk, strategic risk and insurance risk.

The Notes have no scheduled maturity and no scheduled redemption date and holders do not have any right to accelerate the repayment of the principal amount of the Notes.

The Notes have no scheduled maturity and no scheduled redemption date and you do not have the right to cause the Notes to be redeemed. Although the Bank may elect to redeem the Notes under certain circumstances as described under "Description of the Notes - Redemption," the Bank has no obligation to return the principal amount of the Notes to holders. In addition, there is no right of acceleration in the case of any non-payment of interest (whether by cancellation or otherwise) on or other amounts owing under the Notes or in the case of a failure by the Bank to perform any other covenant under the Notes or under the Indenture (as defined herein). An Event of Default (as defined in the Indenture) will occur only if the Bank becomes bankrupt or insolvent or becomes subject to the provisions of the *Winding-up and Restructuring Act* (Canada), the Bank goes into liquidation, either voluntary or under court order, resolves to wind-up, liquidate or dissolve, is ordered wound-up or otherwise acknowledges its insolvency. Accordingly, the Bank is not required to make any repayment of the principal amount of the Notes except in the event of bankruptcy or insolvency and provided that an NVCC Automatic Conversion has not occurred. The operation of any of these provisions may cause holders to lose part or all of their investment in the Notes.

Interest on the Notes will be due and payable only at the Bank's sole and absolute discretion, and the Bank may cancel interest payments (in whole or in part) at any time. Cancelled interest shall not be due and shall not accumulate or be payable at any time thereafter and you shall have no rights thereto.

Interest on the Notes will be due and payable only at the Bank's sole discretion, and the Bank shall have sole and absolute discretion at all times and for any reason to cancel (in whole or in part) any interest payment that would otherwise be payable on any Interest Payment Date. Interest will only be due and payable on an Interest Payment Date to the extent it is not cancelled in accordance with the terms of the Notes.

Cancelled interest shall not be due and shall not accumulate or be payable at any time thereafter, and holders of the Notes shall have no rights thereto or to receive any additional interest or compensation as a result of such cancellation. Accordingly, the Bank will be under no obligation to make up for such non-payment at any later point in time. Any such cancellation will also not constitute an Event of Default under the Indenture or the Notes and will not permit any acceleration of the repayment of any principal on the Notes. As a result, you may not receive any interest on any Interest Payment Date or at any other time, and you will have no claims whatsoever in respect of that cancelled

interest. Failure to provide notice of a cancellation of interest to holders of the Notes will not have any impact on the effectiveness of, or otherwise invalidate, any such cancellation of interest, or give holders of the Notes any rights as a result of such failure.

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The market may have certain expectations with respect to the Bank making interest payments in the future on the basis of past practice or otherwise and such expectations may be reflected in the market price of the Notes. Any actual or anticipated cancellation of interest on the Notes will likely have an adverse effect on the market price of the Notes. In addition, as a result of the interest cancellation provisions of the Notes, the market price of the Notes may be more volatile than the market prices of other debt securities on which interest accrues that are not subject to such cancellation and may be more sensitive generally to adverse changes in the Bank's financial condition.

The Notes are subject to optional early redemption on any Interest Payment Date on or after _____, 2022, at any time following a Regulatory Event Date and upon the occurrence of a Tax Event, subject to certain conditions.

The Bank may, at its option, with the prior written approval of the Superintendent, redeem the Notes (i) on any Interest Payment Date on or after _____, 2022, (ii) at any time following the occurrence of a Tax Event (as defined herein) and (iii) at any time within 90 days following a Regulatory Event Date (as defined herein), in each case at a redemption price equal to 100% of the principal amount thereof, plus any accrued and unpaid interest up to, but excluding, the date of redemption (except to the extent such unpaid interest was cancelled).

An optional redemption feature is likely to limit the market value of the Notes. During any period when the Bank may elect to redeem the Notes, the market value of the Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period. In addition, investors will not receive a make-whole amount or any other compensation in the event of any early redemption of Notes.

It is not possible to predict whether any of the circumstances mentioned above will occur and so lead to the circumstances in which the Bank is able to elect to redeem the Notes, and if so, whether or not the Bank will elect to exercise such option to redeem the Notes. Additionally, although the terms of the Notes have been established to satisfy the criteria for additional Tier 1 capital within the meaning of the regulatory capital adequacy requirements to which the Bank is subject, it is possible that the Notes may not satisfy the criteria in future rulemaking or interpretations. If the Bank redeems the Notes in any of the circumstances mentioned above, there is a risk that the Notes may be redeemed at times when the redemption proceeds are less than the current market value of the Notes or when prevailing interest rates may be relatively low, in which latter case investors may only be able to reinvest the redemption proceeds in securities with a lower yield. Potential investors should consider reinvestment risk in light of other investments available at that time.

During the Floating Rate Period, the Notes will bear interest at a floating rate that may be volatile. Increased regulatory oversight and changes in the method pursuant to which the LIBOR rates are determined may adversely affect the value of the Notes.

From and including _____, 2022, the Notes will bear interest at a floating rate based on three-month U.S. dollar LIBOR. This floating rate may be volatile and subject to wide fluctuations in response to factors that are beyond the Bank's control.

Beginning in 2008, concerns were raised that some of the member banks surveyed by the British Bankers' Association (the *BBA*) in connection with the calculation of LIBOR across a range of maturities and currencies may have been under-reporting or otherwise manipulating the inter-bank lending rate applicable to them. A number of BBA member banks have entered into settlements with their regulators and law enforcement agencies with respect to alleged manipulation of LIBOR, and investigations were instigated by regulators and governmental authorities in various jurisdictions. If manipulation of LIBOR or another inter-bank lending rate occurred, it may have resulted in that rate being artificially lower (or higher) than it otherwise would have been.

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Actions by the BBA, regulators or law enforcement agencies may result in changes to the manner in which LIBOR is determined or the establishment of alternative reference rates. For example, on July 27, 2017, the U.K. Financial Conduct Authority announced that it intends to stop persuading or compelling banks to submit LIBOR rates after 2021. At this time, it is not possible to predict the effect of any such changes, any establishment of alternative reference rates or any other reforms to LIBOR that may be implemented in the United Kingdom or elsewhere.

Uncertainty as to the nature of such potential changes, alternative reference rates or other reforms may adversely affect the trading market for the Notes, the interest on which will be determined by reference to LIBOR during the Floating Rate Period.

In the event that a published LIBOR rate is unavailable during the Floating Rate Period, the rate on the Notes will be determined as set forth under Description of the Notes Interest Floating Rate Period. If a published LIBOR rate is unavailable and banks are unwilling to provide quotations for the calculation of LIBOR, the LIBOR rate on the Notes for the next interest period will be the LIBOR rate in effect for the immediately preceding interest period. If this occurs, the value of the Notes may be adversely affected.

The historical levels of three-month U.S. dollar LIBOR are not an indication of the future levels of three-month U.S. dollar LIBOR.

In the past, the level of three-month U.S. dollar LIBOR has experienced significant fluctuations. Historical levels, fluctuations and trends of three-month U.S. dollar LIBOR are not necessarily indicative of future levels, fluctuations and trends. Any historical upward or downward trend in three-month U.S. dollar LIBOR is not an indication that three-month U.S. dollar LIBOR is more or less likely to increase or decrease at any time during the period in which interest on the Notes will accrue at a floating rate, and you should not take the historical levels of three-month U.S. dollar LIBOR rate as an indication of its future performance.

The Notes are subject to an NVCC Automatic Conversion and will automatically be converted into Common Shares upon a Trigger Event.

Upon the occurrence of a Trigger Event, an investment in the Notes will become an investment in Common Shares pursuant to an NVCC Automatic Conversion without the consent of the holders. Prior to the conversion of the Notes to Common Shares pursuant to an NVCC Automatic Conversion, holders of Notes are not entitled to any rights of holders of Common Shares, including any rights of shareholders to receive notice, to attend or to vote at any meeting of the shareholders of the Bank. After an NVCC Automatic Conversion, a holder of Notes will no longer have any rights as a holder of Notes and will only have rights as a holder of Common Shares. The claims of holders of Notes have certain priority of payment over the claims of holders of Common Shares. Given the nature of a Trigger Event, a holder of Notes will become a holder of Common Shares at a time when the Bank's financial condition has deteriorated. If the Bank were to become insolvent or wound-up after the occurrence of a Trigger Event, as a result of an NVCC Automatic Conversion, the holders of Common Shares may receive, if anything, substantially less than the holders of the Notes might have received had the Notes not been converted into Common Shares. An NVCC Automatic Conversion may also occur at a time when a federal or provincial government or other government agency in Canada has provided, or will provide, a capital injection or equivalent support, the terms of which may rank in priority to the Common Shares with respect to the payment of dividends, rights on liquidation or other terms.

A Trigger Event involves a subjective determination outside the Bank's control.

The decision as to whether a Trigger Event will occur is a subjective determination by the Superintendent that the Bank has ceased, or is about to cease, to be viable and that the conversion of all contingent instruments is reasonably

likely, taking into account any other factors or circumstances that are considered relevant or appropriate by the Superintendent, to restore or maintain the viability of the Bank. Such

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determination may be beyond the control of the Bank. See the definition of Trigger Event under Description of the Notes NVCC Automatic Conversion.

OSFI has stated that the Superintendent will consult with the Canada Deposit Insurance Corporation (CDIC), the Bank of Canada, the Department of Finance and the Financial Consumer Agency of Canada prior to making a non-viability determination. The conversion of contingent instruments alone may not be sufficient to restore an institution to viability and other public sector interventions, including liquidity assistance, would likely be used along with the conversion of contingent instruments to maintain an institution as a going concern.

In assessing whether the Bank has ceased, or is about to cease, to be viable and that, after the conversion of all contingent instruments, it is reasonably likely that the viability of the Bank will be restored or maintained, OSFI has stated that the Superintendent will consider, in consultation with the authorities referred to above, all relevant facts and circumstances. Those facts and circumstances may include, in addition to other public sector interventions, a consideration of whether, among other things:

- the assets of the Bank are, in the opinion of the Superintendent, sufficient to provide adequate protection to the Bank's depositors and creditors;
- the Bank has lost the confidence of depositors or other creditors and the public (for example, ongoing increased difficulty in obtaining or rolling over short-term funding);
- the Bank's regulatory capital has, in the opinion of the Superintendent, reached a level, or is eroding in a manner, that may detrimentally affect its depositors and creditors;
- the Bank has failed to pay any liability that has become due and payable or, in the opinion of the Superintendent, the Bank will not be able to pay its liabilities as they become due and payable;
- the Bank failed to comply with an order of the Superintendent to increase its capital;
- in the opinion of the Superintendent, any other state of affairs exists in respect of the Bank that may be materially prejudicial to the interests of the Bank's depositors or creditors or the owners of any assets under the Bank's administration; and
- the Bank is unable to recapitalize on its own through the issuance of Common Shares or other forms of regulatory capital (for example, no suitable investor or group of investors exists that is willing or capable of investing in sufficient quantity and on terms that will restore the Bank's viability, nor is there any reasonable prospect of such an investor emerging in the near-term in the absence of conversion of contingent instruments).

Upon the occurrence of a Trigger Event and an NVCC Automatic Conversion, the interests of depositors, other creditors of the Bank, and holders of securities of the Bank which are not contingent instruments will all rank in

priority to the holders of contingent instruments, including the Notes. The Superintendent retains full discretion to choose not to trigger non-viable contingent capital notwithstanding a determination that the Bank has ceased, or is about to cease, to be viable. Under such circumstances, the holders of Notes may be exposed to losses through the use of other resolution tools or in liquidation.

Number and value of Common Shares to be received on an NVCC Automatic Conversion is variable.

The number of Common Shares to be received for each Note is calculated by reference to the prevailing market price of Common Shares immediately prior to a Trigger Event, subject to the Floor Price. If there is an NVCC Automatic Conversion at a time when the Current Market Price of the Common Shares is below the Floor Price, investors will receive Common Shares with an aggregate market price less than the Note Value.

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The Bank is expected to have outstanding from time to time other capital notes, subordinated debt and preferred shares that will automatically convert into Common Shares upon a Trigger Event. Other capital notes, subordinated debt and preferred shares of the Bank that are convertible into Common Shares upon a Trigger Event may also use a lower effective floor price (for example, using a different multiplier) than that applicable to the Notes to determine the maximum number of Common Shares to be issued to holders of such instruments upon an NVCC Automatic Conversion. In such cases, holders of Notes may receive Common Shares pursuant to an NVCC Automatic Conversion at a time when other capital notes or subordinated debt of the Bank are converted into Common Shares at a conversion rate that is more favorable to the holder of such instruments and preferred shares are converted into Common Shares at a conversion rate that may be more favorable to the holder of such instruments, in each case, than the rate applicable to the Notes, thereby causing substantial dilution to holders of Common Shares and the holders of Notes, who will become holders of Common Shares upon an NVCC Automatic Conversion.

In addition, fractions of Common Shares will not be issued or delivered pursuant to an NVCC Automatic Conversion and no cash payment will be made in lieu of a fractional Common Share.

Common Shares received on an NVCC Automatic Conversion may be subject to further dilution.

CDIC, Canada's resolution authority, was granted additional powers in 2009 to transfer certain assets and liabilities of a bank to a newly created "bridge bank" for such consideration as it determines in the event of a bank becoming distressed, presumably to facilitate a sale of the bank to another financial institution as a going concern. Upon exercise of such power, any remaining assets and liabilities would remain with the "bad bank" which would then be wound up. As such, in this scenario, any liabilities of the Bank, such as the Notes, that remain with the "bad bank" would be effectively written off or subject to only partial repayment, devalued or otherwise become worthless, in the ensuing winding-up.

On June 22, 2016, legislation came into force amending the Bank Act and the CDIC Act and certain other federal statutes pertaining to banks to create a bail-in regime for Canada's domestically systemically important banks, which include the Bank. On June 17, 2017, the Government of Canada published in draft for public comment regulations under the CDIC Act and the Bank Act providing the final details of the conversion, issuance and compensation regimes for bail-in instruments issued by domestic systemically important banks, including the Bank (collectively, the *Bail-In Regulations*). Pursuant to the CDIC Act, in circumstances where the Superintendent has determined that the Bank has ceased, or is about to cease, to be viable, the Governor in Council may, upon a recommendation of the Minister of Finance that he or she is of the opinion that it is in the public interest to do so, grant an order directing CDIC to convert all or a portion of certain shares and liabilities of the Bank into common shares of the Bank (a *Bail-In Conversion*).

The Bail-In Regulations prescribe the types of shares and liabilities that will be subject to a Bail-In Conversion. In general, any senior debt with an initial or amended term to maturity (including explicit or embedded options) greater than 400 days, that is unsecured or partially secured and has been assigned a CUSIP or ISIN or similar identification number would be subject to a Bail-In Conversion. Shares, other than common shares, and subordinated debt would also be subject to a Bail-In Conversion, unless they are non-viability contingent capital. The Notes would accordingly not be subject to a Bail-in Conversion if they were to be issued after the coming into force of the Bail-In Regulations. Notwithstanding the above, assuming the draft Bail-In Regulations come into force in their current form, any shares and liabilities issued before the date the Bail-In Regulations come into force would not be subject to a Bail-In Conversion, unless, in the case of a liability the terms of such liability are, on or after that day, amended to increase its principal amount or to extend its term to maturity and the liability, as amended, meets the requirements to be subject to a Bail-In Conversion.

The draft Bail-In Regulations provide that they will come into force 180 days after the regulations are finalized. Any eligible liabilities issued after such implementation would be subject to the conversion powers described above and holders of such liabilities may receive common shares of the Bank in exchange for them in

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the event that the Bank ceases to or is about to cease being viable and, as a result, on a relative basis, the holders of Notes who receive Common Shares upon an NVCC Automatic Conversion would be further diluted.

The Bank reserves the right not to deliver Common Shares upon a NVCC Automatic Conversion.

Upon an NVCC Automatic Conversion, the Bank reserves the right not to deliver some or all, as applicable, of the Common Shares issuable thereupon to any person whom the Bank or either Trustee has reason to believe is an Ineligible Person (as defined herein) or any person who, by virtue of the operation of the NVCC Automatic Conversion, would become a Significant Shareholder (as defined herein) through the acquisition of Common Shares. In such circumstances, the Bank will attempt to facilitate the sale of such Common Shares. Those sales (if any) may be made at any time and at any price. The Bank will not be subject to any liability for failure to sell such Common Shares on behalf of such Ineligible Person or at any particular price on any particular day.

Circumstances surrounding a potential NVCC Automatic Conversion may have an adverse effect on the market price of the Notes.

The occurrence of a Trigger Event is a subjective determination by the Superintendent that the conversion of all contingent instruments is reasonably likely to restore or maintain the viability of the Bank. As a result, an NVCC Automatic Conversion may occur in circumstances that are beyond the control of the Bank. Also, even in circumstances where the market expects the Superintendent to cause an NVCC Automatic Conversion, the Superintendent may choose not to take that action. Because of the inherent uncertainty regarding the determination of when an NVCC Automatic Conversion may occur, it will be difficult to predict, when, if at all, the Notes will be mandatorily converted into Common Shares. Accordingly, trading behavior in respect of the Notes is not necessarily expected to follow trading behavior associated with other types of convertible or exchangeable securities. Any indication, whether real or perceived, that the Bank is trending towards a Trigger Event can be expected to have an adverse effect on the market price of the Notes and the Common Shares, whether or not such Trigger Event actually occurs.

