

**PROGRAM AGREEMENT**

**THE BANK OF NOVA SCOTIA**  
as an Issuer, a Seller and the Cash Manager

- and -

**SCOTIABANK COVERED BOND GUARANTOR LIMITED PARTNERSHIP,**  
as Guarantor

- and -

**COMPUTERSHARE TRUST COMPANY OF CANADA,**  
as Bond Trustee

- and -

**BARCLAYS BANK PLC, BNP PARIBAS, CITIGROUP GLOBAL MARKETS INC.,  
CITIGROUP GLOBAL MARKETS LIMITED, CREDIT SUISSE SECURITIES (EUROPE)  
LIMITED, DEUTSCHE BANK AKTIENGESELLSCHAFT, GOLDMAN SACHS  
INTERNATIONAL, HSBC FRANCE, J.P. MORGAN SECURITIES PLC, MERRILL  
LYNCH INTERNATIONAL, MERRILL LYNCH, PIERCE, FENNER & SMITH  
INCORPORATED, MORGAN STANLEY & CO. LLC, MORGAN STANLEY & CO.  
INTERNATIONAL PLC, THE ROYAL BANK OF SCOTLAND PLC, UBS LIMITED, UBS  
SECURITIES LLC, WELLS FARGO SECURITIES, LLC and WELLS FARGO  
SECURITIES INTERNATIONAL LIMITED**  
as Dealers

- and -

**BARCLAYS CAPITAL INC. and SCOTIABANK EUROPE PLC,**  
as Arrangers and Dealers

**Program for the Issuance of**

**Covered Bonds**

**unconditionally and irrevocably guaranteed as to payments by  
Scotiabank Covered Bond Guarantor Limited Partnership**

**DATED AS OF January 22, 2014**

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**THIS PROGRAM AGREEMENT** (this “**Agreement**”) is made as of the January 22, 2014.

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**AMONG:**

- (1) **THE BANK OF NOVA SCOTIA**, a bank named in Schedule I to the Bank Act (Canada) (the “**Bank Act**”), whose executive office is at Scotia Plaza, 44 King Street West, Toronto, Ontario, M5H 1H1, in its capacity as issuer of the Covered Bonds, the “**Issuer**” or “**BNS**,” and in its capacity as seller of Loans and their Related Security, the “**Seller**”;
- (2) **SCOTIABANK COVERED BOND GUARANTOR LIMITED PARTNERSHIP**, a limited partnership established under the laws of the Province of Ontario (in its capacity as the guarantor, the “**Guarantor**”);
- (3) **COMPUTERSHARE TRUST COMPANY OF CANADA**, a trust company incorporated under the laws of Canada, whose registered office is at 100 University Avenue, 11<sup>th</sup> Floor, North Tower, Toronto, Ontario, M5J 2Y1, in its capacity as bond trustee (the “**Bond Trustee**”);
- (4) **BARCLAYS BANK PLC, BNP PARIBAS, CITIGROUP GLOBAL MARKETS INC., CITIGROUP GLOBAL MARKETS LIMITED, CREDIT SUISSE SECURITIES (EUROPE) LIMITED, DEUTSCHE BANK AKTIENGESELLSCHAFT, GOLDMAN SACHS INTERNATIONAL, HSBC FRANCE, J.P. MORGAN SECURITIES PLC, MERRILL LYNCH INTERNATIONAL, MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED, MORGAN STANLEY & CO. LLC, MORGAN STANLEY & CO. INTERNATIONAL PLC, THE ROYAL BANK OF SCOTLAND PLC, UBS LIMITED, UBS SECURITIES LLC, WELLS FARGO SECURITIES, LLC and WELLS FARGO SECURITIES INTERNATIONAL LIMITED** (the “**Dealers**”); and
- (5) **BARCLAYS CAPITAL INC. and SCOTIABANK EUROPE PLC** (each, an “**Arranger**” and each, a “**Dealer**”).

**AND WHEREAS**

(A) The Issuer has established a program (the “**Program**”) for the issuance of covered bonds, unconditionally and irrevocably guaranteed by the Guarantor, in connection with which Program it has entered into the Agency Agreement referred to below and the parties wish to record the arrangements agreed between them in relation to the issuance and sale by the Issuer and the purchase by Dealers from time to time of covered bonds for offer, sale, distribution or delivery by the Dealers to purchasers outside of the provinces and territories of Canada (the “**Covered Bonds**”).

(B) Covered Bonds may be issued on a listed or unlisted basis. The Issuer has made applications to the UK Listing Authority (as defined below) for Covered Bonds issued under the Program to be admitted to the Official List (as defined below) and to the London Stock Exchange plc (the “**London Stock Exchange**”) for such Covered Bonds to be admitted to trading on the London Stock Exchange’s Regulated Market (the “**Market**”).

(C) In connection with the foregoing, the Issuer has prepared a Prospectus (as defined below) for use in connection with the Program. The terms of the Covered Bonds to be issued under the Program shall be documented by way of the Final Terms Document, the Pricing Supplement for Covered Bonds issued pursuant to Rule 144A or the UK Pricing Supplement (in the form included in the Prospectus for Exempt Covered Bonds (as defined below)), as applicable, and as may be agreed between the Issuer and any Relevant Dealer(s) from time to time.

**IT IS AGREED** as follows:

## **Section 1. Definitions**

### **1.01** For the purposes of this Agreement:

This “**Agreement**” includes the Schedules attached hereto and any amendment or supplement hereto (including any confirmation or agreement whereby an institution becomes a Dealer hereunder given or executed pursuant to Section 7.01(b)) and the expressions “**herein**” and “**hereto**” shall be construed accordingly;

“**Agreement Date**” means each date on which the Issuer and the Guarantor conclude a Subscription Agreement which, where the Issuer and the Guarantor enter into an agreement in the form or based on the form set out in Schedule 7 with such Dealer(s) shall be the execution date of such agreement and in all other cases shall be the date of the relevant Final Terms Document;

“**Authorized Amount**” means at any time, the amount of US\$15,000,000,000, subject to any increase as may have been authorized pursuant to Section 8 hereof;

“**CMHC Registration**” has the meaning specified in Section 3.01(m);

“**CMHC Registration Requirements**” means the Guide and Part I.1 of the NHA;

“**Disclosure Documents**” has the meaning specified in Section 2.10;

“**Eurosystem**” means the central banking system for the Euro;

“**Exempt Covered Bonds**” means unlisted Covered Bonds and/or Covered Bonds not admitted to trading on any regulated or unregulated market;

“**FCA**” means the Financial Conduct Authority;

“**Governmental Authorization**” has the meaning specified in Section 3.01(i);

“**Guide**” means the Canadian Registered Covered Bond Programs Guide published by the CMHC on June 27, 2013, as amended, supplemented or replaced from time to time;

“**ICSD**” means the International Central Securities Depository;

“**Investment Services Directive**” means the Markets in Financial Instruments Directive (No.2004/39/EC), as amended or replaced from time to time;

**“Investor Presentation”** has the meaning set forth in the related Subscription Agreement;

**“Issuer-ICSDs Agreement”** means the agreement entered into between the Issuer and each ICSD;

**“listing,”** or **“listed”** means, in relation to any Covered Bonds which are to have a “listing” or be “listed” on (i) the London Stock Exchange, shall be construed to mean that such Covered Bonds have been admitted to listing on the Official List and admitted to trading on the Market, or (ii) any Stock Exchange in the European Economic Area (other than the London Stock Exchange), shall be construed to mean that such Covered Bonds have been admitted to trading on a Regulated Market, or (iii) any other Stock Exchange (other than those referred to in (i) and (ii) above), shall be construed to mean that the Covered Bonds have been listed on that Stock Exchange and/or to trading on the relevant market, as the case may be;

**“Listing Rules”** means:

- (a) in the case of Covered Bonds which are, or are to be, listed on the London Stock Exchange, the Part 6 rules (including the listing rules) made by the UK Listing Authority (or such other body to which its functions have been transferred in accordance with Section 72 of FSMA) in accordance with Section 73A of FSMA and the London Stock Exchange’s Admission and Disclosure Standards; and
- (b) in the case of Covered Bonds which are, or are to be, listed on a Stock Exchange other than the London Stock Exchange, the listing rules and regulations for the time being in force for such Stock Exchange or other relevant authority;

**“London business day”** means a day other than a Saturday or Sunday on which commercial banks and foreign exchange markets are open for general business, including dealings in foreign exchange and foreign currency deposits, in London, England;

**“Marketing Materials”** has the meaning set forth in the related Subscription Agreement;

**“Master Definition And Construction Agreement”** means the Master Definition And Construction Agreement, dated July 29, 2013;

**“Member State”** means any member state of The European Union;

**“NHA”** means the *National Housing Act (Canada)*, as amended;

**“NGCB”** or **“New Global Covered Bond”** means a Temporary Global Covered Bond in the form set out in Part 1 of Schedule 2 (Forms of Global and Definitive Covered Bonds, Coupons and Talons) to the Trust Deed or a Permanent Global Covered Bond in the form set out in Part 2 of Schedule 2 (Forms of Global and Definitive Covered Bonds, Coupons and Talons) to the Trust Deed;

**“Offering Document”** means the Prospectus as revised, supplemented or amended from time to time by the Issuer in accordance with Section 3.03(k) hereof and in relation to each

Series or Tranche, the Final Terms Document relating to such Series or Tranche, or, as applicable, the Time of Sale Information and the Disclosure Documents;

**“Prospectus”** means the prospectus dated on or about January 22, 2014 relating to the Program, which constitutes a base prospectus for the purposes of Article 5.4 of the Prospectus Directive, the preparation of which has been procured by the Issuer in connection with the application for Covered Bonds to be listed, as the same may be amended, supplemented, updated, replaced or substituted from time to time;

**“Prospectus Directive”** Directive 2003/71/EC, as amended from time to time, including by the 2010 PD Amending Directive (Directive 2010/73/EU);

**“Registry”** means the registry established by CMHC pursuant to Section 21.51 of Part I.1 of the NHA;

**“Regulated Market”** means a market as defined in the Investment Services Directive;

**“Relevant Dealer” or “Relevant Dealers”** means in relation to a Subscription Agreement which is made between the Issuer and more than one Dealer, the institutions specified as Lead Managers in the Subscription Agreement; and, in relation to a Subscription Agreement which is made between the Issuer, the Guarantor and a single Dealer, such Dealer;

**“Securities Act”** means the U.S. Securities Act of 1933, as amended;

**“SEC”** means the United States Securities and Exchange Commission;

**“Subscription Agreement”** means the agreement between the Issuer, the Guarantor and the Dealers identified therein in substantially the form set out in Schedule 7;

**“Time of Sale”** has the meaning specified in Section 2.10;

**“Time of Sale Information”** has the meaning specified in Section 2.10; and

**“US GAAP”** means United States generally accepted accounting principles.

**1.02** Capitalized terms not defined herein shall have the meaning set forth in the Master Definition And Construction Agreement.

## **Section 2. Issuance of Covered Bonds**

**2.01** The Issuer and the Dealers agree that any Covered Bonds which may, from time to time, be agreed between the Issuer and any Dealer(s) to be sold by the Issuer and purchased or, as the case may be, subscribed for by such Dealer(s) shall be sold and purchased, or, as the case may be, subscribed for on the basis of, and in reliance upon, the representations, warranties, undertakings and indemnities made or given or provided to be made or given pursuant to the terms of this Agreement. Unless otherwise agreed, neither the Issuer nor any Dealer(s) is, are or shall be under any obligation to sell, procure subscriptions for, purchase or subscribe for, as the case may be, any Covered Bonds.

**2.02** Upon the execution and delivery of any Subscription Agreement and subject as provided therein and in Section 2.03 hereof:

- (a) the Relevant Dealer(s) shall promptly acknowledge the terms of the Subscription Agreement (as established by the Relevant Dealer(s) and the Issuer) to the Issuer (with a copy to the Guarantor) in writing (by letter, telex, fax or e-mail);
- (b) the Issuer and the Guarantor shall promptly confirm such terms to the Principal Paying Agent and, if the Subscription Agreement relates to the sale of Covered Bonds in registered form, the Registrar in writing (by letter, telex, fax or e-mail), and the Relevant Dealer(s) or, if such Relevant Dealer(s) so agrees with the Issuer, the Issuer will prepare or procure the preparation of the Final Terms Document in relation to the relevant Covered Bonds for approval (such approval not to be unreasonably withheld or delayed) by the Issuer or, as the case may be, the Relevant Dealer(s) and execution on behalf of the Issuer and the Guarantor;
- (c) the Issuer shall cause the Covered Bonds, which, in the case of Bearer Covered Bonds shall be initially represented by a Temporary Global Covered Bond or a Permanent Global Covered Bond, and, in the case of Registered Covered Bonds, shall be initially represented by a Regulation S Global Covered Bond or a Rule 144A Global Covered Bond, to be issued and delivered on or before the agreed Issue Date:
  - (i) in the case of a Temporary Global Covered Bond or a Permanent Global Covered Bond, to (A) if the Covered Bonds are CGCBs, a Common Depositary, or (B) if the Covered Bonds are NGCBs, a Common Safekeeper for Euroclear and Clearstream, Luxembourg;
  - (ii) in the case of a Regulation S Global Covered Bond or a Rule 144A Global Covered Bond, either to a Common Depositary for Euroclear and Clearstream, Luxembourg or to a custodian of DTC; and
  - (iii) in the case of (i) or (ii) above, in relation to any Tranche of Covered Bonds, the securities account(s) with Euroclear and/or Clearstream, Luxembourg and/or DTC (as specified by the Relevant Dealer(s)) will be credited with the Covered Bonds on the agreed Issue Date; and
- (d) the Relevant Dealer(s) shall, subject to delivery of the Covered Bonds and the other conditions listed in Section 2.03 and the Subscription Agreement, for value on the Issue Date of the relevant Covered Bonds procure the payment of the net purchase monies therefor (namely the agreed issue or sale price thereof plus any accrued interest and less any agreed commissions or other agreed deductibles) to or to the order of the Issuer by credit transfer to such account as may have been specified by the Issuer to the Relevant Dealer(s) for that purpose. The time and date of such payment are hereinafter referred to as the **“Time of Delivery”** and such date, the **“Issue Date.”**

**2.03** The (i) joint and several obligations (in respect of an issuance which does not include any Rule 144A Covered Bonds) or (ii) several obligations (in respect of an issuance which

includes Rule 144A Covered Bonds and to which (i) does not apply) of any Dealer(s) under Section 2.02(d) are subject to the condition that all representations and warranties and other statements of BNS and the Guarantor in this Agreement are as of the date hereof and, as of the Time of Sale (in the case of Rule 144A Covered Bonds only) and in the case of all Covered Bonds as of the Issue Date, true and correct, the condition that BNS and the Guarantor shall have performed all of their obligations hereunder theretofore to be performed, and the following additional conditions:

- (a) in relation to any Tranche of Covered Bonds, each Dealer having received in form, number and substance satisfactory to each such Dealer not less than one London business day prior to the Issue Date of such Covered Bonds the applicable documents and confirmations described in Schedule 2 to this Agreement, provided that if any Dealer (other than any Dealer participating in the first issue of Covered Bonds under this Agreement) considers any document or confirmation described in Schedule 2 to this Agreement to be unsatisfactory in its reasonable opinion, it must notify the Relevant Dealer(s) and the Issuer not later than the earlier of the Issue Date and five London business days of receipt of such documents and confirmations and, in the absence of notification, each Dealer shall be deemed to consider the documents and confirmations to be satisfactory;
- (b) subsequent to the execution and delivery of this Agreement and prior to the Time of Delivery:
  - (i) there shall not have occurred any downgrading, nor shall any notice have been given of any intended or potential downgrading or of any review for a possible change that does not indicate the direction of the possible change, in the rating accorded any of the debt securities of BNS or any of its Significant Subsidiaries by any “nationally recognized statistical rating organization,” as such term is defined in Section 3(a)(62) under the Exchange Act; and
  - (ii) there shall not have occurred any change, or any development involving a prospective change, in the condition, financial or otherwise, or in the earnings, business or operations of BNS and its subsidiaries, taken as a whole, from that set forth in the Time of Sale Information, as applicable, or the Prospectus that, in the judgment of the Relevant Dealer(s), is material and adverse and that makes it, in the judgment of the Relevant Dealer(s), impracticable to market the Covered Bonds on the terms and in the manner contemplated in the Time of Sale Information, as applicable, or the Prospectus.
- (c) subject to Section 8, the aggregate nominal amount of the Covered Bonds to be issued, when added to the aggregate nominal amount of all Covered Bonds outstanding on the proposed Issue Date (excluding for this purpose Covered Bonds due to be redeemed on the Issue Date) not exceeding the Authorized Amount;
- (d) in respect of any Covered Bonds issued pursuant to Rule 144A, the Issuer’s delivery to the Relevant Dealer(s), on behalf of the Dealers, of (i) a DTC Letter of



Representations, in the agreed form, executed by DTC, the Principal Paying Agent and the Issuer, (ii) a CUSIP number in respect of such Covered Bonds; and (iii) confirmation that such Covered Bonds have been accepted by DTC or any alternative clearing system (as appropriate) for clearing and settlement on such system, as appropriate;

- (e) in the case of Covered Bonds which are to be listed on a Stock Exchange, such Stock Exchange and/or relevant authority or authorities having agreed to list the relevant Covered Bonds or admit the Covered Bonds to trading, as the case may be, subject only to their issue;
- (f) in relation to any Tranche of Covered Bonds, the Relevant Dealer(s) shall have received on the Issue Date a certificate, dated the Issue Date and signed by an authorized officer of BNS, in their capacity as such officer only, to the effect set forth in Section 2.03(b) above and to the effect that the representations and warranties of BNS contained in this Agreement are true and correct as of the Issue Date and that BNS has complied with all of the agreements and satisfied all of the conditions on its part to be performed or satisfied hereunder on or before the Issue Date. The officer signing and delivering such certificate may rely upon the best of his or her knowledge as to actions, proceedings or investigations threatened.
- (g) in relation to any Tranche of Covered Bonds, the Relevant Dealer(s) shall have received on the Issue Date a certificate, dated the Issue Date and signed by an authorized officer of the Managing GP on behalf of the Guarantor, in their capacity as such officer only, to the effect that the representations and warranties of the Guarantor contained in this Agreement are true and correct as of the Issue Date and that the Guarantor has complied with all of the agreements and satisfied all of the conditions on its part to be performed or satisfied hereunder on or before the Issue Date.

The officer signing and delivering such certificate may rely upon the best of his or her knowledge as to actions, proceedings or investigations threatened.

- (h) in relation to any Tranche of Covered Bonds, the Relevant Dealer(s) shall have received on the Issue Date a certificate, dated the Issue Date and signed by an authorized officer of BNS, in their capacity as such officer only, to the effect that, other than as set forth in the Prospectus, to his or her knowledge, there is no action, proceeding or investigation pending or threatened by or against BNS or any of its Significant Subsidiaries, at law or in equity, before or by any federal, provincial, state, municipal or other governmental department, commission, board or agency, domestic or foreign, which questions the validity of the issuance of the Covered Bonds or of any action taken or to be taken by BNS pursuant to this Agreement or in connection with the issuance of the Covered Bonds.

The officer signing and delivering such certificate may rely upon the best of his or her knowledge as to actions, proceedings or investigations threatened.

- (i) in relation to any Tranche of Covered Bonds, the Relevant Dealer(s) shall have received on the Issue Date a certificate, dated the Issue Date and signed by an authorized officer of the Managing GP on behalf of the Guarantor, in their capacity as such officer only, to the effect that, other than as set forth in the Prospectus, to his or her knowledge, there is no action, proceeding or investigation pending or threatened by or against the Guarantor, at law or in equity, before or by any federal, provincial, state, municipal or other governmental department, commission, board or agency, domestic or foreign, which questions the validity of the issuance of the Securities or of any action taken or to be taken by the Guarantor pursuant to this Agreement or in connection with the issuance of the Covered Bonds.

The officer signing and delivering such certificate may rely upon the best of his or her knowledge as to actions, proceedings or investigations threatened.

- (j) in relation to any Tranche of Covered Bonds, the Relevant Dealer(s) shall have received on the Issue Date opinions of Osler, Hoskin & Harcourt LLP, Canadian counsel for BNS, dated the Issue Date, in form and substance satisfactory to the Relevant Dealer(s). Osler, Hoskin & Harcourt LLP, as Canadian counsel for BNS, may limit their opinion to matters arising under the laws of the Province of Ontario and the federal laws of Canada applicable therein.
- (k) in relation to any Tranche of Covered Bonds, the Relevant Dealer(s) shall have received on the Issue Date an opinion of Allen & Overy LLP, counsel for BNS, dated the Issue Date, in form and substance satisfactory to the Relevant Dealer(s). Allen & Overy LLP, as counsel for BNS, may limit their opinion to matters arising under the laws of the State of New York and the federal laws of the United States of America and/or English law, as applicable.

The opinions of counsel for BNS described in paragraphs (j) and (k) above shall be rendered to the Dealers at the request of BNS and shall so state therein.

