



Investor Intelligence Report Bank of Nova Scotia

"Voice of the Shareholder"

3Q 2023

Brendan Wood International
First Intelligence

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Brendan Wood & Partners

The Brendan Wood Shareholder Confidence Panel

BWI Panel
Institutional
&
Private Wealth Investors

Secondary Markets
Professionals
Research, Sales & Trading

GLOBAL PANEL
 2000+ Debriefs with Decision
 Makers
 >\$56 Trillion in Assets
 70% Sector Specialists
 30% Generalists
 Average 9 Yrs Professional
 Experience, 25% more than 15
 Years

+/- 600 Professionals, including...
 +/- 400 TopGuns

GLOBAL RESOURCES PANEL
 350+ Debriefs with Decision
 Makers
 >\$15 Trillion in Assets
 80% Sector Specialists
 20% Generalists
 Average 11 Yrs Professional
 Experience, 35% more than 15
 Years

+/- 100 Professionals, including...
 +/- 100 TopGuns

Geographic Breakdown of the BWI Panel 2023:

US	42%
Canada	21%
Europe/Middle East/Africa	32%
Pacific Rim	4%
Latin America	1%+

Global Resources Panel:

35%
34%
27%
3%
1%+

WHAT DO BRENDAN WOOD COMPANY SCORES MEAN?

METHODOLOGY

The core mission of BWI performance and quality metrics is to illustrate and explain the emerging investor “commitment to own” particular stocks.

Eleven critical performance metrics are used to determine the relative strength of investor commitment to a company as an investment target. To help investors rate companies in a sector on a relative basis “one metric at a time”, a visual technique is used. For example, the visual tool shows investors a consensus vertical hierarchy representing how each investment target company in a sector is rated by investors against a criterion such as “Quality of Strategy” ... AS AN INFLUENCE ON THE INVESTOR COMMITMENT TO OWN THE NAME. The investor is then asked to adjust the consensus rating hierarchy to match their own particular view of how each company scores against the “Quality of Strategy” criterion. They may agree or disagree with the consensus. The investor then makes their personal adjustments which are added to our cumulative data instantly. To make this task fast and accurate the visual scoring hierarchy is broken down into top decile, four quartiles and a bottom decile, therefore six potential levels of performance against each investment selection criterion. The quartile display is instantly recognizable by investors as indicating both absolute and relative bases of the influence of a company’s level of competitive performance against a critical investment selection criterion.

The above methodology forces the (dependent variable) absolute benchmark of “commitment to own” on each quality of a corporate investment target.

WHY A COMPANY SCORE MAY BE FIRST IN ITS SECTOR BUT RATE IN THE SECOND QUARTILE?

This means that the sector itself (all companies included) ranks in the second quartile or below of investor selection attractiveness against a particular criterion of investability.

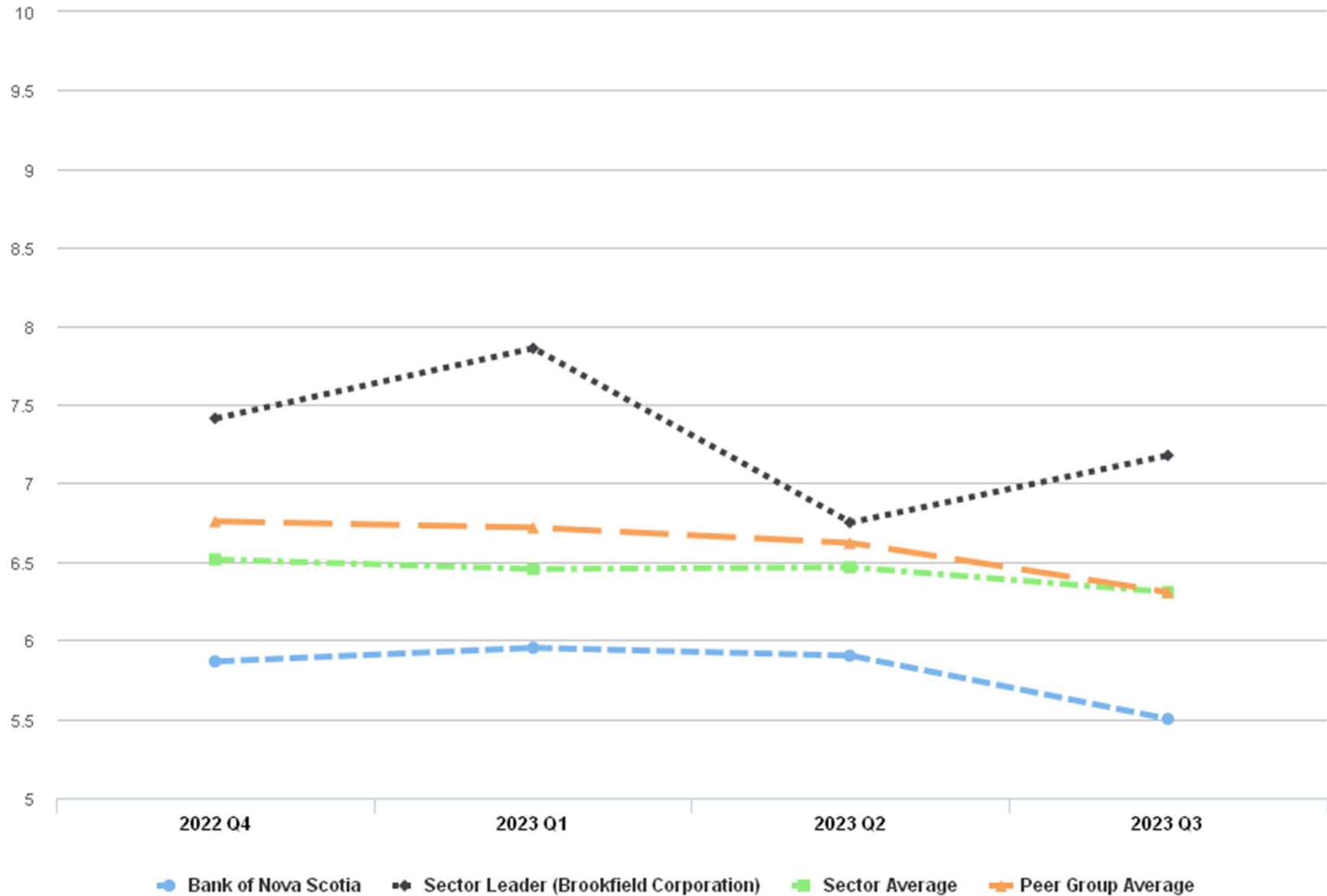
ADVANTAGE OF BRENDAN WOOD INTERNATIONAL METHODOLOGY?

This process identifies the emerging competitiveness of individual sectors, sub-sectors and most importantly of companies as investment targets on both an absolute and relative ‘best in sector’ basis against investors’ selection criteria for the year ahead. Such calibrated data allows BW partners to help corporate management to accurately analyze their company’s attractiveness as a target for the year ahead as an individual story and relative to its comparables and sector. The isolation of performance against individual metrics enables management to identify and address the key metrics which drive the “commitment to own” their particular stock.

APPARENT CONDICTION BETWEEN QUARTERLY RESULTS AND ROLLING YEAR RESULTS?

Quarterly results = the results in the quarter. Rolling years results = the results for a full year of data.

What is Your Commitment to Own This Stock in The Year Ahead?



Shareholder Confidence Metrics

Bank of Nova Scotia's Performance Vs Bank of Nova Scotia Peer Group

Bank of Nova Scotia Peer Group

Bank of Montreal

Bank of Nova Scotia

Canadian Imperial Bank of Commerce

Canadian Western Bank

Laurentian Bank of Canada

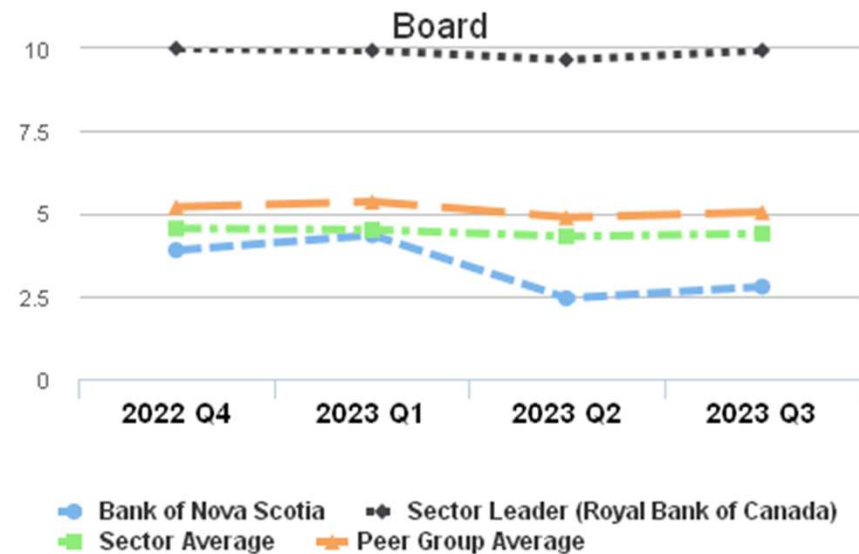
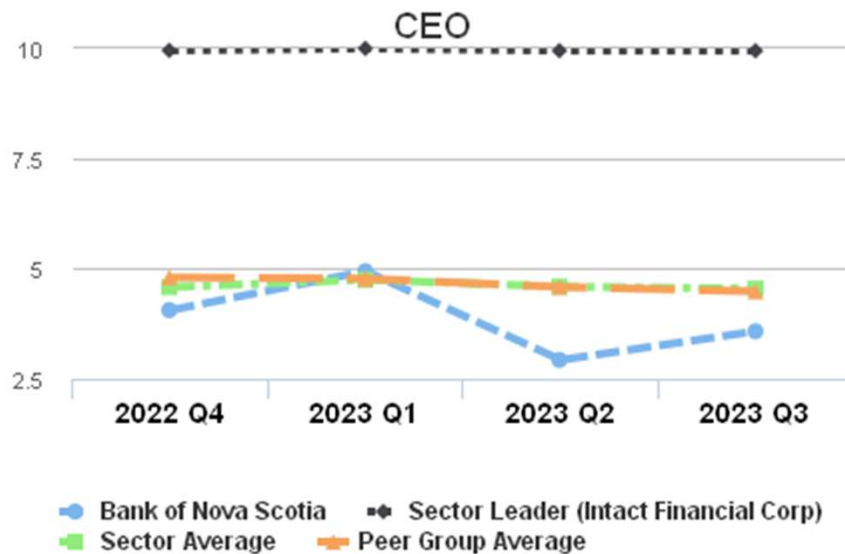
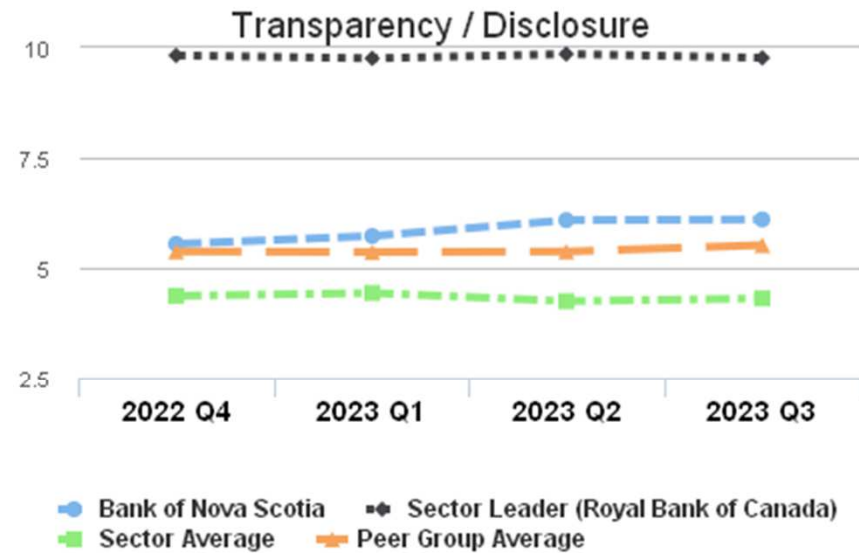
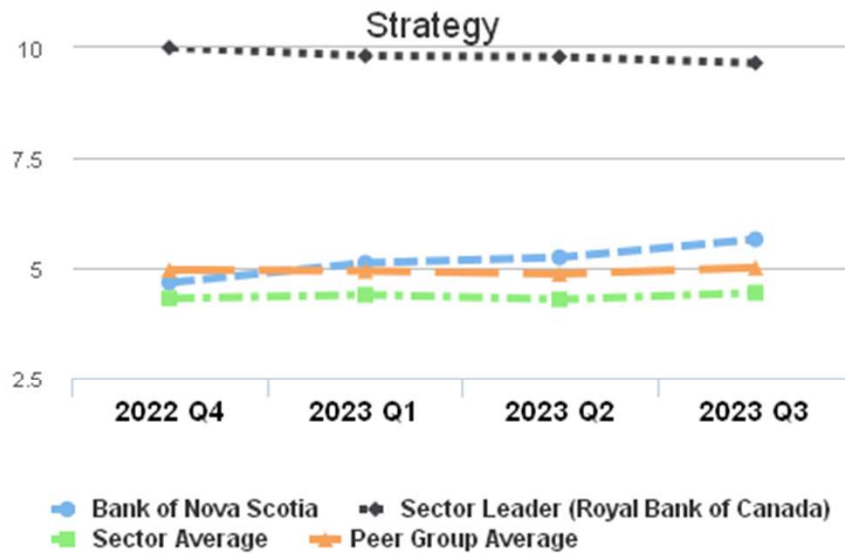
National Bank of Canada