The Notes will rank subordinate to all Higher Ranked Indebtedness on insolvency or winding-up and the rights of the holders of Notes will be further subordinated upon an NVCC Automatic Conversion.

The Notes will be the Bank's direct unsecured obligations and, in the event of the Bank's insolvency or winding-up, will rank (a) subordinate in right of payment to the prior payment in full of all Higher Ranked Indebtedness (as defined herein), and (b) in right of payment equally with and not prior to Deeply Subordinated Indebtedness (as defined herein) (other than Deeply Subordinated Indebtedness which by its terms ranks subordinate to the Notes) of the Bank, in each case, from time to time outstanding. The Notes will constitute subordinated indebtedness for the purposes of the Bank Act. In the event of the Bank's insolvency or winding-up, the Notes will rank ahead of the Bank's Common Shares and preferred shares.

If the Bank becomes insolvent or is wound-up while the Notes remain outstanding, and provided that an NVCC Automatic Conversion has not occurred, the Bank's assets must be used to pay Higher Ranked Indebtedness, including other Subordinated Indebtedness, except Deeply Subordinated Indebtedness before payments may be made on the Notes. Except to the extent regulatory capital requirements affect the Bank's decisions to issue subordinated or more senior debt, there is no limit on the Bank's ability to incur additional subordinated debt or more senior debt.

In addition, upon the occurrence of a Trigger Event, all of the Bank's obligations under the Notes shall be deemed paid in full by the issuance of Common Shares upon an NVCC Automatic Conversion, and each holder will be effectively further subordinated due to the change in their status following an NVCC Automatic Conversion from being the

holder of a debt instrument ranking ahead of holders of Common Shares to being a holder of Common Shares.

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As a result, upon the occurrence of an NVCC Automatic Conversion, the holders could lose all or part of their investment in the Notes irrespective of whether the Bank has sufficient assets available to settle what would have been the claims of the holders of the Notes or other securities subordinated to the same extent as the Notes, in proceedings relating to an insolvency or winding-up.

Holders of Notes may not be entitled to receive U.S. dollars in a winding-up.

If you are entitled to any recovery with respect to the Notes in any winding-up, you might not be entitled in those proceedings to a recovery in U.S. dollars and might be entitled only to a recovery in Canadian dollars. In addition, under current Canadian law, the Bank's liability to you, if any, would have to be converted into Canadian dollars at a date close to the commencement of proceedings against it and you would be exposed to currency fluctuations between that date and the date you receive proceeds pursuant to such proceedings, if any.

Political, constitutional and economic uncertainty arising from the outcome of the referendum on the United Kingdom's membership in the European Union could adversely affect the Bank's business, financial condition and results of operations.

On June 23, 2016, the United Kingdom (UK) held a referendum to decide on its membership in the European Union. The resulting vote was to leave the European Union and the U.K. formally initiated the withdrawal process on March 29, 2017. There are a number of uncertainties in connection with the future of the UK and its relationship with the European Union, including the terms of the agreement it reaches in relation to its withdrawal from the European Union. The negotiation of the UK's exit terms is likely to take a number of years. Until the terms and timing of the UK's exit from the European Union are clearer, it is not possible to determine the longer term impact that the referendum, the UK's departure from the European Union and/or any related matters may have on the Bank or its business. The UK's exit from the European Union may result in significant changes in law, which may include changes in statutory, tax and regulatory regimes in the UK and in Europe. Such changes may impact the Bank's business, financial condition and results of operations and could adversely impact the Bank's cost of funding in Europe.

The value of the Notes may be affected by changes in credit ratings.

Real or anticipated changes in credit ratings on the Bank's deposit liabilities may affect the market value of the Notes. In addition, real or anticipated changes in credit ratings can affect the cost at which the Bank can transact or obtain funding, and thereby affect the Bank's liquidity, business, financial condition or results of operations and, therefore, the Bank's ability to make payments on the Notes could be adversely affected.

The value of the Notes may be affected by market value and interest rate fluctuations.

The value of the Notes may be affected by market value fluctuations resulting from factors which influence the Bank's operations, including legal and regulatory developments, competition and global market activity. Such changes in law may include changes in statutory, tax and regulatory regimes during the life of the Notes.

Prevailing interest rates will also affect the market value of the Notes. Assuming all other factors remain unchanged, the market value of the Notes will decline as prevailing interest rates for similar debt instruments rise, and increase as prevailing interest rates for comparable debt instruments decline.

There is no established trading market for the Notes.

The Notes are a new issue of securities and there may be no market through which the Notes may be sold and purchasers may therefore be unable to resell such Notes. In addition, the Bank does not intend to apply for listing or quotation of the Notes on any securities exchange or automated quotation system. These factors may affect the pricing of the Notes in any secondary market, the transparency and availability of trading prices and the liquidity of the Notes.

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There can be no assurance that an active trading market will develop for the Notes after this offering, or if developed, that such a market will be sustained at the offering price of the Notes. While certain of the underwriters intend to make a market in the Notes, the underwriters will not be obligated to do so and may stop their market-making at any time. In addition, any market-making activities will be subject to limits of the U.S. Securities Act of 1933, as amended (the *Securities Act*) and the Exchange Act.

If any of the Notes are traded after their initial issuance, they may trade at a discount from their initial offering price. Future trading prices of the Notes will depend on many factors, including prevailing interest rates, the market for similar securities, general economic conditions and our financial condition, performance, prospects and other factors. Accordingly, you may be required to bear the financial risk of an investment in the Notes for an indefinite period of time.

We currently intend to apply to list the Common Shares to be issued upon an NVCC Automatic Conversion on the TSX and the NYSE in accordance with their respective rules and requirements. However, there is no assurance that the Common Shares will be listed on the TSX and the NYSE.

If a trading market develops, the Notes may trade with accrued interest even though interest may not be paid on the relevant Interest Payment Date.

If an active trading market develops for the Notes, their prices are expected to appear with accrued interest. However, if a payment of interest on any Interest Payment Date is cancelled (in each case, in whole or in part) and thus is not due and payable, holders will not be entitled to that interest payment (in whole or in part, as applicable) on the relevant Interest Payment Date. This may affect holders' ability to sell the Notes in the secondary market and, as a result, the value of holders' investment in the Notes.

The Bank has no limitation on issuing senior or pari passu securities.

The Indenture governing the Notes will not contain any financial covenants and will contain only limited restrictive covenants. In addition, the Indenture will not limit the Bank's or its subsidiaries' ability to incur additional indebtedness, issue or repurchase securities or engage in transactions with affiliates. The Bank's ability to incur additional indebtedness and use its funds for any purpose in the Bank's discretion may increase the risk that the Bank may be unable to service its debt, including paying its obligations under the Notes.

The Notes are governed by New York Law.

The Indenture governing the Notes will be governed by, and construed in accordance with, the laws of the State of New York (other than the provisions relating to an NVCC Automatic Conversion and the subordination provisions, which will be governed by the laws of the Province of Ontario and applicable laws of Canada). Generally, in an action commenced in a Canadian court for the enforcement of the Indenture or the Notes, a plaintiff will be required to prove those non-Canadian laws as a matter of fact by the evidence of persons who are experts in those laws.

The Notes are denominated in U.S. dollars and may have tax consequences for investors.

The Notes will be denominated in U.S. dollars. If you are a non-U.S. investor who purchases the Notes with a currency other than U.S. dollars, changes in rates of exchange may have an adverse effect on the value, price or returns of your investment. This Prospectus Supplement does not address the tax consequences to non-U.S. investors of purchasing the Notes. If you are a non-U.S. investor, you should consult your tax advisors as to the consequences, under the tax laws of the country where you are resident for tax purposes, of acquiring, holding and disposing of the

Notes and receiving the payments that might be due under the Notes.

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The United States federal income tax treatment of instruments such as the Notes is uncertain and, accordingly, the United States Internal Revenue Service (IRS) may take a different position than an investor regarding the appropriate characterization and treatment of the Notes.

There is no authority that addresses the United States federal income tax treatment of an instrument such as the Notes that is denominated as a subordinated debt instrument but that provides for an NVCC Automatic Conversion upon the occurrence of a Trigger Event. While the Notes should be treated as equity for United States federal income tax purposes, the IRS could assert an alternative tax treatment of the Notes for United States federal income tax purposes. There can be no assurance that any alternative tax treatment, if successfully asserted by the IRS would not have adverse United States federal income tax consequences to a United States holder of the Notes. Each United States prospective investor should consult their own tax advisor regarding the appropriate characterization of the Notes and the tax consequences to them if the IRS successfully asserts a characterization that differs from the investor's characterization of the Notes.

Fiduciaries of certain plans should consult with counsel.

This paragraph is relevant only if you are a fiduciary of a plan subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended (*ERISA*) or Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the *Code*) (each such plan, a *Plan*), or a governmental, church or non-U.S. plan subject to similar laws. Fiduciaries of a Plan or a governmental, church or non-U.S. plan subject to similar laws should consult with their counsel regarding their proposed investment in the Notes and the deemed representations they are required to make. See *Employee Retirement Income Security Act* in this Prospectus Supplement and in the accompanying Prospectus.

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The following table sets out the capitalization of the Bank and its consolidated subsidiaries as at July 31, 2017:

- on an actual basis; and
- as adjusted to give effect to the sale and issuance of the Notes in this offering (based on the Canadian dollar/U.S. dollar exchange rate as of _____, 2017).

This table should be read in conjunction with the Bank's Audited Consolidated Financial Statements and Management's Discussion and Analysis for the year ended October 31, 2016 and the Bank's Condensed Interim Consolidated Financial Statements and Management's Discussion and Analysis for the nine month period ended July 31, 2017, both of which are incorporated by reference into this Prospectus Supplement.

| | As at July 31, 2017 | |
|---|-----------------------------------|--------------------|
| | Actual | As adjusted |
| | (unaudited) | |
| | (in millions of Canadian dollars) | |
| Subordinated debentures | \$7,376 | \$ |
| Equity: | | |
| Common equity | | |
| Common shares | 15,584 | 15,584 |
| Retained earnings | 37,092 | 37,092 |
| Accumulated other comprehensive income | 566 | 566 |
| Other reserves | 123 | 123 |
| Total common equity | 53,365 | 53,365 |
| Preferred shares | 3,019 | 3,019 |
| Total equity attributable to equity holders of the Bank | 56,384 | 56,384 |
| Non-controlling interests in subsidiaries | 1,534 | 1,534 |
| Total equity | 57,918 | 57,918 |
| Total capitalization | \$65,294 | \$ |

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USE OF PROCEEDS

The net proceeds to the Bank from the sale of the Notes, after deducting the estimated expenses payable by the Bank and the underwriters' discounts and commissions, will amount to approximately US\$. Such net proceeds will be added to the Bank's funds and will be used for general business purposes.

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Table of Contents**DESCRIPTION OF THE NOTES**

The following is a description of the terms of the US\$ _____ aggregate principal amount of _____ % Fixed to Floating Rate Non-Cumulative Subordinated Additional Tier 1 Capital Notes (Non-Viability Contingent Capital (NVCC)) offered by this Prospectus Supplement (which are referred to in this Prospectus Supplement as the Notes and in the accompanying Prospectus as subordinated debt securities).

The Notes are to be issued under a subordinated debt securities indenture (non-viability contingent capital)(NVCC), to be dated as of _____, 2017 (the Base Indenture), among the Bank, Computershare Trust Company, N.A., as United States trustee (the U.S. Trustee), and Computershare Trust Company of Canada, as Canadian trustee (the Canadian Trustee and, together with the U.S. Trustee, the Trustees), as amended and supplemented by a first supplemental indenture, to be dated as of _____, 2017, among the Bank and the Trustees (the Supplemental Indenture and, together with the Base Indenture, the Indenture), establishing the terms of the Notes. You may request a copy of the Indenture from us as described under Incorporation of Certain Information by Reference. The following summaries of certain provisions of the Notes and the Indenture do not purport to be complete and are subject to and qualified in their entirety by reference to all of the provisions of the Notes and the Indenture, including the definitions of certain terms used in the Indenture. We urge you to read these documents because they, and not this description, define your rights as a holder of the Notes.

As used in this description, the terms the Bank, we, us and our refer only to The Bank of Nova Scotia and not to any of its subsidiaries. All capitalized terms used under this heading Description of the Notes that are not defined herein have the meanings ascribed thereto in the accompanying Prospectus.

General

The Notes will be the Bank's direct unsecured obligations and, in the event of the Bank's insolvency or winding-up, will rank (a) subordinate in right of payment to the prior payment in full of all Higher Ranked Indebtedness (as defined herein) and (b) in right of payment equally with and not prior to Deeply Subordinated Indebtedness (as defined herein) (other than Deeply Subordinated Indebtedness which by its terms ranks subordinate to the Notes) of the Bank, in each case, from time to time outstanding. The Notes will constitute subordinated indebtedness for the purposes of the Bank Act. In the event of the Bank's insolvency or winding-up, the Notes will rank ahead of the Bank's Common Shares and preferred shares.

The Notes have no scheduled maturity or scheduled redemption date.

Interest will be due and payable on an Interest Payment Date (as defined below) only if it is not cancelled. By acquiring the Notes, the holders of the Notes acknowledge and agree that the Bank has the sole and absolute discretion at all times and for any reason to cancel (in whole or in part), with notice to the holders of the Notes, any interest payment that would otherwise be payable on any Interest Payment Date.

From and including _____, 2017, to, but excluding, _____, 2022 (the Fixed Rate Period), interest will accrue on the Notes at an initial rate equal to _____ % per annum. From and including _____, 2022 (the Floating Rate Period), interest will accrue on the Notes at a rate per annum equal to three-month LIBOR (as defined below) plus _____ % and will reset quarterly.

Upon the occurrence of a Trigger Event, each outstanding Note will automatically and immediately be converted, on a full and permanent basis, without the consent of the holders thereof, into that number of fully-paid Common Shares of the Bank determined by dividing (a) the product of the Multiplier (as defined below) and the Note Value (as defined

below), by (b) the Conversion Price (as defined below). See NVCC Automatic Conversion. This Prospectus Supplement also relates to the offering and sale of our Common Shares issuable upon conversion of the Notes. See Description of Common Shares and Preferred Shares in the accompanying Prospectus.

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The Notes will not constitute deposits that are insured under the *Canada Deposit Insurance Corporation Act (Canada)* or by the United States Federal Deposit Insurance Corporation or any other Canadian or U.S. government agency or instrumentality.

Subject to regulatory capital requirements applicable to the Bank, there is no limit on the amount of capital notes or subordinated indebtedness the Bank may issue. Notwithstanding any provision of the Indenture, the Bank may not, without the prior approval of the Superintendent, amend or vary terms of the Notes that would affect the recognition of the Notes as regulatory capital under capital adequacy requirements adopted by the Superintendent.

Payment of the principal and interest, if any, on the Notes will be made in U.S. dollars. The Bank will pay the principal and interest, if any, in immediately available funds to The Depository Trust Company, as depository, or its nominee as the registered owner of the global notes representing the book-entry Notes.

The Notes are not entitled to the benefits of any sinking fund.

The Notes will be issued in denominations of US\$1,000 and integral multiples of US\$1,000 in excess of such amount. Upon issuance, the Notes will be represented by one or more fully registered global notes. Each global note will be deposited with, or on behalf of, The Depository Trust Company, as depository. You may elect to hold interests in the global notes through either the depository (in the United States), Euroclear Bank S.A./N.V., Clearstream Banking, *société anonyme*, or indirectly through organizations that are participants in such systems. See Description of Certain Provisions Relating to the Debt Securities We May Offer Legal Ownership and Book-Entry Issuance in the accompanying Prospectus.

Status and Subordination

The Notes will be the Bank's direct unsecured obligations and, in the event of the Bank's insolvency or winding-up, will rank (a) subordinate in right of payment to the prior payment in full of all Higher Ranked Indebtedness (as defined below) and (b) in right of payment equally with and not prior to Deeply Subordinated Indebtedness (as defined below) (other than Deeply Subordinated Indebtedness which by its terms ranks subordinate to the Notes) of the Bank, in each case, from time to time outstanding. The Notes will constitute subordinated indebtedness for the purposes of the Bank Act. In the event of the Bank's insolvency or winding-up, the Notes will rank ahead of the Bank's Common Shares and preferred shares.

For the purposes of the foregoing:

Deeply Subordinated Indebtedness means Indebtedness which by its terms ranks equally in right of payment with, or is subordinate to, the Notes.

Higher Ranked Indebtedness at any time means all Indebtedness of the Bank then outstanding (including all Subordinated Indebtedness of the Bank then outstanding other than Deeply Subordinated Indebtedness).

Indebtedness at any time means all deposit liabilities of the Bank and all other liabilities and obligations of the Bank which in accordance with the accounting rules established for Canadian chartered banks issued under the authority of the Superintendent pursuant to the Bank Act or with IFRS as issued by the IASB, as the case may be, would be included in determining the total liabilities of the Bank at such time, other than liabilities for paid-up capital, contributed surplus, retained earnings and general reserves of the Bank.