- (l) in relation to any Tranche of Covered Bonds, the Relevant Dealer(s) shall have received on the Issue Date an opinion of Morrison & Foerster LLP, counsel for the Dealers, dated the Issue Date, with respect to the issuance and sale of the Covered Bonds, the Trust Deed, the Prospectus as amended or supplemented, if applicable, and other related matters as the Relevant Dealer(s) may reasonably require. Morrison & Foerster LLP may limit their opinion to matters arising under the laws of the State of New York and the federal laws of the United States of America and/or English law, as applicable.
- (m) in relation to any Tranche of Covered Bonds, the Relevant Dealer(s) shall have received on the Issue Date opinions of local Canadian counsel for BNS and the Guarantor, dated the Issue Date, in form and substance satisfactory to the Relevant Dealer(s) with respect to matters relating to loan documents used to originate loans in the Portfolio and the perfection of a security interest in the assets of the Portfolio, if applicable.

- (n) the Relevant Dealer(s) shall have received, on the Issue Date in relation to any Tranche of Covered Bonds a letter dated the Issue Date, and, if requested by the Relevant Dealer(s) in the case of 144A Covered Bonds, a letter dated on the date of the relevant Subscription Agreement, in form and substance satisfactory to the Relevant Dealer(s), from KPMG LLP, chartered accountants, containing statements and information of the type ordinarily included in accountants' "comfort letters" to Dealers with respect to the financial statements and certain financial information contained in the Time of Sale Information, as applicable, and the Prospectus, as amended or supplemented, if applicable.
- (o) in relation to any Tranche of Covered Bonds, the Relevant Dealer(s) shall have received, on the Issue Date, in form and substance reasonably satisfactory to the Relevant Dealer(s), from KPMG LLP, chartered accountants, an "agreed upon procedures letter" with respect to the Auditor's review of certain assets comprising the Portfolio; *provided, however*, that if the Relevant Dealer(s) reasonably believe that the assets comprising the Portfolio have changed materially since the date of such letter that was last furnished to BNS, the Relevant Dealer(s) may request that BNS procure that KPMG LLP update the procedures undertaken in such letter and provide an updated letter to the Dealers.
- (p) the CMHC Registration shall be effective; no deregistration of the CMHC Registration has occurred or is pending, and no proceeding for that purpose has been initiated or requested by BNS, CMHC or any other person or entity, or, to the knowledge of BNS, threatened by CMHC; the Prospectus and other notifications, reports or other documents shall have been timely filed with CMHC under the Guide or the NHA; and all requests by CMHC, if any, for additional information shall have been complied with to the reasonable satisfaction of the Dealers;
- (q) no meeting of the holders of Covered Bonds (or any of them), called to consider matters which might, in the opinion of the Relevant Dealer(s), be material in the context of the proposed issue and purchase of the Covered Bonds, having been duly convened but not yet held or, if held but adjourned, the adjourned meeting having not been held and the Issuer not being aware of any circumstances which are likely to lead to the convening of such a meeting;
- (r) the forms of the Final Terms Document, the applicable Global Covered Bonds, Covered Bonds in definitive form and Receipts, Coupons or Talons (each as applicable) in relation to the relevant Tranche and the relevant settlement procedures having been agreed by the Issuer, the Relevant Dealer(s), the Bond Trustee and the Principal Paying Agent and, if applicable, the Registrar;
- (s) in respect of the currency in which the Covered Bonds are to be denominated, such currency being accepted for settlement by Euroclear and Clearstream, Luxembourg and, where relevant, DTC;
- (t) as applicable, the delivery to the Registrar as custodian of the Regulation S Global Covered Bond and/or the Rule 144A Global Covered Bond representing the relevant

Registered Covered Bonds and/or the delivery to the Common Depositary or, as the case may be, a Common Safekeeper of the Temporary Bearer Global Covered Bond and/or the Permanent Bearer Global Covered Bond representing the relevant Bearer Covered Bonds, in each case as provided in the Agency Agreement;

- (u) in the case of Covered Bonds that are NGCBs, that the Principal Paying Agent makes or has made the actual instruction to the Common Safekeeper to effectuate each relevant NGCB under the Program, and that there has been no variation to the election of the Common Safekeeper under Section 2.8 of the Agency Agreement;
- (v) the Guarantor, the Bond Trustee and the Covered Bond Swap Provider on the Issue Date entering into a Covered Bond Swap Agreement in relation to the relevant Covered Bonds;
- (w) in the case of Covered Bonds which are intended to be admitted to trading on a regulated market of an European Economic Area stock exchange or offered to the public in a Member State on or after the date on which the Prospectus Directive is implemented in such Member State:
  - (i) the Specified Denominations being €100,000 or more;
  - (ii) the Prospectus having been approved as a base prospectus by the UK Listing Authority, and filed with the UK Listing Authority and having been published in accordance with the Prospectus Directive; and
  - (iii) either (A) there being no significant new factor, material mistake or inaccuracy relating to the information included in the Prospectus which is capable of affecting the assessment of the Covered Bonds which are intended to be listed or (B) if there is such a significant new factor, material mistake or inaccuracy, a supplement to the Prospectus in relation to the issue having been prepared and published in accordance with the Prospectus Directive;
- (x) the Dealers shall have received a copy of each opinion provided to any Rating Agency in connection with their rating of the Covered Bonds, each of which shall state therein that the Dealers may rely thereon, in form and substance reasonably satisfactory to the Dealers provided that such form does not contradict the requirements of the Ratings Agencies;
- (y) there having been, since the date of the applicable Subscription Agreement, no
  - (i) suspension or material limitation in trading in securities generally on the New York Stock Exchange, on the Toronto Stock Exchange or on the London Stock Exchange;
  - (ii) suspension or material limitation in trading in BNS' securities on the New York Stock Exchange, the Toronto Stock Exchange or the London Stock Exchange;
  - (iii) general moratorium on commercial banking activities declared by either United States, New York or European authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States or Europe;
  - (iv) outbreak or escalation of hostilities involving the United States or Europe or the declaration by the United States or Europe of a national emergency

or war; or (v) occurrence of any other calamity or crisis or any change in financial, political or economic conditions in the United States, Europe or elsewhere, if the effect of any such event specified in clause (iv) or (v) in the Relevant Dealer(s)' judgment makes it impracticable or inadvisable to proceed with the offering or the delivery of the Covered Bonds on the terms and in the manner contemplated in the Time of Sale Information or the Prospectus;

- (z) the agreement by the Issuer, the Guarantor and the Relevant Dealer(s) to the terms of the applicable Final Terms Document, the execution thereof by the Issuer and the Guarantor and the delivery thereof to the Dealers;
- (aa) the Relevant Dealer(s) being satisfied that all authorizations, consents, approvals, filings and registrations, if any, required in connection with the issuance of the Covered Bonds have been obtained and are in full force and effect; and
- (bb) any calculations or determinations which are required by the Terms and Conditions of the Covered Bonds to be made prior to the Issue Date of the Covered Bonds having been duly made.

**2.04** The Relevant Dealer or Relevant Dealers, on behalf of itself or themselves only or, as the case may be, the other Dealer(s) party to the Subscription Agreement in question, may, in its absolute discretion, waive any of the conditions contemplated in Section 2.03 (other than the condition contained in paragraph (b) of Section 2.03 so far as it relates to the conditions precedent contained in Sections 2.03, (c), (f), (g), (h), (i), (j), (k), (l) and (w)) in writing to the Issuer in so far only as they relate to an issue of Covered Bonds by the Issuer to such Dealer(s) and any condition so waived shall be deemed to have been satisfied as regards such Dealer(s) alone and only for the purposes specified in such waiver. If any of such conditions are not satisfied or waived by the Relevant Dealer(s) on or before the Issue Date of any relevant Tranche, the Relevant Dealer(s) shall be entitled to terminate the Subscription Agreement and, in that event, the parties to such Subscription Agreement shall be released and discharged from their respective obligations thereunder (except for any rights or liabilities which may have arisen pursuant to Section 3, Section 4 and Section 5 of this Agreement or have been incurred prior to or in connection with such termination or any liability of the Issuer or the Guarantor under the terms of the Subscription Agreement for the expenses of the Dealer(s) party to such Subscription Agreement which shall survive such termination).

**2.05** The Dealer or Dealers (if any) named as the stabilising manager(s) (the “**Stabilising Manager(s)**”) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Final Terms Document may over-allot Covered Bonds or effect transactions with a view to supporting the market price of the Covered Bonds at a level higher than that which might otherwise prevail. However, there is no obligation on the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) to undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Covered Bonds is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the Issue Date of the relevant Tranche of Covered Bonds and 60 days after the date of the allotment of the

relevant Tranche of Covered Bonds. In carrying out such stabilisation action, such Stabilising Manager(s) shall act for itself and not as agent for the Issuer or the Guarantor and is authorized by the Issuer and the Guarantor to make all appropriate disclosure and to give all required notices in relation to any such action. Any loss or profit sustained as a consequence of any such over allotment or stabilising activity shall be for the account of such Stabilising Manager(s). Any such stabilisation action or over-allotment shall be conducted by the relevant Stabilising Manager(s) (or person acting on their behalf) in accordance with applicable laws and rules.

- 2.06** The Dealers acknowledge that the Issuer may sell Covered Bonds issued under the Program to institutions that do not become Dealers pursuant to Section 7 of this Agreement. The Issuer hereby undertakes to each of the Dealers that it will, in relation to any such sales, comply with the provisions of Schedule 1 hereto as if it were a Dealer.
- 2.07** Each Dealer agrees that further Covered Bonds of the same Series may be issued in subsequent Tranches at different Issue Prices and on different Issue Dates.
- 2.08** In connection with the offer and sale of Rule 144A Covered Bonds, except as otherwise provided below, the Issuer shall prepare a Pricing Supplement at or prior to the Applicable Time (as defined below), which includes such pricing and other necessary information (including, without limitation and if appropriate, financial or other disclosure relating to the Issuer and the Guarantor) substantially in the form of Part II of Schedule 6. Whenever a Subscription Agreement is entered into in connection with a specific sale of Rule 144A Covered Bonds, the related Pricing Supplement shall be attached, or shall be deemed to be attached, thereto. Pricing and other information will also (or alternatively, if the Final Terms Document is provided prior to the Time of Sale, as contemplated by Section 2.10 below) be set forth in the Final Terms Document or in such other form as may be approved at that time by the London Stock Exchange or other applicable stock exchange. Whenever a Subscription Agreement is entered into in connection with a specific sale of Covered Bonds in the United States, the related Final Terms Document may, but need not be, attached thereto.
- 2.09** The “**Applicable Time**” shall be a time prior to the Time of Sale (as defined below) such that the Dealer(s) can convey the Pricing Supplement of the Covered Bonds to the purchasers thereof at or prior to the Time of Sale.
- 2.10** Except as otherwise provided herein: (i) in the case of the offer and sale of Covered Bonds in the United States, subject to satisfaction of Section 2.08 above, any Pricing Supplement (together with the Prospectus, the “**Time of Sale Information**”) will be made available by the applicable Dealer(s), or will be otherwise conveyed to the purchasers of such Covered Bonds, at or prior to the Applicable Time and (ii) in each case the Final Terms Document together with the Prospectus (collectively, together with any Marketing Materials, including any Investor Presentation, the “**Disclosure Documents**”) will (unless otherwise required by applicable law) be made available for inspection by purchasers of such Covered Bonds on or prior to the relevant Issue Date relating to such Covered Bonds. In the event any such Final Terms Document is provided at or prior to the Issue Date, the applicable Dealer(s) will make such Final Terms Document available to purchasers of the Covered

Bonds at or prior to the Issue Date. As used herein, the term “**Time of Sale**” shall be the time specified in the relevant Subscription Agreement or as may otherwise be agreed between the parties. The Dealers agree that sales of Covered Bonds in the United States shall not be consummated by the applicable Dealer(s) with their customers prior to the Time of Sale.

- 2.11** It is agreed by the parties hereto that none of BNS, the Guarantor or any Dealer(s) shall directly communicate to proposed purchasers of Covered Bonds in the United States any offering materials (which, for the avoidance of doubt, shall not include Bloomberg and other routine communications by a Dealer to prospective purchasers in connection with a new issue) other than the Disclosure Documents, without prior notification to and written approval from such other party or parties.
- 2.12** The Issuer and the Guarantor acknowledge and agree that in connection with the sale of the Covered Bonds to any Dealer(s) or any other services any Dealer(s) may be deemed to be providing hereunder, notwithstanding any pre-existing relationship, advisory or otherwise, between the parties or any oral representations or assurances previously or subsequently made by any Dealer(s): (i) no fiduciary relationship exists between the Issuer and the Guarantor, on the one hand, and the Dealer(s), on the other; (ii) the relationship between the Issuer or the Guarantor on the one hand, and any Dealer(s), on the other, is entirely and solely commercial and based on arm’s-length negotiations; (iii) any duties and obligations that any Dealer(s) may have to the Issuer and the Guarantor shall be limited to those duties and obligations specifically stated herein; (iv) the Dealers and their respective affiliates may have interests that differ from those of the Issuer and the Guarantor; and (v) the Dealers have not provided any legal, accounting, regulatory and tax advice with respect to the transactions contemplated by this Agreement and the Issuer and the Guarantor have consulted with their own legal, accounting, regulatory and tax advisors to the extent they deemed appropriate.
- 2.13** Certain further timing and other procedures relating to the issue and subscription of the Covered Bonds held by a Common Depositary or a Common Safekeeper and related matters are set out in Schedule 8 hereto, which may be amended from time to time as agreed between the Issuer and the Relevant Dealer(s).

### **Section 3. Representations, Warranties and Undertakings by BNS and the Guarantor**

- 3.01** The following representations and warranties are made by BNS to the Dealers and the Arrangers on the date hereof and shall be deemed to be repeated on each date on which the Prospectus is amended, supplemented, updated and/or replaced, on each date upon which the Authorized Amount is increased and, in respect of each Tranche to be issued and purchased or, as the case may be, subscribed for, on the date on which the Subscription Agreement is made, at the Time of Sale, in the case of 144A Covered Bonds, and on the Issue Date of such Tranche, in each case, with reference to the facts and circumstances then subsisting:
  - (a) BNS has been duly organised and is validly existing as a bank listed on Schedule I to the Bank Act, is duly qualified to carry on its business in each jurisdiction in which the conduct of its business or the ownership, leasing or operation of its property and assets requires such qualification except to the extent that the failure to so qualify

would not have a material adverse effect on the condition, financial or otherwise, or the results of operations, business affairs or business prospects of BNS and its subsidiaries, taken as a whole (a “**Material Adverse Effect**”), and has all requisite power and authority (corporate and other) to conduct its businesses and to own, lease and operate its properties and assets as described in the Prospectus or Time of Sale Information, as applicable, except where failure to do so would not reasonably be expected to have a Material Adverse Effect, and to execute, deliver and perform its obligations under this Agreement and to issue, sell and deliver the Covered Bonds;

- (b) each “significant subsidiary” (as defined in Rule 1-02(w) of Regulation S-X under the Securities Act) (the “**Significant Subsidiaries**”) of BNS has been duly incorporated and is validly existing under the laws of the relevant jurisdiction and each Significant Subsidiary is duly qualified to carry on its business in each jurisdiction in which the conduct of its business or the ownership, leasing or operation of its property and assets requires such qualification, except where the failure to be so qualified would not have a Material Adverse Effect, and has all requisite power and authority (corporate and other) to conduct its business and to own, lease and operate its properties and assets as described in the Prospectus or Time of Sale Information, as applicable, except where failure to do so would not reasonably be expected to have a Material Adverse Effect.
- (c) each of BNS and its Significant Subsidiaries has conducted and is conducting its business in compliance in all respects with all applicable laws, rules and regulations of each jurisdiction in which its business is carried on and holds all licenses, permits, approvals, consents, certificates, registrations and authorizations (whether governmental, regulatory or otherwise) from the relevant regulatory or governmental authority in all such jurisdictions in which BNS or its Significant Subsidiaries conduct business, to enable its business to be carried on as now conducted and its property and assets to be owned, leased and operated, except in each case where the failure to be in such compliance or to hold such license, permit, approval, consent, certificate, registration or authorization would not have a Material Adverse Effect; and all such licenses, permits, approvals, consents, certificates, registrations and authorizations are in good standing and in effect, except where the failure to be in good standing or in effect would not have a Material Adverse Effect, and none of the same contains any term, provision, condition or limitation which will have a Material Adverse Effect.
- (d) this Agreement, the Trust Deed, the Agency Agreement, the Mortgage Sale Agreement and the other Transaction Documents to which BNS is a party have been duly authorized by BNS and, when executed and delivered by BNS and assuming the due authorization, execution and delivery thereof by the other parties to such documents will constitute valid, legal and binding obligations of BNS, each enforceable in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization or similar laws affecting creditors’ rights generally and general principles of equity and subject to the qualification that equitable remedies may only be granted in the discretion of a court of competent jurisdiction and, in respect of each Tranche agreed as



contemplated herein to be issued and purchased or, as the case may be, subscribed for, the Subscription Agreement in respect of such Covered Bonds, will be duly authorized, executed and delivered by BNS and assuming the due authorization, execution and delivery thereof by the other parties to the Subscription Agreement will constitute the valid, legal and binding obligation of BNS, enforceable in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization or similar laws affecting creditors' rights generally and general principles of equity and subject to the qualification that equitable remedies may only be granted in the discretion of a court of competent jurisdiction;

- (e) in respect of each Tranche agreed as contemplated herein to be issued and purchased or, as the case may be, subscribed for, the Covered Bonds have been duly authorized by BNS and, when executed and authenticated, in accordance with the provisions of the Trust Deed and delivered to and paid for by the Dealers in accordance with the terms of this Agreement, will constitute valid and binding obligations of BNS, enforceable in accordance with their terms, except as enforcement thereof may be limited by bankruptcy, insolvency, fraudulent conveyance, reorganization or similar laws affecting creditors' rights generally and general principles of equity and subject to the qualification that equitable remedies may only be granted in the discretion of a court of competent jurisdiction, and the Covered Bonds will be entitled to the benefits of the Trust Deed;
- (f) all actions or things required to be taken, fulfilled or done (including without limitation the obtaining of any consent or licence or the making of any filing or registration) by BNS for or in connection with the execution and delivery of this Agreement, the Trust Deed, the Agency Agreement (except in respect of registrations or notices of Transaction Documents in any land registry office or under any land registry statutes as stipulated in the Transaction Documents and the CMHC Registration (as defined below)), the Mortgage Sale Agreement and the other Transaction Documents and, in respect of each Tranche, agreed as contemplated herein to be issued and purchased or, as the case may be, subscribed for, the issue and sale of the Covered Bonds and the entering into and, where relevant, execution and delivery of the Subscription Agreement and the performance by BNS of the obligations expressed to be undertaken by it herein and therein and the distribution of the Disclosure Documents and (in respect of each Tranche agreed as contemplated herein to be issued and purchased or, as the case may be, subscribed) the relevant Final Terms Document in accordance with the provisions set out in Schedule 1 hereto, either have been taken, fulfilled, done or obtained and are in full force and effect or will, on the relevant Issue Date, have been taken, fulfilled, done or obtained and will, on such Issue Date, be in full force and effect;
- (g) on or before the Issue Date, all actions required to be taken by or on behalf of BNS, including the passing of all requisite resolutions of its directors, will have occurred so as to validly authorize, issue and sell the Covered Bonds as contemplated by this Agreement, and duly, punctually and faithfully perform all the obligations to be performed by it under this Agreement;

- (h) the execution and delivery by BNS of this Agreement, the Trust Deed, the Agency Agreement, the Mortgage Sale Agreement, the other Transaction Documents to which BNS is a party and, in respect of each Tranche to be issued and purchased or, as the case may be, subscribed for, the entry into and, where relevant, execution and delivery of the Subscription Agreement and the issue and sale of the relevant Covered Bonds and the performance of its obligations herein and therein contemplated and compliance with their terms, do not and will not result in a breach of or default under, and will not create a state of facts which, after notice or lapse of time or both, will result in a breach or default under, and will not conflict with:
- (i) any of the terms, conditions or provisions of the Bank Act or the by-laws of BNS or the CMHC Registration Requirements;
  - (ii) any license, permit, approval, consent, certificate, registration or authorization (whether governmental, regulatory or otherwise) issued to BNS or any Significant Subsidiary or any agreement, indenture, lease, document or instrument to which BNS or any Significant Subsidiary is a party or by which it is contractually bound in the case of 144A Covered Bonds at the Time of Sale and in the case of all Covered Bonds as of the Issue Date, except for breaches or violations which would not have a Material Adverse Effect; or
  - (iii) any statute, regulation or rule applicable to BNS or any Significant Subsidiary, or any judgment, order or decree of any governmental body, agency or court having jurisdiction over BNS or any Significant Subsidiary, except for breaches or violations which would not have a Material Adverse Effect;
- (i) no consent, approval, authorization or order of, or qualification with, any relevant regulatory or governmental authority having jurisdiction over BNS or any of its subsidiaries or any of their properties (“**Governmental Authorization**”) is required in connection with the issuance and sale of the Covered Bonds or the consummation by BNS of the transactions contemplated by this Agreement, the Agency Agreement, the Mortgage Sale Agreement, the other Transaction Documents to which BNS is a party, except such as have been, or will have been prior to the Issue Date, obtained under the laws of the provinces and territories of Canada, the Securities Act and such Governmental Authorizations as may be required under state securities or blue sky laws in connection with the purchase and distribution of the Covered Bonds by the Dealers.
- (j) BNS has not filed any confidential material change report with any of the applicable Canadian securities commissions or similar regulatory authorities, the Toronto Stock Exchange, the New York Stock Exchange or any other self-regulatory authority which remains confidential;
- (k) each of the Prospectus, Transaction Documents, Final Terms Document and any applicable Pricing Supplement comply in form, substance and content to the

applicable rules and regulations of the CMHC and Part I.1 of the NHA and, in particular, contain all the information required under the Guide;