Royal Bank of Canada

TD Bank Financial Group

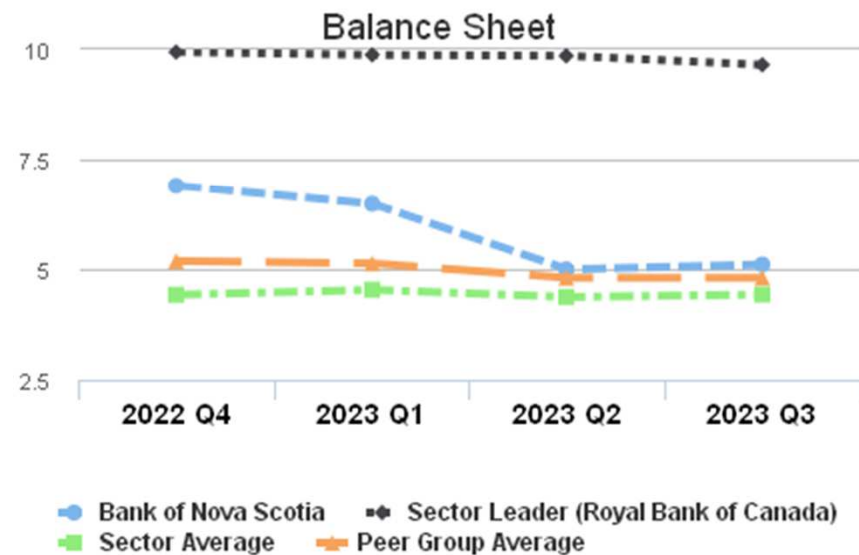
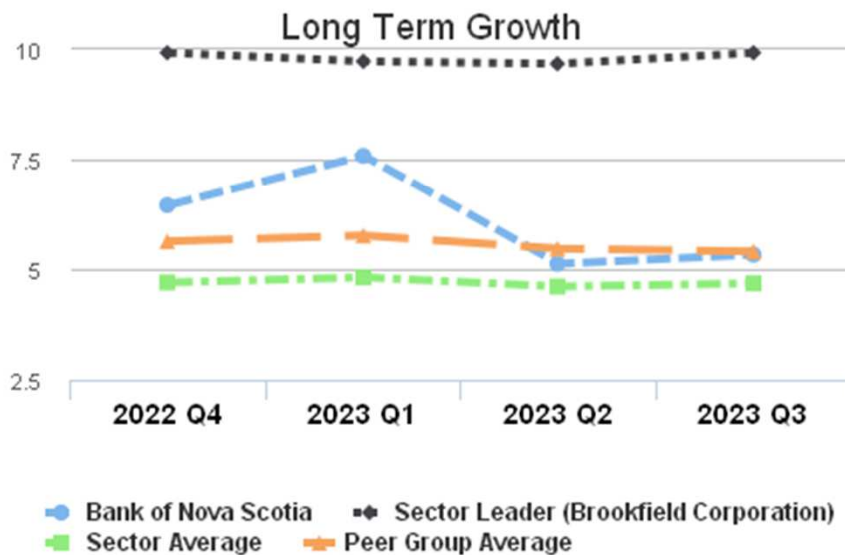
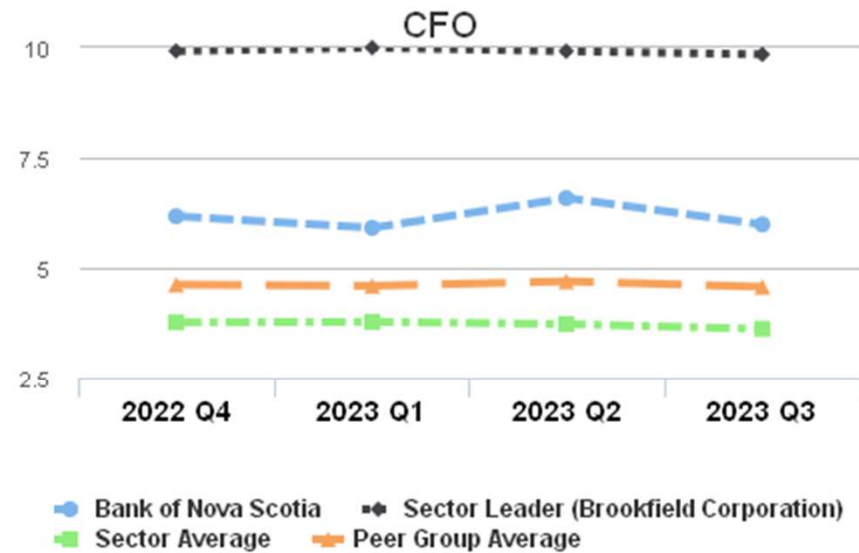
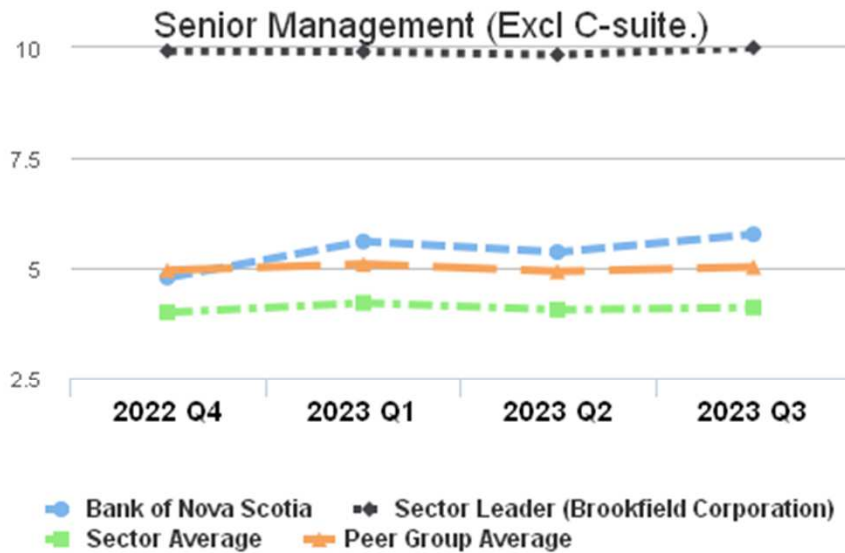
Shareholder Confidence Metrics Forecast for the Year Ahead

Quarter over Quarter Results



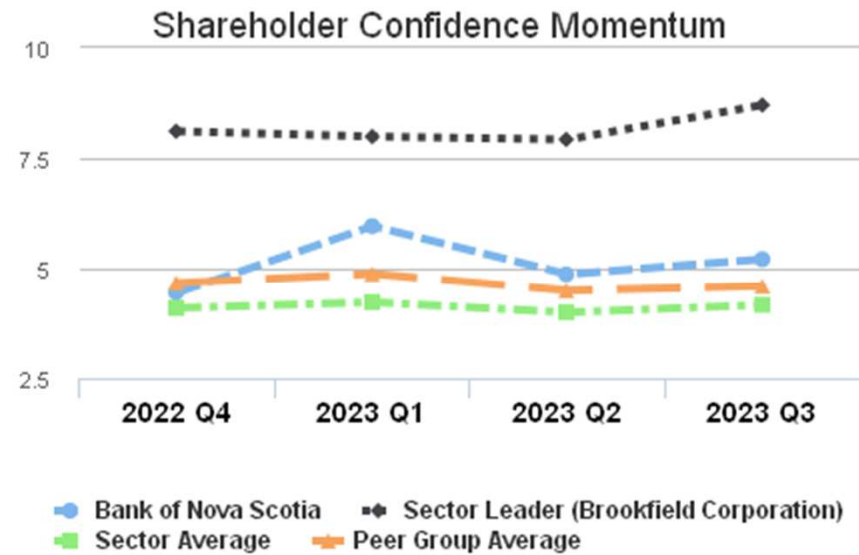
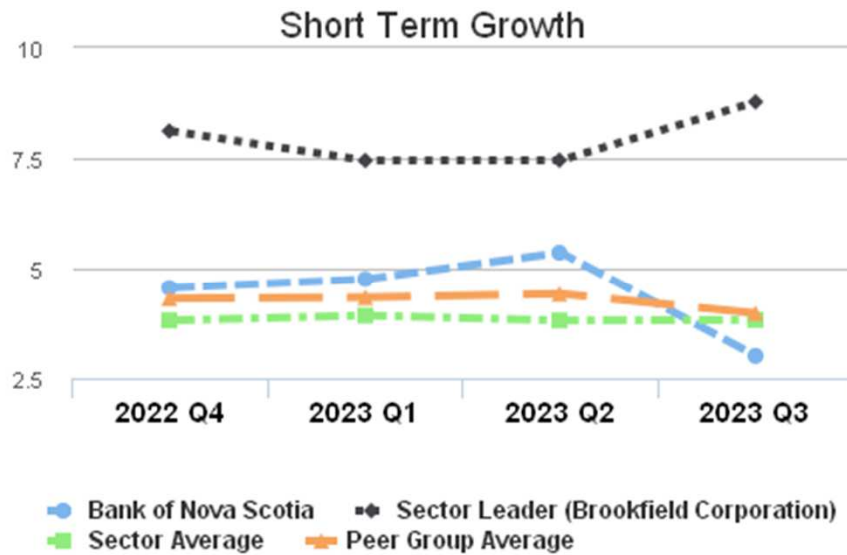
Shareholder Confidence Metrics Forecast for the Year Ahead

Quarter over Quarter Results



Shareholder Confidence Metrics Forecast for the Year Ahead

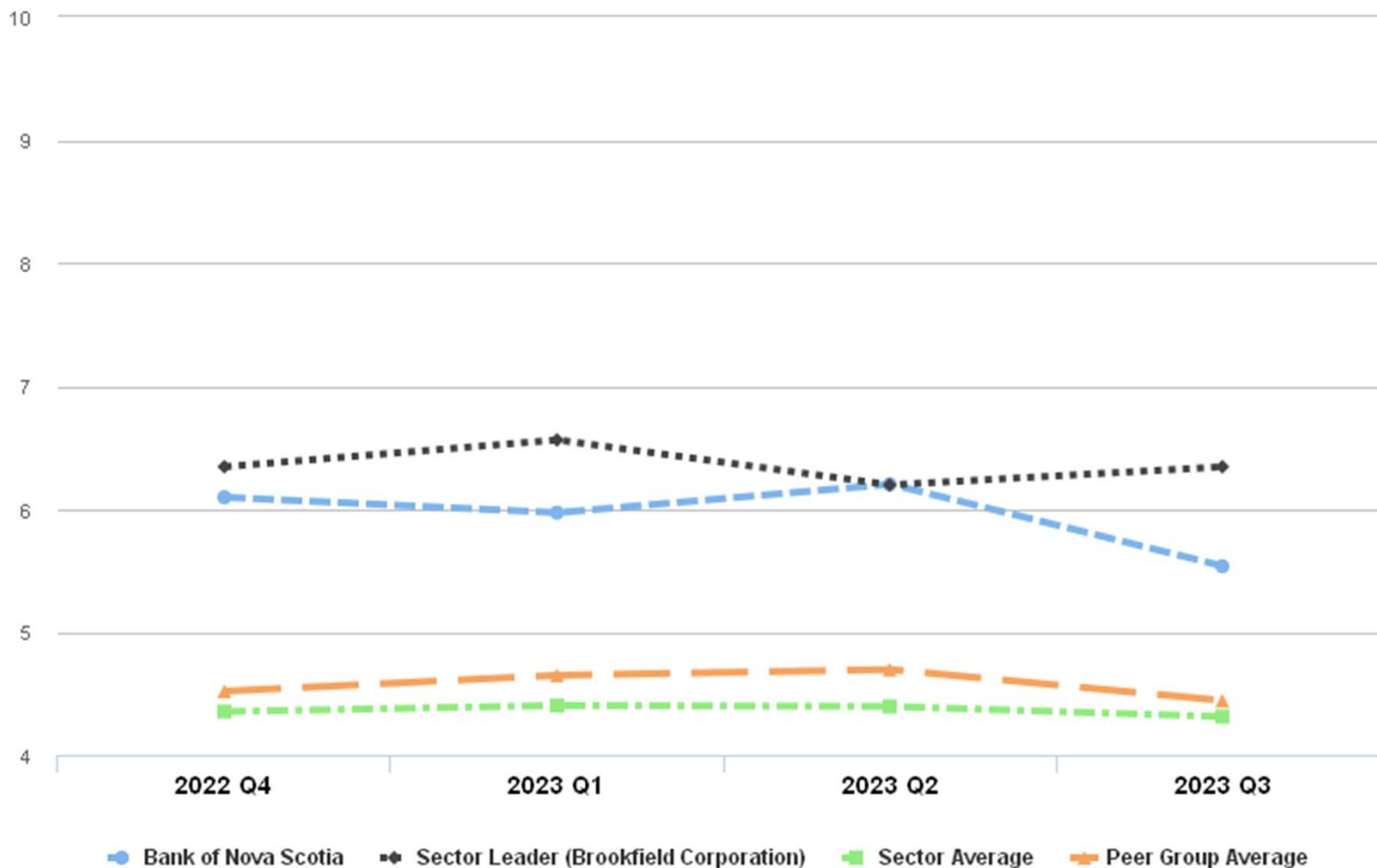
Quarter over Quarter Results



Shareholder Confidence Metrics Forecast for the Year Ahead

Quarter over Quarter Results

Price Appreciation Potential



Typical Investor Verbatim

Positive Momentum Verbatim

"The Bank of Nova Scotia's CFO, Raj Viswanathan, is solid."

"Despite my negative view of the Bank of Nova Scotia's board, they made a good call firing Brian Potter, who failed to own up to his mistakes."

"One of my favourite IRs is Asim Imran at Royal Bank of Canada. John McCartney at the Bank of Nova Scotia is also very responsive."

"The CEO of The Bank of Nova Scotia, Scott Thomson, effectively communicated his initial thoughts regarding the bank. He is open-minded to doing disposals and acknowledges that he needs to change some of the incentive plans for frontline workers. Under Brian Porter's leadership, there was significant turnover in management teams. Scott Thomson inherited a mess, and it will take some time for him to address the issues. Some investors may not yet realize the extent of the work that needs to be done. If I were him, I would set realistic expectations and explain that this is not a 12-month turnaround; more data is needed. Scotia used to have a great culture regarding expense management and promoting people from within a collegial workforce. However, Brian Porter disrupted that culture, resulting in a problematic work environment where people walked on eggshells."

Typical Investor Verbatim

Neutral Momentum Verbatim

"The Bank of Nova Scotia is going through each of its business lines, and re-evaluating whether they stay in that line. Each business line is presenting its case to the board, but we do not have access to this information. We will have to wait for their investor day to learn more, but a date for this has not yet been announced."