Subordinated Indebtedness at any time means the Bank's subordinated indebtedness within the meaning of the Bank Act.

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If an NVCC Automatic Conversion occurs, the rights, terms and conditions of the Notes, including with respect to priority and subordination, will no longer be relevant as all the Notes will have been converted into Common Shares which will rank on parity with all other outstanding Common Shares.

The subordination provisions and the provisions relating to an NVCC Automatic Conversion of the Indenture will be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.

Maturity

The Notes have no scheduled maturity or scheduled redemption date.

Interest***Fixed Rate Period***

From and including _____, 2017 to, but excluding, _____, 2022, the Notes will bear interest at the annual rate of _____%, and the Bank will pay interest, if any, on the Notes semi-annually in arrears on _____ and _____ of each year, beginning _____, 2018 (each, a *Fixed Rate Interest Payment Date*), subject to the Bank's rights under Cancellation of Interest Payments. Interest, if any, will be payable on each Fixed Rate Interest Payment Date to the persons in whose name the Notes are registered at the close of business on the preceding _____ or _____, whether or not a business day. If any Fixed Rate Interest Payment Date falls on a day that is not a business day, the Bank will postpone the making of such interest payment, if any, to the next succeeding business day (and no interest will be paid in respect of the delay). A *business day* means each Monday, Tuesday, Wednesday, Thursday or Friday that is not a day on which banking institutions are authorized or required by law or executive order to close in The City of New York, New York or Toronto, Ontario.

Interest on the Notes will accrue from and including _____, 2017 to, but excluding, the first Fixed Rate Interest Payment Date and then from and including each Fixed Rate Interest Payment Date to which interest has been paid or duly provided for (whether or not such interest is paid or cancelled) to, but excluding, the next Fixed Rate Interest Payment Date or _____, 2022, as the case may be. During the Fixed Rate Period, interest on the Notes will be computed on the basis of a 360-day year consisting of twelve 30-day months.

Floating Rate Period

From and including _____, 2022 to, but excluding, any redemption date, the Notes will bear interest at a per annum rate equal to the applicable three-month LIBOR rate for U.S. dollars as determined on the relevant Interest Determination Date plus _____%. The *Interest Determination Date* for an interest period will be the second London business day preceding the first day of such interest period. Promptly upon determination, the calculation agent will inform the Trustees and the Bank of the interest rate for the next interest period. Absent manifest error, the determination of the interest rate by the calculation agent shall be binding and conclusive on the holders of the Notes, the Trustees and the Bank. A *London business day* is a day on which dealings in deposits in U.S. dollars are transacted in the London interbank market. The calculation agent will be Computershare Trust Company, N.A. until such time as the Bank appoints a successor calculation agent.

During the Floating Rate Period, interest, if any, on the Notes will be paid to but excluding the relevant Floating Rate Interest Payment Date and the Bank will make interest payments, if any, on the Notes quarterly in arrears on _____, _____, _____ and _____, of each year (each, a *Floating Rate Interest Payment Date*), commencing on _____, 2023, subject to the Bank's rights under Cancellation of Interest Payments. Interest, if any, will be payable on each

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Floating Rate Interest Payment Date to the persons in whose name the Notes are registered on the preceding _____, _____, and _____, whether or not a business day. The initial interest period will be the period from and including _____, 2022, to but excluding the first Floating Rate

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Interest Payment Date. Then each subsequent interest period will be the period from and including the immediately preceding Floating Rate Interest Payment Date to which interest has been paid or duly provided for (whether or not such interest is paid or cancelled) to but excluding the next Floating Rate Interest Payment Date or any redemption date, as the case may be.

The amount of accrued interest, if any, that the Bank will pay for any interest period during the Floating Rate Period can be calculated by multiplying the face amount of the Notes then outstanding by an accrued interest factor. This accrued interest factor is computed by adding the interest factor calculated for each day from _____, 2022, or from the last Floating Rate Interest Payment Date, to the date for which accrued interest is being calculated. The interest factor for each day is computed by dividing the interest rate applicable to that day by 360. If a Floating Rate Interest Payment Date falls on a day that is not a business day, the Floating Rate Interest Payment Date shall be postponed to the next succeeding business day (and no interest will be paid in respect of the delay) unless such next succeeding business day would be in the following month, in which case, the Floating Rate Interest Payment Date shall be the immediately preceding business day.

On any Interest Determination Date, *three-month LIBOR* will be equal to the offered rate for deposits in U.S. dollars having an index maturity of three months, in amounts of at least US\$1,000,000, as such rate appears on Reuters Page LIBOR01 at approximately 11:00 a.m., London time, on such Interest Determination Date. If on an Interest Determination Date, such rate does not appear on the Reuters Page LIBOR01 as of 11:00 a.m., London time, or if the Reuters Page LIBOR01 is not available on such date, the calculation agent will obtain such rate from Bloomberg L.P.'s page BBAM. If no offered rate appears on Reuters Page LIBOR01 or Bloomberg L.P. page BBAM on an Interest Determination Date at approximately 11:00 a.m., London time, then the calculation agent (after consultation with the Bank) will select four major banks in the London interbank market and shall request each of their principal London offices to provide a quotation of the rate at which three-month deposits in U.S. dollars in amounts of at least US\$1,000,000 are offered by it to prime banks in the London interbank market, on that date and at that time, that is representative of single transactions at that time. If at least two quotations are provided, three-month LIBOR will be the arithmetic average of the quotations provided. Otherwise, the calculation agent will select three major banks in New York City and shall request each of them to provide a quotation of the rate offered by them at approximately 11:00 a.m., New York City time, on the Interest Determination Date for loans in U.S. dollars to leading European banks having an index maturity of three months for the applicable interest period in an amount of at least US\$1,000,000 that is representative of single transactions at that time. If three quotations are provided, three-month LIBOR will be the arithmetic average of the quotations provided. Otherwise, the rate of three-month LIBOR for the next interest period will be set equal to the rate of three-month LIBOR for the immediately preceding interest period.

Upon request from any holder of Notes, the calculation agent will provide the interest rate in effect during the Floating Rate Period for the Notes for the current interest period and, if it has been determined, the interest rate to be in effect for the next interest period.

All percentages resulting from any calculation of the interest rate on the Notes during the Floating Rate Period will be rounded to the nearest one hundred-thousandth of a percentage point with five one millionths of a percentage point rounded upwards (e.g., 9.876545% (or .09876545) would be rounded to 9.87655% (or .0987655)), and all dollar amounts used in or resulting from such calculation on the Notes will be rounded to the nearest cent (with one half cent being rounded upward). Each calculation of the interest rate on the Notes by the calculation agent will (in absence of manifest error) be final and binding on the holders and the Bank.

The interest rate on the Notes will in no event be higher than the maximum rate permitted by New York law as the same may be modified by United States law of general application. In no event will the interest rate on the Notes be less than zero.

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Cancellation of Interest Payments

Interest will be due and payable on an Interest Payment Date only if it is not cancelled. The Bank has the sole and absolute discretion at all times and for any reason to cancel (in whole or in part), with notice to the holders of the Notes, any interest payment that would otherwise be payable on any Interest Payment Date. **As a result, you may not receive any interest on any Interest Payment Date or at any other times, and you will have no claims whatsoever in respect of that cancelled interest.**

Such cancelled interest shall not accumulate or be due and payable at any time thereafter and the holders and the beneficial owners of the Notes shall not have any right to or claim against the Bank with respect to such interest amount. Any such cancellation shall not constitute an Event of Default (as defined in the Indenture) and the holders of the Notes shall have no rights thereto or to receive any additional interest or compensation as a result of such cancellation.

Upon any election by the Bank to cancel (in whole or in part) any interest payment, the Bank shall give notice to the holders of the Notes through the depositary and to the Trustees on or prior to the relevant Interest Payment Date, specifying the amount of the relevant interest cancellation and, accordingly, the amount (if any) of the interest that will be paid on such Interest Payment Date. Failure to provide such notice will not have any impact on the effectiveness of, or otherwise invalidate, any such cancellation of interest, or give holders of the Notes any rights as a result of such failure.

In the event that the Bank has not cancelled interest that is due and payable on any Interest Payment Date and has not punctually paid or duly provided for payment on such Interest Payment Date, such interest will be paid by the Bank on the next succeeding Interest Payment Date; *provided* that no additional interest or compensation shall accrue on such unpaid interest or be payable as a result of such delay in payment.

Restrictions on the Payment of Dividends and Retirement of Shares

If on any Interest Payment Date, the Bank does not pay in full the applicable interest on the Notes that is due and payable on such Interest Payment Date (whether as a result of cancellation or otherwise), the Bank will not (a) declare dividends on the Common Shares or the preferred shares of the Bank or (b) redeem, purchase or otherwise retire any Common Shares or preferred shares of the Bank (except pursuant to any purchase obligation, retraction privilege or mandatory redemption provisions attaching to any preferred shares of the Bank), in each case, until the month commencing immediately after the Bank makes an interest payment in full on the Notes.

Redemption

The Bank may, at its option, with the prior written approval of the Superintendent, redeem the Notes, in whole or in part, on any Interest Payment Date on or after _____, 2022, at a redemption price equal to 100% of the principal amount thereof, plus any accrued and unpaid interest up to, but excluding, the date of redemption (except to the extent such unpaid interest was cancelled).

The Bank may also, at its option, with the prior written approval of the Superintendent, redeem the Notes, in whole but not in part, at any time within 90 days following a Regulatory Event Date (as defined below), at a redemption price equal to 100% of the principal amount thereof, plus any accrued and unpaid interest up to, but excluding, the date of redemption (except to the extent such unpaid interest was cancelled). Additionally, the Bank may, at its option, with the prior written approval of the Superintendent, redeem the Notes, in whole but not in part, on any date following the occurrence of a Tax Event (as defined below) at a redemption price equal to 100% of the principal

amount thereof, plus any accrued and unpaid interest up to, but excluding, the date of redemption (except to the extent such unpaid interest was cancelled). For the purposes of the foregoing:

Regulatory Event Date means the date specified in a letter from the Superintendent to the Bank on which the Notes will no longer be recognized in full as eligible Tier 1 Capital or will no longer be eligible to be

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included in full as risk-based Total Capital on a consolidated basis under the guidelines for capital adequacy requirements for banks in Canada as interpreted by the Superintendent.

Tax Event means the Bank

- (a) has received an opinion of independent counsel of recognized standing experienced in such matters to the effect that, as a result of, (i) any amendment to, clarification of, or change (including any announced prospective change) in, the laws, or any regulations thereunder, or any application or interpretation thereof, of Canada, or any political subdivision or taxing authority thereof or therein, affecting taxation; (ii) any judicial decision, administrative pronouncement, published or private ruling, regulatory procedure, rule, notice, announcement, assessment or reassessment (including any notice or announcement of intent to adopt or issue such decision, pronouncement, ruling, procedure, rule, notice, announcement, assessment or reassessment) (collectively, an *administrative action*); or (iii) any amendment to, clarification of, or change in, the official position with respect to or the interpretation of any administrative action or any interpretation or pronouncement that provides for a position with respect to such administrative action that differs from the theretofore generally accepted position, in each case (i), (ii) or (iii), by any legislative body, court, governmental authority or agency, regulatory body or taxing authority, irrespective of the manner in which such amendment, clarification, change, administrative action, interpretation or pronouncement is made known, which amendment, clarification, change or administrative action is effective or which interpretation, pronouncement or administrative action is announced on or after the date of the issue of the Notes, there is more than an insubstantial risk (assuming any proposed or announced amendment, clarification, change, interpretation, pronouncement or administrative action is effective and applicable) that the Bank is, or may be, subject to more than a de minimus amount of additional taxes, duties or other governmental charges or civil liabilities because the treatment of any of its items of income, taxable income, expense, taxable capital or taxable paid up capital with respect to the Notes or the treatment of the Notes, as or as would be reflected in any tax return or form filed, to be filed, or otherwise could have been filed, will not be respected by a taxing authority; provided that this clause (a) shall not apply in respect of the deductibility of interest in the Notes; or
- (b) (i) as a result of any change (including any announced prospective change) in or amendment to the laws (or any regulations or rulings promulgated thereunder) of Canada (or the jurisdiction of organization of the successor to the Bank) or of any political subdivision or taxing authority thereof or therein affecting taxation, or any change in official position regarding the application or interpretation of such laws, regulations or rulings (including a holding by a court of competent jurisdiction), which change or amendment is announced or becomes effective on or after the date of this Prospectus Supplement (or, in the case of a successor to the Bank, after the date of succession), and which in the written opinion to the Bank (or its successor) of legal counsel of recognized standing has resulted or will result (assuming, in the case of any announced prospective change, that such announced change will become effective as of the date specified in such announcement and in the form announced) in the Bank (or its successor) becoming obligated to pay, on the next succeeding date on which interest is due, additional amounts with respect to the Notes as described under Payment of Additional Amounts; or

(ii) on or after the date of this Prospectus Supplement (or, in the case of a successor to the Bank, after the date of succession), any action has been taken by any taxing authority of, or any decision has been rendered by a court of competent jurisdiction in, Canada (or the jurisdiction of organization of the successor to the Bank) or any political subdivision or taxing authority thereof or therein, including any of those actions specified in the paragraph immediately above, whether or not such action was taken or decision was rendered with respect to the Bank (or its

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successor), or any change, amendment, application or interpretation shall be officially proposed, which, in any such case, in the written opinion to the Bank (or its successor) of legal counsel of recognized standing, will result (assuming that such change, amendment, application, interpretation or action is applied to the Notes by the taxing authority and that, in the case of any announced prospective change, such announced change will become effective as of the date specified in such announcement and in the form announced) in the Bank (or its successor) becoming obligated to pay, on the next succeeding date on which interest is due, additional amounts with respect to the Notes;

and, in any such case of clause (b)(i) or (ii), the Bank (or its successor), in its business judgment, determines that such obligation cannot be avoided by the use of reasonable measures available to it (or its successor).

Any Notes redeemed by the Bank shall be cancelled and may not be reissued.

The Notes are not subject to repayment at the option of the holders.

Purchase for Cancellation

Subject to the prior written approval of the Superintendent, the Notes may be purchased at any time and from time to time, in whole or in part, by the Bank. The purchases may be made in the open market or by tender or private agreement, in any manner and at any price or at differing prices. Any Notes purchased or otherwise acquired by the Bank will be surrendered to the Trustees for cancellation and will not be re-issued or resold. Notwithstanding the foregoing, any subsidiary of the Bank may purchase Notes in the ordinary course of its business of dealing in securities.

Covenants

The Bank will not be restricted by the Indenture or the Notes from incurring, assuming or becoming liable for any type of debt or other obligations or purchasing or redeeming its capital stock except as set forth in Restrictions on the Payment of Dividends and Retirement of Shares. Neither the Indenture nor the Notes will require the maintenance of any financial ratios or specified levels of net worth or liquidity, nor will they contain any covenants or other provisions that would limit the Bank or its subsidiaries' rights to incur additional indebtedness, enter into any sale and leaseback transaction or grant liens on the Bank's or its subsidiaries' assets. Neither the Indenture nor the Notes will contain any provisions that would require the Bank to repurchase or redeem or otherwise modify the terms of the Notes upon a change in control or other events that may adversely affect the creditworthiness of the Notes, for example, a highly leveraged transaction.

Pursuant to the Indenture, the Bank will covenant with the Trustees for the benefit of the Trustees and the holders of Notes that, so long as any Notes remain outstanding, the Bank (i) will duly and punctually pay all amounts as they become due in accordance with the terms of the Notes and subject to cancellation in accordance with the terms of the Notes; and (ii) will, subject to certain exceptions, maintain its corporate existence.

Payment of Additional Amounts

Subject to the Bank's sole and absolute right to cancel interest payments at any time, all payments made by or on behalf of the Bank under or with respect to the Notes will be made free and clear of and without withholding or deduction for or on account of any present or future tax, duty, levy, impost, assessment or other governmental charge (including penalties, interest and other liabilities related thereto) imposed or levied by or on behalf of the Government

of Canada or any province or territory thereof or by any authority or agency therein or thereof having power to tax (hereafter *Canadian taxes*), unless the Bank is required to withhold or deduct Canadian taxes by law or by the interpretation or administration thereof. If the Bank is so required to withhold or

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deduct any amount for or on account of Canadian taxes from any payment made under or with respect to the Notes, we will pay to each holder of Notes as additional interest such additional amounts (*additional amounts*) as may be necessary so that the net amount received by each such holder after such withholding or deduction (and after deducting any Canadian taxes on such additional amounts) will not be less than the amount such holder would have received if such Canadian taxes had not been withheld or deducted, except as described below. However, no additional amounts will be payable with respect to a payment made to a holder (such holder, an *excluded holder*) in respect of the beneficial owner thereof:

- with which the Bank does not deal at arm's length (for the purposes of the *Income Tax Act* (Canada)) at the time of the making of such payment;
- which is subject to such Canadian taxes by reason of the holder being a resident, domiciliary or national of, engaged in business or maintaining a permanent establishment or other physical presence in or otherwise having some connection with Canada or any province or territory thereof otherwise than by the mere holding of the Notes or the receipt of payments thereunder;
- which is subject to such Canadian taxes by reason of the holder's failure to comply with any certification, identification, documentation or other reporting requirements if compliance is required by law, regulation, administrative practice or an applicable treaty as a precondition to exemption from, or a reduction in the rate of deduction or withholding of, such Canadian taxes (provided that the Bank advises the Trustees and the holders of the Notes then outstanding of any change in such requirements);
- with respect to any estate, inheritance, gift, sale, transfer, personal property or similar tax or other governmental charge; or
- which is a fiduciary or partnership or person other than the sole beneficial owner of such payment to the extent that the Canadian taxes would not have been imposed on such payment had such holder been the sole beneficial owner of such Notes.

