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Industrial Alliance Enters into Agreement to Acquire HollisWealth from Scotiabank

Industrial Alliance to become one of the largest non-bank wealth management advisory firms in Canada with \$75 billion in Assets Under Administration

Industrial Alliance also announces common share offering

Quebec City, QC and Toronto, ON – December 5, 2016 – Industrial Alliance Insurance and Financial Services Inc. (“Industrial Alliance” or “iA Financial Group”) (TSX: IAG) and The Bank of Nova Scotia (“Scotiabank”) (TSX: BNS, NYSE: BNS) today announced that they have reached an agreement for Industrial Alliance to acquire HollisWealth, a leading Canadian financial network, from Scotiabank.

HollisWealth provides diversified investment and wealth management services to individuals, families and corporations. They are the fourth-largest independent advisor network in Canada, with \$34 billion in assets under administration (“AUA”), 800 licensed advisors, 400,000 active client accounts and over 300 locations across Canada. HollisWealth was part of Scotiabank’s acquisition of DundeeWealth Inc. in 2011, which also included Dynamic Funds, one of Canada’s most recognized asset management firms. Dynamic Funds is not part of this transaction and will remain part of Scotiabank.

“This strategic acquisition will place us near the top of the largest non-bank wealth management advisory firms in Canada with \$75 billion in assets under administration,” said Yvon Charest, President and Chief Executive Officer of Industrial Alliance. “The addition of 800 client-focused advisors across Canada will give us a truly national network and additional scale, which will create new growth opportunities and allow for continued investment and innovation in client solutions.”

Expanding its wealth management platform and capabilities has been a top strategic priority for Industrial Alliance. Since 2000, it has grown this business through a combination of organic growth and acquisitions. Industrial Alliance has completed 25 acquisitions in wealth management during that period and today has AUA of more than \$40 billion. With the addition of HollisWealth, combined AUA will be \$75 billion.

“Scotiabank is proud to have been a part of the growth of HollisWealth,” said James O’Sullivan, Group Head, Canadian Banking. “We believe that Industrial Alliance will be a great fit for our HollisWealth advisor model and look forward to having an ongoing relationship with Industrial Alliance, as HollisWealth will continue to be a distribution partner for Dynamic Funds.”

“HollisWealth advisors and staff will be warmly welcomed by the Industrial Alliance family,” added Mr. Charest. “With our shared culture of providing client-focused wealth management advice, HollisWealth will continue to benefit from the depth and backing of a large financial institution, while preserving the entrepreneurial spirit and service orientation of a local advisor.”

The transaction, which is subject to applicable regulatory approvals, is expected to close in the third calendar quarter of 2017.

Common Share Offering

Industrial Alliance will finance the acquisition price, which will vary depending on the level of AUA at closing and will be subject to adjustments and other transaction costs, through a combination of cash on hand and an issuance of common shares. Industrial Alliance has entered into an agreement with TD Securities Inc., pursuant to which a syndicate of underwriters led by TD Securities (the “Underwriters”) will purchase, on a bought deal basis, 2,500,000 common shares from Industrial Alliance at a price of \$55.65 per share, representing aggregate gross proceeds of \$139 million. Industrial Alliance has also granted the Underwriters an over-allotment option, exercisable in whole or in part for a period of 30 days from the closing date of the public offering, to purchase up to an additional 250,000 common shares at a price of \$55.65 per share for additional aggregate gross proceeds of up to \$13.9 million. This share offering is expected to close on or about December 14, 2016, subject to certain conditions including approval from the Toronto Stock Exchange.

Assuming the completion of the public offering of common shares, the expected impact of the acquisition on Industrial Alliance’s solvency ratio will be a decrease of eight percentage points. On a pro forma basis after giving effect to the public offering of common shares, the acquisition of HollisWealth and the previously announced redemption of subordinated debentures in December, Industrial Alliance’s solvency ratio would be 199%. The transaction is expected to be modestly accretive to Industrial Alliance’s earnings in 2018 and contribute an estimated \$0.05 per share in 2019.

The common shares will be offered for sale to the public in all provinces of Canada pursuant to a prospectus supplement to Industrial Alliance’s short form base shelf prospectus dated April 16, 2015 to be filed by Industrial Alliance with securities regulatory authorities in all Canadian provinces and which will be available on Industrial Alliance’s profile on SEDAR (www.sedar.com).

Additional information about the acquisition transaction may be found in the material change report filed by Industrial Alliance with Canadian securities regulators, which is available for review at www.sedar.com.