"The Bank of Nova Scotia has recently undergone several changes, including the appointment of Jacqui Allard as well as a new head of international."

"I want to know more about the Bank of Nova Scotia's commitment to Latin America and how management views exposure in different countries. That's always been an issue for them, and they need to be clear that they're committed. I want more clarification on their LatAm strategy at their investor day."

"The Bank of Nova Scotia is having an investor day coming up, and based on what we've heard so far, Scott Thomson can only do so much to achieve the high-level objectives; they're not necessarily going to be easy to execute. I don't expect a huge change in strategy; it will mostly improve existing strategies. It will be a long-term game plan, and there's nothing wrong with that. You hear lots of chatter; people say they will significantly shrink the International Bank. Everything I hear from Scotia suggests that's not the case; it's more about improving it. From a capital allocation standpoint, I don't know if that much changes; it's more a matter of squeezing out higher returns based on where they have already allocated capital."

"Regarding the Bank of Nova Scotia, we are yet to see its strategy rollout. However, there is a possibility that confidence in this name will increase."

Typical Investor Verbatim

Neutral Momentum Verbatim

"Intact is a reliable company that is less volatile than banks. Therefore, it is expected to recover and grow smoothly. On the other hand, banks like the Bank of Nova Scotia will have to make provisions as the economy starts to pick up. However, most of these provisions will only be reduced and will not give way to real charges. As a result, banks' earnings will increase as the economy improves. Once the trough of these provisions is over, the banks will recover faster than the speed at which they declined."

"The Bank of Nova Scotia is hosting an investor day, and I want to know more about their core assets. During my meeting with them, they mentioned that they are interested in Mexico but not other Latin American businesses. They plan to utilize the cash generated from these businesses, besides Mexico, for future investments. The former CEO, Brian Porter, tried transforming the bank to reduce risk. I'm now curious if the new CEO, Scott Thomson, will take five years to retransform their geographic footprint. The timing and execution of this plan are crucial. If it takes five years, I'd prefer to hear back from them once it's completed."

"I am interested in knowing the Bank of Nova Scotia's actual plan regarding its Latin American assets. If the assets are difficult to sell and they plan to keep them, the bank should inform the market of its intentions. Alternatively, if the bank decides to withdraw cash from these assets to invest elsewhere, there is a likelihood that they will not be developed appropriately, and their value will reduce over time. Therefore, the bank needs to clarify its Latin American strategy. Until I have this information, I am uncertain whether investing in the company is a good idea. Another issue is the bank's margins, which are affected by high funding costs. As a result, the bank plans to change the loan-to-deposit ratio. To achieve this, they have slowed down their growth in Canada and internationally. It is crucial to understand any other significant changes the bank may make, as it will affect its growth. Additionally, I am interested in knowing the impact of the management changes the bank has implemented."

Typical Investor Verbatim

Neutral Momentum Verbatim

"When it comes to the Bank of Nova Scotia, this is a restructuring story. New management has talked about many things, and they may do disposals."

"Whatever Bank of Nova Scotia want to do; it will take time."

"I've noticed a shift in the Bank of Nova Scotia's international strategy. We want a clearer path of how they will proceed with their new strategy."

Typical Investor Verbatim

Negative Momentum Verbatim

"I trust National Bank more than Scotia Bank regarding long-term delivery. National Bank is known for being a reliable and consistent bank in Canada."

"National Bank's CEO, Laurent Ferreira, is a year and a half into the job, but he's done an excellent job. Capital allocation is the key to growing and having confidence over time; the CEO has a lot to do with that. In contrast, Manulife's Roy Gori is an example of poor decision-making in this area, while the Bank of Nova Scotia has also struggled. National Bank, on the other hand, is very strong."

"I don't have confidence in the Bank of Nova Scotia's senior management team; they are replacing people as we speak. The outcome of Scott Thomson taking over showed that they messed up on bench strength, partly due to Brian Porter. We like National Bank a lot and can defend why we like it. The National Bank CEO came from within the ranks; they're moving up people within the ranks. Scotia just hired two people externally."

"The Bank of Nova Scotia has the weakest tier-one capital ratio and a lower ROE. In contrast, National Bank has a higher capital ratio and ROE to generate more capital every quarter."

"Bank of Nova Scotia's corporate strategy is really in flux right now."

"Bank of Nova Scotia's investor day will be in September or October. I'd like to see a strategy to grow retail deposits and a definitive answer on brokered mortgages- are they in or out? They've changed their minds a few times. When it comes to Peru and Colombia, do they have the courage to clean it up and sell it?"

"I don't have any confidence in the Bank of Nova Scotia."

Typical Investor Verbatim

Negative Momentum Verbatim

"The Bank of Nova Scotia's senior management team is weak."

"The Bank of Nova Scotia's IR is trying hard, but he's been dealt a bad hand."

"The Bank of Nova Scotia have misjudged their balance sheet. If they have to exit and change business lines, you know very well that they messed up on capital allocation."

"The Bank of Nova Scotia's appointment of the new CEO was out of left field because of his little experience in the industry. People are now just waiting to see what he will do. The board misread what investors were looking for with this appointment."

"We met with the Bank of Nova Scotia's new CEO, Scott Thomson, and it seemed like he was fine; he said all the right things. However, his experience is the issue, and that's what people are talking about. It's a bank that needs a lot of expertise to run it."

"Given the lack of clarity on strategy, I don't know how people have more confidence in the Bank of Nova Scotia's earnings than the Bank of Montreal's."

"We have no idea what the Bank of Nova Scotia's strategy is."

"I don't have confidence in the Bank of Nova Scotia's CFO. There have been too many surprises in Scotia reporting, and it's not as clean as I'd like it to be. A few years ago, they had issues with some non-recurring things; they sold real estate in one quarter, kept it in the recurring, and then a year later, comps looked harder. I want more clarity on what's recurring and not recurring."

Typical Investor Verbatim

Negative Momentum Verbatim

"The credit provision is going to be normalized, which means that for the next few quarters, the banks will have to readjust their operating leverage and incur some charges. This will make the next few months tough for the banks. However, the next 12 months could be a good time to buy bank stocks as things are expected to worsen."

"I don't like how the Bank of Nova Scotia handled the succession of Brian Porter; it left a bad taste in my mouth."

"When the Bank of Nova Scotia appointed Scott Thomson, I thought that was very poor corporate governance. The conflict of interest with Scott being on the hiring committee was the exit for us. Corporate governance is an important part of how we rank with the quality of both the company and the management. That, for us, was the final straw."

"There is a lot of uncertainty for Scotiabank regarding the regulatory environment and the capital environment. My confidence in their ability to grow long-term is not as strong as other companies."

"I'm not expecting much from Scotiabank's investor day. They are caught between a rock and a hard place of a deteriorating macro environment with no capital to transition the bank to get it on a solid footing for the next leg once we start getting back to a more positive macro environment. They are stuck. I don't have much confidence at all in Scotia."

Typical Investor Verbatim

Negative Momentum Verbatim

"The board at Scotiabank has lost a lot of credibility due to the hiring process of the CEO."

"When it comes to the Bank of Nova Scotia, the LATAM business is a good return business, and I understand why they're doing it. However, the cost of capital has always been too high, which they've known about for years. With the new CEO, I wonder if they will change anything or continue to run with what they've been doing."

"Banks like TD, the Bank of Montreal, the Bank of Nova Scotia, and CIBC are not receiving as much credit as expected, resulting in the provisions being imposed. This includes changes in Basel Three Endgame, Basil Four, RWA density changes, FRTB review, and other factors that increase capital requirements. Many banks are trying to optimize RWA and other aspects of their businesses. However, with the possibility of worsening credit concerns, predicting a significant increase in EPS growth is difficult, especially if it comes from share buybacks and stuff that might not materialize."

"The Bank of Nova Scotia IR team could do better by providing more detail."

"Bank of Nova Scotia is not even a short, I just wouldn't touch it at all. This is because Scott is saying they are going to sell Colombia and Peru, there is no bid right now. There's nobody buying their Colombian franchise, if they do find a bidder it's going to be at a really bad price with a big write down, which means they are likely just going to keep those businesses for now, which will be an overhang on the stock. The only reason I wouldn't short it is it's cheap and the dividend yield is high so you have negative carry. In the event that somebody foolishly buys one of those businesses at a high multiple the stock will be up 10% in a day and you will get your face ripped off in a short."

Typical Investor Verbatim

Negative Momentum Verbatim

"The Bank of Nova Scotia needs to clean up LATAM; they are not earning the rate of return they should. In Canada, they need to improve their deposit-gathering capabilities. They've grown the mortgage book aggressively in Canada, and I worry about that. They're a bank that could have unexpected losses. I don't know what they've been doing with their balance sheet because they did not have any margin expansion throughout the street cycle, which was surprising, given the amount of resetting mortgages they have."

"The Bank of Nova Scotia bought MD Financial for a hefty sum."

"The Bank of Nova Scotia has some issues to resolve, which could take some time."

"The Bank of Nova Scotia is having an investor day soon, and I'm waiting to see what happens. I don't know what they will tell us, but there's not much to get excited about. I want them to grow deposits, but I don't know if they can do that."

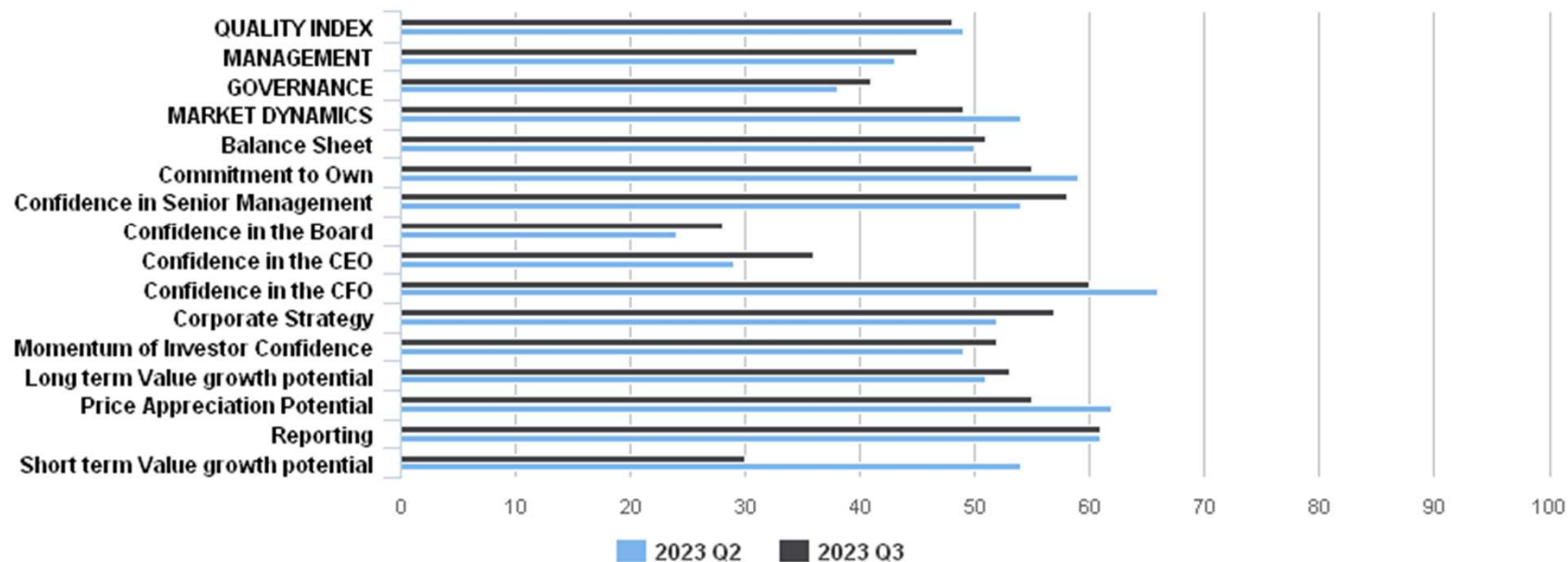
"Everything about The Bank of Scotia's board is pushing investors away. It would be good for the stock if they made some adjustments to their board."

"I will have more confidence in the Bank of Nova Scotia if they provide more details on their plans. It's hard to buy it because I can buy something with better visibility for the same price."