The Bank will also:

- make such withholding or deduction; and
- remit the full amount deducted or withheld to the relevant authority in accordance with applicable law.

The Bank will furnish to the holders of the Notes, within 60 days after the date the payment of any Canadian taxes is due pursuant to applicable law, certified copies of tax receipts or other documents evidencing such payment by such person.

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The Bank will indemnify and hold harmless each holder of Notes (other than an excluded holder) from and against, and upon written request reimburse each such holder for the amount (excluding any additional amounts that have previously been paid by the Bank with respect thereto) of:

- any Canadian taxes so levied or imposed and paid by such holder as a result of payments made by or on behalf of the Bank under or with respect to the Notes;
- any liability (including penalties, interest and expenses) arising therefrom or with respect thereto; and
- any Canadian taxes imposed with respect to any reimbursement under the preceding two bullet points, but excluding any such Canadian taxes on such holder's net income.

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In any event, no additional amounts or indemnity amounts will be payable under the provisions described above in respect of any Note in excess of the additional amounts and the indemnity amounts which would be required if, at all relevant times, the holder of such Note were a resident of the United States for purposes of and was entitled to the benefits of the Canada-U.S. Income Tax Convention (1980), as amended, including any protocols thereto. As a result of the limitation on the payment of additional amounts and indemnity amounts discussed in the preceding sentence, the additional amounts or indemnity amounts received by certain holders of Notes may be less than the amount of Canadian taxes withheld or deducted or the amount of Canadian taxes (and related amounts) levied or imposed giving rise to the obligation to pay the indemnity amounts, as the case may be, and, accordingly, the net amount received by such holders of the Notes will be less than the amount such holders would have received had there been no such withholding or deduction in respect of Canadian taxes or had such Canadian taxes (and related amounts) not been levied or imposed.

Wherever in the Indenture there is mentioned, in any context, the payment of principal, interest, if any, or any other amount payable under or with respect to a Note, such mention shall be deemed to include mention of the payment of additional amounts to the extent that, in such context, additional amounts are, were or would be payable in respect thereof.

In the event of the occurrence of any transaction or event resulting in a successor to the Bank, all references to Canada in the preceding paragraphs of this subsection shall be deemed to be references to the jurisdiction of organization of the successor entity.

Payments of principal and interest in respect of the Notes are subject in all cases to any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto.

NVCC Automatic Conversion

Upon the occurrence of a Trigger Event, each outstanding Note will automatically and immediately be converted, on a full and permanent basis, without the consent of the holders thereof, into that number of fully-paid Common Shares determined by dividing (a) the product of the Multiplier and the Note Value, by (b) the Conversion Price (an *NVCC Automatic Conversion*). For the purposes of the foregoing:

Conversion Price means, in respect of each Note, the greater of (i) the Floor Price, and (ii) the Current Market Price.

Current Market Price means the volume weighted average trading price of the Common Shares on the TSX or, if not then listed on the TSX, on another exchange or market chosen by the board of directors of the Bank on which the Common Shares are then traded, for the 10 consecutive trading days ending on the trading day immediately prior to the date on which the Trigger Event occurs (with the conversion occurring as of the start of business on the date on which the Trigger Event occurs), converted (if not denominated in U.S. dollars) into U.S. dollars at the Prevailing Rate on the day immediately prior to the date on which the Trigger Event occurs. If no such trading prices are available, *Current Market Price* shall be the Floor Price.

Floor Price means the U.S. dollar equivalent of CAD\$5.00 converted into U.S. dollars at the Prevailing Rate on the day immediately prior to the date on which the Trigger Event occurs, subject to adjustment in the event of (i) the issuance of Common Shares or securities exchangeable for or convertible into Common Shares to all holders of Common Shares as a stock dividend, (ii) the subdivision, redivision or change of the Common Shares into a greater number of Common Shares, or (iii) the reduction, combination or consolidation of the Common Shares into a lesser

number of Common Shares. The adjustment shall be calculated to the nearest one-tenth of one cent provided that no adjustment of the Floor Price shall be required unless such adjustment would require an increase or decrease of at least 1% of the Floor Price then in effect; *provided,*

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however, that in such case any adjustment that would otherwise be required to be made will be carried forward and will be made at the time of and together with the next subsequent adjustment which, together with any adjustments so carried forward, will amount to at least 1% of the Floor Price.

Independent Financial Adviser means an independent financial institution of international repute appointed by the Bank at its own expense.

Multiplier means 1.25.

Note Value means, in respect of each Note, US\$1,000 plus any accrued and unpaid interest on such Note up to, but excluding, the date of the Trigger Event (except to the extent such unpaid interest was cancelled).

Prevailing Rate means, in respect of any currencies on any day, the spot rate of exchange between the relevant currencies prevailing as at or about 12:00 noon (New York time) on that date as appearing on or derived from the Relevant Page or, if such a rate cannot be determined at such time, the rate prevailing as at or about 12:00 noon (New York time) on the immediately preceding day on which such rate can be so determined or, if such rate cannot be so determined by reference to the Relevant Page, the rate determined in such other manner as an Independent Financial Adviser shall consider in good faith appropriate.

Relevant Page means the relevant page on Bloomberg or such other information service provider that displays the relevant information.

Trigger Event has the meaning set out in the OSFI Guideline for Capital Adequacy Requirements (CAR), Chapter 2 - Definition of Capital, dated December 2016, as such term may be amended or superseded by OSFI from time to time, which term currently provides that each of the following constitutes a Trigger Event:

- the Superintendent publicly announces that the Bank has been advised, in writing, that the Superintendent is of the opinion that the Bank has ceased, or is about to cease, to be viable and that, after the conversion of the Notes and all other contingent instruments issued by the Bank and taking into account any other factors or circumstances that are considered relevant or appropriate, it is reasonably likely that the viability of the Bank will be restored or maintained; or
- a federal or provincial government in Canada publicly announces that the Bank has accepted or agreed to accept a capital injection, or equivalent support, from the federal government or any provincial government or political subdivision or agent or agency thereof without which the Bank would have been determined by the Superintendent to be non-viable.

In any case where the aggregate number of Common Shares to be issued to a holder of Notes pursuant to an NVCC Automatic Conversion includes a fraction of a Common Share, such number of Common Shares to be issued to such holder shall be rounded down to the nearest whole number of Common Shares and no cash payment shall be made in lieu of such fractional Common Share. Notwithstanding any other provision of the Notes, the conversion of the Notes shall not be an Event of Default and the only consequence of a Trigger Event under the provisions of the Indenture and the Notes will be the conversion of such Notes into Common Shares. Upon an NVCC Automatic Conversion, any accrued and unpaid interest (except to the extent such unpaid interest was cancelled), together with the principal amount of the Notes, will be deemed paid in full by the issuance of Common Shares upon such conversion and the holders of Notes shall have no further rights and the Bank shall have no further obligations under the Indenture. If tax

is required to be withheld from such payment of interest in the form of Common Shares, the number of Common Shares received by a holder will reflect an amount net of any applicable withholding tax.

In the event of a capital reorganization, consolidation, merger or amalgamation of the Bank or comparable transaction affecting the Common Shares, the Bank will take necessary action to ensure that holders

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of the Notes receive, pursuant to an NVCC Automatic Conversion, the number of Common Shares or other securities that such holders would have received if the NVCC Automatic Conversion occurred immediately prior to the record date for such event.

Right Not to Deliver Common Shares upon NVCC Automatic Conversion

Upon an NVCC Automatic Conversion, the Bank reserves the right not to deliver some or all, as applicable, of the Common Shares issuable thereupon to any person whom the Bank or either Trustee has reason to believe is an Ineligible Person (as defined below) or any person who, by virtue of the operation of the NVCC Automatic Conversion, would become a Significant Shareholder (as defined below) through the acquisition of Common Shares. In such circumstances, the Bank will hold, as agent for such persons, the Common Shares that would have otherwise been delivered to such persons and will attempt to facilitate the sale of such Common Shares to parties other than the Bank and its affiliates on behalf of such persons through a registered dealer to be retained by the Bank on behalf of such persons. Those sales (if any) may be made at any time and at any price. The Bank will not be subject to any liability for failure to sell such Common Shares on behalf of such persons or at any particular price on any particular day. The net proceeds received by the Bank from the sale of any such Common Shares will be divided among the applicable persons in proportion to the number of Common Shares that would otherwise have been delivered to them upon the NVCC Automatic Conversion after deducting the costs of sale and any applicable withholding taxes. For the purposes of the foregoing:

Ineligible Person means (i) any person whose address is in, or whom the Bank or either Trustee has reason to believe is a resident of, any jurisdiction outside of Canada or the United States of America to the extent that the issuance by the Bank of Common Shares or delivery of such shares by its transfer agent to that person, pursuant to an NVCC Automatic Conversion, would require the Bank to take any action to comply with securities, banking or analogous laws of that jurisdiction, and (ii) any person to the extent that the issuance by the Bank of Common Shares, or delivery of such shares by its transfer agent to that person, pursuant to an NVCC Automatic Conversion, would, at the time of the Trigger Event, cause the Bank to be in violation of any law to which the Bank is subject.

Significant Shareholder means any person who beneficially owns directly, or indirectly through entities controlled by such person or persons associated with or acting jointly or in concert with such person, a percentage of the total number of outstanding shares of a class of the Bank that is in excess of that permitted by the Bank Act.

Mergers and Similar Events

The Indenture and the Notes will provide that the Bank will be permitted to merge, amalgamate, consolidate or otherwise combine with another entity, or to sell or lease substantially all of its assets to another entity, as long as the following conditions are met:

- When the Bank merges, amalgamates, consolidates or otherwise is combined with another entity, or sells or leases substantially all of its assets, the surviving, resulting or acquiring entity is a duly organized entity and is legally responsible for and assumes, either by agreement, operation of law or otherwise, the Bank's obligations under the Indenture and the Notes.
- The merger, amalgamation, consolidation, other combination, or sale or lease of assets, must not result in an Event of Default under the Indenture.

If the conditions described above are satisfied, the Bank will not need to obtain the consent of the holders of the Notes in order to merge, amalgamate, consolidate or otherwise combine with another entity or to sell or lease substantially all of its assets.

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The Bank will not need to satisfy the conditions described above if it enters into other types of transactions, including:

- any transaction in which the Bank acquires the stock or assets of another entity but in which the Bank does not merge, amalgamate, consolidate or otherwise combine;
- any transaction that involves a change of control but in which the Bank does not merge, amalgamate, consolidate or otherwise combine; or
- any transaction in which the Bank sells less than substantially all of its assets.

It is possible that this type of transaction may result in a reduction in the Bank's credit rating, may reduce its operating results or may impair its financial condition. Holders of Notes, however, will have no approval right with respect to any transaction of this type.

Events of Default

The Indenture and the Notes will provide that an Event of Default in respect of the Notes will occur only if the Bank becomes bankrupt or insolvent or becomes subject to the provisions of the *Winding-up and Restructuring Act* (Canada), consents to the institution of bankruptcy or insolvency proceedings against it, resolves to wind-up, liquidate or dissolve, is ordered wound-up or otherwise acknowledges its insolvency. Neither a failure to make a payment on the Notes when due (including any interest payment, whether as a result of cancellation or otherwise) nor an NVCC Automatic Conversion upon the occurrence of a Trigger Event will constitute an Event of Default.

Remedies if an Event of Default Occurs. If an Event of Default has occurred, and a Trigger Event has not occurred, the entire principal amount of and any accrued and unpaid interest on all of the Notes (except to the extent such unpaid interest was cancelled) will become immediately due and payable without any declaration or other act on the part of the Trustees or any holders of the Notes. If an Event of Default occurs, the Trustees will have special duties. In that situation, the Trustees will be obligated to use those of their rights and powers under the Indenture, and to use the same degree of care and skill in doing so, that a prudent person would use in that situation in conducting his or her own affairs. If any provisions of the Bank Act or any rules, regulations, orders or guidelines passed pursuant thereto or in connection therewith or guidelines issued by the Superintendent in relation thereto limit the payment of such unpaid principal and interest before a specified time, the obligation of the Bank to make such payment will be subject to such limitation.

Except in cases of default in which the Trustees have the special duties described above, the Trustees are not required to take any action under the Indenture at the request of any holders of Notes unless the holders offer the Trustees reasonable protection from expenses and liability, called an indemnity, reasonably satisfactory to the Trustees. If such an indemnity is provided, the holders of a majority in principal amount of the outstanding Notes may direct the time, method and place of conducting any lawsuit or other formal legal action seeking any remedy available to the Trustees. These majority holders may also direct the Trustees in performing any other action under the Indenture.

Before you bypass the Trustees and bring your own lawsuit or other formal legal action or take other steps to enforce your rights or protect your interests relating to the Notes, the following must occur:

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- the holder of the Note must give the Trustees written notice that an Event of Default has occurred and remains uncured;
- the holders of not less than 25% in principal amount of all outstanding Notes must make a written request that the Trustees take action because of such Event of Default;

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- such holder or holders must offer reasonable indemnity acceptable to the Trustees against the cost and other liabilities of taking that action;
- the Trustees must have not taken action for 90 days after receipt of the above notice and offer of indemnity; and
- the Trustees must not have received any direction from a majority in principal amount of all outstanding Notes that is inconsistent with such written request during such 90-day period.

There will be no right of acceleration in the case of a cancellation of any payment of interest on the Notes, in the case of a default in the performance of any covenant of the Bank in the Indenture or upon the occurrence of a Trigger Event.

Modification and Waiver of the Notes

There are three types of changes the Bank can make to the Indenture and the Notes. However, any deletion, addition or variation of the terms and conditions of the Notes which might affect the classification afforded the Notes under the capital adequacy requirements pursuant to the Bank Act and the regulations and guidelines thereunder will require the prior written approval of the Superintendent.

Changes Requiring Consent of All Holders. First, there are changes that cannot be made to the Indenture or the Notes without the consent of each holder of the Notes. Following is a list of those types of changes:

- reduce the principal amount that is payable upon acceleration of the Notes following an Event of Default;
- reduce the rate or change the time of payment of interest on the Notes in any manner not permitted pursuant to the terms of the Notes;
- change the coin or currency in which the Notes or interest thereon is payable;
- change the place of payment;
- impair a holder's right to sue for payment;
- reduce the percentage of holders of Notes whose consent is needed to modify or amend the Indenture;
- reduce the percentage of holders of Notes whose consent is needed to waive compliance with certain provisions of the Indenture or to waive certain defaults;

- modify the subordination provisions of the Indenture in a manner adverse to holders of the Notes; or

- modify any other aspect of the provisions dealing with modification and waiver of the Indenture.

Changes Requiring a Majority Consent. The second type of change to the Indenture and the Notes is the kind that requires the consent of holders of Notes owning not less than a majority of the principal amount of the Notes. Most changes fall into this category, except for clarifying changes and certain other changes that would not adversely affect in any material respect holders of the Notes. The Bank may also obtain a waiver of a past default from the holders of Notes owning a majority of the principal amount of the Notes. However, the Bank cannot obtain a waiver of any aspect of the Indenture or the Notes listed in the first category described above under **Changes Requiring Consent of All Holders** unless the Bank obtains the individual consent of each holder to the waiver.

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Changes Not Requiring Consent. The third type of change to the Indenture and the Notes does not require consent by holders of the Notes. This type is limited to certain changes that would not adversely affect in any material respect the interests of the holders of the Notes. Following is a list of those types of changes:

- to evidence the succession of another person to the Bank and the assumption by any such successor of the Notes;
- to add to the covenants of the Bank for the benefit of the holders of the Notes;
- to add any additional Events of Default for the benefit of the holders of the Notes;
- to facilitate the issuance of Notes in bearer form;
- to secure the Notes;
- to provide for the issuance of additional Notes;
- to evidence the appointment of a successor trustee;
- to comply with the provisions of the depositary or the Trustees relating to transfers and exchanges of Notes or beneficial interests in Notes; or
- to cure any ambiguity, to correct or supplement any provision in the Indenture which may be defective or inconsistent with any other provision in the Indenture, or to make any other provisions with respect to matters or questions arising under the Indenture, *provided* that such action shall not adversely affect the interests of the holders of the Notes in any material respect.

Further Details Concerning Voting. The Notes will not be considered outstanding, and therefore not eligible to vote or take other action under the Indenture, if the Bank has given a notice of redemption and deposited or set aside in trust for the holders money for the payment or redemption of those Notes. Notes will also not be considered outstanding, and therefore not eligible to vote or take other action under the Indenture, if the Bank or one of its affiliates is the beneficial owner of the Notes.