This news release is not an offer of securities for sale in the United States and is not an offer to sell or solicitation of an offer to buy any securities of Industrial Alliance, nor shall it form the basis of, or be relied upon in connection with any contract for purchase or subscription. The common shares of Industrial Alliance will only be offered in provinces of Canada by means of the prospectus supplement referred to above. Securities may not be offered or sold in the United States absent registration under the U.S. Securities Act of 1933 (the “Securities Act”) or an exemption from registration thereunder. These securities have not been and will not be registered under the Securities Act or the securities laws of any state and may not be offered or sold in the United States absent registration under the Securities Act and applicable state securities laws or pursuant to an applicable exemption therefrom.

About iA Financial Group

Founded in 1892, iA Financial Group offers life and health insurance products, mutual and segregated funds, savings and retirement plans, securities, auto and home insurance, mortgages and car loans and other financial products and services for both individuals and groups. It is one of the four largest life and health insurance companies in Canada and one of the largest publicly-traded companies in the country. iA Financial Group stock is listed on the Toronto Stock Exchange under the ticker symbol IAG.

Forward-looking Statements

This press release may contain statements relating to strategies used by iA Financial Group or statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as “may”, “will”, “could”, “should”, “would”, “suspect”, “expect”, “anticipate”, “intend”, “plan”, “believe”, “estimate”, and “continue” (or the negative thereof), as well as words such as “objective” or “goal” or other

similar words or expressions. Such statements constitute forward-looking information within the meaning of securities laws. Forward-looking statements include, but are not limited to, information concerning iA Financial Group's possible or assumed future operating results, statements related to the completion and the anticipated closing date of the public offering of common shares, the net proceeds from the public offering of common shares and the use of such proceeds, iA Financial Group's business model and acquisition strategy, the proposed transaction and the timing thereof, iA Financial Group's ability to successfully integrate HollisWealth's business; the expected benefits of the acquisition, such as the anticipated market position of iA Financial Group, combined AUA, additional scale and growth potential, the expected impact of the acquisition on Industrial Alliance's solvency ratio and the expected accretion to iA Financial Group's earnings. These statements are not historical facts; they represent only iA Financial Group's expectations, estimates and projections regarding future events.

Although iA Financial Group believes that the expectations reflected in such forward-looking statements are reasonable, such statements involve risks and uncertainties, and undue reliance should not be placed on such statements. Certain material factors or assumptions are applied in making forward-looking statements, and actual results may differ materially from those expressed or implied in such statements. Certain important assumptions by iA Financial Group or its consultants in making forward-looking statements include, but are not limited to, the satisfaction of all conditions to the completion of the public offering of common shares, the receipt of required regulatory approvals (including stock exchange) and successful completion of the public offering of common shares, the satisfaction of all conditions of closing of the acquisition, the absence of exercise of any termination right, the impact of the acquisition on iA Financial Group's solvency ratio and the realization of the anticipated benefits and synergies of the acquisition for iA Financial Group, including from an accretion perspective, in the time frame anticipated. Factors that could cause actual results to differ materially from expectations include, but are not limited to: the failure to receive regulatory approvals (including stock exchange) or otherwise satisfy the conditions to the completion of the public offering of common shares and the funds thereof not being available to iA Financial Group; the failure to receive regulatory approvals or other approvals or otherwise satisfy the conditions to the completion of the acquisition; the failure or delay in completing the acquisition; the failure to retain HollisWealth's personnel and clients, the risk that Industrial Alliance's or HollisWealth's business will be adversely impacted during the pendency of the acquisition; potential undisclosed costs or liabilities associated with the acquisition; the failure to realize, in the time frame anticipated or at all, the anticipated benefits and synergies of the acquisition; factors relating to the integration of HollisWealth, such as the time and resources required to integrate this business, diversion of management time on acquisition-related issues, and the difficulties and delays associated with such integration; general business and economic conditions; level of competition and consolidation; changes in laws and regulations including tax laws; liquidity of iA Financial Group including the availability of financing to meet existing financial commitments on their expected maturity dates when required; accuracy of information received from counterparties and the ability of counterparties to meet their obligations; accuracy of accounting policies and actuarial methods used by iA Financial Group; insurance risks including mortality, morbidity, longevity and policyholder behaviour including the occurrence of natural or man-made disasters, pandemic diseases and acts of terrorism.

Additional information about the material factors that could cause actual results to differ materially from expectations and about material factors or assumptions applied in making forward-looking statements may be found in the prospectus supplement relating to the public offering of common shares and may be found in the corresponding short form base shelf prospectus under "Risk Factors" in the "Risk Management" section of the 2015 Management's Discussion and Analysis and in the "Management of Risks Associated with Financial Instruments" note to iA Financial Group's consolidated financial statements, and elsewhere in iA Financial Group's filings with Canadian securities regulators, which are available for review at www.sedar.com.