Quarter over Quarter Results

Forecast for the Year Ahead

Bank of Nova Scotia



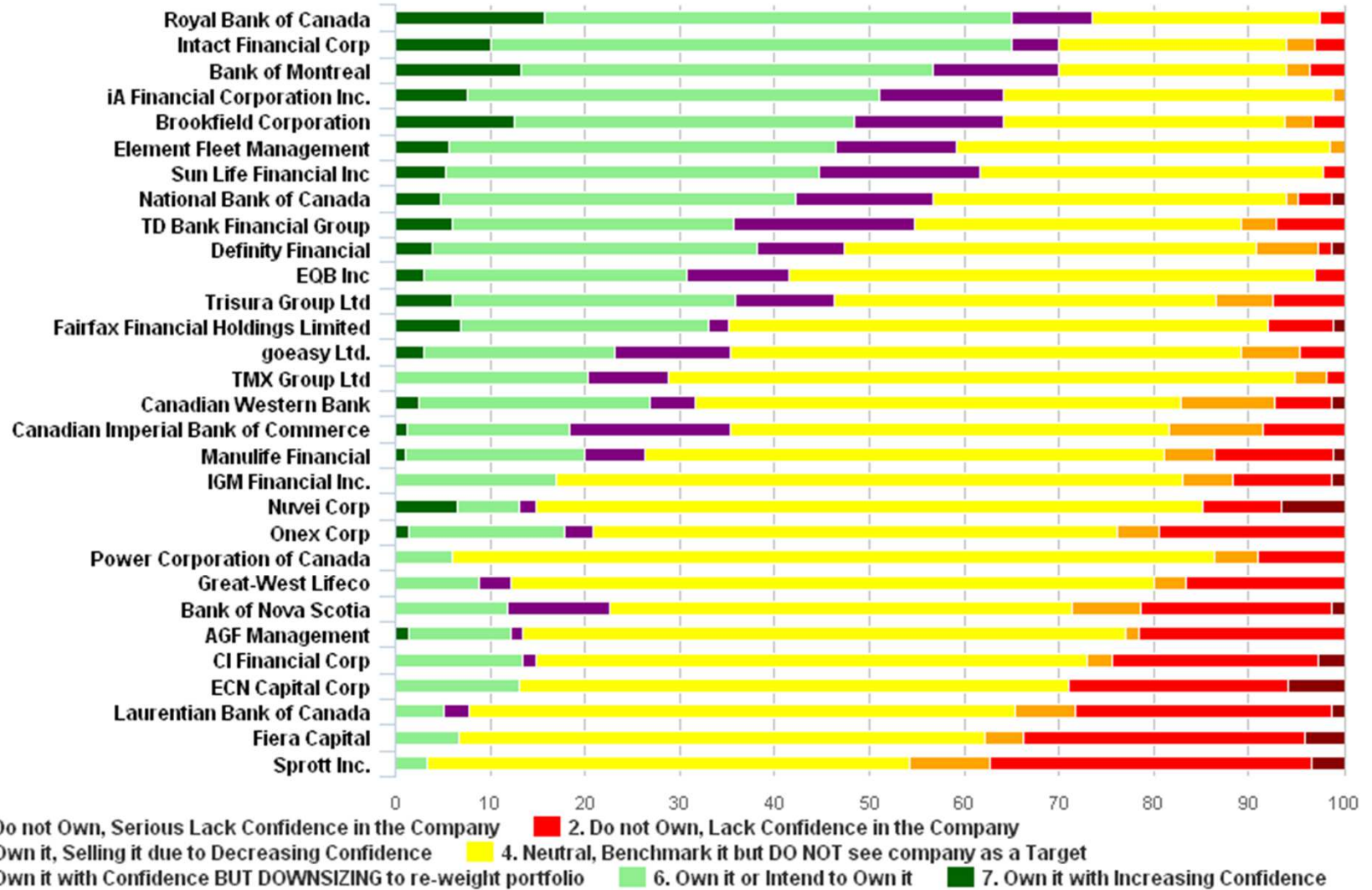
Rolling Year Data*

*Rolling Year Data = Accumulation of the rolling 12 month intelligence from the BWI Shareholder Confidence Panel

What is Your Commitment to Own This Stock in The Year Ahead?

Rolling Year Data

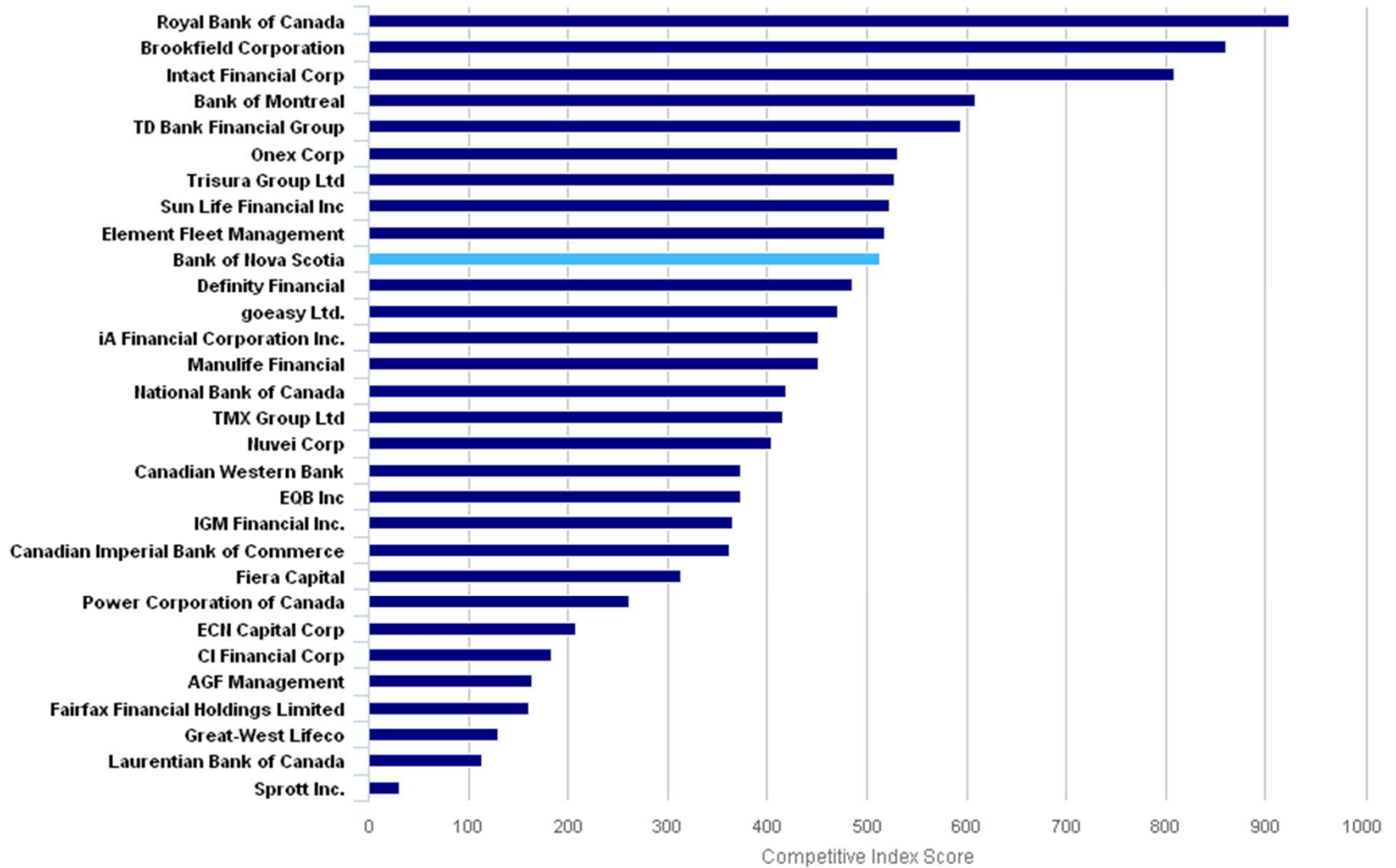
Buyers/Sellers by Sector



Shareholder Confidence Competitive Index

Rolling Year Data

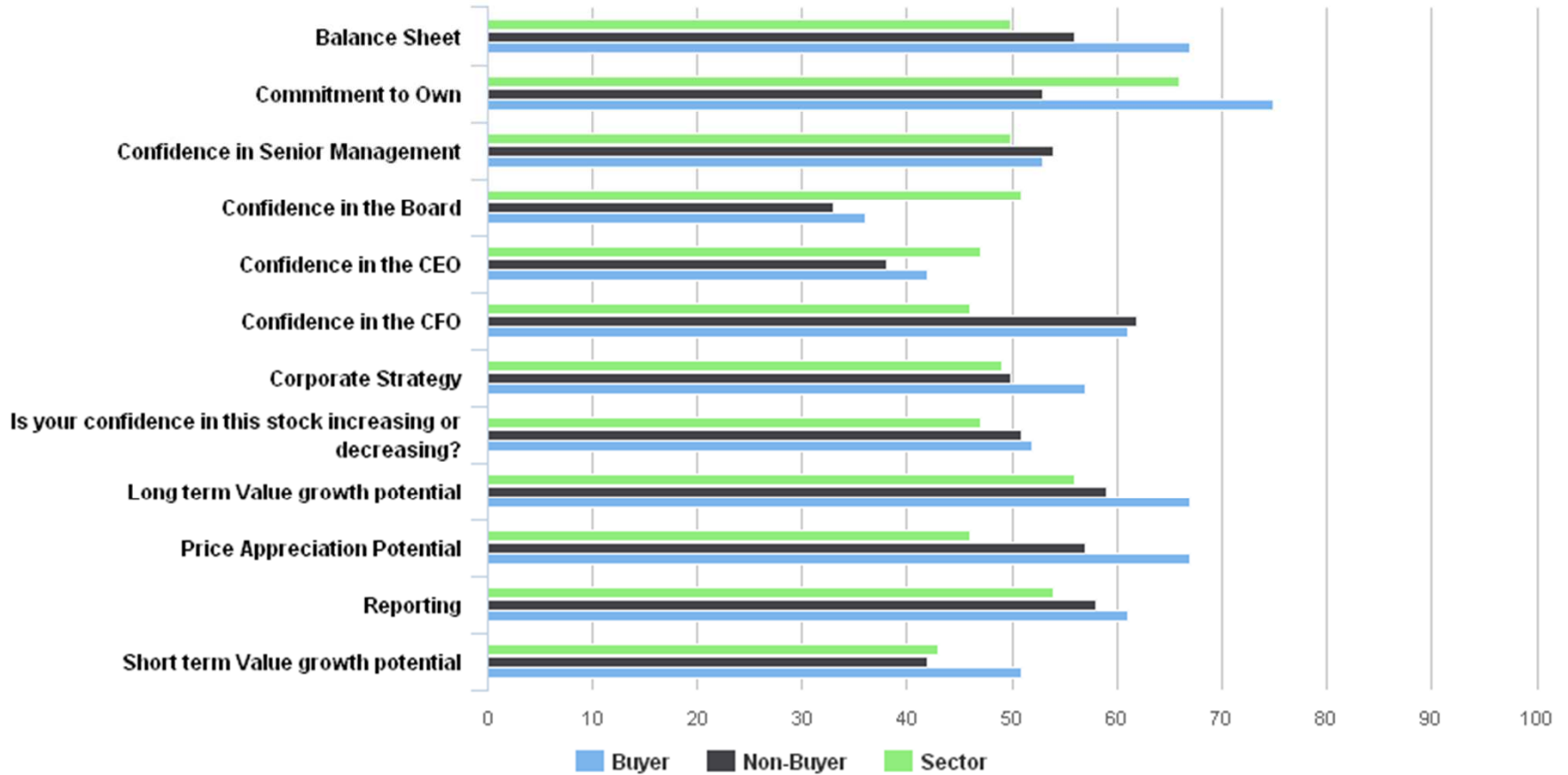
Global Investors - Investment Quality Index



Investment Target: Buyer Ratings Vs Non-Buyer Ratings Forecast for the Year Ahead

Rolling Year Data

Bank of Nova Scotia



Shareholder Confidence Ratings by Categories Forecast for the Year Ahead

Rolling Year Data

Company Name	Strategy	Management - CEO, CFO, Senior Management, Board	Market Dynamics - Commitment to Own, Momentum, Price Appreciation Potential, Balance Sheet, Short and Long Term Growth	Governance - Reporting & Disclosure, Board, CFO
Royal Bank of Canada	1st	2nd	1st	1st
Intact Financial Corp	2nd	3rd	4th	2nd
Brookfield Corporation	3rd	1st	2nd	3rd
Element Fleet Management	4th	10th=	7th	11th
Bank of Montreal	5th=	4th	6th	4th
Sun Life Financial Inc	5th=	5th=	11th	7th=
TD Bank Financial Group	7th=	9th	3rd	10th
Trisura Group Ltd	7th=	10th=	5th	13th
Onex Corp	9th	5th=	9th=	5th
Bank of Nova Scotia	10th	12th	9th=	14th
National Bank of Canada	11th	16th	16th	15th
iA Financial Corporation	12th	7th	15th	7th=
goeasy Ltd.	13th	13th	12th=	7th=
Definity Financial	14th=	8th	12th=	12th
TMX Group Ltd	14th=	18th=	14th	16th
Canadian Imperial Bank of	16th=	18th=	20th	17th=
IGM Financial Inc.	16th=	21st	18th=	17th=
Manulife Financial	16th=	17th	8th	17th=
Nuvei Corp	16th=	14th	18th=	20th
Power Corporation of Cana	20th	23rd	23rd	26th
Canadian Western Bank	21st	20th	17th	21st
ECN Capital Corp	22nd=	27th	22nd	28th
Fiera Capital	22nd=	22nd	25th	22nd

Shareholder Confidence Ratings by Categories Forecast for the Year Ahead

Rolling Year Data

Company Name	Strategy	Management - CEO, CFO, Senior Management, Board	Market Dynamics - Commitment to Own, Momentum, Price Appreciation Potential, Balance Sheet, Short and Long Term Growth	Governance - Reporting & Disclosure, Board, CFO
EQB Inc	24th	15th	21st	6th
Fairfax Financial Holding	25th	28th	24th	27th
Great-West Lifeco	26th	29th	26th=	29th
AGF Management	27th	25th=	28th	25th
CI Financial Corp	28th	24th	26th=	23rd
Sprott Inc.	29th	30th	30th	30th
Laurentian Bank of Canada	30th	25th=	29th	24th