The Bank will generally be entitled to set any day as a record date for the purpose of determining the holders of outstanding Notes that are entitled to vote or take other action under the Indenture. In certain limited circumstances, the Trustees will be entitled to set a record date for action by holders. If the Trustees or the Bank sets a record date for a vote or other action to be taken by holders of the Notes, that vote or action may be taken only by persons who are holders of outstanding Notes on the record date.

Book-entry and other indirect holders should consult their banks, brokers or other financial institutions for information on how approval may be granted or denied if the Bank seeks to change the Indenture or the Notes or requests a waiver.

Further Issues

Subject to regulatory capital requirements applicable to the Bank, there is no limit on the amount of subordinated indebtedness we may issue. The Bank may from time to time, without notice to or the consent of the registered holders of the Notes, create and issue further Notes ranking pari passu with the Notes in all respects (other than issue date, issue price and, if applicable, the first interest payment date and the initial interest accrual date) and so that such further Notes may be consolidated and form a single series with the Notes and have the same terms as to status, redemption or otherwise as the Notes.

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Governing Law

The Notes and the Indenture will be governed by the laws of the State of New York, except that the provisions relating to an NVCC Automatic Conversion and the subordination provisions in the Indenture and the Notes will be governed by the laws of the Province of Ontario and the laws of Canada applicable therein.

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Table of Contents**COMPARATIVE PER SHARE MARKET PRICE**

The Bank's Common Shares are listed on the Toronto Stock Exchange (the "TSX") and the New York Stock Exchange (the "NYSE") under the trading symbol "BNS".

The table below sets forth, for the periods indicated, the per share high and low closing sales prices for the Bank's Common Shares as reported on the NYSE and the TSX. TSX closing prices of the Bank's Common Shares are presented in Canadian dollars, and the NYSE closing prices of the Bank's Common Shares are presented in U.S. dollars.

| | BNS shares TSX | | BNS shares NYSE | |
|---|----------------|-------|-----------------|-------|
| | (in C\$) | | (in US\$) | |
| | High | Low | High | Low |
| Annual information for the past fiscal years ending October 31, | | | | |
| 2012 | 57.05 | 47.89 | 57.32 | 45.90 |
| 2013 | 63.54 | 52.80 | 60.77 | 52.50 |
| 2014 | 74.35 | 60.24 | 68.33 | 54.36 |
| 2015 | 70.85 | 55.88 | 62.49 | 42.20 |
| 2016 | 72.23 | 51.87 | 54.95 | 35.80 |
| Quarterly information for the past two fiscal years and subsequent quarters: | | | | |
| 2015, quarter ended | | | | |
| January 31 | 70.85 | 61.06 | 62.49 | 48.04 |
| April 30 | 67.37 | 62.05 | 56.03 | 49.13 |
| July 31 | 67.13 | 61.07 | 55.52 | 46.86 |
| October 31 | 63.81 | 55.88 | 48.48 | 42.20 |
| 2016, quarter ended | | | | |
| January 31 | 61.91 | 51.87 | 47.45 | 35.80 |
| April 30 | 65.80 | 52.06 | 52.45 | 37.36 |
| July 31 | 67.07 | 61.69 | 52.66 | 47.62 |
| October 31 | 72.23 | 65.51 | 54.95 | 49.96 |
| 2017, quarter ended | | | | |
| January 31 | 78.71 | 69.88 | 60.01 | 51.58 |
| April 30 | 81.99 | 75.31 | 62.69 | 55.32 |
| July 31 | 79.69 | 74.18 | 62.49 | 54.50 |
| Monthly information for the most recent six months | | | | |
| March 2017 | 78.71 | 69.88 | 60.01 | 51.58 |
| April 2017 | 81.99 | 75.31 | 62.69 | 55.32 |
| May 2017 | 79.69 | 74.18 | 62.49 | 54.50 |
| June 2017 | 78.71 | 69.88 | 60.01 | 51.58 |
| July 2017 | 81.99 | 75.31 | 62.69 | 55.32 |
| August 2017 | 79.69 | 74.18 | 62.49 | 54.50 |

On September 27, 2017, the last reported sale price of the Common Shares was US\$64.07 on the NYSE and \$80.02 on the TSX.

Fluctuations in the exchange rate between the Canadian dollar and the U.S. dollar will affect any comparisons of the Bank's Common Shares traded on the TSX and the Bank's Common Shares traded on the NYSE. See Presentation of Financial Information.

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CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

Prospective investors should refer to the section **United States Taxation** in the accompanying Prospectus for a discussion of the material United States federal income tax consequences to a United States holder (as defined therein).

This section provides information that supplements the statements under **United States Taxation** in the accompanying Prospectus. If the information in this Prospectus Supplement differs from the accompanying Prospectus, you should rely on the information in this Prospectus Supplement.

There is no authority that addresses the United States federal income tax treatment of an instrument such as the Notes that is denominated as a subordinated debt instrument but that provides for an NVCC Automatic Conversion upon the occurrence of a Trigger Event. While the Notes should be treated as equity for United States federal income tax purposes, the IRS could assert an alternative tax treatment of the Notes for United States federal income tax purposes. There can be no assurance that any alternative tax treatment, if successfully asserted by the IRS would not have adverse United States federal income tax consequences to a United States holder of the Notes. However, treatment of the Notes as debt for United States federal income tax purposes should not result in inclusions of income with respect to the Notes that are materially different than the United States federal income tax consequences if the Notes are treated as equity for United States federal income tax purposes.

If the Notes are characterized as equity for United States federal income tax purposes, the United States federal income tax consequences to a United States holder of the Notes would be as described in **United States Taxation** **Tax consequences to holders of our shares** in the accompanying Prospectus.

The conversion of the Notes into Common Shares upon the occurrence of a Trigger Event should be treated as a recapitalization for United States federal income tax purposes. As a result, upon such conversion, a United States holder should not recognize any gain or loss, the tax basis in the Common Shares received should be equal to the tax basis in the Notes that were converted and the holding period of the Common Shares received should include the holding period of the Notes that were converted.

If the Notes are characterized as debt for United States federal income tax purposes, the United States federal income tax consequences to a United States holder of the Notes would be as described in **United States Taxation** **Tax consequences to holders of our debt securities** in the accompanying Prospectus.

United States holders are urged to consult their tax advisors regarding the characterization of the Notes as debt or equity for United States federal income tax purposes.

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CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary of the principal Canadian federal income tax considerations generally applicable to a purchaser who acquires, as beneficial owner, Notes, including entitlements to all payments thereunder, pursuant to this offering and who, at all relevant times, for purposes of the application of the *Income Tax Act* (Canada) and the Income Tax Regulations (collectively, the *Act*) is not, and is not deemed to be, resident in Canada, deals at arm's length with the Bank and with any transferee resident (or deemed to be resident) in Canada to whom the purchaser disposes of the Notes, does not use or hold the Notes in a business carried on in Canada, is not a specified shareholder and is not a person who does not deal at arm's length with a specified shareholder (as defined for purposes of subsection 18(5) of the Act) of the Bank and does not receive any payment of interest on the Notes in respect of a debt or other obligation to pay an amount to a person with whom the Bank does not deal at arm's length (a *Non-Resident Holder*). Special rules, which are not discussed in this summary, may apply to a Non-Resident Holder that is an insurer that carries on an insurance business in Canada and elsewhere.

This summary is based upon the current provisions of the Act and an understanding of the current administrative policies and assessing practices of the Canada Revenue Agency published in writing prior to the date hereof. This summary takes into account all specific proposals to amend the Act publicly announced by or on behalf of the Minister of Finance prior to the date hereof (the *Proposals*) and assumes that all Proposals will be enacted in the form proposed. However, no assurance can be given that the Proposals will be enacted as proposed or at all. This summary does not otherwise take into account any changes in law or in administrative practices or assessing policies, whether by legislative, administrative or judicial action, nor does it take into account any provincial, territorial or foreign income tax considerations, which may differ from those discussed herein.

This summary is of a general nature only and is not intended to be legal or tax advice to any particular purchaser. This summary is not exhaustive of all Canadian federal income tax considerations. Accordingly, prospective purchasers of Notes should consult their own tax advisors with respect to their particular circumstances.

No Canadian withholding tax will apply to interest or principal paid or credited to a Non-Resident Holder by the Bank or to proceeds received by a Non-Resident Holder on the disposition of a Note, including on a redemption, payment on maturity, NVCC Automatic Conversion or purchase for cancellation.

No other tax on income or gains will be payable by a Non-Resident Holder on interest or principal, or on proceeds received by a holder on the disposition of a Note, including on a redemption, payment on maturity, NVCC Automatic Conversion or purchase for cancellation.

Table of Contents**EMPLOYEE RETIREMENT INCOME SECURITY ACT**

The discussion below supplements the discussion under Employee Retirement Income Security Act, beginning on page 45 of the accompanying Prospectus.

Any purchaser that is a Plan or that is acquiring the Notes on behalf of a Plan or an entity whose underlying assets include plan assets by reason of any Plan's investment in the entity (a *Plan asset entity* or *Plan asset vehicle*), including any fiduciary purchasing on behalf of a Plan or Plan asset entity (each, a *Benefit Plan Investor*), will be deemed to have represented that (i) that the person causing the Benefit Plan Investor to acquire the Notes (the *Plan Fiduciary*) is one of: (a) a bank as defined in Section 202 of the Investment Advisers Act of 1940 (the *Advisers Act*), or similar institution that is regulated and supervised and subject to periodic examination by a State or Federal agency; (b) an insurance carrier which is qualified under the laws of more than one state to perform the services of managing, acquiring or disposing of assets of a Benefit Plan Investor; (c) an investment adviser registered under the Advisers Act, or, if not registered as an investment adviser under the Advisers Act by reason of paragraph (1) of Section 203A of the Advisers Act, an investment adviser registered under the laws of the state in which it maintains its principal office and place of business; (d) a broker-dealer registered under the Exchange Act; or (e) an independent fiduciary that has, and at all times that the Benefit Plan Investor is invested in the Notes will have, total assets of at least US\$50,000,000 under its management or control (provided that this clause (i) shall not be satisfied if the Plan Fiduciary is either (1) the owner or a relative of the owner of an investing individual retirement account or (2) a participant or beneficiary of the Benefit Plan Investor investing in the Notes in such capacity); (ii) it is capable of evaluating investment risks independently, both in general and with respect to particular transactions and investment strategies, including the acquisition by the Benefit Plan Investor of any Note; (iii) it is a fiduciary with respect to the Benefit Plan Investor within the meaning of Section 3(21) of ERISA, Section 4975 of the Code, or both, is independent of the Bank, the trustees, the underwriters and their respective affiliates (the *Affiliated Parties*) and is responsible for exercising independent judgment in evaluating the Benefit Plan Investor's acquisition of the Notes; (iv) none of the Affiliated Parties has exercised any authority to cause the Benefit Plan Investor to invest in the Notes or to negotiate the terms of the Benefit Plan Investor's investment in the Notes; (v) no fee or other compensation is being paid directly to any of the Affiliated Parties by the Benefit Plan Investor or the Plan Fiduciary for investment advice (as opposed to other services) in connection with the Benefit Plan Investor's acquisition of the Notes; and (vi) it has been informed by the Affiliated Parties (a) that none of the Affiliated Parties has undertaken to provide impartial investment advice or to give advice in a fiduciary capacity and (b) of the existence and nature of the Affiliated Parties financial interests in the Benefit Plan Investor's acquisition of such Notes. The above representations in this paragraph are intended to comply with the United States Department of Labor regulation 29 C.F.R. Section 2510.3-21(a) and (c)(1), as promulgated on April 8, 2016 (81 Fed. Reg. 20,997); if these regulations are revoked, repealed or no longer effective, such representations shall be deemed to be no longer in effect.

Table of Contents**UNDERWRITING (CONFLICTS OF INTEREST)**

Under the terms and subject to the conditions contained in an underwriting agreement dated the date of this Prospectus Supplement (the *underwriting agreement*), the underwriters listed in the table below, for whom UBS Securities LLC and Scotia Capital (USA) Inc. are acting as representatives, have severally agreed to purchase, and we have agreed to sell to them, severally, the principal amount of the Notes set forth opposite each underwriter's name below.

| Underwriter | Principal Amount of Notes |
|---------------------------|--------------------------------------|
| UBS Securities LLC | US\$ |
| Scotia Capital (USA) Inc. | |
| Total | US\$ |

The Notes are being offered by the underwriters subject to approval of legal matters by counsel for the underwriters and other conditions. The underwriting agreement provides that the underwriters are obligated to purchase all of the Notes if any are purchased. The underwriting agreement also provides that if an underwriter defaults, the purchase commitments of the non-defaulting underwriters may also be increased or the offering may be terminated.

The underwriters propose initially to offer the Notes to the public at the public offering price on the cover page of this Prospectus Supplement and may offer the Notes to dealers at that price less a concession not in excess of % of the principal amount per Note. The underwriters may allow, and the dealers may reallow, a discount not in excess of % of the principal amount of the Notes to other dealers. After the initial public offering of the Notes, the underwriters may change the public offering price and discount to broker-dealers.

The expenses of the offering, not including the underwriting commissions, are estimated to be US\$ and are payable by the Bank.

The Notes are a new issue of securities with no established trading market. The underwriters intend to make a secondary market for the Notes. However, they are not obligated to do so and may discontinue making a secondary market for the Notes at any time without notice. If a trading market develops, no assurance can be given as to how liquid that trading market for the Notes will be.

The Bank has agreed to indemnify each of the underwriters against liabilities under the Securities Act, or contribute to payments that the underwriters may be required to make in that respect.

In connection with this offering, the underwriters may engage in stabilizing transactions, syndicate covering transactions and penalty bids in accordance with Regulation M under the Exchange Act. Stabilizing transactions permit bids to purchase the underlying security so long as the stabilizing bids do not exceed a specified maximum. Syndicate covering transactions involve purchases of the Notes in the open market after the distribution has been completed in order to cover syndicate short positions. A short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the Notes in the open market after pricing that could adversely affect investors who purchase in the offering. Penalty bids permit the underwriters to reclaim a selling concession from a broker-dealer when the Notes originally sold by such broker-dealer are purchased in a stabilizing or covering transaction to cover short positions.

These stabilizing transactions, syndicate covering transactions and penalty bids may have the effect of raising or maintaining the market price of the Notes or preventing or retarding a decline in the market price of the Notes. As a result, the price of the Notes may be higher than the price that might otherwise exist in the open market. These transactions, if commenced, may be discontinued at any time.

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In the ordinary course of business, the underwriters and their affiliates have provided financial advisory, investment banking and general financing and banking services for the Bank for customary fees. The underwriters and/or their affiliates may provide such services to the Bank in the future.

We expect that delivery of the Notes will be made against payment therefor on or about the _____ business day following the date of pricing of the Notes (this settlement cycle being referred to as T+ _____). Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally are required to settle in two business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade their Notes on the date of pricing or the next succeeding _____ business days will be required, by virtue of the fact that the Notes initially will settle in T+ _____, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of Notes who wish to trade their Notes on the date of pricing or the next succeeding _____ business days should consult their own advisor.

We will use this Prospectus Supplement in the initial sale of the Notes. In addition, Scotia Capital (USA) Inc. may use this Prospectus Supplement in market-making transactions in any Notes after their initial sale. **Unless the underwriters or we inform you otherwise in the confirmation of sale, this Prospectus Supplement is being used in a market-making transaction.**

The Bank does not expect to receive any proceeds from market-making transactions. The Bank does not expect that Scotia Capital (USA) Inc. or any other affiliate that engages in these transactions will pay any proceeds from its market-making resales to the Bank. Information about the trade and settlement dates, as well as the purchase price, for a market-making transaction will be provided to the purchaser in a separate confirmation of sale. Unless the Bank or an agent informs you in your confirmation of sale that your Notes are being purchased in its original offering and sale, you may assume that you are purchasing your Notes in a market-making transaction. In this Prospectus Supplement, the term *this offering* means the initial offering of Notes made in connection with their original issuance. This term does not refer to any subsequent resales of Notes in market-making transactions.

This Prospectus Supplement also relates to the offering and sale of our Common Shares issuable upon conversion of the Notes. The Bank intends to apply to list such Common Shares on the TSX and the NYSE in accordance with their respective rules and requirements.

Conflicts of Interest

Because Scotia Capital (USA) Inc. is an affiliate of the Bank and is participating in the distribution of the Notes in this offering as an underwriter, Scotia Capital (USA) Inc. has a conflict of interest as defined in FINRA Rule 5121. Consequently, this offering is being conducted in compliance with FINRA Rule 5121. Scotia Capital (USA) Inc. is not permitted to sell Notes in this offering to accounts over which discretionary control is exercised without the prior specific written authority of the accountholder.