- (l) BNS has provided the CMHC and such other relevant authorities with all relevant documents and information required by the CMHC Registration Requirements or by such authorities in connection therewith;
- (m) BNS was registered on July 22, 2013, and is registered, as a registered issuer in the Registry and the Program was registered on July 22, 2013, and is registered, in the Registry (collectively, the “**CMHC Registration**”). No deregistration of the CMHC Registration or any post-effective amendment thereto has occurred or is pending, and no proceeding for that purpose or related to the offering of the Covered Bonds has been initiated or requested by either the Issuer or CMHC or, to the knowledge of the Issuer, threatened by CMHC;
- (n) BNS is in material compliance with all of its CMHC Registration Requirements and its right to issue Covered Bonds under the Program has not been suspended by CMHC;
- (o) save in the circumstances described in Condition 7(a) to (f), BNS in respect of the relevant Covered Bonds in relation to each Tranche agreed as contemplated herein to be issued and purchased or, as the case may be, subscribed will pay such additional amounts as are necessary in order that the net amounts received in respect of any payment of principal and interest on the Covered Bonds would equal the amounts which would otherwise have been receivable if made free and clear of and without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Canada, any province or territory thereof having power to tax or of the country in which the relevant branch of BNS which issued the relevant Covered Bonds is located or any political sub-division thereof or authority or agency therein or thereof having power to tax, provided that such additional amounts are not payable under this Agreement, the Covered Bonds, the Trust Deed or any Subscription Agreement in respect of the issuance of the Covered Bonds or the services rendered by a Dealer in Canada or by the Guarantor under the Trust Deed in the circumstances set out in Condition 7;
- (p) there are no stamp, documentary or similar issue or transfer taxes or duties payable within the Province of Ontario or Canada on or in connection with the execution, delivery or performance of this Agreement, the Trust Deed, the Transaction Documents, any Subscription Agreement, the Agency Agreement, the Trust Deed, the issuance of the Covered Bonds or in connection with the execution, delivery and performance of the Trust Deed save in the circumstances described in Condition 7(a) and (e) and save to the extent that harmonized sales tax or similar taxes may be payable in respect of a fee paid to an investment dealer or other person for certain advisory services performed in Canada;

- (q) all of the issued shares of capital stock of each Significant Subsidiary are validly authorized, issued and outstanding, are fully paid and non-assessable and are owned directly or indirectly by BNS, free and clear of all mortgages, liens, charges, pledges, security interests, encumbrances, claims or demands whatsoever;
- (r) (i) the relevant Offering Document contains all information that is material in the context of the issue and offering of the Covered Bonds (including all information required by applicable laws and the information that, according to the particular nature of BNS, the Covered Bonds, the Covered Bond Portfolio and the Program, is necessary to enable investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Issuer and of the rights attaching to the Covered Bonds), (ii) the statements contained in the relevant Offering Document are in every material particular true and accurate and not misleading, (iii) each of the Time of Sale Information, as applicable, and the Marketing Materials, if any, including any Investor Presentation, as of the Time of Sale did not, and at all times subsequent thereto through the Issue Date of the Covered Bonds will not, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading and all reasonable enquiries have been made to verify the foregoing, (iv) the Prospectus as of the date of the Final Terms Document did not, and at all times subsequent thereto through the Issue Date of the Covered Bonds will not, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading and all reasonable enquiries have been made to verify the foregoing, (v) the opinions and intentions expressed in it with regard to BNS are honestly held and are based on reasonable assumptions, (vi) there are no other facts in relation to BNS, the Covered Bonds, the Covered Bond Portfolio or the Program, the omission of which would, in the context of the issue and offering of the Covered Bonds, make any statement in the relevant Offering Document misleading in any material respect and (vii) the relevant Offering Document otherwise complies with, and has been published as required by the Prospectus Directive, as applicable;
- (s) each of the representations and warranties of BNS in the Mortgage Sale Agreement (other than those for which remedy of repurchase or substitution is available) and in the other Transaction Documents to which it is a party is true and correct in all material respects as of the date it is expressed to be made;
- (t) the consolidated financial statements of BNS incorporated by reference in the Prospectus, together with the related schedules and notes, present fairly in all material respects the consolidated statements of financial position of BNS and its subsidiaries at the dates indicated and the consolidated statements of income, comprehensive income, changes in equity and cash flows of BNS and its subsidiaries for the period specified, and such consolidated financial statements, together with the related schedules and notes, have been prepared in conformity with International Financial Reporting Standards (“IFRS”) as published by the International Accounting Standards Board (“IASB”), including the accounting requirements of the

Office of the Superintendent of Financial Institutions (Canada), consistently applied throughout the periods involved, except as disclosed therein;

- (u) there has not occurred any material adverse change, or any development involving a prospective material adverse change, in the condition, financial or otherwise, or in the earnings, business or operations of BNS and its subsidiaries, taken as a whole, from that set forth in the Prospectus and Time of Sale Information, as applicable;
- (v) there is no action, suit, proceeding, inquiry or investigation before or brought by any court or any federal, provincial, state, municipal or other governmental department, commission, board, agency or body, domestic or foreign, now pending, or, to the knowledge of BNS, threatened against or affecting BNS or any of its subsidiaries (i) other than proceedings described in all material respects in the Prospectus or Time of Sale Information and proceedings that would not have a Material Adverse Effect or a material adverse effect on the power or ability of BNS to perform its obligations under this Agreement, the Trust Deed or the Covered Bonds or to consummate the transactions contemplated by the Prospectus or Time of Sale Information, as applicable, or (ii) that is required to be described in the Prospectus and is not so described;
- (w) except as disclosed in the Prospectus or Time of Sale Information, as applicable, there are no contracts, agreements or understandings between BNS and any person that would give rise to a valid claim against BNS or any Dealer for a brokerage commission, finder's fee or other like payment in connection with the offering of the Covered Bonds contemplated hereunder;
- (x) except as set forth in the Prospectus or Time of Sale Information, as applicable, neither BNS nor any of its subsidiaries is a party to any contract with or other undertaking to, or is subject to any governmental order by, or is a recipient of any presently applicable supervisory letter or other written communication of any kind from, any governmental authority which has had or reasonably would be expected to have a Material Adverse Effect.
- (y) there exists no event or circumstance which is or may with the passing of time, the giving of notice, the making of any determination, or any combination thereof constitute, an Issuer Event of Default (as defined in the Terms and Conditions) in relation to any outstanding Covered Bond;
- (z) as of the Issue Date of any Tranche (after giving effect to the issue of such Covered Bonds and of any other Covered Bonds to be issued, and to the redemption of any Covered Bonds to be redeemed, on or prior to such Issue Date), the aggregate principal amount of outstanding (as defined in the Agency Agreement and expressed in United States dollars in accordance with Section 3.06 below) Covered Bonds issued under the Program will not exceed the Authorized Amount and the aggregate principal amount of all outstanding securities issued will not exceed any limits on the authorized amount of outstanding securities established by the Office of the Superintendent of Financial Institutions (Canada);

- (aa) neither BNS nor any of its respective “affiliates” (as defined in Rule 405 under the Securities Act), nor any persons acting on its behalf (which, for the avoidance of doubt, shall not include any Dealer), have engaged or will engage in any “directed selling efforts” (as defined in Regulation S) with respect to the Covered Bonds and each of them has complied or will comply with the offering restriction requirement of Regulation S (to the extent applicable) and has implemented or will implement the necessary offering restrictions in connection therewith (to the extent applicable);
- (bb) neither BNS nor any of its respective “affiliates” (as defined in Rule 501(b) of Regulation D), or any person acting on behalf of any of them (which, for the avoidance of doubt, shall not include any Dealer), (i) has made offers or sales of any security, or solicited offers to buy, or otherwise negotiated in respect of, any security, under circumstances that would require the registration of the Covered Bonds under the Securities Act; or (ii) has engaged in any form of general solicitation or general advertising (within the meaning of Regulation D) in connection with any offer or sale of the Covered Bonds in the United States;
- (cc) none of the Covered Bonds are of the same class (within the meaning of Rule 144A) as securities listed on any national securities exchange registered under Section 6 of the United States Exchange Act of 1934, as amended (the “**Exchange Act**”) or quoted in a U.S. automated inter-dealer quotation system (as such term is used in Rule 144A);
- (dd) BNS has not offered or sold, within the six months preceding any issue of Covered Bonds, any security of the same or a similar class as such Covered Bonds (excluding for greater certainty the issuance of Registered Covered Bonds) under circumstances that would require registration of such Covered Bonds under the Securities Act;
- (ee) BNS is not, and after giving effect to the offering and sale of the Covered Bonds, and the application of the proceeds thereof as described in the Prospectus and Time of Sale Information, as applicable, will not be, required to register as an “investment company” as such term is defined in, the United States Investment Company Act of 1940, as amended (the “**Investment Company Act**”);
- (ff) BNS is a “foreign issuer” (as such term is defined in Regulation S);
- (gg) neither BNS, nor any of its affiliates (as defined in Rule 501(b) of Regulation D), nor any person (other than the Dealers) acting on behalf of any of them has taken or will take, directly or indirectly, any action designed to cause or to result in, or that has constituted or which might reasonably be expected to cause or result in, the stabilisation in violation of applicable laws or manipulation of the price of any security to facilitate the sale or resale of the Covered Bonds;
- (hh) that in relation to each Tranche of Covered Bonds for which a Dealer is named as a Stabilising Manager in the applicable Final Terms Document, it has not issued and will not issue, without the prior consent of that Dealer, any press or other public announcement referring to the proposed issue of Covered Bonds unless the

announcement adequately discloses that stabilising action may take place in relation to the Covered Bonds to be issued and the Issuer authorises such Dealer to make all appropriate disclosure in relation to stabilisation instead of the Issuer, if so agreed between the Issuer and the Dealer;

- (ii) none of BNS, any of its subsidiaries or, to the knowledge of BNS, any director, officer, agent or employee of BNS or any of its subsidiaries is an individual or entity (“**Person**”) that is currently the subject of any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Department of the Treasury or other relevant sanctions authority (the “**Sanctions**”), nor is located, organized or resident in a country or territory that is the subject of Sanctions; and BNS will not directly or indirectly use the proceeds of the offering of Covered Bonds hereunder, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person, to fund activities of or business with any Person, or in any country or territory, that at the time of such funding or facilitation, is the subject of Sanctions, or in a manner that would otherwise cause any Person (including any Person involved in or facilitating the offering of the Covered Bonds, whether as underwriter, advisor, or otherwise) to violate any Sanctions;
- (jj) neither BNS nor any of its subsidiaries nor, to the knowledge of BNS, any director, officer, agent or employee of BNS or of any of its subsidiaries is aware of or has taken any action, directly or indirectly, that would result in a violation by such persons of the U.S. Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder (the “**FCPA**”) or the applicable statutes of all jurisdictions to which BNS or its subsidiaries are subject; and BNS and its subsidiaries have conducted their businesses in compliance with the FCPA and have instituted and maintain policies and procedures designed to ensure continued compliance therewith;
- (kk) the operations of BNS and its subsidiaries are conducted and, to the knowledge of BNS, have been conducted in all material respects in compliance with the applicable anti-money laundering statutes of all jurisdictions to which BNS or its subsidiaries are subject and the rules and regulations thereunder, including the U.S. Bank Secrecy Act, as amended by Title III of the U.S. Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act) (collectively, the “**Anti-Money Laundering Laws**”), and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving BNS or any of its subsidiaries with respect to the Anti-Money Laundering Laws is pending or, to the best knowledge of BNS, threatened;
- (ll) BNS has not received notice of any litigation or claim calling into question its title to any Related Security sold to the Guarantor under the Mortgage Sale Agreement or its rights to assign or declare a trust in respect of such Related Security to the Guarantor; and

(mm) BNS is subject to the reporting obligations under Section 13 or 15(d) of the Exchange Act.

**3.02** The following representations and warranties are made by the Guarantor to the Dealers and the Arrangers on the date hereof and shall be deemed to be repeated on each date on which the Prospectus is amended, supplemented, updated and/or replaced, on each date upon which the Authorized Amount is increased and, in respect of each Tranche agreed as contemplated herein to be issued and purchased or, as the case may be, subscribed, on the date on which the Subscription Agreement is made, at the Time of Sale, as applicable, and on the Issue Date of such Tranche, in each case, with reference to the facts and circumstances then subsisting:

- (a) the Guarantor is a limited partnership duly established and validly existing under the *Limited Partnerships Act (Ontario)*, with full power, capacity and authority to own its properties and to conduct its business, and is lawfully qualified to do business in those jurisdictions in which business is conducted by it;
- (b) the Guarantor has full power and capacity to execute and deliver this Agreement, the Trust Deed, the Agency Agreement and the other Transaction Documents to which it is a party and to undertake and to perform the obligations expressed to be assumed by it herein and therein, and has taken all necessary corporate or other action to approve and to authorize the same;
- (c) the Guarantor has been established in accordance with the CMHC Registration Requirements, and has the full power and capacity to undertake and to perform the obligations expressed to be assumed by it therein, and has taken all necessary corporate or other action to approve and to authorize the same;
- (d) the Guarantor is in material compliance with all of the CMHC Registration Requirements applicable to the Guarantor;
- (e) this Agreement, the Trust Deed, the Agency Agreement and the other Transaction Documents to which the Guarantor is a party have been duly authorized, executed and delivered by the Guarantor and assuming the due authorization, execution and delivery thereof by the other parties to such documents will constitute legal, valid, binding and enforceable obligations of the Guarantor except as to enforcement, bankruptcy, insolvency, reorganization and the laws of general applicability relating to or affecting creditor's rights and to general equity principles and, in respect of each Tranche agreed as contemplated herein to be issued and purchased or, as the case may be, subscribed for, the Subscription Agreement in respect of such Covered Bonds constitutes legal, valid, binding and enforceable obligation of the Guarantor enforceable in accordance with its terms except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization and the laws of general applicability relating to or affecting creditor's rights and to general equity principles, and subject to the qualification that equitable remedies may only be granted in the discretion of a court of competent jurisdiction;



- (f) all authorizations, consents, approvals, filings, notifications and registrations required by the Guarantor for or in connection with the execution and delivery of this Agreement and the other Transaction Documents and the performance by the Guarantor of the obligations expressed to be undertaken by it herein and therein and the distribution of the Prospectus and the relevant Pricing Supplement have been obtained and are in full force and effect or, as the case may be, have been effected and in respect of each Tranche agreed as contemplated herein to be issued and purchased or, as the case may be, subscribed for, and the entering into and, where relevant, execution and delivery of the Subscription Agreement and the performance by the Guarantor of the obligations expressed to be undertaken by it herein and therein and the distribution of the relevant Offering Document and (in respect of each Tranche agreed as contemplated herein to be issued and purchased or, as the case may be, subscribed) the relevant Final Terms Document in accordance with the provisions set out in Schedule 1 hereto, either have been obtained and are in full force and effect or will, on the relevant Issue Date, have been obtained and will, on such Issue Date, be in full force and effect;
- (g) save in the circumstances described in Condition 7(a) to (f), the Guarantor in respect of the relevant Covered Bonds in relation to each Tranche agreed as contemplated herein to be issued and purchased or, as the case may be, subscribed will pay such additional amounts as are necessary in order that the net amounts received in respect of any payment of principal and interest on the Covered Bonds would equal the amounts which would otherwise have been receivable if made free and clear of and without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Canada, any province or territory thereof having power to tax or of the country in which the relevant branch of BNS which issued the relevant Covered Bonds is located or any political sub-division thereof or authority or agency therein or thereof having power to tax, provided that such additional amounts are not payable under this Agreement, the Covered Bonds, the Trust Deed or any Subscription Agreement in respect of the issuance of the Covered Bonds or the services rendered by a Dealer in Canada or by the Guarantor under the Trust Deed in the circumstances set out in Condition 7;
- (h) there are no stamp, documentary or similar issue or transfer taxes or duties payable within the Province of Ontario or Canada on or in connection with the execution, delivery or performance of this Agreement, the Trust Deed, the Transaction Documents to which the Guarantor is a party, any Subscription Agreement, the Agency Agreement, the Trust Deed, the issuance of the Covered Bonds or in connection with the execution, delivery and performance of the Trust Deed save in the circumstances described in Condition 7(a) and (e) and save to the extent that harmonized sales tax or similar taxes may be payable in respect of a fee paid to an investment dealer or other person for certain advisory services performed in Canada;
- (i) the execution and delivery of this Agreement, the Trust Deed, the Agency Agreement and the other Transaction Documents to which the Guarantor is a party and the consummation of the transactions herein and therein contemplated and compliance

with the terms hereof and thereof do not and will not (A) conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, the *Limited Partnerships Act* (Ontario) or any constitutional documents of the Guarantor, the laws of the Province of Ontario, Canada or (B) violate, conflict with or result in a breach of any terms, conditions or provisions, any indenture, trust deed, mortgage or other agreement or note to which the Guarantor is a party or by which it or any of its assets or properties is bound and which would be material in the context of the issue of the Covered Bonds, or (C) infringe any existing applicable law, rule, regulation, directive (including any relevant implementing measures), judgment, order or decree of Canada or any political subdivisions of the foregoing having jurisdiction over the Guarantor or its assets or properties that would have an adverse material effect on holders of the Covered Bonds;

- (j) (i) the relevant Offering Document contains all information with respect to the Guarantor and the Trust Deed that is material in the context of the issue and offering of the Covered Bonds (including all information required by applicable laws and the information that, according to the particular nature of the Guarantor and the Covered Bonds, is necessary to enable investors and their investment advisers to make an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the Guarantor and of the rights attaching to the Covered Bonds), (ii) the statements contained in it are in every material particular true and accurate and not misleading, (iii) each of the Time of Sale Information, as applicable, and the Marketing Materials, if any, including any Investor Presentation, as of the Time of Sale did not, and at all times subsequent thereto through the Issue Date of the Covered Bonds will not, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading and all reasonable enquiries have been made to verify the foregoing, (iv) the Prospectus as of the date of the Final Terms Document did not, and at all times subsequent thereto through the Issue Date of the Covered Bonds will not, contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading and all reasonable enquiries have been made to verify the foregoing, (v) the opinions and intentions expressed in it with regard to the Guarantor are honestly held and are based on reasonable assumptions, (vi) there are no other facts in relation to the Guarantor or the Trust Deed, the omission of which would, in the context of the issue and offering of the Covered Bonds, make any statement in the relevant Offering Document misleading in any material respect and (vii) the relevant Offering Document otherwise complies with, and has been published as required by the Prospectus Directive, as applicable;
- (k) the Guarantor has not engaged in any activities since its establishment other than (A) those incidental to any registration as a limited partnership under the *Limited Partnerships Act (Ontario)* and compliance with the CMHC Registration Requirements; (B) the authorization and execution of the Transaction Documents to which it is a party; (C) the activities referred to or contemplated in the Transaction Documents or in the Time of Sale Information, as applicable, and the Prospectus; or

(D) the activities necessary to hold the Portfolio and its other assets in accordance with the terms of the Transaction Documents;

- (l) there is no action, suit, proceeding, inquiry or investigation before or brought by any court or any federal, provincial, state, municipal or other governmental department, commission, board, agency or body, domestic or foreign, now pending, or, to the knowledge of the Guarantor, threatened against or affecting the Guarantor or any of its subsidiaries (i) other than proceedings described in all material respects in the Prospectus or the Time of Sale Information, as applicable, and proceedings that would not have a Material Adverse Effect or a material adverse effect on the power or ability of the Guarantor to perform its obligations under this Agreement, the Trust Deed or the Covered Bonds or to consummate the transactions contemplated by the Prospectus or the Time of Sale Information, as applicable, or (ii) that is required to be described in the Prospectus and is not so described;
- (m) there exists no event or circumstance which is or may with the passing of time, the giving of notice, the making of any determination, or any combination thereof constitute, an Guarantor Event of Default (as defined in the Terms and Conditions) in relation to any outstanding Covered Bond;
- (n) neither the Guarantor nor any of its respective “affiliates” (as defined in Rule 405 under the Securities Act), nor any persons acting on its behalf (which, for the avoidance of doubt, shall not include any Dealer), have engaged or will engage in any “directed selling efforts” (as defined in Regulation S) with respect to the Covered Bonds and each of them has complied or will comply with the offering restriction requirement of Regulation S (to the extent applicable) and has implemented or will implement the necessary offering restrictions in connection therewith (to the extent applicable);
- (o) neither the Guarantor nor any of its respective “affiliates” (as defined in Rule 501(b) of Regulation D), or any person acting on behalf of any of them (which, for the avoidance of doubt, shall not include any Dealer), (i) has made offers or sales of any security, or solicited offers to buy, or otherwise negotiated in respect of, any security, under circumstances that would require the registration of the Covered Bonds under the Securities Act; or (ii) has engaged in any form of general solicitation or general advertising (within the meaning of Regulation D) in connection with any offer or sale of the Covered Bonds in the United States;
- (p) the Guarantor is not, and after giving effect to the offering and sale of the Covered Bonds and the application of the proceeds thereof as described in the Time of Sale Information, as applicable, and the Prospectus, will not be, required to register as an “investment company” under, and as such term is defined in, the Investment Company Act;
- (q) other than as set out in any of the Transaction Documents, there exists no mortgage, lien, pledge or other charge or security interest on or over its assets and other than the Transaction Documents, it has not entered into any material indenture or trust deed;

- (r) subject to the laws of bankruptcy and other laws affecting the rights of creditors generally, its obligations under the Trust Deed and the Transaction Documents to which it is a party will be secured in the manner provided in the Security Agreement;
- (s) neither the Guarantor nor, to the knowledge of the Guarantor, any director, officer, agent or employee of the Guarantor or any of its subsidiaries is a Person that is currently the subject of any Sanctions, nor is located, organized or resident in a country or territory that is the subject of Sanctions; and the Guarantor will not directly or indirectly use the proceeds of the offering of Covered Bonds hereunder, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other Person, to fund activities of or business with any Person, or in any country or territory, that at the time of such funding or facilitation, is the subject of Sanctions, or in a manner that would otherwise cause any Person (including any Person involved in or facilitating the offering of the Covered Bonds, whether as underwriter, advisor, or otherwise) to violate any Sanctions;
- (t) neither the Guarantor nor, to the knowledge of the Guarantor, any director, officer, agent or employee of the Guarantor or of any of its subsidiaries is aware of or has taken any action, directly or indirectly, that would result in a violation by such persons of the FCPA or the applicable statutes of all jurisdictions to which the Guarantor is subject; and the Guarantor has conducted its businesses in compliance with the FCPA and have instituted and maintain policies and procedures designed to ensure continued compliance therewith;
- (u) the operations of the Guarantor are conducted and, to the knowledge of the Guarantor, have been conducted in all material respects in compliance with the Anti-Money Laundering Laws, and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Guarantor with respect to the Anti-Money Laundering Laws is pending or, to the best knowledge of the Guarantor, threatened; and
- (v) each of the representations and warranties of Guarantor in the Transaction Documents to which it is a party is true and correct in all material respects as of the date it is expected to be made.