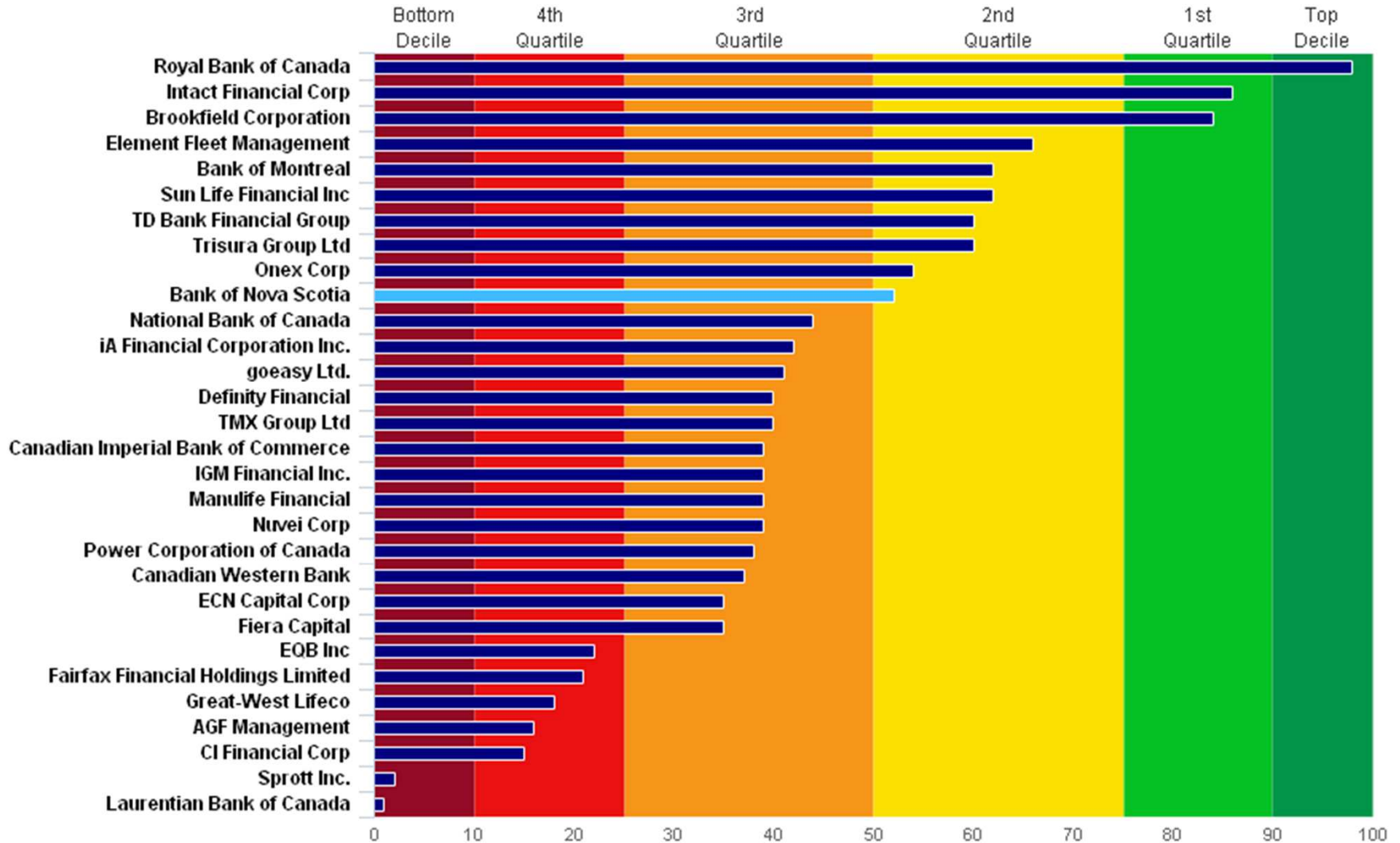
Advance Proxy Poll - Strategy Forecast for the Year Ahead

Rolling Year Data

What is Your Vote or Recommended Vote* to Retain/Replace the Existing Strategy?

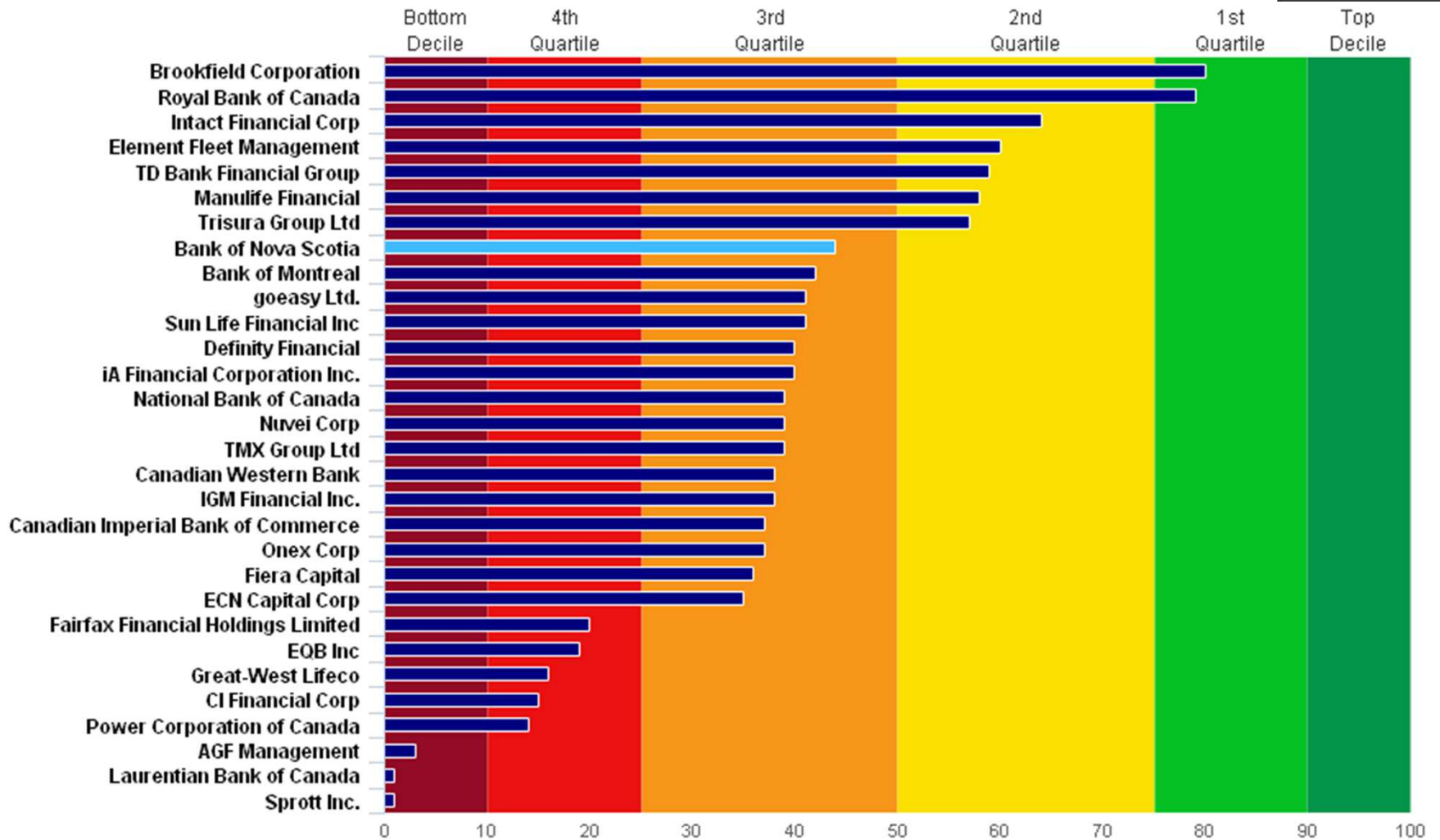
(*Applies to cases where compliance/administration executes the proxy.)

(TD: Very Strong Vote to Retain, Q1: Strong Vote to Retain, Q2: Vote to Retain, Q3: Vote to Replace, Q4: Strong Vote to Replace, BD: Very Strong Vote to Replace)



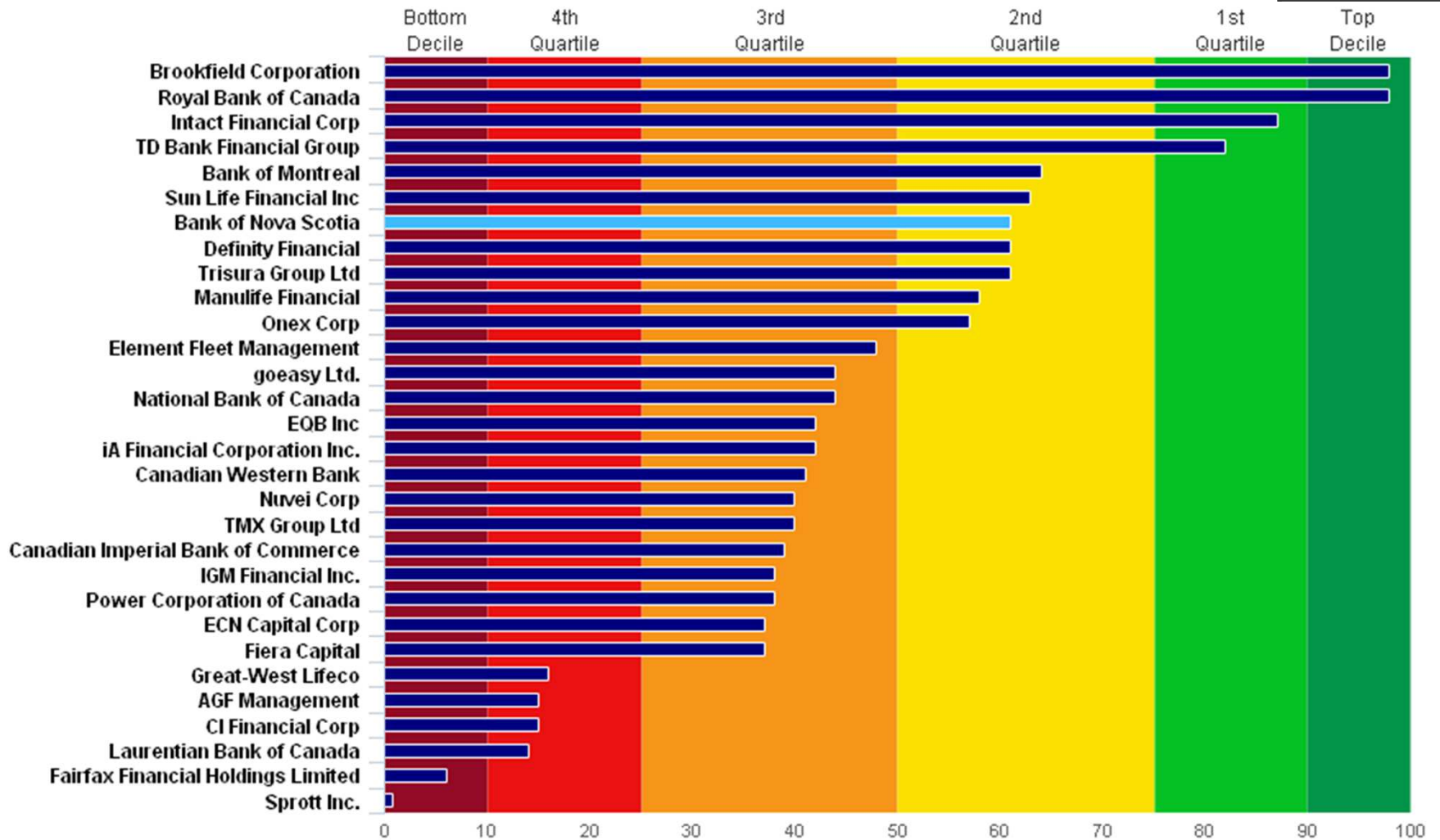
Confidence in Short Term Growth Forecast for the Year Ahead

Rolling Year Data



Confidence in Long Term Growth Forecast for the Year Ahead

Rolling Year Data



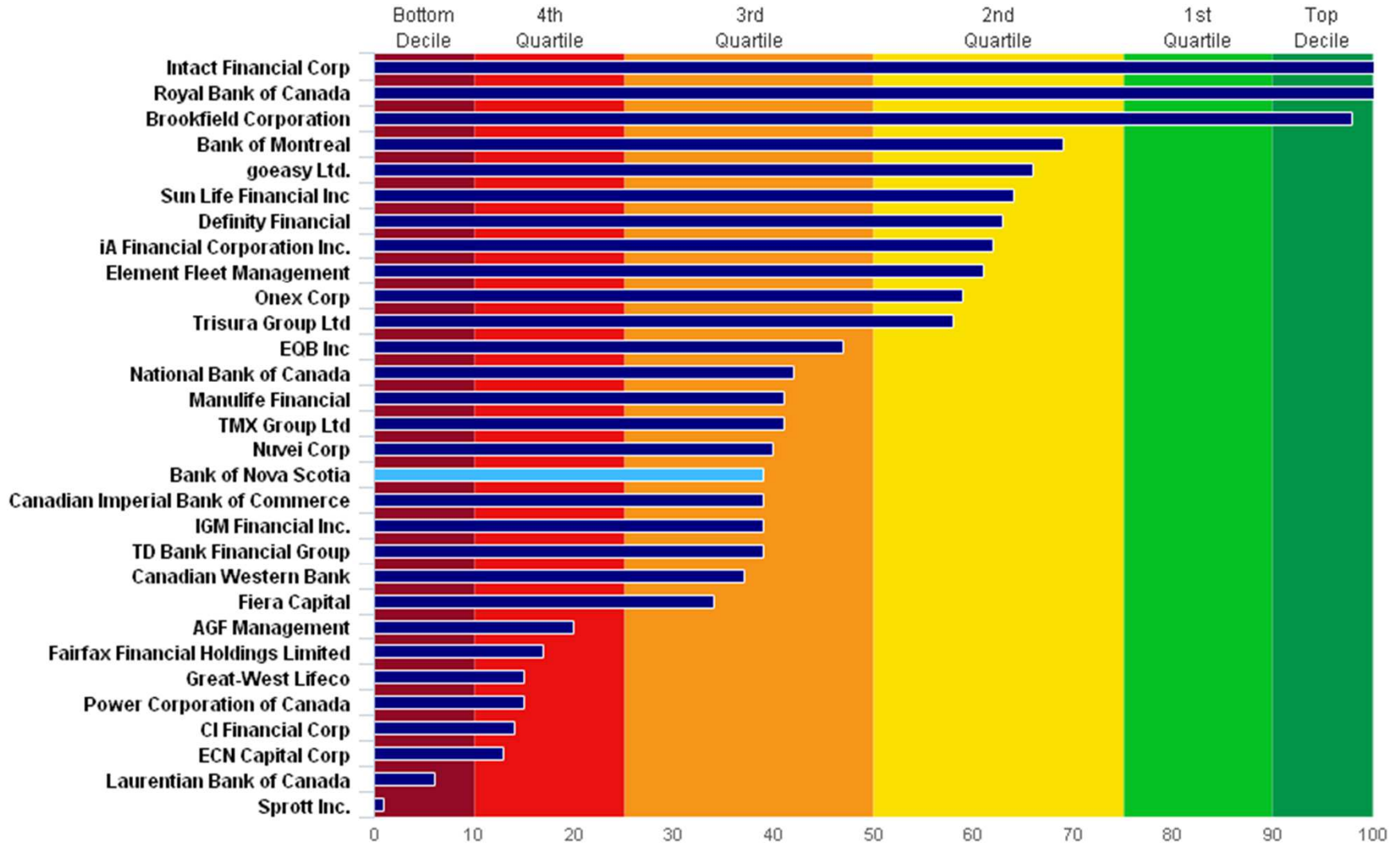
Advance Proxy Poll - CEO Forecast for the Year Ahead

Rolling Year Data

What is Your Vote or Recommended Vote* to Retain/Replace the Existing CEO?