Some of the underwriters and their affiliates have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

In addition, in the ordinary course of their business activities, the underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates. Certain of the underwriters or their affiliates that have a lending relationship with us routinely hedge their credit exposure to us consistent with

their customary risk management policies. Typically, such underwriters and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in our securities, including potentially the

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Notes offered hereby. Any such short positions could adversely affect future trading prices of the Notes offered hereby. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Offering Restrictions

With the exception of sales from Scotia Capital (USA) Inc. to Scotia Capital Inc., each underwriter has represented and agreed that it has not offered or sold, directly or indirectly, and that it will not, directly or indirectly, offer, sell or deliver, any of the Notes in or from Canada or to any resident of Canada without the consent of the Bank. Each underwriter has also agreed that it will include a comparable provision in any sub-underwriting, banking group or selling group agreement or similar arrangement with respect to the Notes that may be entered into by such underwriter.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a *Relevant Member State*), each underwriter has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the *Relevant Implementation Date*), it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus Supplement to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State (a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive; (b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant underwriter nominated by the Bank for any such offer; or (c) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of Notes referred to in (a) to (c) above shall require the Bank or any underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive, or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

Each purchaser of Notes described in this Prospectus Supplement located within a Relevant Member State will be deemed to have represented, acknowledged and agreed with each underwriter and the Bank that it is a qualified investor within the meaning of Article 2(1)(E) of the Prospectus Directive.

For the purposes of this provision, the expression an offer of Notes to the public in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression Prospectus Directive means Directive 2003/71/EC (as amended, including Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

United Kingdom

This Prospectus Supplement and the accompanying Prospectus are only being distributed to, and are only directed at, persons in the United Kingdom that are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive (and amendments thereto) and Section 86(7) of the Financial Services and Markets Act 2000 (United Kingdom), as amended (the *FSMA*) that are also (i) investment professionals falling within Article 19(5) of the FSMA (Financial Promotion) Order 2005, as amended (the *Order*), (ii) high net worth entities, and other persons to whom it

may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order or (iii) persons to whom an invitation or inducement to engage in investment activity (within the meaning

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of Section 21 of the FSMA) in connection with the issue or sale of any Notes may otherwise be lawfully communicated or caused to be communicated (each such person being referred to as a *Relevant Person*). The Notes are only available to, and any invitation, offer or agreement to purchase or otherwise acquire such Notes will be engaged only with, Relevant Persons. This Prospectus Supplement and the accompanying Prospectus and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other persons in the United Kingdom. Any person in the United Kingdom that is not a Relevant Person should not act or rely on this document or any of its contents. The Notes are not being offered or sold to any person in the United Kingdom, except in circumstances which will not result in an offer of securities to the public in the United Kingdom within the meaning of Part VI of the FSMA.

Each underwriter has represented and agreed, and each further underwriter appointed will be required to represent and agree, that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to us; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Hong Kong

The Notes may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to professional investors within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a prospectus within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong) and no advertisement, invitation or document relating to the Notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Japan

The Notes offered in this Prospectus Supplement have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948, as amended) (the *Financial Instruments and Exchange Law*). The Notes have not been offered or sold and will not be offered or sold, directly or indirectly, in Japan or to or for the account of any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except (i) pursuant to an exemption from the registration requirements of the Financial Instruments and Exchange Law and (ii) in compliance with any other applicable requirements of Japanese law.

Singapore

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This Prospectus Supplement and the accompanying Prospectus have not been registered as a Prospectus with the Monetary Authority of Singapore. Accordingly, this Prospectus Supplement, the accompanying Prospectus, and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made

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the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the SFA), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to compliance with conditions set forth in the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, shares, notes and units of shares and notes of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person pursuant to Section 275(1A) of the SFA and in accordance with the conditions specified in Section 275 of the SFA; (2) where no consideration is or will be given for the transfer; or (3) where the transfer is by operation of law.

Switzerland

The Notes may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange, or SIX, or on any other stock exchange or regulated trading facility in Switzerland. This Prospectus Supplement has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the Notes or the offering may be publicly distributed or otherwise made publicly available in Switzerland. Additionally, the Notes may not be offered to the public in or from Switzerland, but only to a selected and limited circle of investors who do not subscribe to the Notes with a view to distribution. Any such investors will be individually approached by the underwriters from time to time.

Taiwan

The Notes have not been and will not be registered with the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations and may not be sold, issued or offered within Taiwan through a public offering or in circumstances which constitutes an offer within the meaning of the Securities and Exchange Act of Taiwan that requires a registration or approval of the Financial Supervisory Commission of Taiwan. No person or entity in Taiwan has been authorized to offer, sell, give advice regarding or otherwise intermediate the offering and sale of the Notes in Taiwan.

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LEGAL MATTERS

The validity of the Notes offered hereby will be passed upon for us by Osler, Hoskin & Harcourt LLP, Toronto, Ontario, as to matters of Canadian law and applicable matters of Ontario law, and by Shearman & Sterling LLP, Toronto, Ontario, as to matters of New York law. The underwriters have been represented by Morrison & Foerster LLP, New York, New York as to matters of New York law.

EXPERTS

KPMG LLP, Chartered Professional Accountants, Toronto, Ontario, is the external auditor who prepared the Independent Auditors Report of Registered Public Accounting Firm with respect to the consolidated statements of financial position of the Bank as at October 31, 2016 and October 31, 2015 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for each of the years in the three-year period ended October 31, 2016 and notes, comprising a summary of significant accounting policies and other explanatory information, and who prepared the Report of Independent Registered Public Accounting Firm on the Bank's internal control over financial reporting as of October 31, 2016. These financial statements and management's assessment of the effectiveness of the internal control over financial reporting as of October 31, 2016 have been so incorporated by reference in reliance on their reports given on their authority as experts in auditing and accounting. KPMG LLP is independent with respect to the Bank within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulation. Further, KPMG LLP is an independent accountant with respect to the Bank under all relevant U.S. professional and regulatory standards.

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Common Shares

Preferred Shares

Senior Debt Securities

Subordinated Debt Securities

up to an aggregate initial offering price of US\$20,000,000,000

or the equivalent thereof in other currencies.

The Bank of Nova Scotia (the "Bank") may from time to time offer and issue common shares, preferred shares, senior debt securities or subordinated debt securities. This prospectus provides information about the Bank and describes some of the general terms that may apply to these securities. The specific terms of any securities to be offered, and any other information relating to a specific offering, will be set forth in one or more supplements to this prospectus. We may offer and sell these securities to or through one or more underwriters, dealers or agents, or directly to purchasers, on a continuous or delayed basis. The names of the underwriters, dealers or agents will be set forth in supplements to this prospectus. You should read this prospectus and any applicable prospectus supplement carefully before you invest in any of the securities of the Bank.

The common shares of the Bank are listed on the New York Stock Exchange and the Toronto Stock Exchange under the symbol "BNS".

Investing in the securities described herein involves a number of risks. See Risk Factors on page 5 of this prospectus.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR PASSED UPON THE ADEQUACY OR ACCURACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

Prospective investors should be aware that the acquisition of the securities described herein may have tax consequences both in the United States and in Canada. Such consequences for investors who are resident in, or citizens of, Canada or the United States may not be described fully herein or in any applicable prospectus supplement.

The enforcement by investors of civil liabilities under the United States federal securities laws may be affected adversely by the fact that the Bank is a Canadian bank, that many of its officers and directors, and some or all of the underwriters or experts named in this prospectus, may be residents of Canada and that all or a substantial portion of the assets of the Bank and such persons may be located outside the United States.

The securities will not constitute deposits that are insured under the Canada Deposit Insurance Corporation Act or by the United States Federal Deposit Insurance Corporation or any other Canadian or U.S. government agency or instrumentality.

The Bank may use this prospectus in the initial sale of any securities. In addition, the Bank or any of its affiliates, may use this prospectus in a market-making or other transaction in any security after its initial sale. *Unless the Bank or its agent informs the purchaser otherwise in the confirmation of sale, this prospectus is being used in a market-making transaction.*

This prospectus is dated February 1, 2017.

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ABOUT THIS PROSPECTUS

General

This document is called a prospectus and is part of a registration statement that we filed with the U.S. Securities and Exchange Commission (the SEC) using a shelf registration or continuous offering process. Under this shelf registration, we may from time to time sell any combination of the common shares, preferred shares, senior debt securities or subordinated debt securities described in this prospectus in one or more offerings, and which we collectively refer to herein as the securities. The registration statement containing this prospectus, including exhibits to the registration statement, provides additional information about us and the securities offered under this prospectus. The registration statement can be read at the SEC website or at the SEC office mentioned under the heading **Where You Can Find More Information**.

This prospectus provides you with a general description of the securities we may offer. Each time we sell securities under this shelf registration statement we will provide one or more supplements to this prospectus containing specific information about the terms of the securities being offered. Any such supplements, which we refer to in this prospectus as the applicable prospectus supplements, may include a discussion of any additional risk factors or other special considerations that apply to those securities and may also add to, update or change the information in this prospectus. The applicable prospectus supplements relating to each series of securities will be attached to the front of this prospectus. If there is any inconsistency between the information in this prospectus and any applicable prospectus supplement, you should rely on the information in the most recent applicable prospectus supplement. We urge you to read carefully both this prospectus and any applicable prospectus supplement accompanying this prospectus, together with the information incorporated herein and in any applicable prospectus supplement by reference under the heading **Where You Can Find More Information**, before deciding whether to invest in any of the securities being offered.

We are responsible for the information provided in this prospectus and the applicable prospectus supplements, including the information incorporated by reference herein and therein. We have not authorized anyone to give you any other information or to make any representation different from or in addition to that contained or incorporated by reference in this prospectus and any applicable prospectus supplement. We take no responsibility for and can make no assurance as to the reliability of any other information that others may give you. If you are in a jurisdiction where offers to sell, or solicitations of offers to purchase, the securities offered by this prospectus are unlawful, or if you are a person to whom it is unlawful to direct these types of activities, then the offer presented in this prospectus does not extend to you. The information contained in this prospectus speaks only as of the date of this prospectus unless the information specifically indicates that another date applies. Therefore, you should not assume that the information contained in this prospectus or any applicable prospectus supplement is accurate on any date subsequent to the date set forth on the front of the document or that any information we have incorporated by reference is correct on any date subsequent to the date of the document incorporated by reference, even though this prospectus and any applicable prospectus supplement is delivered or securities are sold on a later date.

We may sell securities to underwriters who will sell the securities to the public on terms fixed at the time of sale. In addition, the securities may be sold by us directly or through dealers or agents designated from time to time, some of which may be our affiliates. If we, directly or through dealers or agents, solicit offers to purchase the securities, we reserve the sole right to accept and, together with the applicable dealers or agents, to reject, in whole or in part, any of those offers. An applicable prospectus supplement will contain the names of the underwriters, dealers or agents, if any, together with the terms of the offering, the compensation of those persons and the net proceeds to us. Any underwriters, dealers or agents participating in the offering may be deemed underwriters within the meaning of the Securities Act of 1933, as amended (the Securities Act).

In this prospectus, unless the context otherwise indicates, the Bank, we, us or our means The Bank of Nova Scotia and its subsidiaries.

PRESENTATION OF FINANCIAL INFORMATION

The Bank prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. Additionally, the Bank publishes its consolidated financial statements in Canadian dollars. In this prospectus and any applicable

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prospectus supplement, currency amounts are stated in Canadian dollars, unless specified otherwise. References to \$, Cdn\$ and dollars are to Canadian dollars, and references to US\$ are to U.S. dollars.

The tables below set forth the high and low daily noon exchange rates, the average yearly rate and the rate at period end between Canadian dollars and U.S. dollars (in U.S. dollars per Canadian dollar) for the periods listed below. On January 31, 2017, the noon exchange rate was US\$0.7675 = \$1.00. Our reference to the noon exchange rate is the noon exchange rate as reported by the Bank of Canada on a specified date.

| Year Ended October 31, | High | Low | Average Rate(1) | At Period End |
|-------------------------------|-------------|------------|------------------------|----------------------|
| 2012 | 1.0299 | 0.9536 | 0.9968 | 1.0004 |
| 2013 | 1.0164 | 0.9455 | 0.9777 | 0.9589 |
| 2014 | 0.9602 | 0.8858 | 0.9149 | 0.8869 |
| 2015 | 0.8900 | 0.7455 | 0.7979 | 0.7644 |
| 2016 | 0.7972 | 0.6854 | 0.7550 | 0.7461 |
| Month of 2016 | | | High | Low |
| November | | | 0.7498 | 0.7363 |
| December | | | 0.7622 | 0.7377 |
| Month of 2017 | | | High | Low |
| January | | | 0.7675 | 0.7442 |

(1) The average of the noon exchange rates on the last business day of each full month during the relevant period.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This prospectus and any applicable prospectus supplement, including documents incorporated by reference herein and therein, may contain forward-looking information or forward-looking statements (collectively, forward-looking statements). 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 prospectus, any applicable prospectus supplement, the Management's Discussion and Analysis in the Bank's Annual Report on Form 40-F for the fiscal year ended October 31, 2016 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, increase, may fluctuate, and similar expressions of future or conditional verbs, such as will, may, should, would, or 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 as described in the Bank's annual financial statements (see "Controls and Accounting Policies - Critical accounting estimates" in the Bank's Annual Report on Form 40-F for the fiscal year ended October 31,

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2016, and updated by quarterly reports); 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 or other criminal behavior 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; anti-money laundering; consolidation in the financial services sector in Canada and globally; competition, both from new entrants and established competitors including through internet and mobile banking; 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 60 of the Bank's Annual Report on Form 40-F for the fiscal year ended October 31, 2016.

Material economic assumptions underlying the forward-looking statements contained in this prospectus are set out in the Bank's Annual Report on Form 40-F for the fiscal year ended October 31, 2016 under the heading Overview Outlook, as updated by quarterly reports; 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.

WHERE YOU CAN FIND MORE INFORMATION

In addition to the continuous disclosure obligations under the securities laws of the provinces and territories of Canada, the Bank is subject to the informational reporting requirements of the U.S. Securities Exchange Act of 1934, as amended (the Exchange Act), and in accordance therewith files or furnishes reports and other information with the SEC. Under the multijurisdictional disclosure system adopted by the United States and Canada, such reports and other information may be prepared in accordance with the disclosure requirements of the provincial and territorial securities regulatory authorities of Canada, which requirements are different from those of the United States. As a foreign private issuer, the Bank is exempt from the rules under the Exchange Act prescribing the furnishing and content of proxy statements, and the Bank's officers and directors are exempt from the reporting and short swing profit recovery provisions contained in Section 16 of the Exchange Act. The Bank's reports and other information filed with or furnished to the SEC since November 2000 are available, and reports and other information filed or furnished in the future with or to the SEC will be available, from the SEC's Electronic Document Gathering and Retrieval System (<http://www.sec.gov>), which is commonly known by the acronym EDGAR, as well as from commercial document retrieval services. Any document the Bank files with or furnishes to the SEC may be inspected and, by paying a fee, copied at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. Prospective investors may call the SEC at 1-800-SEC-0330 for further information regarding the public reference facilities. The Bank's common shares are listed on the New York Stock Exchange.

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The Bank has filed with the SEC, under the Securities Act, a registration statement on Form F-3 with respect to the securities and of which this prospectus forms a part. This prospectus does not contain all of the information that is set forth in the registration statement, certain parts of which are omitted in accordance with the rules and regulations of the SEC. Statements made in this prospectus as to the contents of any contract, agreement or other document referred to are not necessarily complete, and in each instance, reference is made to

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an exhibit, if applicable, for a more complete description of the matter, each such statement being qualified in its entirety by such reference. For further information with respect to the Bank and the securities, reference is made to the registration statement and the exhibits thereto, which are publicly available as described in the preceding paragraph.

INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

The SEC allows us to incorporate by reference into this prospectus the information in documents we file with it. This means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be a part of this prospectus and should be read with the same care. When we update the information contained in documents that have been incorporated by reference by making future filings with the SEC the information incorporated by reference in this prospectus is considered to be automatically updated and superseded. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. In other words, in the case of a conflict or inconsistency between information contained in this prospectus and information incorporated by reference into this prospectus, you should rely on the information contained in the document that was filed later. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded to constitute a part of this prospectus.

We incorporate by reference the documents listed below and all documents which we subsequently file with the SEC (other than, in each case, documents or information deemed to have been furnished and not filed in accordance with the SEC rules) pursuant to Section 13(a), 13(c), 14, or 15(d) Exchange Act until the termination of the offering of the securities under this prospectus:

Registration Statement on Form 40-FR12B filed on May 3, 2002;

Report on Form 6-K filed on April 9, 2015 (Acc-no: 0001193125-15-124428);

Annual Report on Form 40-F for the fiscal year ended October 31, 2016, filed on November 29, 2016;

Reports on Form 6-K filed on November 29, 2016 (five filings) (Acc-nos: 0001193125-16-778798, 0001193125-16-778851, 0001193125-16-778896, 0001193125-16-778977 and 0001102624-16-003695);

Report on Form 6-K filed on December 9, 2016;

Report on Form 6-K filed on January 6, 2017; and

Report on Form 6-K filed on January 10, 2017.

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We may also incorporate any other Form 6-K that we submit to the SEC on or after the date of this prospectus and prior to the termination of this offering if the Form 6-K filing specifically states that it is incorporated by reference into the registration statement of which this prospectus forms a part.