**3.03** BNS and the Guarantor jointly and severally undertake and agree with the Dealers and each of them that they shall do the following:

- (a) promptly notify the Relevant Dealer(s) of any material change affecting any of its representations, warranties, agreements, undertakings and indemnities in this Agreement at any time and take such steps as may be reasonably requested by the Relevant Dealer(s) to remedy and/or publicise the same (and, for greater certainty, nothing in this Section 3.03(a) shall require BNS or the Guarantor to publicise information not otherwise required to be publicised pursuant to the continuous disclosure obligations of BNS and the Guarantor);

- (b) for so long as any Covered Bonds issued by the Issuer are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer (provided it has Covered Bonds outstanding which are “restricted securities”), will, during any period in which it is neither subject to Section 13 or 15(d) of the Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such Covered Bonds or to any prospective purchaser of such Covered Bonds designated by such holder or beneficial owner, upon the request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the Securities Act;
- (c) for so long as Registered Covered Bonds or, with respect to the Guarantor, the Trust Deed, respectively, remain outstanding and are “restricted securities” (as defined in Rule 144(a)(3) under the Securities Act), during any period in which they are neither subject to Sections 13 or 15(d) of the Exchange Act nor exempt from reporting requirements pursuant to Rule 12g3-2(b) under the Exchange Act, make available to any holder of, or beneficial owner of an interest in, Registered Covered Bonds in connection with any resale thereof and to any prospective purchaser designated by such holder or beneficial owner, in each case upon request, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the Securities Act;
- (d) none of their affiliates (as defined in Rule 405 under the Securities Act), nor any person acting on behalf of any of them (other than any Dealer), will engage in any “directed selling efforts” (as defined in Regulation S under the Securities Act) with respect to the Covered Bonds;
- (e) none of their affiliates (as defined in Rule 501(b) of Regulation D), nor any person acting on behalf of any of them (other than any Dealer), will engage in any form of general solicitation or general advertising (within the meaning of Regulation D of the Securities Act) in connection with any offer or sale of the Covered Bonds;
- (f) deliver, register and furnish such documents, instruments, information and undertakings to, and obtain any consent from, any relevant agency, authority, central bank, department, government, minister, official, public or statutory corporation, self-regulating organization or stock exchange as may be necessary or advisable from time to time to comply with all relevant laws and directives that are relevant to any Covered Bonds, this Agreement, any Subscription Agreement, the Agency Agreement and any other Transaction Document to which either of them is a party, and hereby authorize the Arrangers or any one of them (or, in relation to a specific issue of Covered Bonds, the Relevant Dealer(s)) so to deliver, register and furnish such documents, instruments, information and undertakings and obtain such consents;
- (g) furnish to each of the Arrangers in each case upon request and in such numbers as may from time to time reasonably be requested by each Arranger: (i) copies of each document lodged by or on behalf of BNS or the Guarantor, as the case may be, in relation to the Program or any Covered Bonds with any stock exchange on which Covered Bonds shall then be listed and admitted to trading or other relevant

authority; (ii) copies of the most recently prepared financial statements of BNS, whether annual or interim and whether audited or unaudited, that are available to the public as soon as they are available; and (iii) such other information about BNS and the Guarantor, respectively, as may be reasonably be requested by each Arranger;

- (h) notify the Arrangers as soon as is reasonably practicable in writing if any of the persons named in the certificates of incumbency referred to in item 4 of Schedule 2 of this Agreement shall cease to be authorized to take action on behalf of the Issuer or the Guarantor, as the case may be, or if any additional person shall be so authorized and, unless and until notified of any such change, each of the Dealers and the Arrangers shall be entitled to rely upon the certificates delivered to them most recently and all instructions given in accordance with such certificates shall be binding on the Issuer or the Guarantor, as the case may be;
- (i) promptly notify each Relevant Dealer of any downgrading or withdrawal of, or the placing on “creditwatch” (with negative implications) (or other similar publication of formal review by the relevant rating organization) of, the rating of the Issuer’s debt securities by any statistical rating organization generally recognized by banks, securities houses and investors in the euro-markets, as soon as either of them learns of such downgrading or withdrawal, or placement on a “creditwatch”;
- (j) at the same time as it is dispatched, furnish each Dealer with a copy of the notice of any meeting of the holders of Covered Bonds of any Series which is called to consider any matter that is material in the context of the Program generally and allow each Dealer and its advisers to attend and speak at any such meeting;
- (k) update or amend the relevant Offering Document (following consultation with the Arrangers on behalf of the Dealers or, in the case of an amendment affecting a specific issue of Covered Bonds only, the Relevant Dealer(s)) by the publication of a supplement thereto or a revised version thereof in the light of any (i) requirement of the relevant Stock Exchange(s), (ii) change to the condition of the Issuer which is material in the context of any Series or Tranche of Covered Bonds, and (iii) significant new factor, material mistake or inaccuracy relating to the information incidental to the Prospectus which is capable of affecting the assessment by investors of any Series or Tranche of Covered Bonds, and, unless otherwise agreed with the Arrangers, on or before the first issue of Covered Bonds after each anniversary of the listing of the Program. If, at any time after the relevant Offering Document is approved and before admission to trading on a Regulated Market or any other Stock Exchange, there arises or is noted a significant new factor, material mistake or inaccuracy relating to the information in the relevant Offering Document, which is capable of affecting the assessment by investors of the Covered Bonds, BNS or the Guarantor, as the case may be, shall promptly give to the Arrangers (or, in the case of a change affecting a specific issue of Covered Bonds, the Relevant Dealer(s)) full information about the change or matter and shall promptly prepare a supplemental Offering Document as may be required and approved by the UK Listing Authority (after the Arrangers on behalf of the Dealers or the Relevant Dealer or Dealers, as the case may be, have (or has) had a reasonable opportunity to comment thereon) and

shall otherwise comply with Section 81 or 87A of FSMA, if applicable, and the Listing Rules in that regard and shall supply to the Relevant Dealer or Dealers, as the case may be, such number of copies of the supplemental Offering Document as such Dealer or Relevant Dealer(s) may reasonably request. BNS shall promptly publish such supplemental Offering Document once approved in accordance with Article 14 of the Prospectus Directive and Sections 87G and 81 of FSMA, and, prior to admission to trading of Covered Bonds on a Regulated Market, request that the UK Listing Authority issue a certificate of approval under Article 18 of the Prospectus Directive in respect of such supplements to the relevant Offering Document and notify them to the competent authority in the host Member State along with the supplement. BNS and the Guarantor undertake that in the period from and including an Agreement Date to and including the related Issue Date of the new Covered Bonds, they will only prepare and publish a supplement to, or revised version of, the relevant Offering Document if they are required, or have reasonable grounds to believe that they are required, to do so in order to comply with Section 81 or 87G of FSMA and in such circumstances such supplement to, or revised version of, the relevant Offering Document shall for the purpose of Section 87Q(4) or 81(5) of FSMA and Section 2.03(b), be deemed to have been prepared and published so as to comply with the requirements of Section 81 or 87G of FSMA and the disclosure contained therein shall be deemed to be material in the context of the issuing and offering of the Covered Bonds;

- (l) save to the extent expressly contemplated in the Transaction Documents, the Issuer will promptly notify each Dealer of any amendment to or termination of the Transaction Documents concerning the Program materially adversely affecting the interests of any Dealer or any holder of any outstanding Covered Bonds;
- (m) procure that there is delivered to the Relevant Dealer(s) and the Bond Trustee (i) Canadian law legal opinions of Osler, Hoskin & Harcourt LLP, Canadian counsel for BNS, a English law legal opinion and/or United States law legal opinion, as applicable, of Allen & Overy LLP, counsel for BNS, a English law legal opinion and/or United States law legal opinion, as applicable, of Morrison & Foerster LLP, counsel for the Dealers, dated the Issue Date, with respect to the issuance and sale of the Covered Bonds, the Trust Deed, the Prospectus as amended or supplemented, if applicable, and other related matters as the Relevant Dealer(s) may reasonably require and such other local law opinions as may be appropriate and, if Covered Bonds are offered under Rule 144A or otherwise in the United States, U.S. legal advisors to the Issuer and the Guarantor acceptable to the Relevant Dealer(s) and the Relevant Dealer(s) acting reasonably, and (ii) a comfort letter from the Auditors, on or before the first issue of Covered Bonds after each anniversary of the listing of the Program and as may reasonably be requested by the Arrangers and the Dealers following publication of a supplement to or revised version of any relevant Offering Document;
- (n) in relation to any Covered Bonds agreed by the Issuer and the Relevant Dealer(s) to be listed and admitted to trading on any Stock Exchange(s), use all reasonable efforts to procure the admission of the relevant Covered Bonds to listing and trading on such

Stock Exchange(s) and to maintain the same until none of the Covered Bonds of the relevant Series is outstanding provided that, if it should be impracticable or unduly burdensome to maintain any such listing, the Issuer shall use all reasonable efforts to procure and maintain as aforesaid a listing or a quotation for the relevant Covered Bonds on such other Stock Exchange(s) as it and the Relevant Dealer(s) may reasonably agree and, for greater certainty, the Issuer and the Dealers agree that any future law, rule of the London Stock Exchange or any other securities exchange or any competent authority or securities regulator or European Union directive imposes other requirements (including new corporate governance requirements) on the Issuer or the Guarantor or any of their respective affiliates that either of them in good faith determines are impractical or unduly burdensome in order to maintain the continued listing of any Covered Bonds, the Issuer may terminate the listing of the relevant Covered Bonds on such regulated market and shall use all reasonable efforts to procure and maintain a listing or a quotation for the relevant Covered Bonds on any major Stock Exchange(s) as it may consider appropriate. However, if such alternative listing is not available or is, in the opinion of the Issuer, impractical or unduly burdensome, an alternative listing for such Covered Bonds may not be obtained;

- (o) in the event that a New Seller accedes to the Mortgage Sale Agreement, such New Seller shall contemporaneously accede to this Agreement with such modifications as reasonably agreed between the parties hereto;
- (p) neither BNS nor the Guarantor will become, for so long as the Covered Bonds and the Trust Deed remain outstanding, an open-end investment company, unit investment trust, closed-end investment company or face-amount certificate company that is or is required to be registered under Section 8 of the Investment Company Act;
- (q) BNS and the Guarantor will not, and shall procure that none of their affiliates (as defined in Regulation 501(b) of Regulation D under the Securities Act) will, sell, offer for sale or solicit offers to buy or otherwise negotiate in respect of any security (as defined in the Securities Act) in a manner which would require the registration of the Covered Bonds under the Securities Act;
- (r) BNS and the Guarantor will cooperate with the Lead Managers and use all reasonable endeavours to permit any Registered Covered Bonds offered under Rule 144A to be eligible for clearance and settlement through DTC;
- (s) Any Registered Covered Bonds will be issued in registered form bearing the private placement legend as set forth in the form of Covered Bond scheduled to the Trust Deed and shall satisfy the eligibility requirements of paragraph (d)(3) of Rule 144A;
- (t) BNS and the Guarantor will qualify any Registered Covered Bonds offered under Rule 144A for offer and sale under the securities or Blue Sky laws of such jurisdictions as the Lead Managers shall reasonably request and will continue such qualifications in effect so long as required for the offering and resale of such Covered Bonds; provided that neither BNS nor the Guarantor shall be required to (i) qualify as



a foreign corporation or other entity or as a dealer in securities in any such jurisdiction where it would not otherwise be required to so qualify, (ii) file any general consent to service of process in any such jurisdiction or (iii) subject itself to taxation in any such jurisdiction if it is not otherwise so subject;

- (u) in respect of an issuance intended to be listed on the London Stock Exchange, BNS will procure that the Final Terms Document is lodged with the London Stock Exchange by the time required by the London Stock Exchange;
- (v) in the event that any Covered Bond offered or to be offered by the Dealers in reliance upon Rule 144A would be ineligible for resale under Rule 144A (because such Covered Bond or the Trust Deed is of the same class (within the meaning of Rule 144A) as other securities of BNS or the Guarantor, as applicable, which are listed on a U.S. securities exchange registered under Section 6 of the Exchange Act or quoted in a U.S. automated inter-dealer quotation system), BNS shall promptly notify the Dealers by telephone, confirmed in writing, of such fact and will promptly prepare and deliver to the Dealers an amendment or supplement to the Prospectus describing the Covered Bonds which are ineligible, the reason for such ineligibility and any other relevant information relating thereto;
- (w) BNS will timely file the Prospectus, as amended and supplemented in a form approved by the Dealers, with the CMHC, and will file promptly all notifications, reports and other information required to be filed by BNS with CMHC pursuant to the Guide in connection with the CMHC Registration and the offering or sale of the Covered Bonds;
- (x) BNS will make available and accessible to investors (as defined in Part 5.1.1 of the Guide) all information, reports and notifications required under the Guide and Part I.1 of the NHA in connection with the CMHC Registration and the offering or sale of the Covered Bonds;
- (y) BNS will establish and maintain a program website(s) (as defined in Part 5.2 of the Guide) which meets the requirements of, and contains all information, reports, notifications, links, documents and any other disclosure required by the Guide in connection with the CMHC Registration and the offering or sale of the Covered Bonds;
- (z) BNS shall use its best efforts and take all actions that may be necessary in order to maintain the CMHC Registration and its right to issue Covered Bonds under the Program; and
- (aa) All Covered Bonds will be issued by BNS as a registered issuer under the CMHC Registration Requirements and under a registered covered bond program under the CMHC Registration Requirements.

**3.04** The following indemnification provisions shall apply:

- (a) For Regulation S Covered Bonds only, BNS and the Guarantor jointly and severally undertake and agree with the Dealers and each of them that they shall do the following:
- (i) indemnify and hold harmless each Dealer, each person, if any, who controls such Dealer within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act and each affiliate of any Dealer within the meaning of Rule 405 under the Securities Act from and against any and all losses, claims, damages or liabilities (including, without limitation, any legal or other expenses reasonably incurred in connection with defending or investigating any such action or claim), and any applicable value added tax which any of them may incur or which may be made against them or any of them as a result of, or arising out of, or in relation to, (i) any inaccuracy or alleged inaccuracy of any of the representations and warranties made by BNS and/or the Guarantor herein or in the Subscription Agreement or otherwise made by BNS or the Guarantor, as the case may be in respect of any Tranche; or (ii) any breach or alleged breach of any of the agreements or undertakings given by BNS and/or the Guarantor herein or in the Subscription Agreement or otherwise made by the Issuer, any Seller or the Guarantor, as the case may be in respect of any Tranche including, without limitation, its obligations under Section 2.02(c) hereof; and
  - (ii) promptly notify the Relevant Dealer of any change affecting any of its representations, warranties, agreements, undertakings and indemnities in this Agreement at any time and take such steps as may be reasonably requested by the Relevant Dealer to remedy and/or publicize the same (for the avoidance of doubt, nothing in this Section 3.03(a) shall require BNS or the Guarantor to publicize information not otherwise required to be publicized pursuant to the continuous disclosure obligations of BNS or the Guarantor);
- (b) For 144A Covered Bonds only:
- (i) BNS and the Guarantor jointly and severally agree to indemnify and hold harmless each Dealer, each person, if any, who controls such Dealer within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act and each affiliate of any Dealer within the meaning of Rule 405 under the Securities Act, from and against any and all losses, claims, damages or liabilities (including, without limitation, any legal or other expenses reasonably incurred in connection with defending or investigating any such action or claim) caused by any untrue statement or alleged untrue statement of a material fact contained in the Time of Sale Information, as applicable (provided that the Indemnified Parties shall have made available to the purchaser the Time of Sale Information, as applicable, in accordance with Section 2.10 of this Agreement), Marketing Materials, including any Investor Presentation, or the Offering Document, or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in light of the

circumstances under which they were made, not misleading, except insofar as such losses, claims, damages or liabilities are caused by any such untrue statement or omission or alleged untrue statement or omission based upon information relating to any Dealer furnished to BNS in writing by such Dealer through the Relevant Dealer(s) expressly for use therein.

- (ii) Each Dealer agrees, severally and not jointly, to indemnify and hold harmless BNS, the Guarantor, each person, if any, who controls BNS or the Guarantor within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act and each affiliate of BNS or the Guarantor within the meaning of Rule 405 under the Securities Act to the same extent as the foregoing indemnity from BNS to such Dealer, but only with reference to information relating to such Dealer furnished to BNS and the Guarantor in writing by such Dealer through the Relevant Dealer(s) expressly for use in the Offering Document, the Time of Sale Information, as applicable, or the Marketing Materials, including any Investor Presentation, or any amendment or supplement thereto.
- (iii) In case any proceeding (including any governmental investigation), shall be instituted involving any person in respect of which indemnity may be sought pursuant to Section 3.04(a) or 3.04(b) such person (the “**indemnified party**”) shall promptly notify the person against whom such indemnity may be sought (the “**indemnifying party**”) in writing and the indemnifying party, upon request of the indemnified party, shall retain counsel reasonably satisfactory to the indemnified party to represent the indemnified party and any others the indemnifying party may designate in such proceeding and shall pay the fees and disbursements of such counsel related to such proceeding. In any such proceeding, any indemnified party shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such indemnified party unless (i) the indemnifying party and the indemnified party shall have mutually agreed to the contrary, (ii) the indemnifying party has failed within a reasonable time to retain counsel reasonably satisfactory to the indemnified party, or (iii) the named parties to any such proceeding (including any impleaded parties) include both the indemnifying party and the indemnified party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them. It is understood that the indemnifying party shall not, in respect of the legal expenses of any indemnified party in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all such indemnified parties and that all such fees and expenses shall be reimbursed as they are incurred. Such firm shall be designated in writing by the Arrangers, in the case of parties indemnified pursuant to Section 3.04(a), and by BNS, in the case of parties indemnified pursuant to Section 3.04(b). The indemnifying party shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the indemnifying

party agrees to indemnify the indemnified party from and against any loss or liability by reason of such settlement or judgment. Notwithstanding the foregoing sentence, if at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel as contemplated by the second and third sentences of this paragraph, the indemnifying party agrees that it shall be liable for any settlement of any proceeding effected without its written consent if (i) such settlement is entered into more than 30 days after receipt by such indemnifying party of the aforesaid request and (ii) such indemnifying party shall not have reimbursed the indemnified party in accordance with such request prior to the date of such settlement. No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened proceeding in respect of which any indemnified party is or could have been a party and indemnity could have been sought hereunder by such indemnified party, unless such settlement includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such proceeding.

- (iv) To the extent the indemnification provided for in Section 3.04(a) or Section 3.04(b) is unavailable to an indemnified party or insufficient in respect of any losses, claims, damages or liabilities referred to therein, then each indemnifying party under such paragraph, in lieu of indemnifying such indemnified party thereunder, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received by BNS and the Guarantor on the one hand and the Dealers on the other hand from the offering of the Covered Bonds or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of BNS and the Guarantor on the one hand and of the Dealers on the other hand in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative benefits received by BNS and the Guarantor on the one hand and the Dealers on the other hand in connection with the offering of the Covered Bonds shall be deemed to be in the same respective proportions as the net proceeds from the offering of the Covered Bonds (before deducting expenses) received by BNS and the total discounts and commissions received by the indemnified party as set forth in this Agreement. The relative fault of BNS and the Guarantor on the one hand and the Dealers on the other hand shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by BNS or by the Dealers and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Dealers' respective obligations to contribute pursuant to this Section 3.04 are

several in proportion to the respective principal amounts of Covered Bonds they have purchased hereunder, and not joint.