The forward-looking statements in this news release reflect iA Financial Group's expectations as of the date of this press release. iA Financial Group does not undertake to update or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events, except as required by law.

To the extent any forward-looking information in this press release constitutes financial outlook within the meaning of securities laws, such information is being provided to demonstrate the potential benefits of the transaction and readers are cautioned that this information may not be appropriate for any other purpose.

Non-IFRS Financial Information

iA Financial Group reports its financial results in accordance with International Financial Reporting Standards (IFRS). It also publishes certain non-IFRS financial measures that do not have an IFRS equivalent, including sales, value of new business and solvency ratio, or which have an IFRS equivalent such as data on operating profit and income taxes on earnings presented in the sources of earnings table. iA Financial Group also uses non-IFRS adjusted data in relation to net income, earnings per share and return on equity. These non-IFRS financial measures are often accompanied by and reconciled with IFRS financial measures. iA Financial Group believes that these non-IFRS financial measures provide investors and analysts with additional information to better understand iA Financial Group's financial results as well as assess its growth and earnings potential. Since non-IFRS financial measures do not have a standardized definition, they may differ from the non-IFRS financial measures used by other institutions. iA Financial Group strongly encourages investors to review its financial statements and other publicly-filed reports in their entirety and not to rely on any single financial measure.

About Scotiabank

Scotiabank is Canada's international bank and a leading financial services provider in North America, Latin America, the Caribbean and Central America, and Asia-Pacific. We are dedicated to helping our 23 million customers become better off through 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. With a team of more than 88,000 employees and assets of \$896 billion (as at October 31, 2016), Scotiabank trades on the Toronto (TSX: BNS) and New York Exchanges (NYSE: BNS). For more information, please visit www.scotiabank.com and follow us on Twitter @ScotiabankViews.

Forward-looking Statements

Scotiabank's public communications often include oral or written forward-looking statements. Statements of this type are included in this document, and may be included in other filings with Canadian securities regulators or the United States ("U.S.") Securities and Exchange Commission ("SEC"), or in other communications. All such statements are made pursuant to the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995 and any applicable Canadian securities legislation. Forward-looking statements may include, but are not limited to, statements made in this document, the MD&A in the Bank's 2016 Annual Report under the headings "Overview – Outlook," for Group Financial Performance "Outlook," for each business segment "Outlook" and in other statements regarding the Bank's objectives, strategies to achieve those objectives, the regulatory environment in which the Bank operates, anticipated financial results (including those in the area of risk management), and the outlook for the Bank's businesses and for the Canadian, U.S. and global economies. Such statements are typically identified by words or phrases such as "believe," "expect," "anticipate," "intent," "estimate," "plan," "may increase," "may fluctuate," and similar expressions of future or conditional verbs, such as "will," "may", "should," "would" and "could."

By their very nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, and the risk that predictions and other forward-looking statements will not prove to be accurate. Do not unduly rely on forward-looking statements, as a number of important factors, many of which are beyond the Bank's control and the effects of which can be difficult to predict, could cause actual results to differ materially from the estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited to: the economic and financial conditions in Canada and globally; fluctuations in interest rates and currency values; liquidity and funding; significant market volatility and interruptions; the failure of third parties to comply with their obligations to the Bank and its affiliates; changes in monetary policy; legislative and regulatory developments in Canada and elsewhere, including changes to, and interpretations of tax laws and risk-based capital guidelines and reporting instructions and liquidity regulatory guidance; changes to the Bank's credit ratings; operational (including technology) and infrastructure risks; reputational risks; the risk that the Bank's risk management models may not take into account all relevant factors; the accuracy and completeness of information the Bank receives on customers and counterparties; the timely development and introduction of new products and services in receptive markets; the Bank's ability to expand existing distribution channels and to develop and realize revenues from new distribution channels; the Bank's ability to complete and integrate acquisitions and its other growth strategies; critical accounting estimates and the effects of changes in accounting policies and methods used by the Bank (See "Controls and Accounting Policies – Critical accounting estimates" in the Bank's 2016 Annual Report, as 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 behaviour 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 Canadian financial services sector; 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 2016 Annual Report.

Material economic assumptions underlying the forward-looking statements contained in this document are set out in the 2016 Annual Report 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.

Additional information relating to the Bank, including the Bank's Annual Information Form, can be located on the SEDAR website at www.sedar.com and on the EDGAR section of the SEC's website at www.sec.gov.

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