You may request a copy of these filings, other than an exhibit to a filing unless that exhibit is specifically incorporated by reference into that filing, at no cost, by writing to or telephoning us at the following address:

The Bank of Nova Scotia

Scotia Plaza

44 King Street West

Toronto, Ontario

Canada M5H 1H1

Attention: Secretary

Telephone: (416) 866-3672

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RISK FACTORS

Investment in these securities is subject to various risks including those risks inherent in conducting the business of a diversified financial institution. Before deciding whether to invest in any securities, you should consider carefully the risks set out herein and incorporated by reference in this prospectus (including subsequently filed documents incorporated by reference) and, if applicable, those described in the applicable prospectus supplements relating to a specific offering of securities. You should consider the categories of risks identified and discussed in the Bank's Annual Report on Form 40-F for the fiscal year ended October 31, 2016, which is incorporated herein by reference, including credit risk, market risk, liquidity risk, operational risk, reputational risk, environmental risk, insurance risk and strategic risk, those summarized under "Caution Regarding Forward-Looking Statements" above, as well as the following:

Enforceability of U.S. Civil Liability Claims

The Bank is incorporated under the federal laws of Canada under the *Bank Act* (Canada) (the "Bank Act"). Substantially all of our directors and executive officers, and all or a substantial portion of our assets and the assets of such persons are located outside the United States. As a result, it may be difficult for you to effect service of process within the United States upon such persons, or to realize upon judgments rendered against us or such persons by the courts of the United States predicated upon, among other things, the civil liability provisions of the federal securities laws of the United States. In addition, it may be difficult for you to enforce, in original actions brought in courts in jurisdictions located outside the United States, among other things, civil liabilities predicated upon such securities laws. Based on the foregoing, it may not be possible for U.S. investors to enforce against us any judgments obtained in U.S. courts in civil and commercial matters, including judgments under the U.S. federal securities laws.

Foreign Accounts Tax Compliance Act Withholding

Sections 1471 through 1474 of the United States Internal Revenue Code of 1986, as amended, or similar law implementing an intergovernmental approach thereto ("FATCA") may affect payments on the securities. See "United States Taxation - Foreign Accounts Tax Compliance Act Withholding" for a discussion of the effects of FATCA on the ownership of the securities.

Bank Recapitalization Regime

On June 22, 2016, the Federal Government passed legislation to implement a "bail-in" regime, in accordance with regulations to the Canada Deposit Insurance Corporation Act that have not yet been prescribed (the "CDIC Act Regulations"), for the largest six Canadian banks, including the Bank, designated as domestic systemically important banks ("D-SIBs"). The legislation aims to enhance the resolution toolkit for D-SIBs, including the framework for the conversion of certain eligible shares and liabilities of the D-SIB into common equity of the bank (or any of its affiliates) in the event the D-SIB becomes non-viable. This bail-in regime is aimed at ensuring that in the unlikely event of a failure of a D-SIB, it is the D-SIB's shareholders and creditors that are responsible for the institution's risks and not the taxpayers. D-SIBs would also be subject to minimum loss absorbency requirements to ensure they can withstand significant losses and emerge from a conversion well capitalized, as well as comprehensive disclosure and reporting requirements. The regime would apply only to eligible shares and liabilities issued after the implementation of the proposed regime with no retroactive application to existing debt.

The types of eligible shares and liabilities subject to the statutory conversion power will be set out in the CDIC Act Regulations, and while these regulations have not yet been prescribed, in its previous consultation paper, the Federal Government had proposed that certain unsecured debt would be subject to the conversion power and customer

deposits would be excluded. Thus, any senior debt securities issued after the implementation of the proposed bail-in regime would likely be subject to statutory conversion in the event that the Bank ceases or is about to cease being viable and holders of such senior debt securities may receive common shares of the Bank in exchange for their senior debt securities. As a result, holders of our common shares, and holders of subordinated debt securities or preferred shares who receive common shares following the occurrence of a trigger event under the NVCC Provisions (as defined in Description of The Debt Securities We May Offer - Non-Viability Contingent Capital Provisions), may sustain substantial dilution following the conversion of such

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senior debt securities or other eligible liabilities into common equity. The conversion rate of such senior debt securities or other eligible liabilities may be more favorable to the holders of such obligations than the rate applicable to holders of subordinated debt securities or preferred shares.

The proposed bail-in regime has not yet been finalized, much of the detail will be set out in the CDIC Act Regulations, and timing for implementation has yet to be determined, but these proposed changes could adversely impact the Bank's cost of funding.

THE BANK OF NOVA SCOTIA

The Bank is a Canadian chartered bank under the Bank Act. The Bank Act is the charter of the Bank and governs its operations.

The Bank is Canada's international bank and a leading financial services provider in North America, Latin America, the Caribbean and Central America, and Asia-Pacific. Through its team of more than 88,000 employees and assets of \$896 billion (as at October 31, 2016), the Bank and its affiliates offer a broad range of advice, products and services, including personal and commercial banking, wealth management and private banking, corporate and investment banking, and capital markets to its 23 million customers. The Bank's common shares trade on the Toronto Stock Exchange (TSX:BNS) and New York Stock Exchange (NYSE: BNS).

A list of the principal subsidiaries directly or indirectly owned or controlled by the Bank as at October 31, 2016 is incorporated by reference from the Bank's Annual Report on Form 40-F for the fiscal year ended October 31, 2016.

The registered and head office of the Bank is located at 1709 Hollis Street, Halifax, Nova Scotia, B3J 1W1 and its executive offices are located at Scotia Plaza, 44 King Street West, Toronto, Ontario, M5H 1H1 and its telephone number is (416) 866-3672.

Certain Matters Relating to the Bank's Board of Directors

Under the Bank Act, the Bank's board of directors must have at least seven members and the Bank's board of directors may establish by by-law a minimum and maximum number of directors. Under the Bank's by-laws, the minimum number of directors is the minimum required by the Bank Act and the maximum number of directors is 35. The Bank's by-laws also provide that the number of directors to be elected at any annual meeting of shareholders of the Bank will be fixed by the board of directors before the meeting. The Bank currently has 17 directors. The Bank Act requires that no more than two-thirds of the directors may be affiliated with the Bank, and no more than 15% of the directors may be employees of the Bank or a subsidiary of the Bank, except that up to four employees may be directors if they constitute not more than 50% of the directors. Under the Bank Act, a majority of the directors of the Bank must be resident Canadians and, except in limited circumstances, directors may not transact business at a meeting of directors or a committee of directors at which a majority of the directors present are not resident Canadians. Under the Bank Act, the directors may not transact business at a meeting of the directors unless at least one of the directors who is not affiliated with the Bank is present unless an unaffiliated director subsequently approves the business transacted at the meeting. Subject to the Bank Act, a quorum for the transaction of business at any meeting of the board of directors shall consist of a majority of directors. The Bank Act also requires the directors of a bank to appoint from their members a chief executive officer who must ordinarily be resident in Canada.

Under the Bank Act, any director or the entire board of directors may be removed, with or without cause, with the approval of a majority of the votes cast at a special meeting of shareholders. A vacancy created by such removal may be filled at the meeting or by a quorum of the directors. In accordance with the Bank's governance policy, directors

appointed or elected before December 3, 2010 must retire on the earlier of (1) April 1, 2021, or (2) when they turn 70. However, if at age 70 a director appointed before December 3, 2010 has not served 10 years, their term is extended and they must retire by the end of a 10 year term. Directors appointed or elected between December 3, 2010 and July 1, 2015 must retire on the earlier of (1) the completion of a 15 year term, or (2) when they turn 70. However, if at age 70 a director elected between December 3, 2010 and July 1, 2015 has not served 10 years, their term is extended and they must retire by the end of a 10 year term. Directors appointed or elected after July 1, 2015 may serve on the board for a twelve year term.

Table of Contents***Conflicts of Interest***

The Bank Act contains detailed provisions with regard to a director's power to vote on a material contract or material transaction in which the director is interested. These provisions include procedures for: disclosure of the conflict of interest and the timing for such disclosure; the presence of directors at board meetings where the contract or transaction giving rise to the conflict of interest is being considered, and voting with respect to the contract or transaction giving rise to the conflict of interest; and other provisions for dealing with such conflicts of interest. The Bank Act also contains detailed provisions regarding transactions with persons who are related parties of the Bank, including directors of the Bank. See **Borrowing Powers**.

Compensation

The by-laws of the Bank have provisions with regard to remuneration of directors. The board of directors may, from time to time, by resolution determine their remuneration that may be paid, but such remuneration may not exceed in each year an aggregate cap set out in the by-laws, and individually may be in such amounts as the board may determine by resolution. The directors may also be paid their reasonable out-of-pocket expenses incurred in attending meetings of the board, shareholders or committees of the board.

Directors are required to hold common shares and/or directors' deferred stock units (DDSU) with a value of not less than \$600,000. The redemption value of a DDSU is equal to the market value of a common share at the time of redemption. The value of DDSUs is tied to the future value of the common shares. However, DDSUs do not entitle the holder to voting or other shareholder rights.

Borrowing Powers

The directors of the Bank may, without authorization of the shareholders, authorize the Bank to borrow money. The Bank Act, however, prohibits the Bank from entering into transactions with persons who are deemed to be related parties of the Bank, subject to certain exceptions. Related party transactions may include loans made on the credit of the Bank.

CONSOLIDATED CAPITALIZATION OF THE BANK

The following table sets forth the consolidated capitalization of the Bank at October 31, 2016. This table should be read in conjunction with the Bank's audited consolidated financial statements and the management's discussion and analysis filed as exhibits to our Annual Report on Form 40-F for the fiscal year ended October 31, 2016 filed on November 29, 2016 and which is incorporated by reference in this prospectus.

| | As at |
|--------------------------------|--------------------------|
| | October 31, 2016 |
| | (In millions of |
| | Canadian Dollars) |
| Subordinated Debentures | \$ 7,633 |
| Equity | |
| Common Equity | |
| Common Shares | 15,513 |

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| | | |
|---|----|--------|
| Retained Earnings | | 34,752 |
| Accumulated Other Comprehensive Income | | 2,240 |
| Other Reserves | | 152 |
| | | |
| Total Common Equity | | 52,657 |
| Preferred Shares | | 3,594 |
| | | |
| Total Equity Attributable to Equity Holders of the Bank | | 56,251 |
| Non-controlling Interests | | |
| Non-controlling Interests in Subsidiaries | | 1,570 |
| | | |
| Total Equity | | 57,821 |
| | | |
| Total Capitalization | \$ | 65,454 |

Table of Contents**CONSOLIDATED EARNINGS RATIOS**

The following table provides the Bank's consolidated ratios of earnings to fixed charges, based upon financial information calculated in accordance with IFRS for each of the years in the five year period ended October 31, 2016.

| | Years Ended October 31, | | | | |
|--|--------------------------------|-------------|-------------|-------------|-------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| Consolidated Ratios of Earnings to Fixed Charges | | | | | |
| Excluding interest on deposits | 8.18 | 7.90 | 8.52 | 7.42 | 7.43 |
| Including interest on deposits | 2.12 | 2.18 | 2.21 | 2.01 | 2.03 |
| Consolidated Ratios of Earnings to Combined Fixed Charges and Preferred Dividends | | | | | |
| Excluding interest on deposits | 7.22 | 7.07 | 7.29 | 6.03 | 6.02 |
| Including interest on deposits | 2.07 | 2.14 | 2.15 | 1.94 | 1.96 |
| For purposes of computing these ratios: | | | | | |

earnings represent income from continuing operations plus income taxes and fixed charges (excluding capitalized interest and net income from investments in associated corporations);

fixed charges, excluding interest on deposits, represent interest (including capitalized interest), estimated interest within rent, and amortization of debt issuance costs; and

fixed charges, including interest on deposits, represent all interest.

Table of Contents**COMPARATIVE PER SHARE MARKET PRICE**

The Bank's common shares are listed on the Toronto Stock Exchange (the "TSX") and the New York Stock Exchange (the "NYSE") under the trading symbol "BNS".

The table below sets forth, for the periods indicated, the per share high and low closing sales prices for the Bank's common shares as reported on the NYSE and the TSX. TSX closing prices of the Bank's common shares are presented in Canadian dollars, and the NYSE closing prices of the Bank's common shares are presented in U.S. dollars.

| | BNS shares TSX (in C\$) | | BNS shares NYSE (in US\$) | |
|---|----------------------------|-------|------------------------------|-------|
| | High | Low | High | Low |
| Annual information for the past fiscal years | | | | |
| 2012 | 57.05 | 47.89 | 57.32 | 45.90 |
| 2013 | 63.54 | 52.80 | 60.77 | 52.50 |
| 2014 | 74.35 | 60.24 | 68.33 | 54.36 |
| 2015 | 70.85 | 55.88 | 62.49 | 42.20 |
| 2016 | 72.23 | 51.87 | 54.95 | 35.80 |
| Quarterly information for the past two fiscal years and subsequent quarters: | | | | |
| 2015, quarter ended | | | | |
| January 31 | 70.85 | 61.06 | 62.49 | 48.04 |
| April 30 | 67.37 | 62.05 | 56.03 | 49.13 |
| July 31 | 67.13 | 61.07 | 55.52 | 46.86 |
| October 31 | 63.81 | 55.88 | 48.48 | 42.20 |
| 2016, quarter ended | | | | |
| January 31 | 61.91 | 51.87 | 47.45 | 35.80 |
| April 30 | 65.80 | 52.06 | 52.45 | 37.36 |
| July 31 | 67.07 | 61.69 | 52.66 | 47.62 |
| October 31 | 72.23 | 65.51 | 54.95 | 49.96 |
| 2017, quarter ended | | | | |
| January 31 | 78.71 | 69.88 | 60.01 | 51.58 |
| Monthly information for the most recent six months | | | | |
| August 2016 | 69.93 | 65.51 | 53.46 | 49.96 |
| September 2016 | 71.10 | 68.64 | 54.95 | 52.09 |
| October 2016 | 72.23 | 69.43 | 54.00 | 52.32 |
| November 2016 | 74.14 | 69.88 | 55.25 | 51.58 |
| December 2016 | 77.09 | 74.09 | 58.70 | 55.64 |
| January 2017 | 78.71 | 75.76 | 60.01 | 56.38 |

Fluctuations in the exchange rate between the Canadian dollar and the U.S. dollar will affect any comparisons of the Bank's common shares traded on the TSX and the Bank's common shares traded on the NYSE.

USE OF PROCEEDS

Unless otherwise specified in an applicable prospectus supplement, the net proceeds to the Bank from the sale of securities will be added to the general funds of the Bank and utilized for general banking purposes.

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DESCRIPTION OF COMMON SHARES AND PREFERRED SHARES

Set forth below is a summary of the material terms of the Bank's share capital and certain provisions of the Bank Act and the Bank's amended and restated by-laws as they relate to the Bank's share capital. The following summary is not complete and is qualified in its entirety by the Bank Act, the Bank's amended and restated by-laws and the actual terms and conditions of such shares.

Capital Stock

The authorized capital of the Bank consists of an unlimited number of common shares, without nominal or par value, and an unlimited number of preferred shares, without nominal or par value, issuable in series, in each case the aggregate consideration for which is also unlimited.

Common Shares

Voting. Holders of the Bank's common shares are entitled to vote at all meetings of the Shareholders of the Bank, except meetings at which only the holders of preferred shares of the Bank are entitled to vote. Holders of common shares are entitled to one vote per share on all matters to be voted on by holders of common shares. Unless otherwise required by the Bank Act, any matter to be voted on by holders of common shares shall be decided by a majority of the votes cast on the matter.

Liquidation Rights. Upon the liquidation, dissolution or winding up of the Bank, whether voluntary or involuntary, the holders of common shares are entitled to receive the remaining property of the Bank available after the payment of all debts and other liabilities and subject to the prior rights of holders of any outstanding preferred shares.

Preemptive, Subscription, Redemption and Conversion Rights. Holders of common shares, as such, have no preemptive, subscription, redemption or conversion rights.

Dividends. Holders of common shares are entitled to receive dividends as and when declared by the board of directors of the Bank, subject to the preference of the holders of the preferred shares of the Bank. The Bank's dividends have historically been declared on a quarterly basis in Canadian dollars. As a matter of practice, at the request of a shareholder to the transfer agent or broker, the Bank will pay dividends to a U.S. holder of common shares, if and when a dividend is declared, in U.S. dollars. The declaration and payment of dividends and the amount of the dividends is subject to the discretion of the board of directors, and will be dependent upon the results of operations, financial condition, cash requirements and future regulatory restrictions on the payment of dividends by the Bank and other factors deemed relevant by the board of directors.

Preferred Shares

This section describes the general terms and provisions of our preferred shares. The applicable prospectus supplement will describe the specific terms of the preferred shares offered through that prospectus supplement, as well as any general terms described in this section that will not apply to those preferred shares.

General. The board of directors is authorized, subject to the provisions of the Bank Act, without shareholder approval, to divide any unissued preferred shares into series and fix the number of shares in each series and the rights, privileges, restrictions and conditions of each such series, and to change the rights, privileges, restrictions and conditions attached to unissued preferred shares of any series.

NVCC Provisions. Effective January 1, 2013, in accordance with capital adequacy requirements adopted by the Office of the Superintendent of Financial Institutions (Canada) (OSFI), non-common capital instruments issued after January 1, 2013, including preferred shares, must include terms providing for the full and permanent conversion of such securities into common shares upon the occurrence of certain trigger events relating to financial viability (see Description of The Debt Securities We May Offer Non-Viability Contingent Capital Provisions) in order to qualify as regulatory capital. As of January 1, 2013, all outstanding capital instruments that do not meet the NVCC requirement will be considered non-qualifying capital instruments and will be phased out beginning January 1, 2013.