- (v) BNS, the Guarantor and the Dealers agree that it would not be just or equitable if contribution pursuant to this Section 3.04 were determined by *pro rata* allocation (even if the Dealers were treated as one entity for such purpose) or by any other method of allocation that does not take account of the equitable considerations referred to in Section 3.04(d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages and liabilities referred to in Section 3.04(d) shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this Section 3.04, no Dealer shall be required to contribute any amount in excess of the amount by which the total price at which the Covered Bonds subscribed by it and distributed to investors were offered to investors exceeds the amount of any damages that such Dealer has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The remedies provided for in this Section 3.04 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any indemnified party at law or in equity.
  - (c) For all Covered Bonds, the indemnity and contribution agreements contained in this Section 3.04 and the additional representations and warranties of the Issuer and the Guarantor in this Agreement and the Subscription Agreement shall remain operative and in full force and effect regardless of (i) any termination of this Agreement, (ii) any investigation made by or on behalf of any Dealer, any person controlling any Dealer or any affiliate of any Dealer or by or on behalf of the Issuer or the Guarantor, their directors or officers or any person controlling such party, and (iii) acceptance of, and payment for, any of the Covered Bonds.
- 3.05** The rights and remedies conferred upon any Dealer (or other indemnified party) under this Section 3 and Section 5 of this Agreement shall continue in full force and effect notwithstanding (i) the completion of the arrangements set out herein for the issue, sale and purchase of the relevant Covered Bonds or (ii) any such termination of this Agreement and regardless of any investigation made by such Dealer (or other indemnified party).
- 3.06** For the purposes of Section 3.01(z):
- (a) the United States dollar equivalent of Covered Bonds denominated in a currency other than United States dollars shall be determined as of the Agreement Date for such Covered Bonds on the basis of the spot rate for the sale of United States dollars against the purchase of the relevant currency in the London foreign exchange market

quoted by the Principal Paying Agent on such Agreement Date or such other rate as the Issuer and the Relevant Dealer(s) may agree;

- (b) the United States dollar equivalent of Dual Currency Covered Bonds and Index Linked Covered Bonds shall be calculated in the manner specified above by reference to the original nominal amount of such Covered Bonds; and
- (c) the United States dollar equivalent of Zero Coupon Covered Bonds and other Covered Bonds issued at a discount or premium shall be calculated in the manner specified above by reference to the net proceeds received by the Issuer for the particular issue.

#### **Section 4. Undertakings by the Dealers**

**4.01** Each Dealer (in the case of (a), party to the Subscription Agreement in question) undertakes to the Issuer that it will be bound by and comply with the selling and transfer restrictions set out in Schedule 1 hereto:

- (a) as the same may be supplemented or modified by agreement of the Issuer and the Relevant Dealer(s) in relation to any Tranche of Covered Bonds as set out in the relevant Final Terms Document or Pricing Supplement; and
- (b) save to the extent that any of such provisions relating to any specific jurisdiction shall, as a result of change(s) after the date hereof in, or in official interpretation of, applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealer contained in the paragraph headed “General”.

**4.02** The Principal Paying Agent has agreed in the Agency Agreement to act as Calculation Agent in respect of each Series of Covered Bonds unless the Dealer (or one of the Dealers) through whom such Covered Bonds are issued has agreed with the Issuer to act as Calculation Agent (or the Issuer otherwise agrees to appoint another institution to act as Calculation Agent) in respect of such Covered Bonds.

In relation to any Series of Covered Bonds in respect of which the Issuer and the Relevant Dealer(s) have agreed that such Dealer shall act as Calculation Agent and such Dealer is named as such in the relevant Final Terms Document or Pricing Supplement:

- (a) the Issuer appoints such Dealer acting through its office specified for the purposes of Section 6 as Calculation Agent in respect of such Series of Covered Bonds for the purposes specified in the Agency Agreement (and with the benefit of the provisions thereof) and in the Terms and Conditions;
- (b) such Dealer accepts such appointment and shall perform all matters expressed to be performed by it in, and otherwise comply with, the Terms and Conditions and the provisions relating to the Calculation Agent contained in the Agency Agreement; and
- (c) such Dealer executes the Calculation Agency Agreement attached to the Agency Agreement. Upon execution of such agreement, the Issuer will notify the Principal

Paying Agent of the appointment of such Dealer as Calculation Agent for the relevant Series of Covered Bonds.

- 4.03** BNS and the Guarantor hereby both irrevocably authorize each of the Dealers, on behalf of BNS and the Guarantor, to provide copies of, and make oral statements consistent with, the relevant Offering Document other than the Marketing Materials, if any, including any Investor Presentation, which may not be copied or distributed to, or left with, any actual or potential purchaser of Covered Bonds except with the express consent of BNS.
- 4.04** The obligations of the Dealers under this Section 4 are several. Except as expressly provided herein or in the Subscription Agreement, none of the Dealers will have any responsibility or liability to any other Dealer, the Issuer, the Guarantor, the Seller or any Holder (and BNS and the Guarantor hereby expressly acknowledge that such is the case) for the adequacy, accuracy or completeness of any representation, warranty, statement or information in the Offering Document, this Agreement, any Subscription Agreement or any notice or other document delivered under this Agreement or any Subscription Agreement except for any statement made about such Dealer or provided by a Dealer for inclusion in such Offering Document.
- 4.05** Each of the Dealers agrees that the Arrangers have only acted in an administrative capacity to facilitate the establishment and/or maintenance of the Program and have no responsibility to it for (a) the adequacy, accuracy, completeness or reasonableness of any representation, warranty, undertaking, agreement, statement or information in the Offering Document, or Marketing Materials (if any), including any Investor Presentation, this Agreement and any relevant Subscription Agreement or any information provided in connection with the Program or (b) the nature and suitability to it of all legal, tax and accounting matters and all documentation in connection with the Program or any Series or Tranche of Covered Bonds, save that the Arrangers shall have only those duties, obligations and responsibilities expressly specified in this Agreement and any relevant Subscription Agreement unless otherwise agreed between the parties hereto.

## **Section 5. Costs and Expenses**

- 5.01** Unless otherwise specifically agreed with a Relevant Dealer(s) in connection with a specific Tranche, the Issuer and the Guarantor are responsible for payment of the proper costs, charges and expenses (and any applicable value added tax):
- (a) of any legal, accountancy and other professional advisers instructed by the Issuer in connection with the establishment and maintenance of the Program, the preparation of the Prospectus and the Disclosure Documents, or the issue and sale of any Covered Bonds or the compliance by the Issuer or the Guarantor with their obligations hereunder or under any Subscription Agreement including, without limitation, the provision of legal opinions and Auditors' Letters as and when required by the terms of this Agreement or any Subscription Agreement;
  - (b) of any legal and other professional advisers instructed by the Dealers in connection with the establishment and maintenance of the Program, provided that the Issuer and

Guarantor collectively shall only be responsible for an aggregate amount as agreed between the Arrangers, the Issuer and the Guarantor (or such other amount as may be agreed between the Arrangers, the Issuer and the Guarantor), plus any applicable value added taxes, in connection with such proper costs, charges and expenses for the initial establishment of the Program and shall only be responsible for such reasonable amount as may be agreed between the Relevant Dealer(s), the Issuer and the Guarantor, plus any applicable value added taxes, in connection with such proper costs, charges and expenses for each Tranche;

- (c) incurred in connection with the preparation and delivery of this Agreement, the Agency Agreement and any other Transaction Documents or documents connected with the Program or any Covered Bonds;
- (d) of and incidental to the setting, proofing, printing and delivery of the Prospectus, any Final Terms Document, any Pricing Supplement and any Covered Bonds (whether in global or definitive bearer form or in registered form) including inspection and authentication;
- (e) incurred at any time in connection with the application for any Covered Bonds to be listed and admitted to trading on any stock exchange(s) and the maintenance of any such listing(s); and
- (f) of any advertising agreed upon between the Issuer, the Guarantor and the Relevant Dealer(s).

**5.02** Withholding Tax: Save in the circumstances described in Condition 7(a) to (f), BNS and/ or the Guarantor (as applicable) in respect of the relevant Covered Bonds in relation to each Tranche agreed as contemplated herein to be issued and purchased or, as the case may be, subscribed will be required to pay such additional amounts as are necessary in order that the net amounts received in respect of any payment of principal and interest on the Covered Bonds would equal the amounts which would otherwise have been receivable if made free and clear of and without withholding or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Canada, any province or territory thereof having power to tax or of the country in which the relevant branch of BNS which issued the relevant Covered Bonds is located or any political sub-division thereof or authority or agency therein or thereof having power to tax, provided that such additional amounts are not payable under this Agreement, the Covered Bonds, the Trust Deed or any Subscription Agreement in respect of the issuance of the Covered Bonds or by the Guarantor under the Trust Deed in the circumstances set out in Condition 7.

## **Section 6. Notices and Communications**

**6.01** All notices and communications hereunder or under any Subscription Agreement shall be made in writing (by letter or fax) and shall be sent to the addressee at the address or fax number specified against its name in Schedule 5 to this Agreement (or, in the case of a Dealer not originally party hereto, specified by notice to the Issuer and the other Dealers at or



about the time of its appointment as a Dealer) and for the attention of the person or department therein specified (or as aforesaid) or, in any case, to such other address or fax number and for the attention of such other person or department as the addressee has by prior notice to the sender specified for the purpose.

- 6.02** Whenever a notice or other communication shall be given as aforesaid by fax it shall be deemed received (subject to the transmission report showing that the fax has been sent) on the day of despatch provided that if the time of despatch is after 4.00 p.m. (local time of the recipient) on any day which is a business day in the place of the recipient, it shall be deemed to have been received on the next business day in the place of the recipient and whenever a notice or other communication is sent by post as aforesaid it shall be deemed received three days (in the case of inland post) or seven days (in the case of cross border post) after being posted in a properly prepaid envelope and whenever a notice or other communication is delivered by hand, it shall be deemed received upon actual delivery.

## **Section 7. Changes in Dealers**

- 7.01** The Issuer may without the consent of any third parties:

- (a) by 30 days' notice in writing to any Dealer, terminate this Agreement in relation to such Dealer but without prejudice to any rights or obligations accrued or incurred on or before the effective date of termination and in particular without prejudice to (i) the rights of such terminated Dealer to be indemnified pursuant to Section 3.04 with respect only to those matters that occurred or were in existence while such terminated Dealer was a Dealer pursuant to this Agreement; and (ii) the validity of any Subscription Agreement; and/or
- (b) nominate any reputable institution as a new Dealer hereunder either generally in respect of the Program or only in relation to a particular Tranche, in which event, upon the confirmation by such institution of a letter in the terms or substantially in the terms set out in Schedule 3 or pursuant to an agreement in or substantially in the form of Schedule 7 or on any other terms acceptable to the Issuer and such institution, such institution shall, subject to the limitations set out below, become a party hereto with all the authority, rights, powers, duties and obligations of a Dealer hereunder; provided that an institution which has become a Dealer in relation to a particular Tranche only shall have the benefit of the undertaking contained in paragraph (h) of Section 3.03 only if such Dealer requests the benefit of such undertaking, in which case the Dealer shall have the benefit of such undertaking to the extent so requested, and shall have the benefit of the undertakings contained in paragraphs (g), (i) and (m) of Section 3.03 and the benefit of Section 8 only up to and including the Issue Date of the relevant Tranche of Covered Bonds.

- 7.02** Any Dealer may, by 30 days' written notice to the Issuer, resign as a Dealer under this Agreement but without prejudice to any rights or obligations accrued or incurred on or before the effective date of resignation and in particular the validity of any Subscription Agreement.

- 7.03** The Issuer will notify existing Dealers appointed generally in respect of the Program, the Arrangers, the Bond Trustee and the Principal Paying Agent of any change in the identity of other Dealers appointed generally in respect of the Program as soon as reasonably practicable thereafter.

## **Section 8. Increase in Authorized Amount**

- 8.01** The Issuer and the Guarantor may, from time to time, by giving 20 days' notice by letter in substantially the form set out in Schedule 4 to each of the Dealers (with a copy to the other Paying Agents and the Registrars), increase the Authorized Amount.
- 8.02** Notwithstanding the provisions of Section 8.01 above, no increase shall be effective unless and until (i) each of the Dealers shall have received in form, number and substance satisfactory to each such Dealer, the documents and confirmations described in Schedule 2 to this Agreement (with such changes as may be relevant having regard to the circumstances at the time of the proposed increase) and such further documents and confirmations as may be requested by the Dealers including, without limitation, Auditors' Letters and a supplemental or updated Prospectus as required by the UK Listing Authority or other relevant Stock Exchange and (ii) the Issuer and the Guarantor shall have complied with all legal and regulatory requirements necessary for the issuance of, and performance of obligations under, Covered Bonds up to such new Authorized Amount and upon such increase taking effect, all references in this Agreement to the Authorized Amount being in a certain principal amount shall be to the increased principal amount.

## **Section 9. Assignment**

- 9.01** This Agreement shall be binding upon and shall inure for the benefit of the Issuer, the Guarantor and the Dealers and their respective successors and permitted assigns. For greater certainty, any new company established as a substitute issuer pursuant to the Trust Deed shall be bound by and enjoy the benefit of this Agreement.
- 9.02** Neither the Issuer nor the Guarantor may assign its rights or transfer its obligations under this Agreement, in whole or in part, and any purported assignment or transfer shall be void. No Dealer may assign any of its rights or delegate or transfer any of its obligations under this Agreement or any Subscription Agreement, in whole or in part, without the prior written consent of the Issuer and the Guarantor and any purported assignment or transfer without such consent shall be void. Upon the date when such merger, consolidation, conversion or transfer and assumption becomes effective and to the extent permitted by applicable law, and without further formality such Dealer shall be relieved of, and fully discharged from, all obligations hereunder and any Subscription Agreement, whether such obligations arose before or after such transfer and assumption.

## **Section 10. Law and Jurisdiction**

This Agreement and each Subscription Agreement is governed by, and shall be construed in accordance with, the laws of the Province of Ontario and of Canada applicable therein and each of the parties hereby attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario.

### **Section 11. Currency Indemnity**

If, under any applicable law and whether pursuant to a judgment being made or registered against the Issuer or in the liquidation, insolvency or analogous process of the Issuer or for any other reason, any payment under or in connection with this Agreement is made or fails to be satisfied in a currency (the “**other currency**”) other than that in which the relevant payment is expressed to be due (the “**required currency**”), then, to the extent that the payment (when converted into the required currency at the rate of exchange on the date of payment or, if it is not practicable for any Dealer to purchase the required currency with the other currency on the date of payment, at the rate of exchange as soon thereafter as it is practicable for it to do so or, in the case of liquidation, insolvency or analogous process of the Issuer, at the rate of exchange on the latest date permitted by applicable law for the determination of liabilities in such liquidation, insolvency or analogous process) actually received by any Dealer falls short of the amount due under the terms of this Agreement, the Issuer and the Guarantor shall, as a separate and independent obligation, indemnify and hold harmless such Dealer against the amount of such shortfall. For the purpose of this Section, “**rate of exchange**” means the rate at which the Dealer is able on the relevant date to purchase the required currency with the other currency and shall take into account any premium and the reasonable costs of exchange.

### **Section 12. Counterparts**

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original. Any party may enter into this Agreement by signing such counterpart.

### **Section 13. Non-Petition**

BNS and the Dealers agree that they shall not institute or join any other Person or entity in instituting against, or with respect to, the Guarantor, or any of the general partners of the Guarantor, any bankruptcy or insolvency event so long as any Covered Bonds issued by the Issuer under the Program shall be outstanding or there shall not have elapsed one year plus one day since the last day on which any such Covered Bonds shall have been outstanding. The foregoing provision shall survive the termination of this Agreement by any of the parties hereto.

### **Section 14. Amendment and Waiver**

Any amendments to this Agreement will be made only with the prior written consent of each party to this Agreement. No waiver of this Agreement shall be effective unless it is in writing and signed by (or by some person duly authorized by) each of the parties. No single or partial exercise of, or failure or delay in exercising, any right under this Agreement shall constitute a waiver or preclude any other or further exercise of that or any other right.

IN WITNESS whereof this Agreement has been entered into as of the day and year first above written.

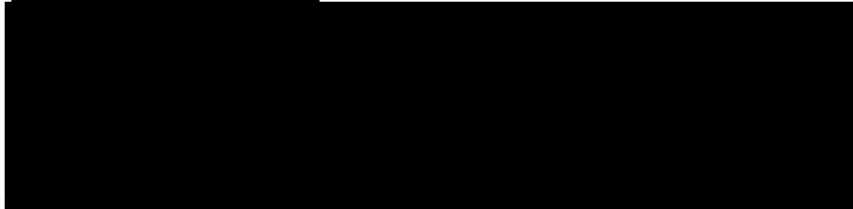
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**THE BANK OF NOVA SCOTIA**

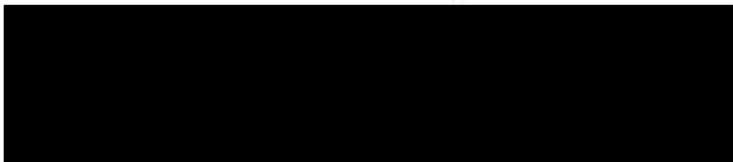


*The Dealers*

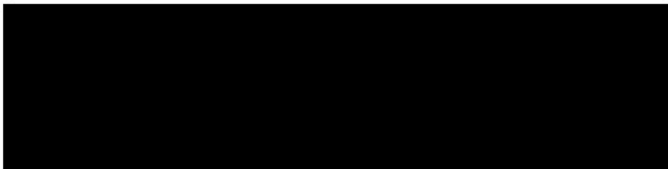
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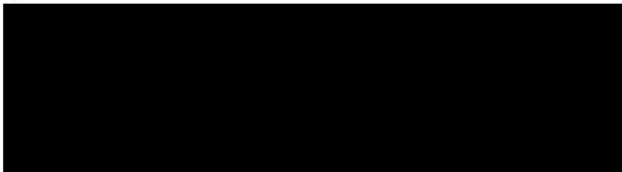
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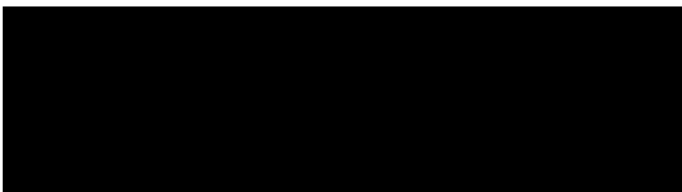
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**CITIGROUP GLOBAL MARKETS LIMITED**



**CREDIT SUISSE SECURITIES (EUROPE) LIMITED**



*The Dealers*

**BARCLAYS BANK PLC**



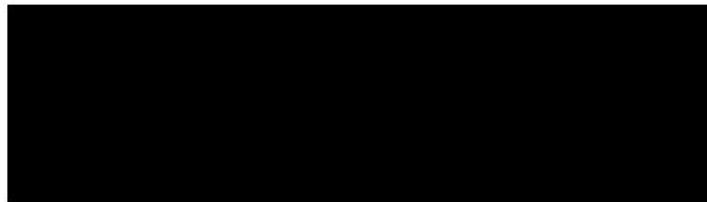
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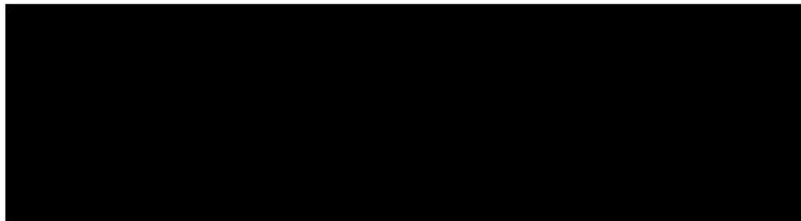
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**CITIGROUP GLOBAL MARKETS LIMITED**



**CREDIT SUISSE SECURITIES (EUROPE) LIMITED**



*The Dealers*

**BARCLAYS BANK PLC**



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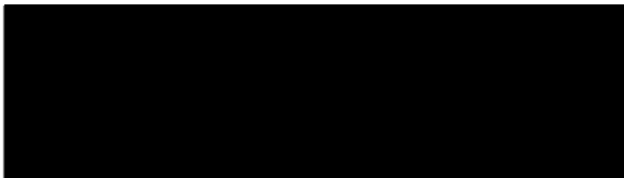
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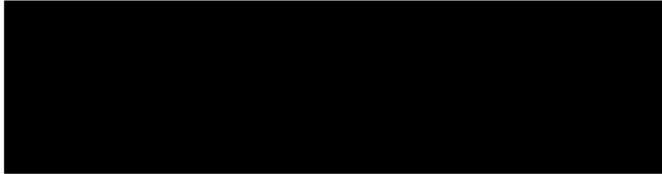


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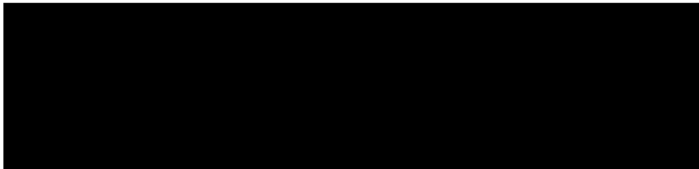