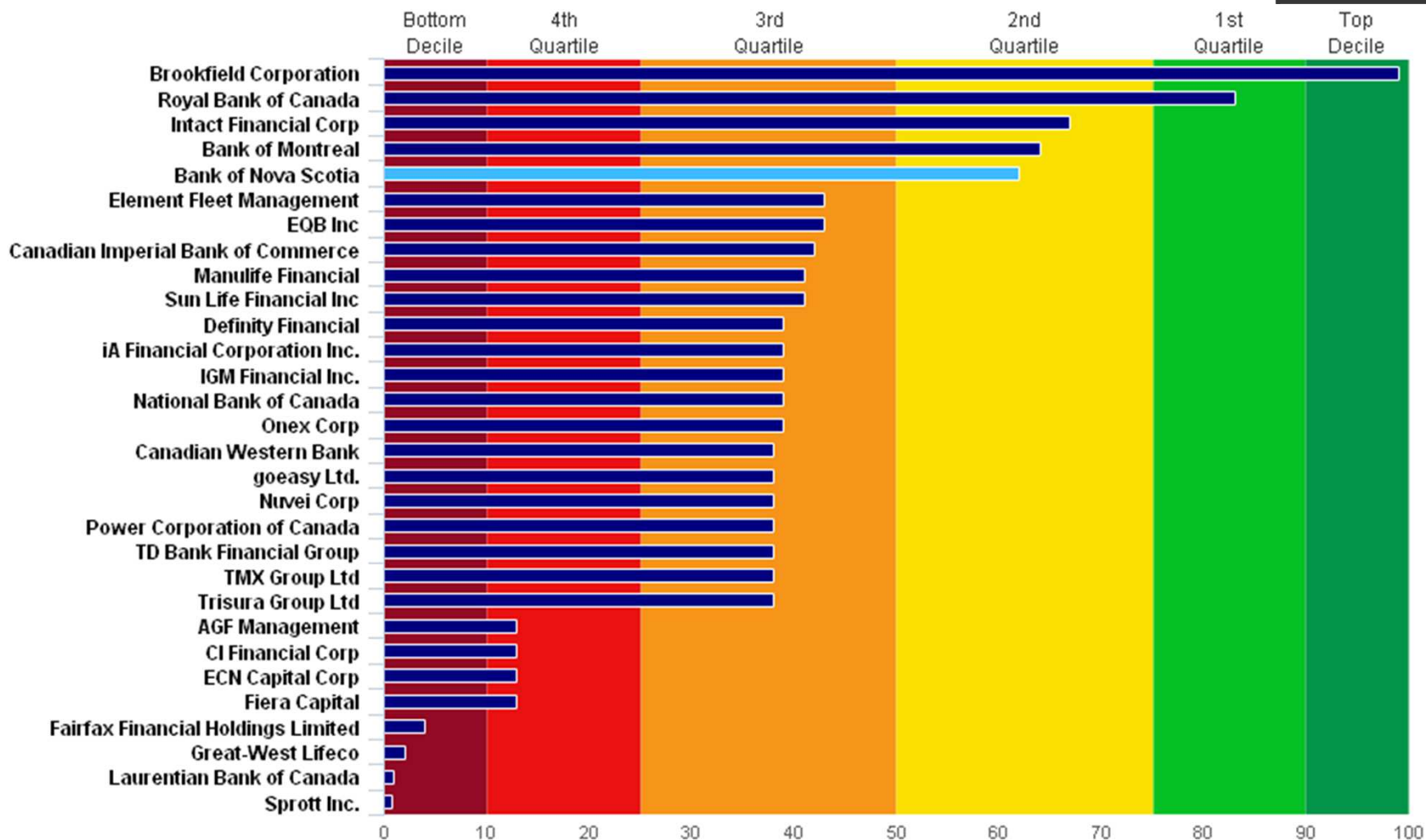
(*Applies to cases where compliance/administration executes the proxy.)

(>80 Very Strong Vote to Retain, 70-80 Strong Vote to Retain, 60-70 Neutral, 50-60 Strong Vote to Replace, <50 Very Strong Vote to Replace)



Confidence in CFO Forecast for the Year Ahead

Rolling Year Data



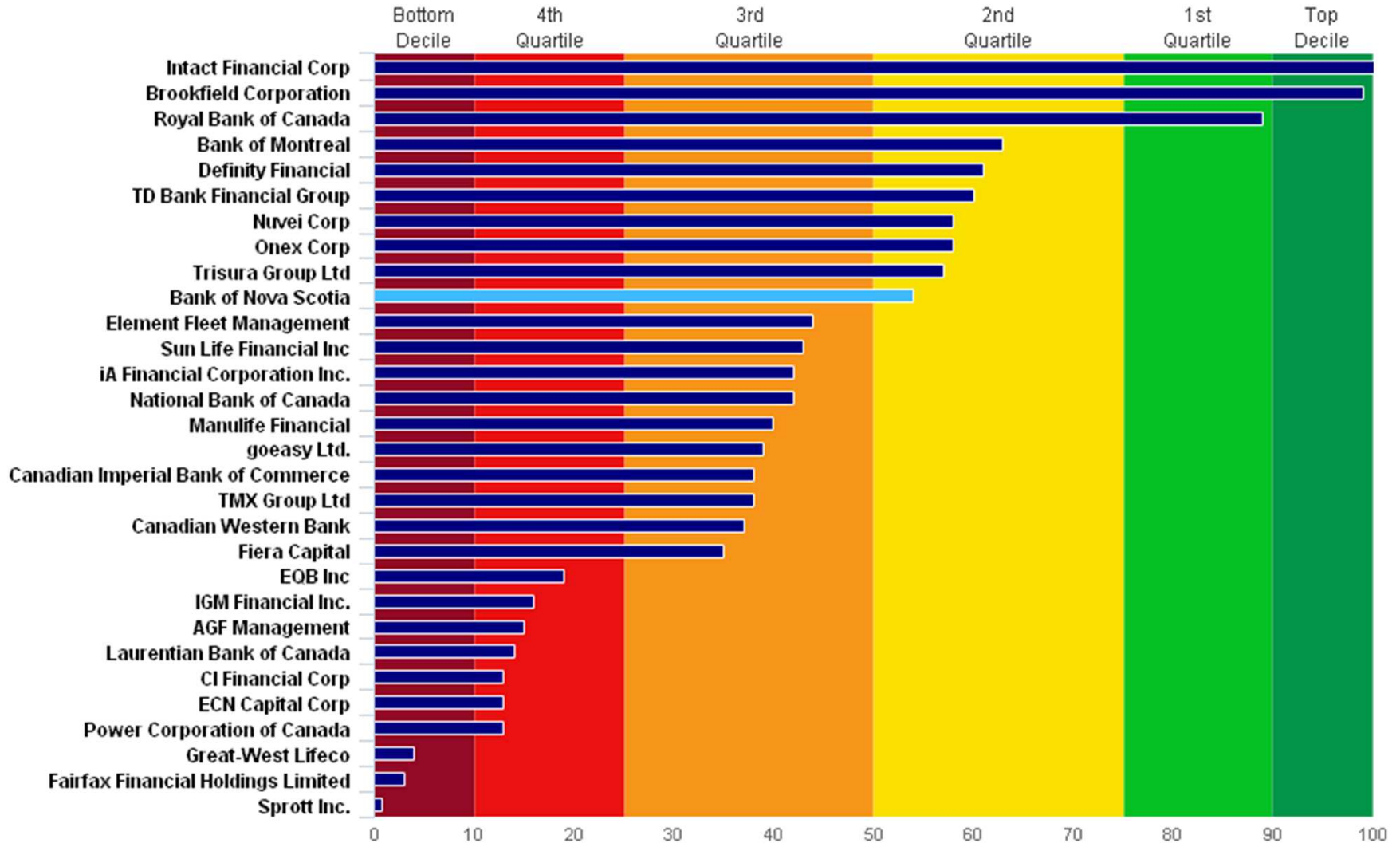
Advance Proxy Poll - Senior Management Forecast for the Year Ahead

Rolling Year Data

What is Your Vote or Recommended Vote* to Retain/Replace the Existing Senior Management?

(*Applies to cases where compliance/administration executes the proxy.)

(>80 Very Strong Vote to Retain, 70-80 Strong Vote to Retain, 60-70 Neutral, 50-60 Strong Vote to Replace, <50 Very Strong Vote to Replace)



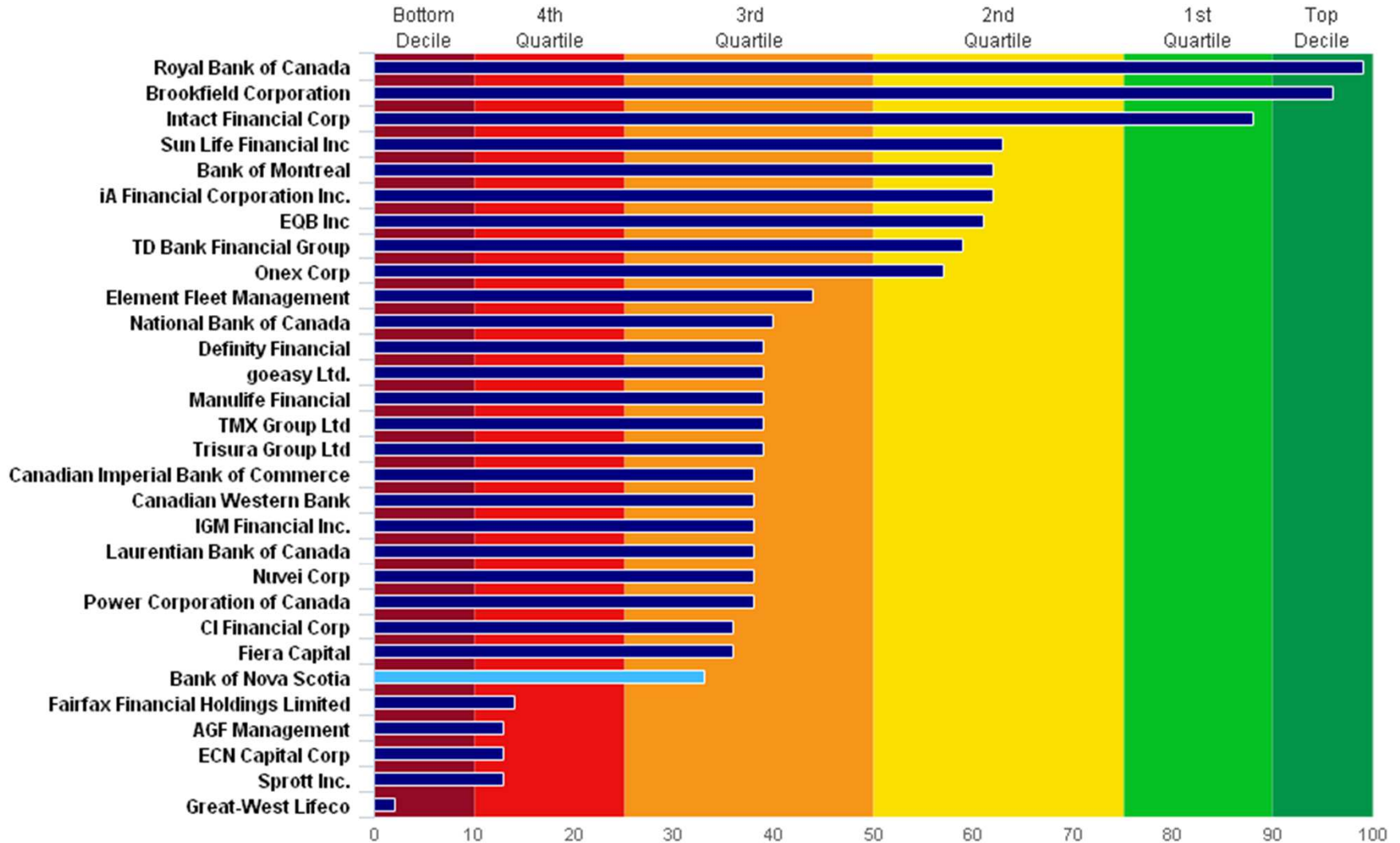
Advance Proxy Poll - Board Forecast for the Year Ahead

Rolling Year Data

What is Your Vote or Recommended Vote* to Retain/Replace the Existing Board?