Priority. The preferred shares, as a class, are entitled to preference over common shares and over any other shares ranking junior to the preferred shares with respect to the payment of dividends and distribution of assets in

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the event of the liquidation, dissolution or winding-up of the Bank, or any other distribution of the assets among shareholders for the purpose of winding-up the affairs of the Bank, provided that a trigger event has not occurred as contemplated under the specific NVCC Provisions (as described above) applicable to such preferred shares. The preferred shares of each series rank on a parity with the preferred shares of every other series with respect to priority in payment of dividends and in the distribution of assets in the event of liquidation, dissolution or winding-up of the Bank, or any other distribution of the assets among shareholders for the purpose of winding-up the affairs of the Bank. However, in the event of the occurrence of a trigger event under the NVCC Provisions, the priority of the preferred shares will not be relevant since all preferred shares will be converted into our common shares which will rank on a parity with all other common shares issued by us.

Restriction. Under the terms of the Bank Act, the approval of the holders of the preferred shares is required for the creation of any class of shares ranking prior to or on a parity with the preferred shares.

Voting. Except as required under the Bank Act or in the rights, privileges, restrictions or conditions attached to any series before the issue thereof, the holders of preferred shares are not entitled to receive notice, to attend or to vote at any meeting of the shareholders of the Bank. Any approval to be given by the holders of preferred shares may be given by a resolution carried by the affirmative vote of not less than 66 $\frac{2}{3}$ % of the votes cast at a meeting of holders of preferred shares at which a majority of the outstanding preferred shares is represented or, if no quorum is present at such meeting, at any adjourned meeting at which no quorum requirements would apply.

Limitations Affecting Holders of Common and Preferred Shares***Restraints on Bank Shares Under the Bank Act***

In accordance with the Bank Act, no person or group of associated persons may own more than 10% of any class of shares of the Bank without the approval of the Minister of Finance (Canada) (the Minister). No person may be a major shareholder of a bank if the bank has equity of \$12 billion or more (which would include the Bank). A person is a major shareholder of a bank if: (a) the aggregate number of shares of any class of voting shares beneficially owned by that person and that are beneficially owned by any entities controlled by that person is more than 20% of that class of voting shares; or (b) the aggregate number of shares of any class of non-voting shares beneficially owned by that person and that are beneficially owned by any entities controlled by that person is more than 30% of that class of non-voting shares. Ownership of the Bank's shares by Canadian or foreign governments is prohibited under the Bank Act. However, in 2009 certain amendments were made to the Bank Act that would permit the Canadian federal government to acquire shares of a bank, including the Bank, if the Minister and Governor in Council were to conclude that to do so was necessary to promote stability of the financial system in Canada. While the government holds any shares of a bank, including the Bank, the Minister may impose certain terms and conditions, including conditions on the payment by the Bank of dividends on any of its shares.

The Minister may only approve the acquisition of up to 30% of the shares of any class of non-voting shares and up to 20% of the shares of a class of voting shares of the Bank, provided, in each case, that the person acquiring those shares does not have direct or indirect influence over the Bank that, if exercised, would result in that person having control in fact of the Bank. No person may have a significant interest in any class of shares of a bank, including the Bank, unless the person first receives the approval of the Minister. In addition, the Bank is not permitted to record any transfer or issue of any shares of the Bank if the transfer or issue would cause the person to have a significant interest in a class of shares, unless the prior approval of the Minister is obtained. No person who has a significant interest in the Bank may exercise any voting rights attached to the shares held by that person, unless the prior approval of the Minister for the acquisition of the significant interest is obtained. For purposes of the Bank Act, a person has a significant interest in a class of shares of a bank where the aggregate of any shares of the class beneficially owned by

that person, by entities controlled by that person and by any person associated or acting jointly or in concert with that person exceeds 10% of all of the outstanding shares of that class of shares of such bank. If a person contravenes any of these restrictions, the Minister may, by order, direct that person to dispose of all or any portion of those shares. Holders of securities of the Bank may be required to furnish declarations relating to ownership in a form prescribed by the Bank.

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Bank Act and Government Restrictions and Approvals

Under the Bank Act, the Bank cannot redeem or purchase any of its shares, including its common shares, unless the consent of OSFI has been obtained. In addition, the Bank Act prohibits a payment to purchase or redeem any shares or the declaration and payment of a dividend if there are reasonable grounds for believing that the Bank is, or the payment would cause the Bank to be, in contravention of the capital adequacy and liquidity regulations of the Bank Act or any capital or liquidity directions of OSFI. The Bank is prohibited from declaring dividends on its preferred or common shares when it would be, as a result of paying such a dividend, in contravention of the capital adequacy and liquidity regulations of the Bank Act or any capital or liquidity directions of OSFI.

The government of Canada placed a moratorium on mergers among Canada's largest financial institutions in 2003, including the Bank and its peers, pending a further review of Canada's bank merger policy. A review of the government's bank merger policy is not currently a priority and as a result, it is unlikely that the Minister would grant an approval for a merger between any large Canadian financial institutions at this time.

The restrictions contained in the Bank Act and the Canadian government's policies may deter, delay or prevent a future amalgamation involving the Bank and will prevent the acquisition of control of the Bank, including transactions that could be perceived as advantageous to the Bank's shareholders.

Amendments to the Rights, Privileges, Restrictions and Conditions of the Bank's Share Capital

Under the Bank Act, the rights of holders of the Bank's shares can be changed by the board of directors of the Bank by making, amending or repealing the by-laws of the Bank. The board of directors of the Bank must submit such a by-law, or amendment to or repeal of a by-law, to the shareholders of the Bank in accordance with the procedures of the Bank Act and the Bank's by-laws, and the shareholders must approve the by-law, amendment to or repeal of the by-law by special resolution to be effective. Under the Bank Act, a special resolution is a resolution passed by not less than two-thirds of the votes cast by or on behalf of the shareholders who voted in respect of that resolution or signed by all the shareholders entitled to vote on that resolution. In some circumstances, the Bank Act mandates that holders of shares of a class or a series are entitled to vote separately as a class or series on a proposal to amend the by-laws of the Bank.

Meetings of the Shareholders

Quorum

The Bank Act permits a bank to establish by by-law the quorum requirement for meetings of shareholders. The Bank's by-laws provide that a quorum at any meeting of shareholders will be any shareholders present in person or represented by proxy of at least 25% of the outstanding shares of the Bank entitled to vote at the meeting.

Annual Meetings; Shareholder Proposals

The Bank is required to hold an annual meeting of shareholders not later than six months after the end of each financial year on such day and at such time as its directors shall determine.

Proposals by shareholders of a bank may be made by certain registered or beneficial holders of shares that are entitled to vote at an annual meeting of shareholders. To be eligible to submit any shareholder proposal, a shareholder must satisfy certain eligibility criteria set forth in the Bank Act. Under the Bank Act, shareholder proposals may only be submitted at annual meetings of shareholders. A shareholder eligible to submit a proposal and entitled to vote at an

annual meeting of shareholders may submit to the Bank notice of any matter that the shareholder proposes to raise at the meeting provided that, among other things, the proposal is submitted to the Bank at least 90 days before the anniversary date of the notice of meeting that was sent to shareholders in respect of the Bank's previous annual meeting of shareholders.

If the Bank solicits proxies for such annual meeting, it is required to set out in the management proxy a proposal submitted by a shareholder for consideration at such meeting. If so requested by a shareholder who submits a proposal to the Bank, the Bank is required to include in the management proxy circular, or attach

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thereto, a statement by the shareholder in support of the proposal and the name and address of the shareholder. The proposal and the statement together are not to exceed 500 words. Under the Bank Act, a proposal may include nominations for the election of directors if it is signed by one or more holders of shares representing in the aggregate not less than 5% of the issued and outstanding shares of the Bank or 5% of the issued and outstanding shares of a class of shares of the Bank entitled to vote at the meeting at which the proposal is to be presented.

The Bank is not required to comply with the obligations to include the proposal, or a statement of the shareholder submitting a proposal, in its management proxy circular, if

the proposal is not submitted to the Bank at least 90 days before the anniversary date of the notice of meeting that was sent to shareholders in respect of the previous annual meeting of shareholders;

it clearly appears that the primary purpose of the proposal is to enforce a personal claim or redress a personal grievance against the Bank or its directors, officers or security holders;

it clearly appears that the proposal does not relate in a significant way to the business or affairs of the Bank;

the person submitting the proposal failed within the prescribed period before the Bank receives their proposal to present, in person or by proxy, at a meeting of shareholders a proposal that at their request had been set out in or attached to a management proxy circular;

substantially the same proposal was set out in or attached to a management proxy circular or dissident's proxy circular relating to, and presented to shareholders at, a meeting of shareholders of the Bank held within the prescribed period before the receipt of the proposal and did not receive the prescribed minimum amount of support at the meeting; or

the rights to submit a proposal as described above are being abused to secure publicity.

If the Bank refuses to include a proposal in a management proxy circular, it is obligated to notify the shareholder in writing of such refusal and its reasons for such refusal. The shareholder may apply to a court if such shareholder claims it has been aggrieved by such refusal, and the court may restrain the holding of the meeting at which the proposal is sought to be presented and may make such further order it thinks fit. In addition, if the Bank claims to be aggrieved by the proposal, it may apply to a court for an order permitting the Bank to omit the proposal from the management proxy circular.

Special Meetings

Under the Bank Act, special meetings of shareholders may be called at any time by the board of directors. In addition, subject to certain provisions of the Bank Act, the holders of not less than 5% of the issued and outstanding shares of the Bank that carry the right to vote at a meeting may requisition that the directors call a meeting of shareholders for the purpose stated in the requisition and may call the special meeting if the directors do not do so within 21 days after receiving the request.

Size of Board of Directors

The Bank Act requires that the number of directors on the Bank's board of directors be at least seven. All directors of the Bank are elected annually. The Bank Act also requires that at least a majority of the directors must be, at the time of each director's election or appointment, resident Canadians.

Anti-Takeover Provisions and Ownership Provisions

Rules and policies of certain Canadian securities regulatory authorities, including Multilateral Instrument 61-101 Protection of Minority Security Holders in Special Transactions, contain requirements in connection with related party transactions. A related party transaction means, among other things, any transaction in which an issuer directly or indirectly engages in the following with a related party: acquires, sells, leases or transfers an asset, acquires the related party, acquires or issues securities, amends the terms of a security if the security is owned by the related party or assumes or becomes subject to a liability or takes certain other actions with respect to debt.

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Related party includes directors, senior officers and holders of more than 10% of the voting rights attached to all outstanding voting securities of the issuer or holders of a sufficient number of any securities of the issuer to materially affect control of the issuer.

If a transaction is determined to be a related party transaction, Multilateral Instrument 61-101 requires, subject to certain exceptions, the preparation of a formal valuation relating to certain aspects of the transaction and more detailed disclosure in the proxy material sent to security holders in connection with the related party transaction, including disclosure related to the valuation.

Multilateral Instrument 61-101 also requires, subject to certain exceptions, that an issuer not engage in a related party transaction unless the shareholders of the issuer, other than the related parties, approve the transaction by a simple majority of the votes cast.

In addition, under the Bank Act, a sale of all or substantially all of the Bank's assets to another financial institution or an amalgamation must also be approved by the shareholders by a vote of not less than two-thirds of the votes cast by shareholders who voted in respect of the special resolution, with each share carrying the right to vote whether or not it otherwise carries the right to vote. The holders of each class or series of shares which is affected differently by the sale from the shares of any other class or series are entitled to vote separately as a class or series. The Minister must also approve any such sale or amalgamation involving the Bank.

These restrictions, in addition to those imposed by the Bank Act relating to the purchase or other acquisition, issue, transfer and voting of shares of the Bank's common shares may deter, delay or prevent a future amalgamation involving the Bank and will prevent the acquisition of control of the Bank, including transactions that could be perceived as advantageous to the Bank's shareholders. See Limitations Affecting Holders of Common and Preferred Shares.

Rights of Inspection

Any person is entitled to a basic list of the Bank's shareholders and may request the Bank to furnish such list within 10 days after receipt by the Bank of an affidavit, swearing that the list will not be used except in accordance with a permitted purpose, and payment of a reasonable fee. Further, shareholders and creditors of the Bank and their personal representatives may examine certain limited records of the Bank during its usual business hours and may take extracts therefrom, free of charge, or have copies made thereof on payment of a reasonable fee.

Transfer Agent and Registrar

The registrar and transfer agent for the Bank's common and preferred shares is Computershare Trust Company of Canada at the following addresses: Computershare Trust Company of Canada, 100 University Ave., 8th Floor, Toronto, Ontario, M5J 2Y1 and Computershare Trust Company, National Association, 250 Royall Street, Canton, Massachusetts, 02021.

DESCRIPTION OF THE DEBT SECURITIES WE MAY OFFER

References to the Bank, us, we or our in this section mean The Bank of Nova Scotia, and do not include subsidiaries of The Bank of Nova Scotia. Also, in this section, references to holders mean those who own debt securities registered in their own names, on the books that we or the applicable trustees maintain for this purpose, and not those who own beneficial interests in debt securities registered in street name or in debt securities issued in book-entry form through one or more depositaries. When we refer to you in this prospectus, we mean all purchasers of

the debt securities being offered by this prospectus, whether they are the holders or only indirect owners of those debt securities. Owners of beneficial interests in the debt securities should read the section below entitled Description of Certain Provisions Relating to the Debt Securities we may Offer Legal Ownership and Book-Entry Issuance.

The following description sets forth certain general terms and provisions of the debt securities. We will provide particular terms and provisions of a series of debt securities and a description of how the general terms and provisions described below may apply to that series in a prospectus supplement. Prospective investors should rely on information in the applicable prospectus supplement if it is different from the following information.

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Debt Securities May Be Senior or Subordinated

We may issue debt securities which may be senior or subordinated in right of payment. Neither the senior debt securities nor the subordinated debt securities will be secured by any of our property or assets or the property or assets of our subsidiaries. Thus, by owning a debt security, you are one of our unsecured creditors.

The senior debt securities will be issued under our senior debt securities indenture described below and will be unsubordinated obligations that rank equally with all of our other unsecured and unsubordinated debt, including deposit liabilities, other than certain governmental claims in accordance with applicable law. The subordinated debt securities will be issued under one of our subordinated debt securities indentures described below and will be subordinate in right of payment to all of our senior indebtedness, as set forth in the applicable subordinated debt securities indenture. None of the indentures limit our ability to incur additional indebtedness.

In the event we become insolvent, our governing legislation provides that priorities among payments of our deposit liabilities (including payments in respect of the senior debt securities) and payments of all of our other liabilities (including payments in respect of the subordinated debt securities) are to be determined in accordance with the laws governing priorities and, where applicable, by the terms of the indebtedness and liabilities. In addition, our right to participate in any distribution of the assets of our banking or non-banking subsidiaries, upon a subsidiary's dissolution, winding-up, liquidation or reorganization or otherwise, and thus your ability to benefit indirectly from such distribution, is subject to the prior claims of creditors of that subsidiary, except to the extent that we may be a creditor of that subsidiary and our claims are recognized. There are legal limitations on the extent to which some of our subsidiaries may extend credit, pay dividends or otherwise supply funds to, or engage in transactions with, us or some of our other subsidiaries. Accordingly, the debt securities will be structurally subordinated to all existing and future liabilities of our subsidiaries, and holders of debt securities should look only to our assets for payments on the debt securities.

Neither the senior debt securities nor the subordinated debt securities will constitute deposits insured under the Canada Deposit Insurance Corporation Act (Canada) or by the United States Federal Deposit Insurance Corporation or any other Canadian or United States governmental agency or instrumentality.

When we refer to debt securities or debt security in this section, we mean both the senior debt securities and the subordinated debt securities.

The Senior and Subordinated Debt Securities Indentures

The senior debt securities and the subordinated debt securities are each governed by indentures – the senior debt securities indenture, in the case of the senior debt securities, and either the subordinated debt securities indenture or the subordinated debt securities indenture (Non-Viability Contingent Capital)(NVCC) (the NVCC subordinated debt securities indenture), in the case of the subordinated debt securities. When we refer to the indentures, we mean the senior debt securities indenture, the subordinated debt securities indenture and the NVCC subordinated debt securities indenture, collectively, when we refer to the indenture, we mean the senior debt securities indenture, the subordinated debt securities indenture or the NVCC subordinated debt securities indenture, as applicable, and when we refer to the subordinated debt securities indentures, we mean either the subordinated debt securities indenture or the NVCC subordinated debt securities indenture, as applicable. Each indenture is a contract between us, Computershare Trust Company, National Association, as U.S. trustee, and Computershare Trust Company of Canada, as Canadian trustee, which act as trustees. When we refer to the trustees, we mean both the U.S. trustee and the Canadian trustee, and when we refer to the trustee, we mean either the U.S. trustee or the Canadian trustee, as applicable. The indentures are subject to and governed by the U.S. Trust Indenture Act of 1939, as amended, and applicable Canadian trust indenture

legislation. The indentures are substantially identical, except for the provisions relating to:

the events of default, which are more limited in the subordinated debt securities indentures;