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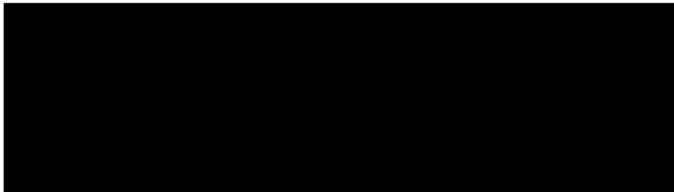
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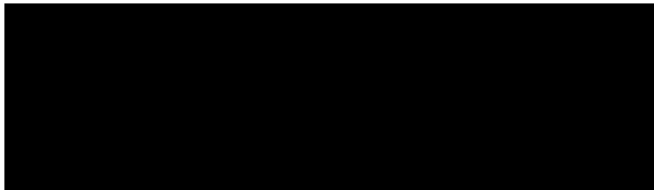
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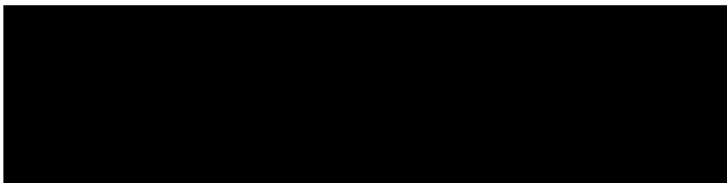
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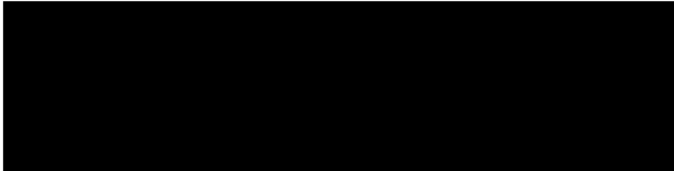
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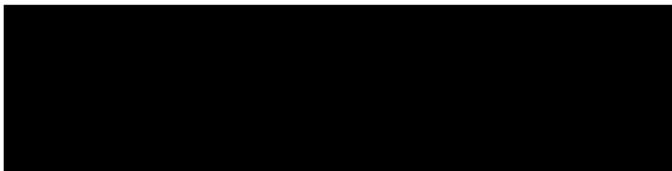


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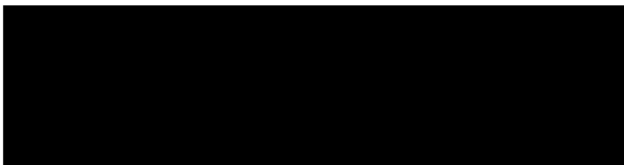
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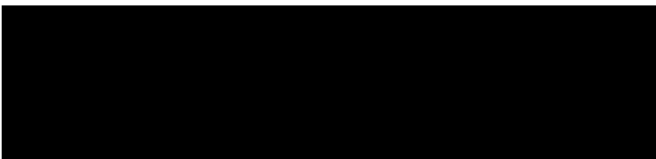
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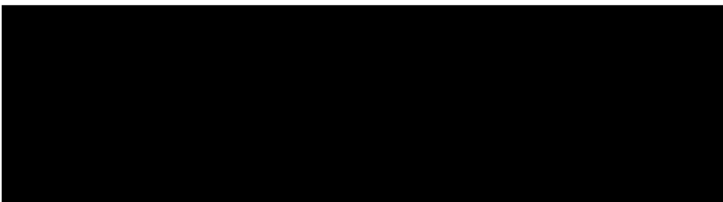
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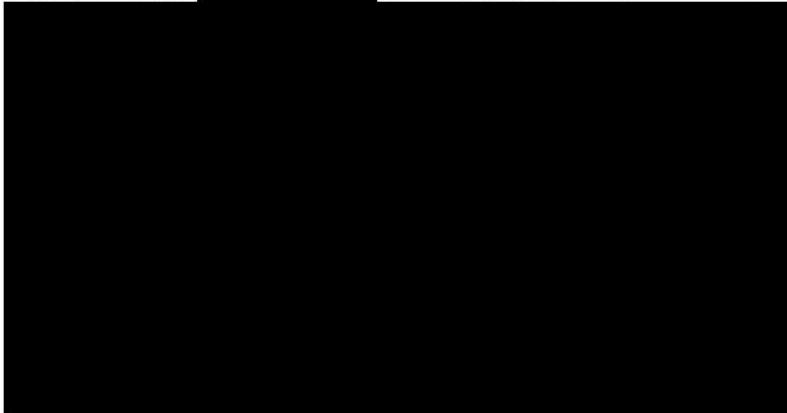
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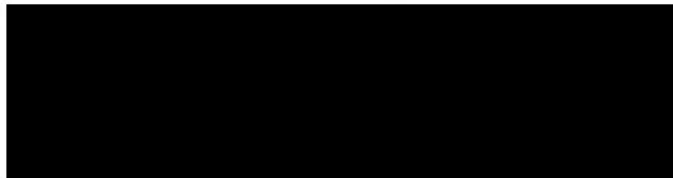
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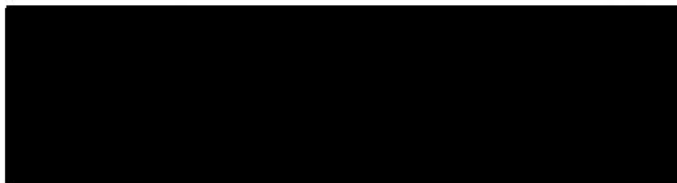
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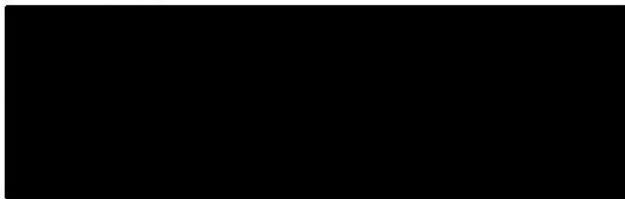
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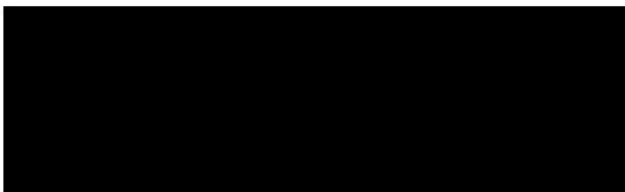
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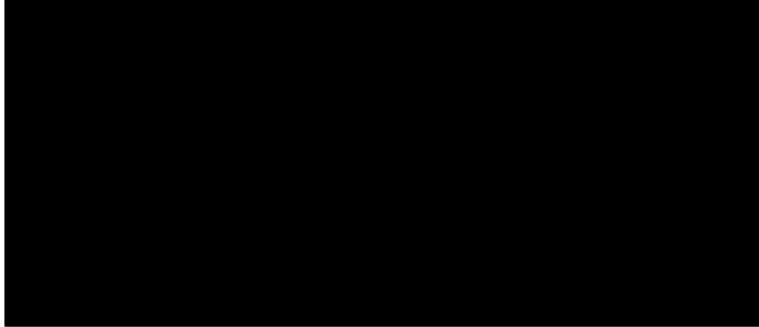
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MERRILL LYNCH INTERNATIONAL



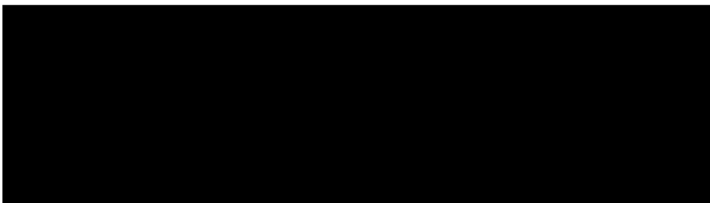
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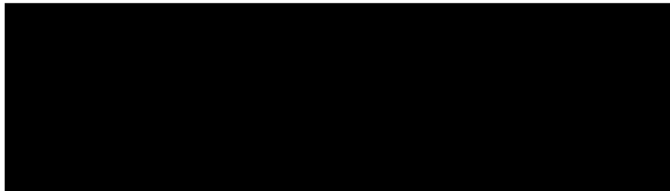
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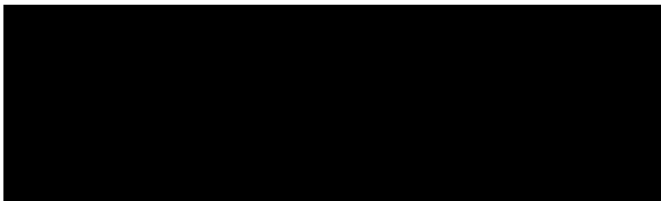
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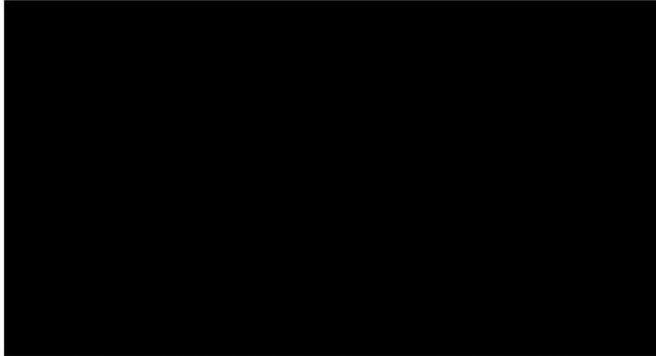
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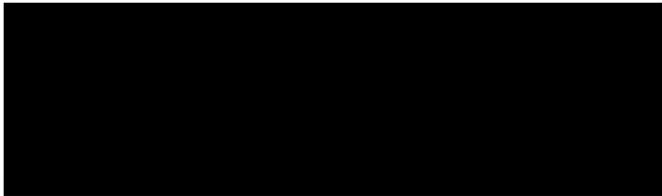
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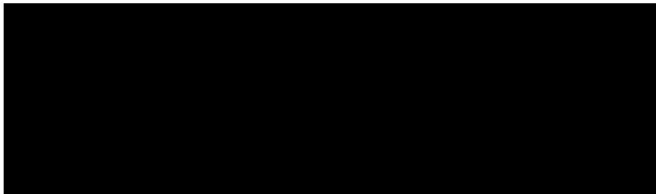
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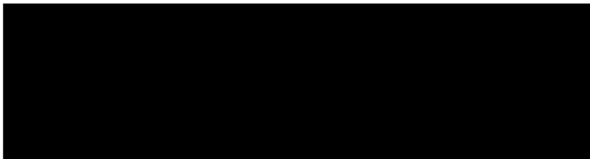
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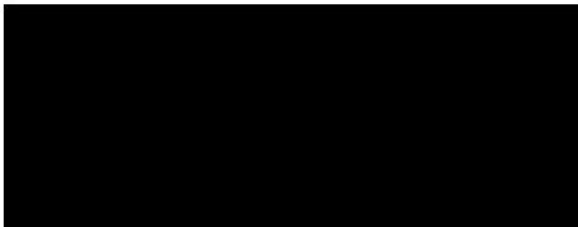
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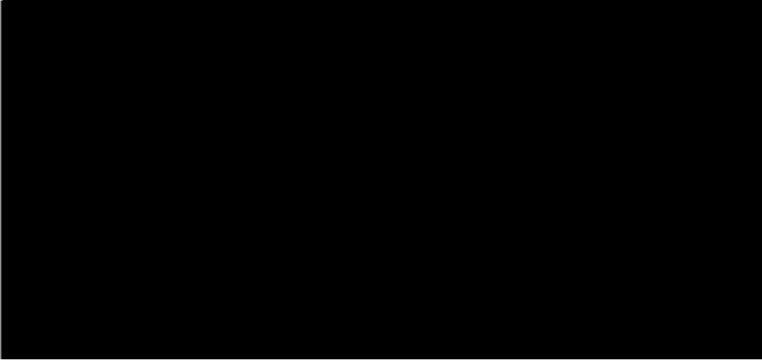
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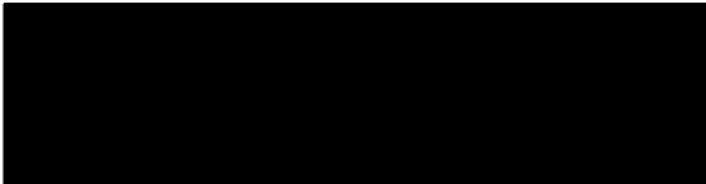
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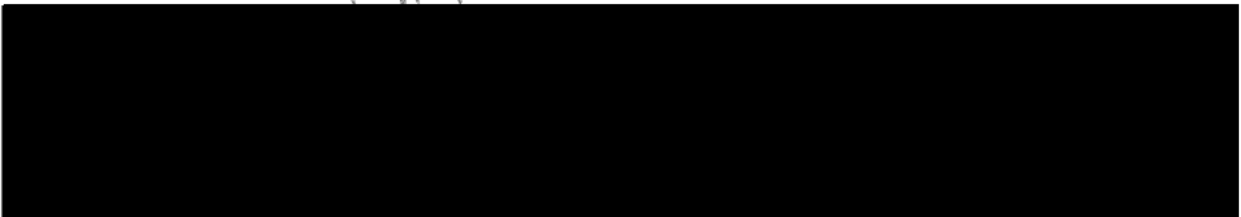
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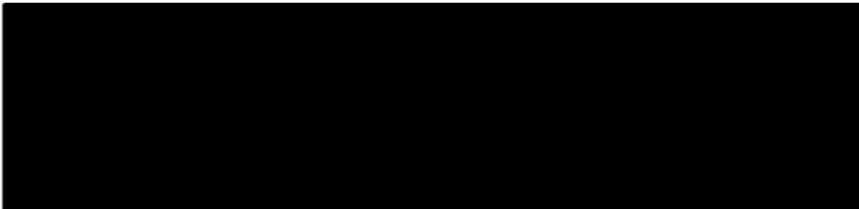
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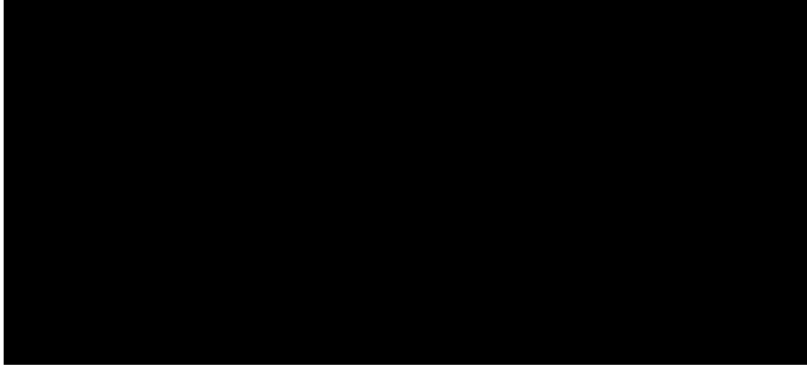
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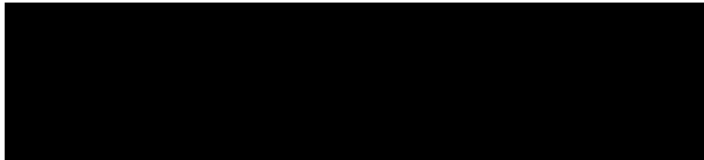
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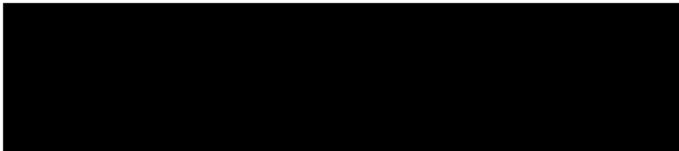
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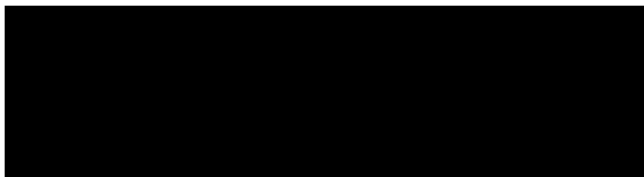
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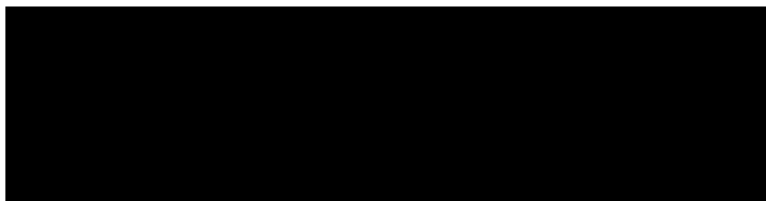
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**J.P. MORGAN SECURITIES PLC**



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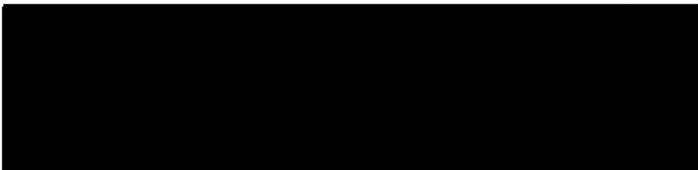
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INCORPORATED**



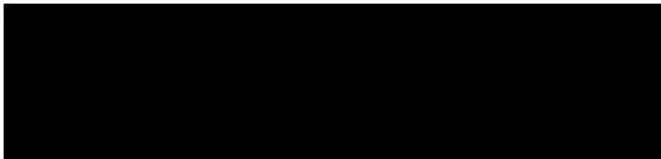
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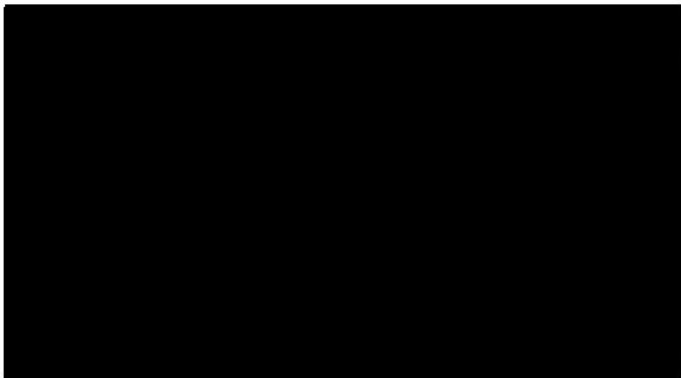
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**THE ROYAL BANK OF SCOTLAND PLC**



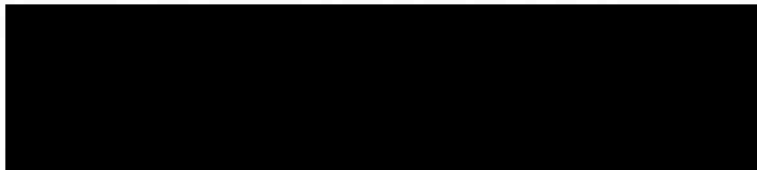
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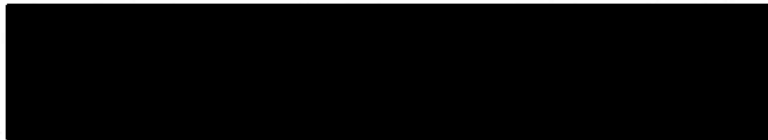
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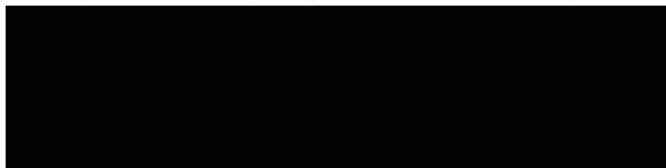
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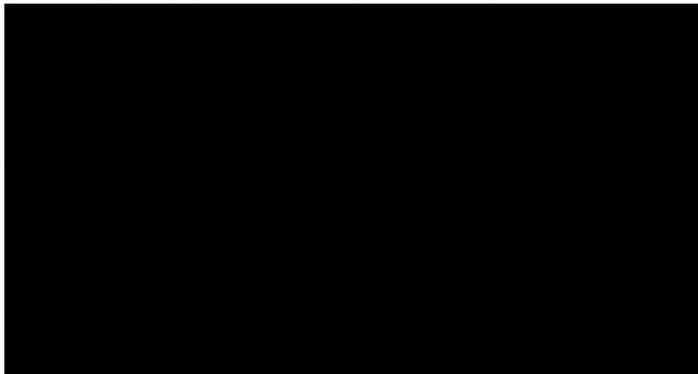
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**THE ROYAL BANK OF SCOTLAND PLC**