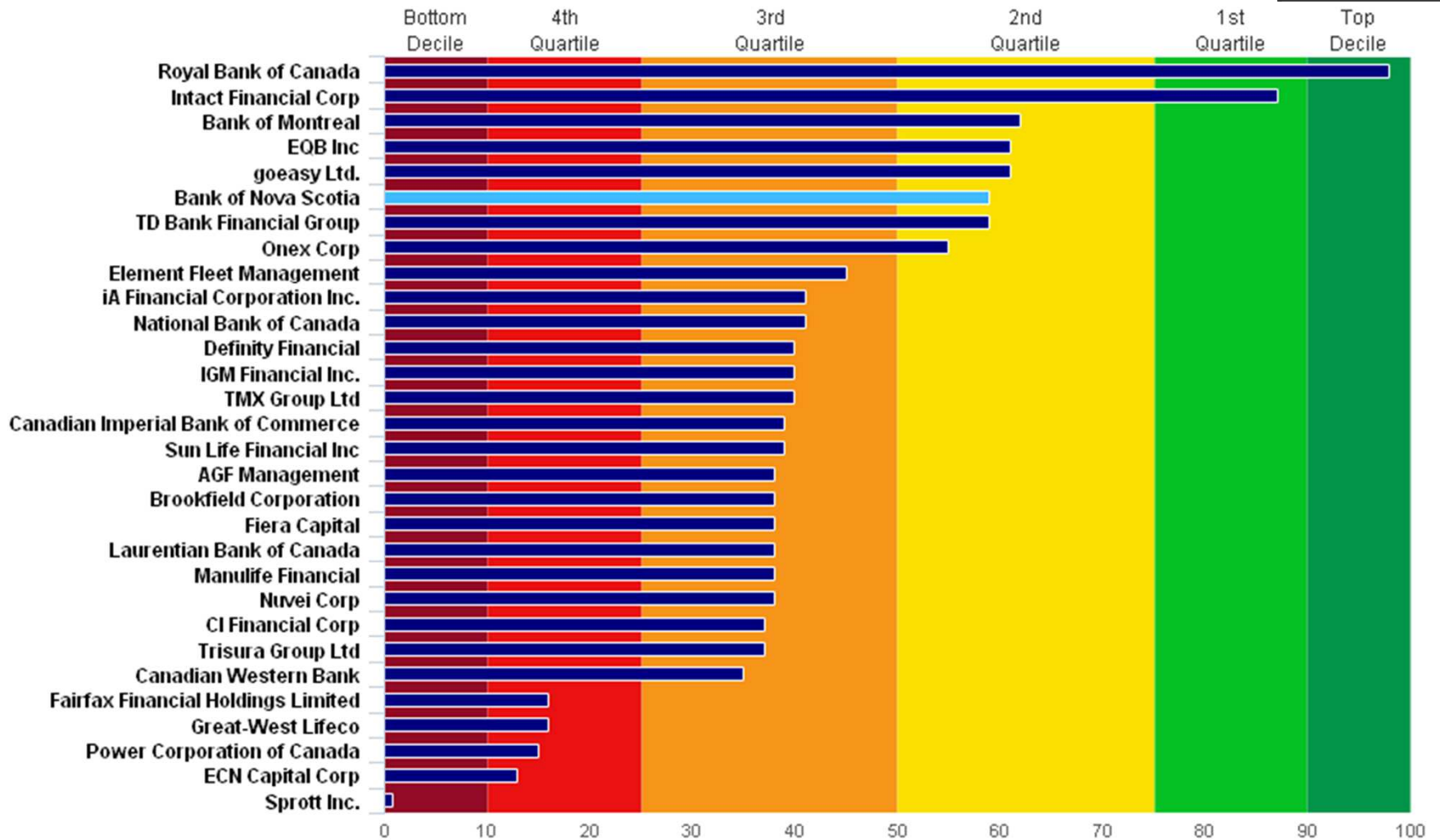
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(>80 Very Strong Vote to Retain, 70-80 Strong Vote to Retain, 60-70 Neutral, 50-60 Strong Vote to Replace, <50 Very Strong Vote to Replace)



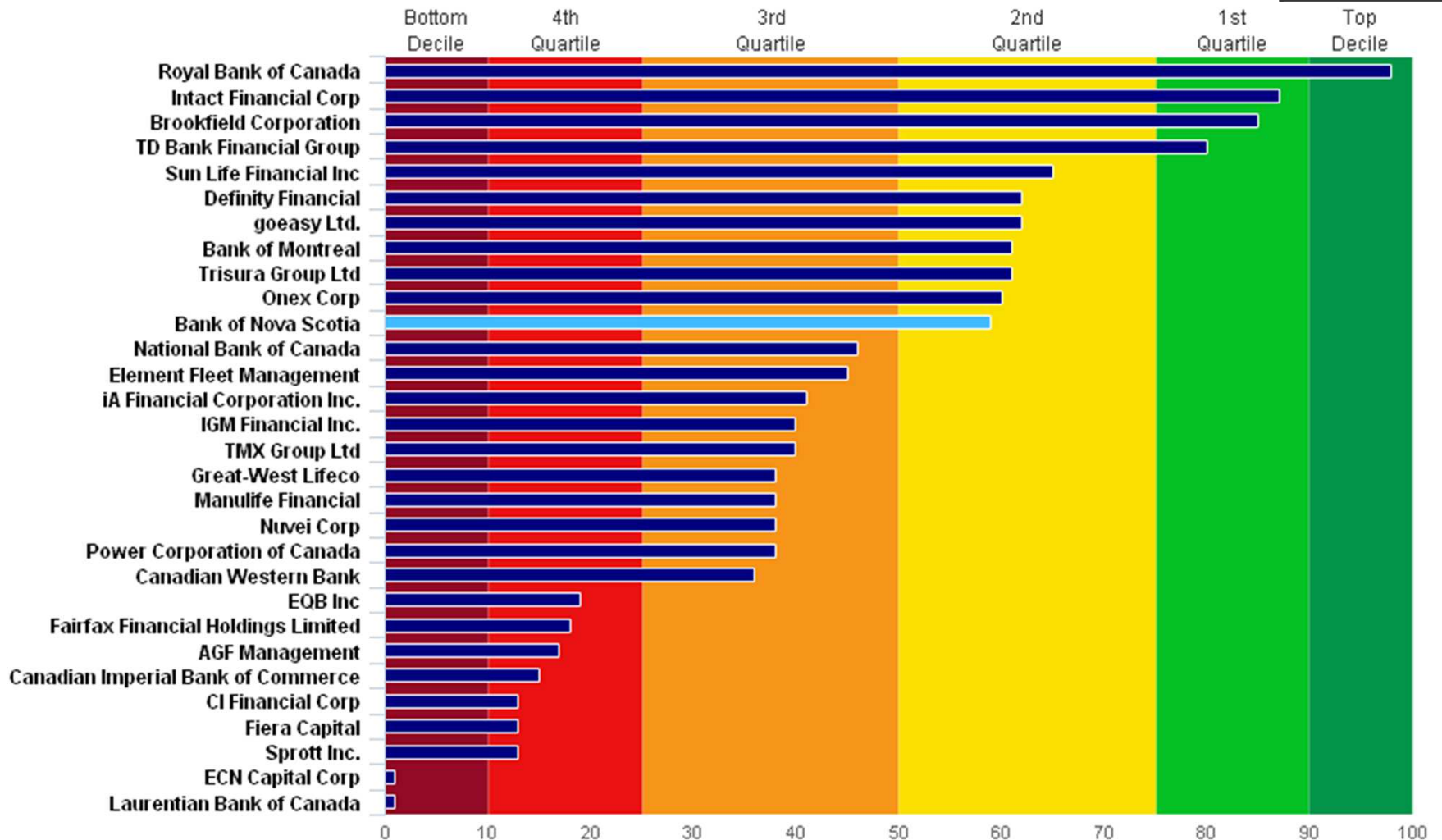
Confidence in Reporting Forecast for the Year Ahead

Rolling Year Data



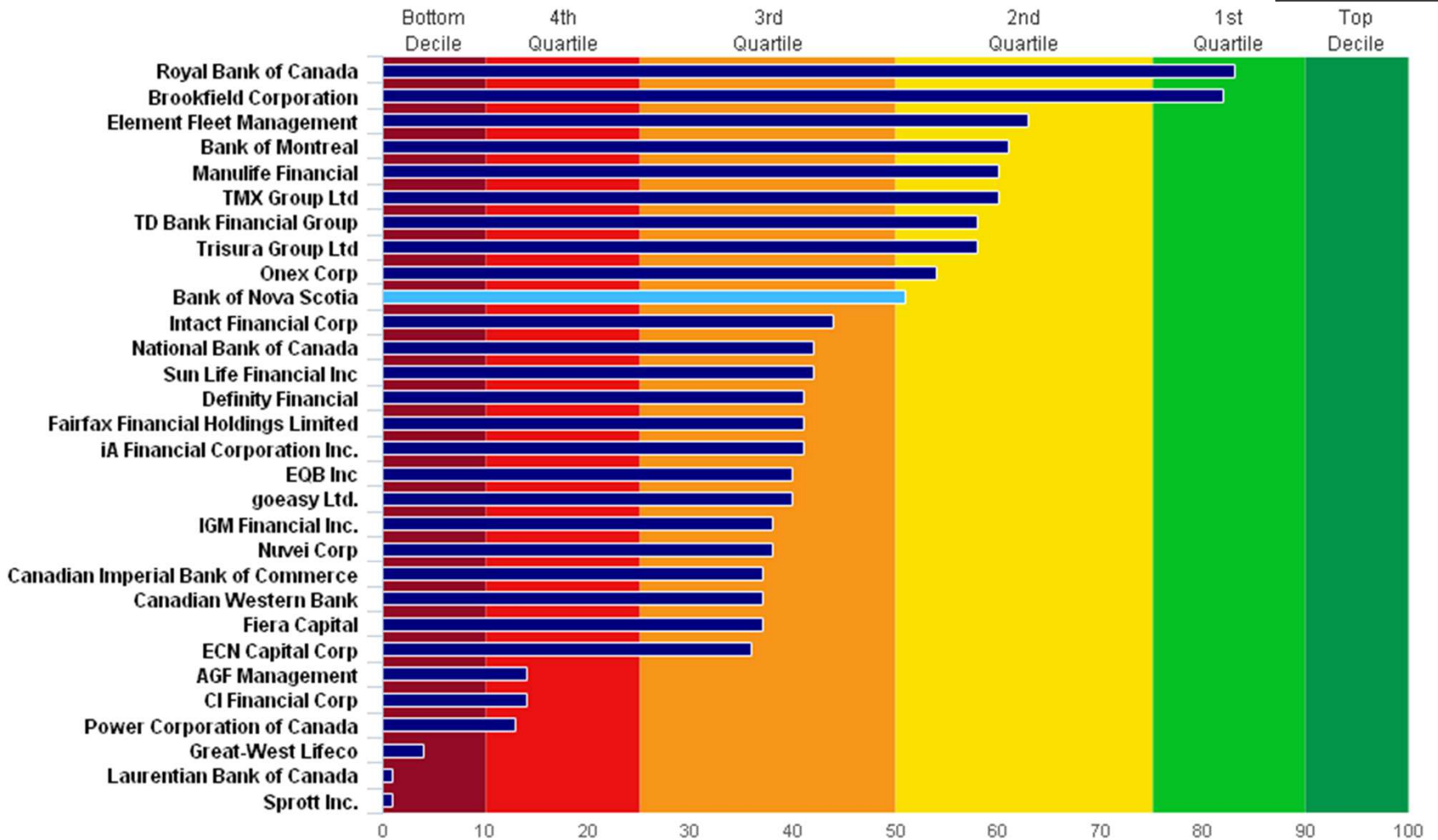
Confidence in Strength of Balance Sheet Forecast for the Year Ahead

Rolling Year Data



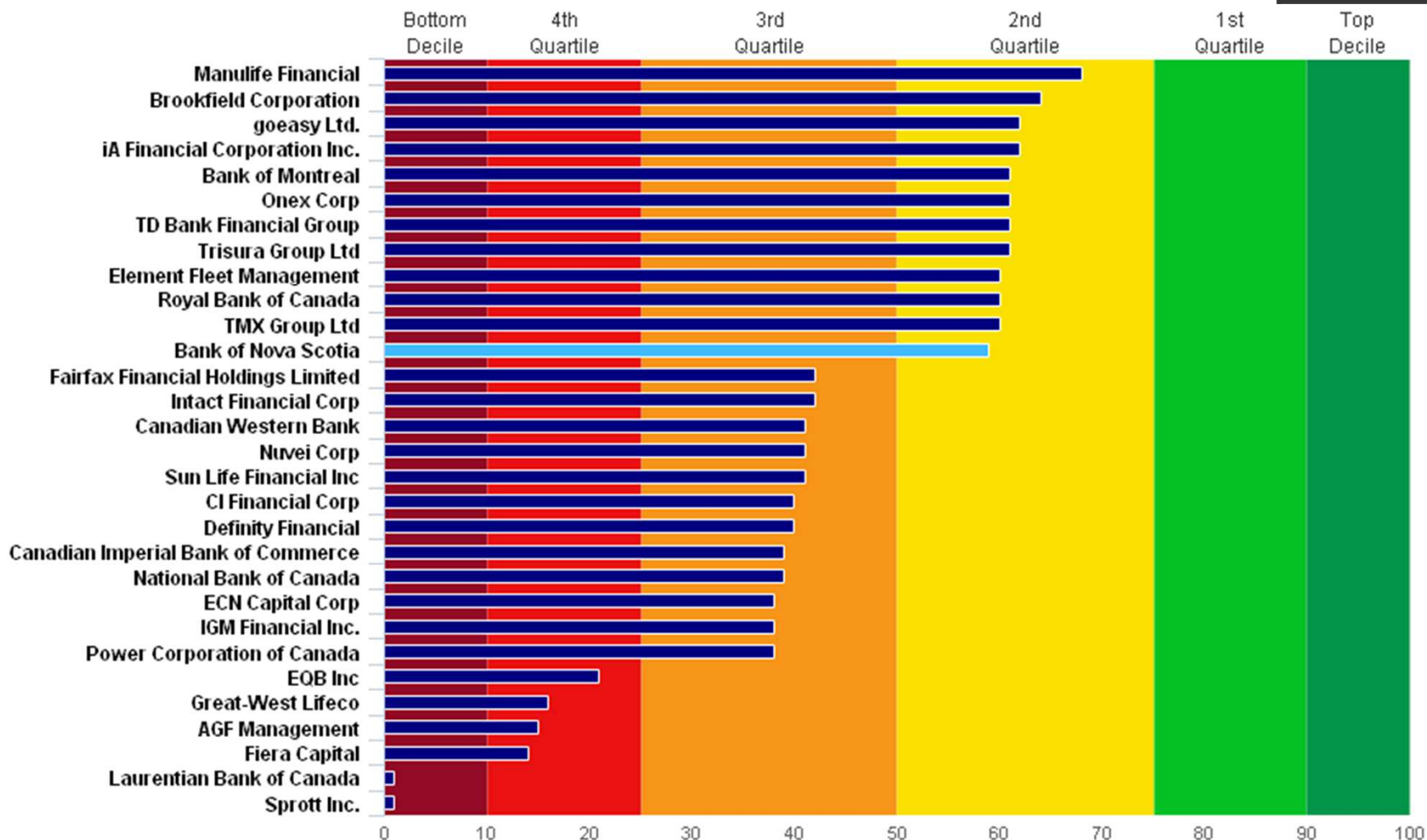
Momentum of Investor Confidence Forecast for the Year Ahead