**UBS LIMITED**





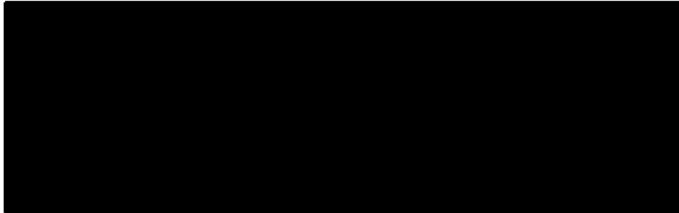
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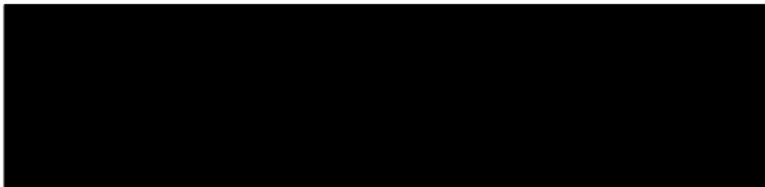
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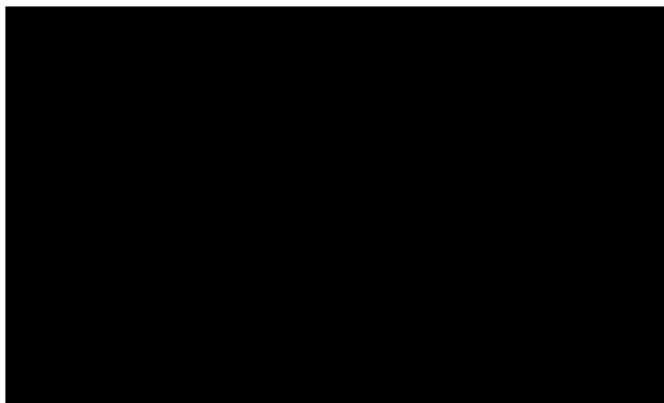
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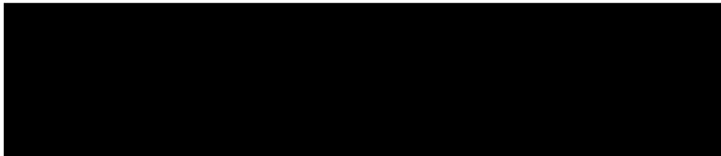
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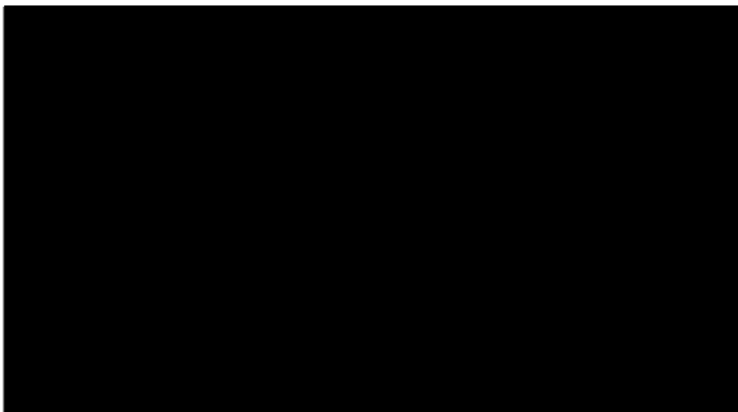
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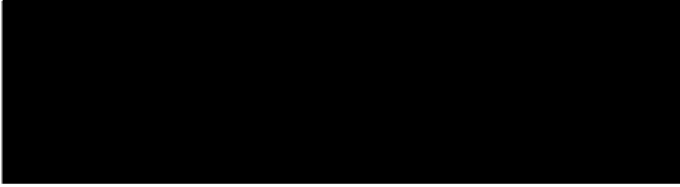
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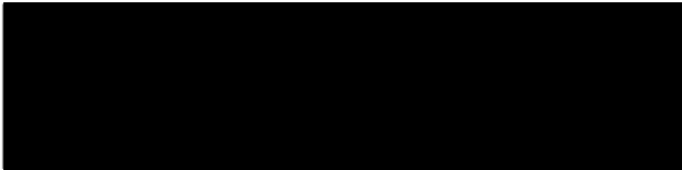
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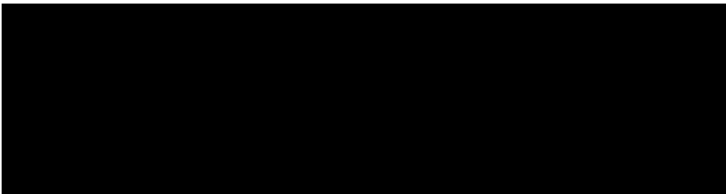
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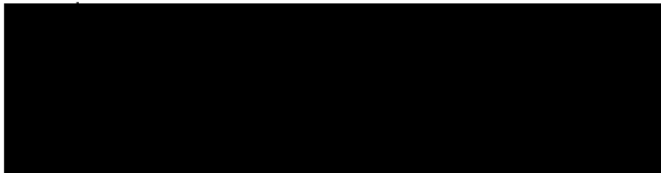
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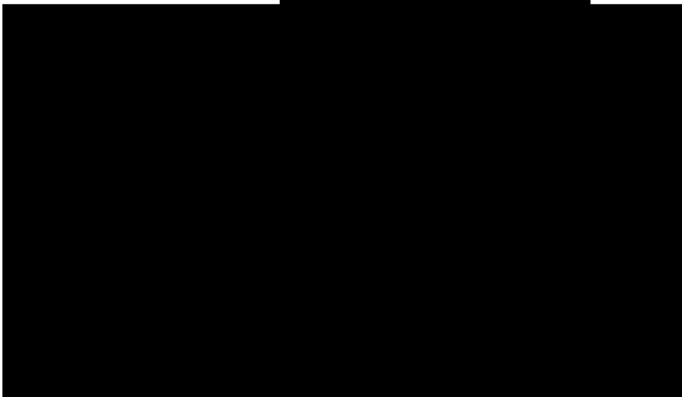
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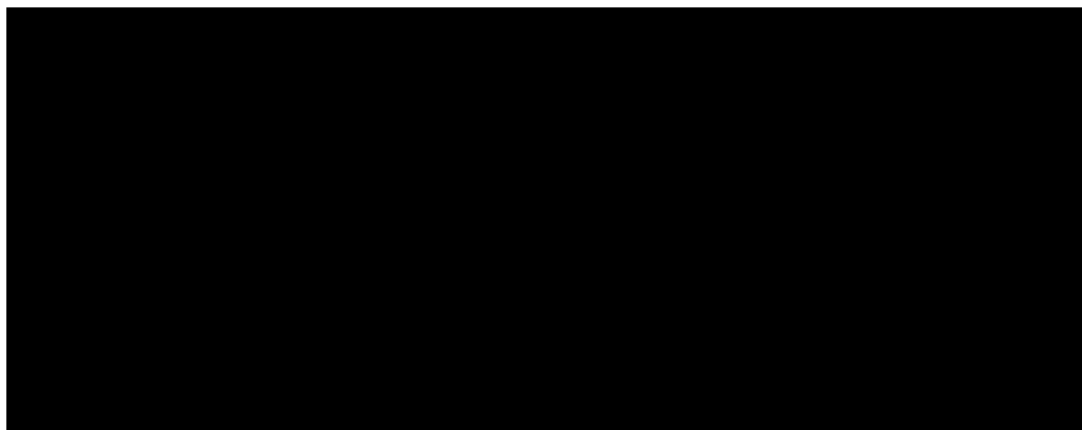
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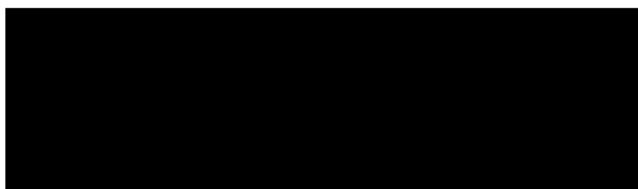
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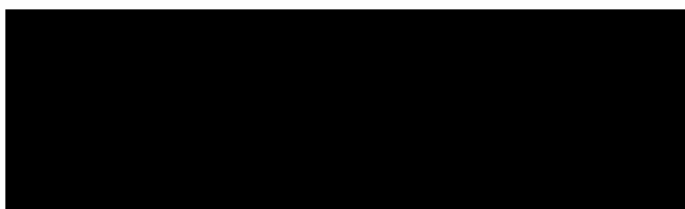
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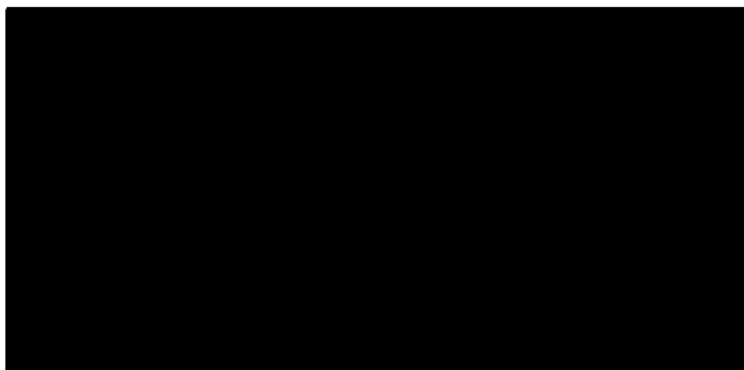
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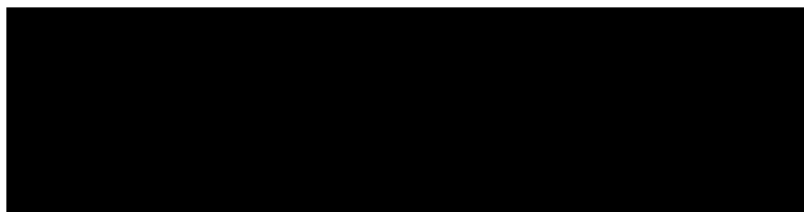
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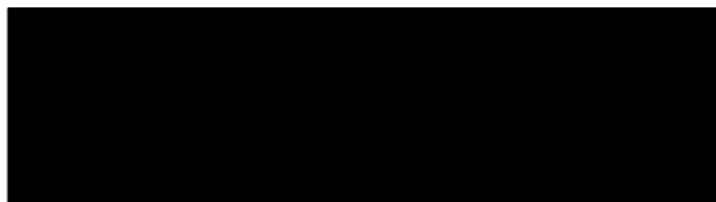
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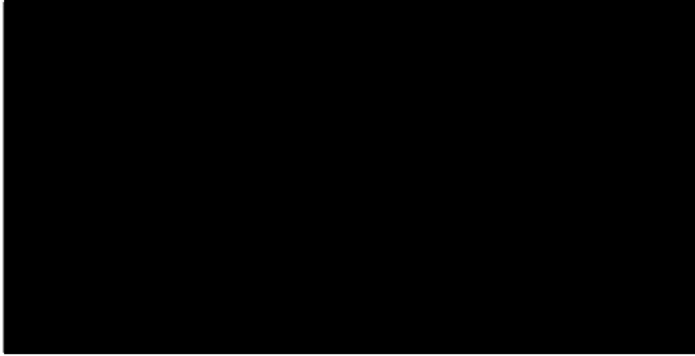
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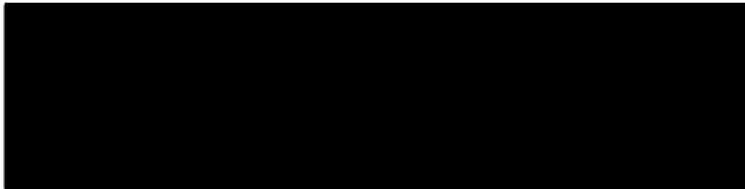
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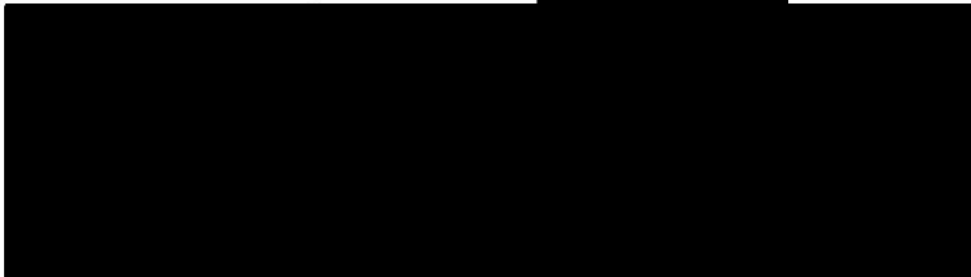
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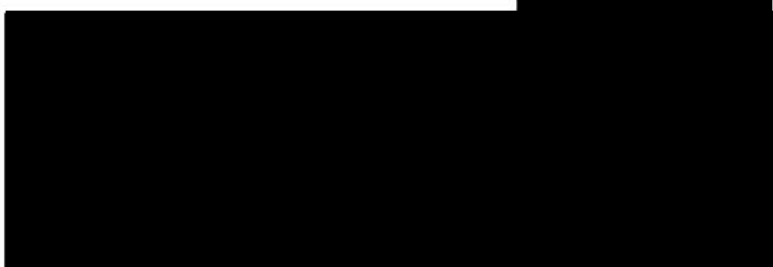


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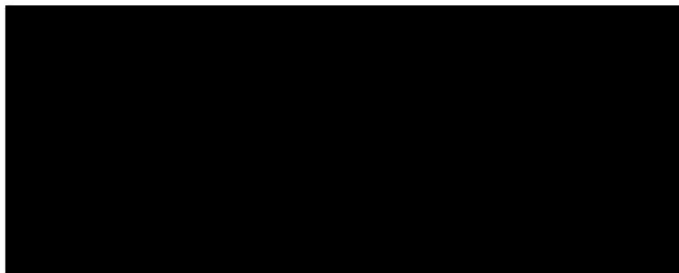


*The Arrangers*

BARCLAYS CAPITAL INC.



SCOTIABANK EUROPE PLC



*The Arrangers*

**BARCLAYS CAPITAL INC.**



**SCOTIABANK EUROPE PLC**





## **SCHEDULE 1**

### **Selling and Transfer Restrictions**

#### ***Transfer Restrictions***

##### **United States of America:**

Each purchaser of Registered Covered Bonds or person wishing to transfer an interest from one Registered Global Covered Bond to another acknowledges, represents and agrees as follows (terms used in this paragraph that are defined in Rule 144A or in Regulation S are used herein as defined therein):

- (a) that either:
  - (i) it is a QIB, purchasing (or holding) the Covered Bonds for its own account or for the account of one or more QIBs and it is aware and each beneficial owner of such Covered Bond has been advised that any sale to it is being made in reliance on Rule 144A or
  - (ii) it is outside the United States and is not a U.S. person and it is not purchasing (or holding) the Covered Bonds for the account or benefit of a U.S. person;
- (b) that the Covered Bonds are being offered and sold in a transaction not involving a public offering in the United States within the meaning of the Securities Act, and that the Covered Bonds and the Trust Deed have not been and will not be registered under the Securities Act or any applicable U.S. State securities laws and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below;
- (c) it agrees that neither the Issuer nor the Guarantor has any obligation to register the Covered Bonds or the Trust Deed under the Securities Act;
- (d) that, unless it holds an interest in a Regulation S Global Covered Bond and is a person located outside the United States and is not a U.S. person, if in the future it decides to resell, pledge or otherwise transfer the Covered Bonds or any beneficial interests in the Covered Bonds, it will do so, prior to the date which is one year after the later of the last Issue Date for the Series and the last date on which the Issuer or an affiliate of the Issuer was the owner of such Covered Bonds, only (i) to the Issuer or any affiliate thereof, (ii) inside the United States to a person whom the seller reasonably believes is a QIB purchasing the Covered Bonds for its own account or for the account of a QIB in a transaction meeting the requirements of Rule 144A, (iii) outside the United States in compliance with Rule 903 or Rule 904 under the Securities Act or (iv) pursuant to an effective registration statement under the Securities Act, in each case in accordance with all applicable U.S. State securities laws;
- (e) that either (i) it is not and for so long as it holds a Covered Bond (or any interest therein) will not be (A) an "employee benefit plan" as defined in Section 3(3) of ERISA that is subject to Title I of ERISA, (B) a "plan" as defined in and subject to Section 4975 of the U.S. Internal Revenue Code of 1986, as amended (the Code), (C) an entity whose underlying assets include the assets of any such employee benefit plan subject to ERISA or other plan subject to Section 4975 the Code, or (D) a governmental, church or non-US plan which is subject to any U.S. federal, state, local or non-US law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code, or (ii) its acquisition, holding and disposition of the Covered Bonds will not result in a prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or, in the case of such a

governmental, church or non-US plan, any such substantially similar U.S. federal, state, local or non-US law for which an exemption is not available;

- (f) it will, and will require each subsequent holder to, notify any purchaser of the Covered Bonds from it of the resale restrictions referred to in paragraph (d) above, if then applicable;
- (g) that Covered Bonds initially offered in the United States to QIBs will be represented by one or more Rule 144A Global Covered Bonds, and that Covered Bonds initially offered outside the United States in reliance on Regulation S will be represented by one or more Regulation S Global Covered Bonds;
- (h) that the Covered Bonds represented by a Rule 144A Global Covered Bond and Definitive Rule 144A Covered Bonds will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"THIS SECURITY AND ANY GUARANTEE IN RESPECT THEREOF HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY OTHER APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF, THE HOLDER (A) REPRESENTS THAT IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) PURCHASING THIS SECURITY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS; (B) AGREES THAT IT WILL NOT RESELL OR OTHERWISE TRANSFER THIS SECURITY EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT IN RESPECT OF THIS SECURITY (THE "AGENCY AGREEMENT") AND, PRIOR TO THE DATE WHICH IS ONE YEAR AFTER THE LATER OF THE LAST ISSUE DATE FOR THE SERIES AND THE LAST DATE ON WHICH THE ISSUER OR AN AFFILIATE OF THE ISSUER WAS THE OWNER OF SUCH SECURITY, OTHER THAN (1) TO THE ISSUER OR ANY AFFILIATE THEREOF, (2) INSIDE THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING THE SECURITY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QUALIFIED INSTITUTIONAL BUYERS IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) OUTSIDE THE UNITED STATES IN COMPLIANCE WITH RULE 903 OR RULE 904 UNDER THE SECURITIES ACT (4) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND ANY OTHER JURISDICTION; AND (C) IT AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

THIS SECURITY AND RELATED DOCUMENTATION (INCLUDING, WITHOUT LIMITATION, THE AGENCY AGREEMENT REFERRED TO HEREIN) MAY BE AMENDED OR SUPPLEMENTED FROM TIME TO TIME, WITHOUT THE CONSENT OF, BUT UPON NOTICE TO, THE HOLDER OF SUCH SECURITY

SENT TO ITS REGISTERED ADDRESS, TO MODIFY THE RESTRICTIONS ON AND PROCEDURES FOR RESALES AND OTHER TRANSFERS OF THIS SECURITY TO REFLECT ANY CHANGE IN APPLICABLE LAW OR REGULATION (OR THE INTERPRETATION THEREOF) OR IN PRACTICES RELATING TO RESALES OR OTHER TRANSFERS OF RESTRICTED SECURITIES GENERALLY. THE HOLDER OF THIS SECURITY SHALL BE DEEMED, BY ITS ACCEPTANCE OR PURCHASE HEREOF, TO HAVE AGREED TO ANY SUCH AMENDMENT OR SUPPLEMENT (EACH OF WHICH SHALL BE CONCLUSIVE AND BINDING ON THE HOLDER HEREOF AND ALL FUTURE HOLDERS OF THIS SECURITY AND ANY SECURITIES ISSUED IN EXCHANGE OR SUBSTITUTION THEREFOR, WHETHER OR NOT ANY NOTATION THEREOF IS MADE HEREON).

BY ITS ACQUISITION AND HOLDING OF THIS SECURITY (OR ANY INTEREST HEREIN), THE PURCHASER OR HOLDER WILL BE DEEMED TO HAVE REPRESENTED AND AGREED THAT EITHER (A) IT IS NOT AND FOR SO LONG AS IT HOLDS THIS SECURITY (OR ANY INTEREST HEREIN) WILL NOT BE (I) AN “EMPLOYEE BENEFIT PLAN” AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“ERISA”) THAT IS SUBJECT TO TITLE I OF ERISA, (II) A “PLAN” AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “CODE”), (III) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE THE ASSETS OF ANY SUCH EMPLOYEE BENEFIT PLAN SUBJECT TO ERISA OR OTHER PLAN SUBJECT TO SECTION 4975 OF THE CODE, OR (IV) A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER EMPLOYEE BENEFIT PLAN WHICH IS SUBJECT TO ANY U.S. FEDERAL, STATE, LOCAL OR NON-U.S. LAW, THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE, OR (B) ITS ACQUISITION AND HOLDING OF THIS SECURITY WILL NOT RESULT IN A PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR, IN THE CASE OF SUCH A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER EMPLOYEE BENEFIT PLAN, ANY SUCH SUBSTANTIALLY SIMILAR U.S. FEDERAL, STATE, LOCAL OR NON-U.S. LAW FOR WHICH AN EXEMPTION IS NOT AVAILABLE.

PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLER OF THIS SECURITY MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A.”;

- (i) if it is outside the United States and is not a U.S. person, that if it should resell or otherwise transfer the Covered Bonds prior to the expiration of the distribution compliance period (defined as 40 days after the completion of the distribution of the Tranche of Covered Bonds of which such Covered Bonds are a part, as determined and certified by the relevant Dealer, in the case of a non-syndicated issue, or the Lead Manager, in the case of a syndicated issue), it will do so only (i)(A) outside the United States in compliance with Rule 903 or 904 of Regulation S under the Securities Act or (B) to a QIB in compliance with Rule 144A and (ii) in accordance with all applicable U.S. State securities laws; and it acknowledges that the Covered Bonds represented by a Regulation S Global Covered Bond and Definitive Regulation S Covered Bonds will bear a legend to the following effect unless otherwise agreed to by the Issuer:

"THIS SECURITY AND ANY GUARANTEE IN RESPECT THEREOF HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY APPLICABLE U.S. STATE SECURITIES LAWS AND, ACCORDINGLY, MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE AGENCY AGREEMENT IN RESPECT OF THIS SECURITY (THE "AGENCY AGREEMENT") AND PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT. UNTIL THE EXPIRY OF THE PERIOD OF 40 DAYS AFTER THE COMPLETION OF THE DISTRIBUTION OF ALL THE SECURITIES OF THE TRANCHE WHICH THIS SECURITY FORMS PART, SALES MAY NOT BE MADE IN THE UNITED STATES OR TO U.S. PERSONS UNLESS MADE (I) PURSUANT TO RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT OR (II) TO QUALIFIED INSTITUTIONAL BUYERS AS DEFINED IN, AND IN TRANSACTIONS PURSUANT TO, RULE 144A UNDER THE SECURITIES ACT.