Rolling Year Data



Price Appreciation Potential Forecast for the Year Ahead

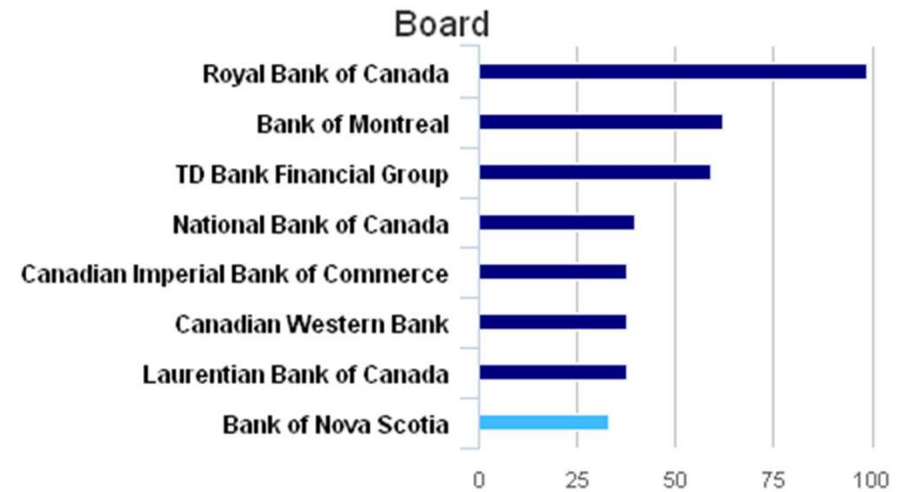
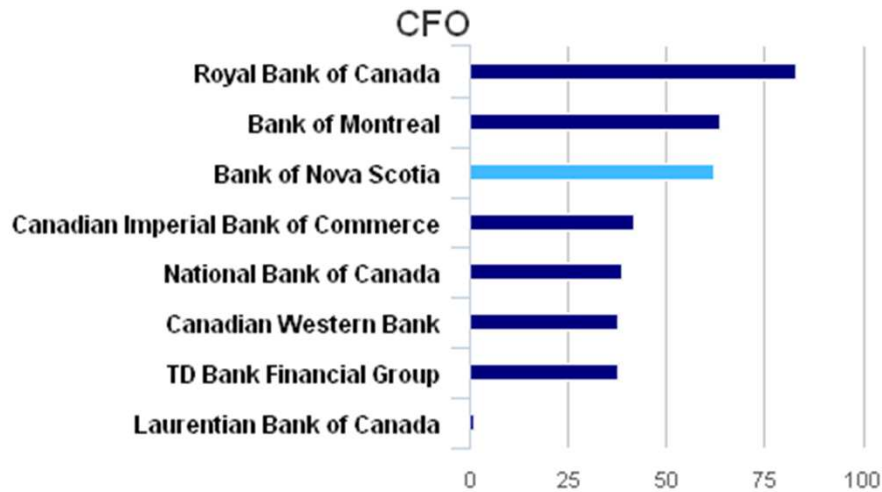
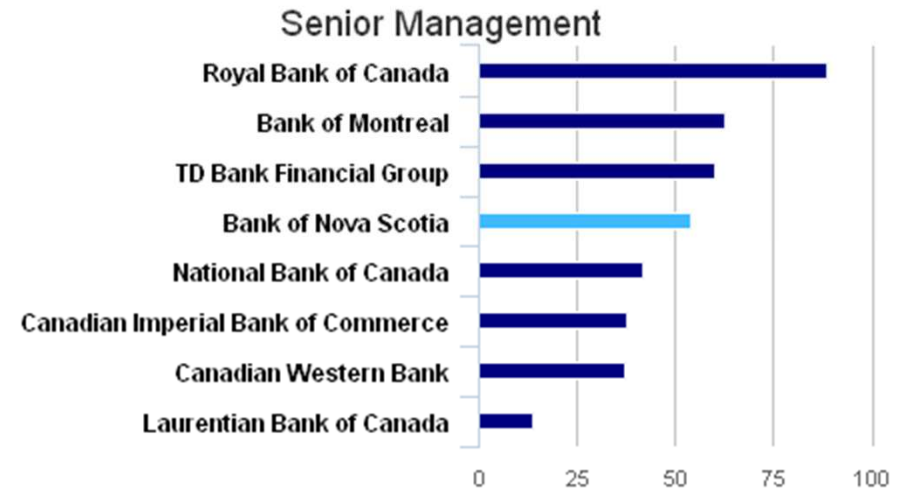
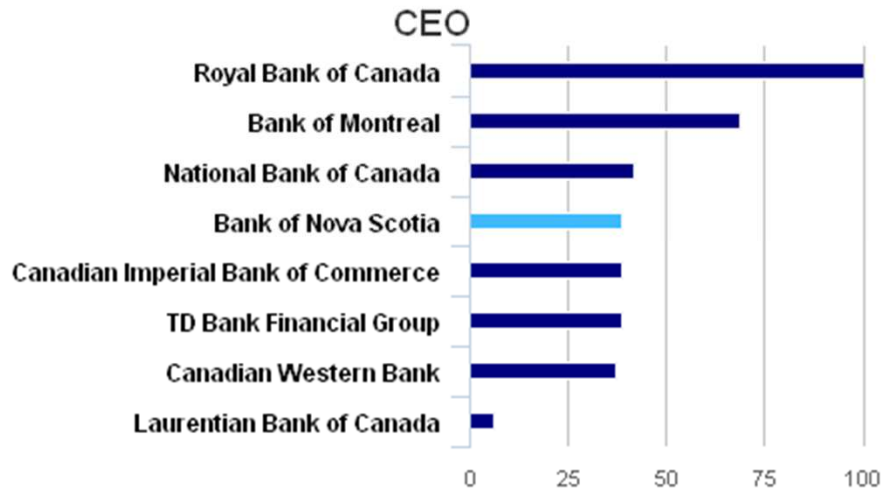
Rolling Year Data



Bank of Nova Scotia vs. Comparables

Forecast for the Year Ahead

Rolling Year Data

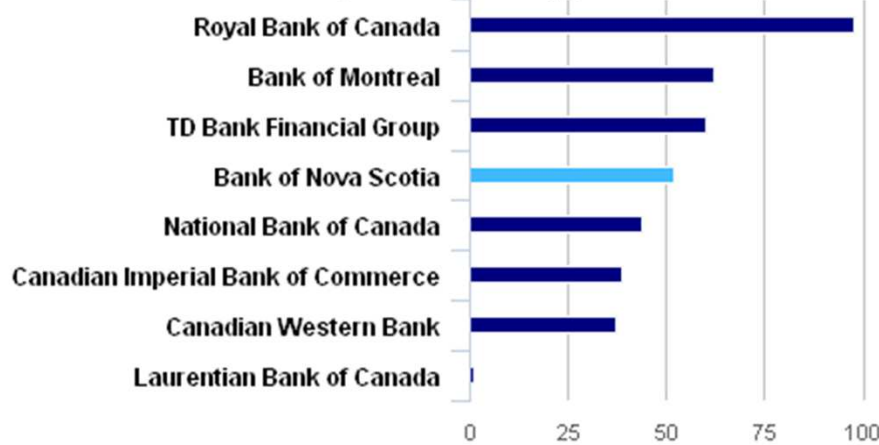


Bank of Nova Scotia vs. Comparables

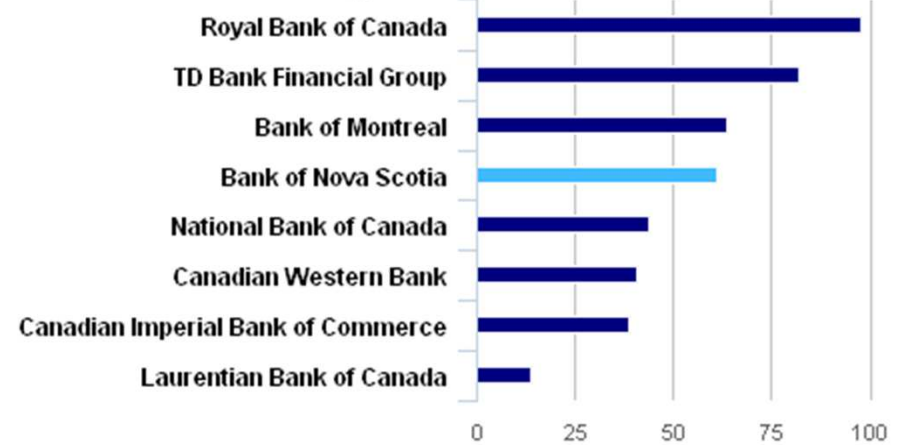
Forecast for the Year Ahead

Rolling Year Data

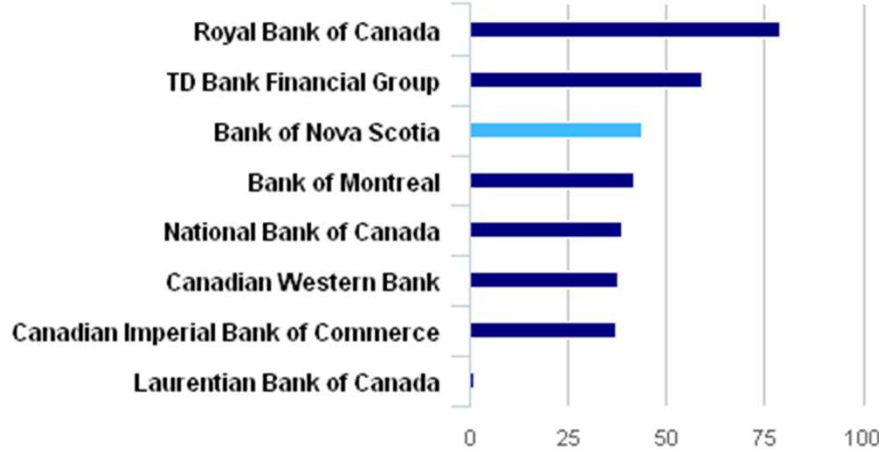
Corporate Strategy



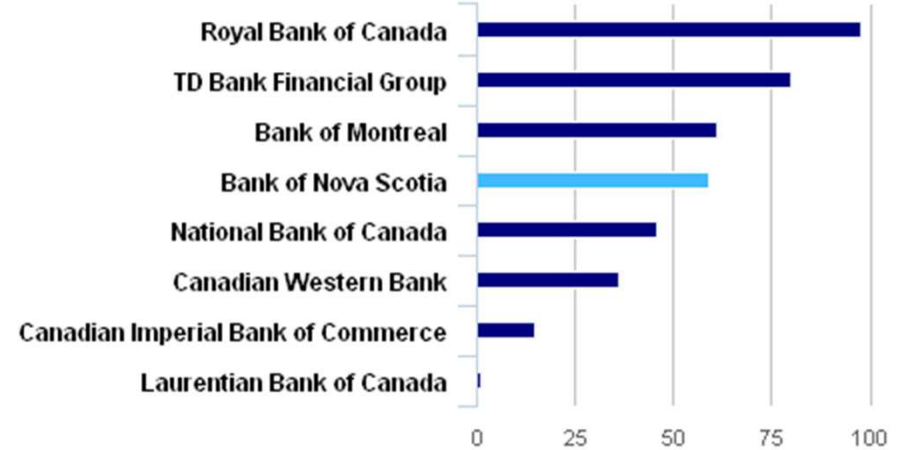
Long Term Growth



Short Term Growth



Balance Sheet



Bank of Nova Scotia vs. Comparables

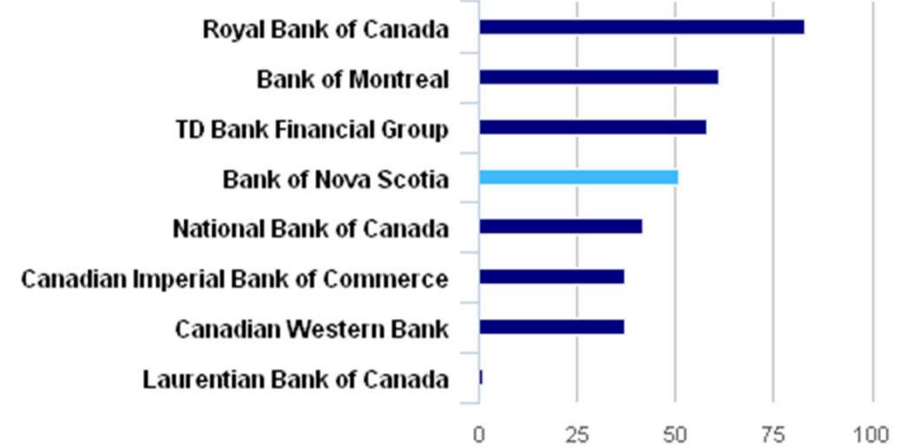
Forecast for the Year Ahead

Rolling Year Data

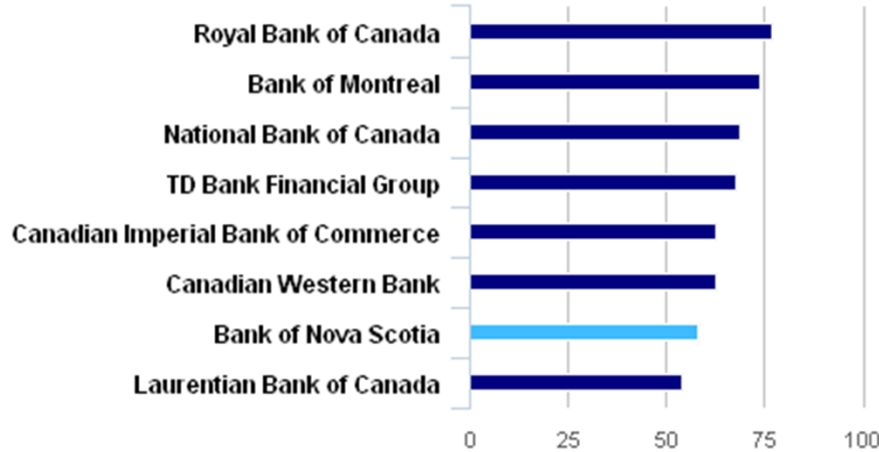
Price Appreciation Potential



Momentum



Commitment to Own



Reporting & Disclosure