BY ITS ACQUISITION AND HOLDING OF THIS SECURITY (OR ANY INTEREST HEREIN), THE PURCHASER OR HOLDER WILL BE DEEMED TO HAVE REPRESENTED AND AGREED THAT EITHER (A) IT IS NOT AND FOR SO LONG AS IT HOLDS THIS SECURITY (OR ANY INTEREST HEREIN) WILL NOT BE (I) AN "EMPLOYEE BENEFIT PLAN" AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA") THAT IS SUBJECT TO TITLE I OF ERISA, (II) A "PLAN" AS DEFINED IN AND SUBJECT TO SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), (III) AN ENTITY WHOSE UNDERLYING ASSETS INCLUDE THE ASSETS OF ANY SUCH EMPLOYEE BENEFIT PLAN SUBJECT TO ERISA OR OTHER PLAN SUBJECT TO SECTION 4975 OF THE CODE, OR (IV) A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER EMPLOYEE BENEFIT PLAN WHICH IS SUBJECT TO ANY U.S. FEDERAL, STATE, LOCAL OR NON-U.S. LAW, THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE, OR (B) ITS ACQUISITION AND HOLDING OF THIS SECURITY WILL NOT RESULT IN A PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR, IN THE CASE OF SUCH A GOVERNMENTAL, CHURCH, NON-U.S. OR OTHER EMPLOYEE BENEFIT PLAN, ANY SUCH SUBSTANTIALLY SIMILAR U.S. FEDERAL, STATE, LOCAL OR NON-U.S. LAW FOR WHICH AN EXEMPTION IS NOT AVAILABLE."; and

- (j) that the Issuer and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that if any of such acknowledgements, representations or agreements made by it are no longer accurate, it shall promptly notify the Issuer; and if it is acquiring any Covered Bonds as a fiduciary or agent for one or more accounts it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

No sale of Rule 144A Covered Bonds in the United States to any one purchaser will be for less than U.S.\$200,000 (or the approximate equivalent in another Specified Currency) principal amount and no Rule 144A Covered Bond will be issued in connection with such a sale in a smaller principal amount. If

the purchaser is a non-bank fiduciary acting on behalf of others, each person for whom it is acting must purchase at least U.S.\$200,000 (or the approximate equivalent in another Specified Currency) principal amount of Registered Covered Bonds.

Dealers may arrange for the resale of Covered Bonds to QIBs pursuant to Rule 144A and each such purchaser of Covered Bonds is hereby notified that the Dealers may be relying on the exemption from the registration requirements of the Securities Act provided by Rule 144A. The minimum aggregate principal amount of Covered Bonds which may be purchased by a QIB pursuant to Rule 144A is U.S.\$200,000 (or the approximate equivalent in another Specified Currency). To the extent that the Issuer and the Guarantor are not subject to or does not comply with the reporting requirements of Section 13 or 15(d) of the Exchange Act or the information furnishing requirements of Rule 12g3-2(b) thereunder, the Issuer and the Guarantor have agreed to furnish to holders of Covered Bonds and to prospective purchasers designated by such holders, upon request, such information as may be required by Rule 144A(d)(4).

## **Selling Restrictions**

### ***Canada***

Each Dealer has acknowledged and each further Dealer appointed under the Program will be required to acknowledge that the Covered Bonds have not been and will not be qualified for sale under the securities laws of Canada or any province or territory thereof and has represented and agreed that it has not offered, sold or distributed, and that it will not offer, sell or distribute, any Covered Bonds, directly or indirectly, in Canada or to, or for the benefit of, any resident thereof in contravention of the securities laws of Canada or any province or territory thereof. Each Dealer has also agreed and each further Dealer appointed under the Program will be required to agree not to distribute or deliver the Prospectus, or any other offering material relating to the Covered Bonds in Canada in contravention of the securities laws of Canada or any province or territory thereof.

### ***United Kingdom***

Each Dealer has represented and agreed and each further Dealer appointed under the Program will be required to represent and agree that:

- (a) in relation to any Covered Bonds which have a maturity of less than one year, (i) it is a person whose *ordinary* activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Covered Bonds other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of such Covered Bonds would otherwise constitute a contravention of Section 19 of the FSMA 2000 by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA 2000) received by it in connection with the issue or sale of any Covered Bonds in circumstances in which Section 21(1) of the FSMA 2000 does not apply to the Guarantor or, in the case of the Issuer would not, if it was not an authorized person, apply to the Issuer; and

- (c) it has complied and will comply with all applicable provisions of the FSMA 2000 with respect to anything done by it in relation to any Covered Bonds in, from or otherwise involving the United Kingdom.

### *United States*

Each Dealer has acknowledged that the Covered Bonds and the Trust Deed have not been and will not be registered under the Securities Act and Covered Bonds may not be offered, sold or delivered directly or indirectly within the United States or to, or for the account or benefit of, US persons except in certain transactions exempt from, or in transactions not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Covered Bonds in bearer form are subject to US tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by US Treasury regulations. Each Dealer has agreed that it will not offer, sell or deliver a Covered Bond in bearer form within the United States or to United States persons except as permitted by the Program Agreement. Terms used in this paragraph have the meanings given to them by the US Internal Revenue Code of 1986 and regulations thereunder.

In connection with any Covered Bond represented by a Regulation S Global Covered Bond or any Definitive Regulation S Covered Bond (**Regulation S Covered Bond**), each Dealer has represented and agreed that it will not offer, sell or deliver any such Regulation S Covered Bond within the United States or to, or for the account or benefit of, US persons (a) as part of its distribution at any time or (b) otherwise until 40 days after the completion of the distribution of the Tranche of Covered Bonds of which such Covered Bonds are a part, as determined and certified by the relevant Dealer, in the case of a non-syndicated issue, or the lead manager, in the case of a syndicated issue, and except in either case in accordance with Regulation S under the Securities Act. Each Dealer has further agreed, and each further Dealer appointed under the Program will be required to agree, that it will send to each dealer to which it sells any Regulation S Covered Bond during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of such Regulation S Covered Bond within the United States or to, or for the account or benefit of, US persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the completion of the offering of a Tranche of Covered Bonds, an offer or sale of any Regulation S Covered Bond within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

The Program Agreement provides that selected Dealers, through their selling agents which are registered broker-dealers in the United States, may resell Covered Bonds in the United States to QIBs pursuant to Rule 144A under the Securities Act and each such purchaser of Covered Bonds is hereby notified that the Dealers may be relying on the exemption from the Securities Act provided by Rule 144A.

Each Dealer appointed under the Program Agreement will be required to represent and agree in respect of transactions under Rule 144A that it has not (and will not), nor has (nor will) any person acting on its behalf, (a) made offers or sales of any security, or solicited officers to buy, or otherwise negotiated in respect of, any security, under circumstances that would require the registration of the Covered Bonds under the Securities Act; or (b) engaged in any form of general solicitation or general advertising (within the meaning of Rule 502(c) under the Securities Act) in connection with any offer or sale of Covered Bonds in the United States.

***Public Offer Selling Restriction under the Prospectus Directive***

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, 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 Covered Bonds which are the subject of the offering contemplated by the Prospectus as completed by the Final Terms Document or Pricing Supplement in relation thereto 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 Covered Bonds to the public in that Relevant Member State:

- (a) *Authorized institutions*: at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) *Fewer than 100 offerees*: at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or
- (c) *Other Exempt offers*: at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

*provided that* no such offer of Covered Bonds referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression "offer of Covered Bonds to the public" in relation to any Covered Bonds 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 Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Covered Bonds, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression **Prospectus Directive** means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State, and the expression **2010 Amending Directive** means Directive 2010/73/EU.

***Japan***

The Covered Bonds have not been and will not be registered under the Financial Instruments and Exchange Act (Law No. 25 of 1948, as amended: the **FIEA**) and each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it will not offer or sell any Covered Bonds, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

***Republic of Italy***

Each Dealer has represented and agreed that the offering of the Covered Bonds has not been registered pursuant to Italian securities legislation and, accordingly, the Covered Bonds may not be offered, sold or delivered, nor may copies of the Prospectus or of any other document relating to the Covered Bonds be distributed in the Republic of Italy, except:

- (a) to qualified investors ("*investitori qualificati*"), as defined in Article 100 of Legislative Decree no.58 of 24 February 1998, as amended (the **Financial Services Act**) and the relevant implementing regulations of Italian Securities Exchange Commission (**CONSOB**), as amended from time to time; or
- (b) in other circumstances which are exempted from the rules on solicitation of investments pursuant to Article 100 of the Financial Services Act and Article 34, first paragraph, of CONSOB Regulation No. 11971 of 14 May 1999 (**Regulation No. 11991**), as amended.

Furthermore, each Dealer has represented and agreed that any offer, sale or delivery of the Covered Bonds or distribution of copies of the Prospectus or any other document relating to the Covered Bonds in the Republic of Italy under (a) or (b) above must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the **Italian Banking Act**);
- (ii) in compliance with Article 129 of the Italian Banking Act and the implementing guidelines of the Bank of Italy (as amended from time to time) pursuant to which the Bank of Italy may request information on the issue or the offer of securities in the Republic of Italy; and
- (iii) in accordance with any other applicable laws and regulations including those imposed by CONSOB or other Italian authority.



***France***

Each of the Dealers and the Issuer has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, Covered Bonds to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Prospectus, the relevant Final Terms (or Pricing Supplement, in the case of Exempt Covered Bonds) or any other offering material relating to the Covered Bonds, and that such offers, sales and distributions have been and will be made in France only to (a) qualified investors (investisseurs qualifiés), other than individuals, and/or (b) a restricted group of investors (cercle restreint d'investisseurs), all as defined in, and in accordance with, Articles L.411-1, L.411-2, D.411-1, L.533-16 and L.533-20 of the French Code monétaire et financier.

***Australia***

Each Dealer acknowledges and agrees that no prospectus or other disclosure document (as defined in the Corporations Act 2001 of Australia (Corporations Act)) in relation to the Covered Bonds has been or will be lodged with the Australian Securities and Investments Commission (ASIC). Each Dealer represents and agrees and each further Dealer appointed under the Program Agreement will represent and agree that it:

- (a) has not (directly or indirectly) offered, and will not offer for issue or sale and has not invited, and will not invite, applications for issue, or offers to purchase, the Covered Bonds in, to or from Australia (including an offer or invitation which is received by a person in Australia); and
- (b) has not distributed or published, and will not distribute or publish, any information memorandum, advertisement or other offering material relating to the Covered Bonds in Australia,

unless (1) the aggregate consideration payable by each offeree or invitee is at least AUD 500,000 (or its equivalent in other currencies, disregarding moneys lent by the offeror or its associates) or the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 of the Corporations Act, (2) such action complies with all applicable laws, regulations and directives, and (3) such action does not require any document to be lodged with ASIC.

***Hong Kong***

Each Dealer represents and agrees that:

- (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Covered Bonds other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Covered Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Covered Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

### ***Singapore***

Each Dealer acknowledges and agrees this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore, and the Covered Bonds will be offered pursuant to exemptions under the Securities and Futures Act, Chapter 289 of Singapore (the Securities and Futures Act). Accordingly, the Covered Bonds may not be offered or sold or made the subject of an invitation for subscription or purchase nor may this Prospectus or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Covered Bonds be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor pursuant to Section 274 of the Securities and Futures Act, (b) to a relevant person under Section 275(1) of the Securities and Futures Act or to any person pursuant to Section 275(1A) of the Securities and Futures Act and in accordance with the conditions specified in Section 275 of the Securities and Futures Act, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Where the Covered Bonds are subscribed or purchased under Section 275 of the Securities and Futures Act by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the Securities and Futures Act)) 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;
- (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,

securities (as defined in Section 239(1) of the Securities and Futures Act) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the Covered Bonds pursuant to an offer under Section 275 of the Securities and Futures Act except:

- (i) to an institutional investor or to a relevant person defined in Section 275(2) of the Securities and Futures Act or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the Securities and Futures Act; or
- (ii) where no consideration is or will be given for the transfer; or
- (iii) where the transfer is by operation of law; or
- (iv) pursuant to Section 276(7) of the Securities and Futures Act or Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

### ***General***

These selling restrictions may be modified by the agreement of the Issuer and any relevant Dealer following a change in a relevant law, regulation or directive. Any such modification and any additional selling restrictions with which any relevant Dealer will be required to comply will be set out in the Final Terms Document or the Pricing Supplement issued in respect of the issue of Covered Bonds to which it relates or in a supplement to the Prospectus.

Each Dealer has agreed and each further Dealer appointed under the Program will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in

force in any jurisdiction in which it purchases, offers, sells or delivers Covered Bonds or possesses or distributes this Prospectus, any other offering material or any Final Terms Document or any Pricing Supplement and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Covered Bonds under the laws, directives and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Issuer, the Guarantor, the Bond Trustee nor any of the other Dealers shall have any responsibility therefor. Furthermore, they will not directly or indirectly offer, sell or deliver any Covered Bonds or distribute or publish any form of application, prospectus, advertisement or other offering material except under circumstances that will, to the best of their knowledge and belief, result in compliance with any applicable laws and regulations, and all offers, sales and deliveries of Covered Bonds by them will be made on the same terms.

None of the Issuer, the Guarantor, the Bond Trustee or any of the Dealers represents that Covered Bonds may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

With regard to each Tranche, the relevant Dealer(s) will be required to comply with such other restrictions as the Issuer and the relevant Dealer(s) shall agree as a term of issue and purchase as indicated in the applicable Pricing Supplement and Subscription Agreement.

Each Dealer will, unless prohibited by applicable law, furnish to each person to whom they offer or sell Covered Bonds a copy of the Prospectus as then amended or supplemented or, unless delivery of the Prospectus is required by applicable law, inform each such person that a copy will be made available upon request. The Dealers are not authorized to give any information or to make any representation not contained in the Prospectus in connection with the offer and sale of Covered Bonds to which the Prospectus relates.

The Prospectus may be used by the Dealers for offers and sales related to market-making transactions in the Covered Bonds. Any or each of the Dealers may act as principal or agent in these transactions. These sales will be made at prices relating to prevailing market prices at the time of sale. None of the Dealers has any obligation to make a market in the Covered Bonds, and any market-making may be discontinued at any time without notice. The Dealers are participating in the initial distribution of the Covered Bonds.

## SCHEDULE 2

### Programme Conditions Precedent

1. **Legal Opinions:** Canadian law legal opinions from Osler, Hoskin & Harcourt LLP, Canadian legal advisors to the Issuer and the Guarantor, an English law legal opinion from Allen & Overy LLP, English legal advisors to the Issuer and the Guarantor and such other local law opinions as may be appropriate (and, if the Covered Bonds are offered under Rule 144A or otherwise in the United States, such opinions or other documents as agreed between the parties from U.S. legal advisors to the Issuer and the Guarantor).
2. **Internal and External Authorizations of the Issuer and the Guarantor:** certified copies of constitutive documents of the Issuer and the Guarantor, internal authorizations and external authorizations (if any) of the Issuer and the Guarantor authorizing (i) the issue of the Covered Bonds, (ii) any increase in the Program, as applicable, and (iii) the execution of the Transaction Documents to which it is a party.
3. **Auditors' Letter:** any letter, in such form as the Dealers may reasonably request, from KPMG LLP (as the auditors of BNS) , including the most recent specified procedures report delivered to CMHC in accordance with the Guide.
4. **Certificate of Incumbency:** a certificate from each of the Issuer and the Guarantor certifying the names, titles and specimen signatures of the persons authorized on behalf of each of such parties and where applicable:
  - (a) to execute the Transaction Documents to which it is a party or the Covered Bonds (as appropriate);
  - (b) to authorize issues of Covered Bonds and sign or give or deliver all notices and other documents to be delivered in connection with the Transaction Documents; and
  - (c) to take any other action in relation to the Transaction Documents.
5. **Solvency Certificates:** a certificate from each of the Issuer and the Guarantor as to its solvency.
6. **Transaction Documents and Base Prospectus:** copies of the Transaction Documents duly executed by the parties thereto and of the Base Prospectus and confirmation that the executed copies of each Transaction Document have been delivered, in the case of the Trust Deed, to the Bond Trustee and in the case of the Agency Agreement, to the Bond Trustee and the Principal Paying Agent.
7. **Approval and Listing:** a copy of the confirmation from the UK Listing Authority that the Base Prospectus has been approved as a base prospectus for the purposes of the Prospectus Directive and confirmation that the UK Listing Authority will list on the Official List and that the London Stock Exchange will admit to trading on the Market any Covered Bonds to be issued under the Program (including any increase in the Program, as applicable) subject to the issuance of such Covered Bonds.

8. **Publication:** confirmation from the Issuer that the Prospectus has been published as required by the Prospectus Directive.
9. **Global Covered Bonds:** Confirmation that master temporary and permanent global Covered Bonds and global registered Covered Bonds, duly executed by the Issuer, have been delivered to the Principal Paying Agent.
10. **Process Agent:** confirmation that the agent appointed to receive service of process on behalf of the Issuer in the United States of America has accepted its appointment.
11. **ISIN; Common Code and CUSIP:** an ISIN, Common Code and CUSIP (as applicable) relating to the Covered Bonds of the Issuer.
12. **Clearing System:** confirmation that the Covered Bonds have been accepted by DTC, Euroclear, Clearstream, Luxembourg or any alternative clearing system (as appropriate) for clearing and settlement in its or their systems, as appropriate.
13. **Ratings:** confirmation from the Issuer of the rating for the Program obtained from Moody's Investors Service, Inc., Fitch, Inc. and DBRS to the extent any such rating agency is then rating the Covered Bonds or any other rating agency as shall have issued at the request of the Issuer a rating in connection with any Covered Bonds.
14. **Issuer ICSD / Effectuation Agreements:** with respect to Covered Bonds held by a Common Safekeeper, confirmation of the execution and delivery by the Issuer of the Program effectuation authorization in or substantially in the form required by each of Euroclear and Clearstream, Luxembourg, the execution and delivery of an Issuer-ICSD Agreement in or substantially in the form required by each Euroclear and Clearstream, Luxembourg and the making by the Principal Paying Agent of a Common Safekeeper election in accordance with the requirements of Euroclear and Clearstream, Luxembourg.
15. **DTC Letter of Representation:** with respect to the initial Tranche or Series of Covered Bonds registered in the name of DTC or its nominee, a blanket letter of representation of the Issuer to DTC.

## SCHEDULE 3

### Dealer Accession Letter

[Date]

[New Dealer]  
[Address]

Dear Sirs,

**The Bank of Nova Scotia  
Program for the Issuance of Covered Bonds  
unconditionally and irrevocably guaranteed as to payments by  
Scotiabank Covered Bond Guarantor Limited Partnership**

We refer to the Program Agreement dated January 22, 2014 and entered into in respect of the above Program for the Issuance of Covered Bonds (such agreement, as further modified, amended or restated from time to time, the “**Program Agreement**”) between ourselves and the Dealers from time to time party thereto, and have pleasure in inviting you to become a Dealer upon the terms of the Program Agreement [but only in respect of [specify Tranche of Covered Bonds]]\*, a copy of which has been supplied to you by us. You have been supplied with a copy of the Prospectus and the legal opinions referred to in item 1 of Schedule 2 to the Program Agreement, together with copies of such other documents listed in Schedule 2 as you have requested. [We are enclosing copies of the Auditors’ Letter [together with letters from such Auditors addressed to you and giving you the full benefit of the Auditors’ Letter].]\*\* Please return to us a copy of this letter signed by an authorized signatory whereupon you will become a Dealer for the purposes of the Program Agreement with [, subject as hereinafter provided,]\* all the authority, rights, powers, duties and obligations of a Dealer under the Program Agreement [except that you shall not have the benefit of the undertaking contained in paragraph (e) of Section 3.03 and shall have the benefit of the undertakings contained in paragraphs (d) and (f) of Section 3.03 and the benefit of Section 8 only up to and including the Issue Date of [describe the relevant Tranche of Covered Bonds]]\*.

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\* Applies only where the incoming Dealer is being appointed only in relation to a particular Tranche.

\*\* Applies only where incoming Dealer is being appointed a Dealer in relation to the Program generally, the Dealer has requested the benefit of an existing Auditors’ Letter and arrangements acceptable to the Dealer and the Auditors have been made for the Dealer to obtain the benefit of such Auditors’ Letter.

This letter is governed by, and shall be construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein.

Yours faithfully,

**The Bank of Nova Scotia**

By:

**Scotiabank Covered Bond Guarantor Limited Partnership**

By:

## CONFIRMATION

We hereby accept the appointment as a Dealer and accept all the duties and obligations under, and terms and conditions of, the Program Agreement upon the terms of this letter [but only in respect of [specify Tranche of Covered Bonds]]<sup>\*</sup>

We confirm that we are in receipt of all the documents [(other than those which have been waived by agreement between us)] referred to in the second sentence of your letter and have found them to be satisfactory [and waived the production of the documents referred to in paragraph (e) of Section 3.03 of the Program Agreement]<sup>\*\*</sup>.

For the purposes of the Program Agreement our communications details are as set out below.

### [NEW DEALER]

By:

Date:

Address: [ ]

Telex: [ ]

Facsimile: [ ]

Attention: [ ]

[ ]

By:

\*\*\*[Copies to:

- (i) all existing Dealers who have been appointed in respect of the Program generally; and
- (ii) the existing Principal Paying Agent.]

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<sup>\*</sup> Applies only where the incoming Dealer is being appointed only in relation to a particular Tranche.

<sup>\*\*</sup> Applies only where the incoming Dealer is being appointed only in relation to a particular Tranche. To be modified if incoming Dealer requests the benefit of the undertaking in paragraph (f) of Section 3.03.

<sup>\*\*\*</sup> Applies only where the incoming Dealer is being appointed in respect of the Program generally.



## **SCHEDULE 4**

### **Notice of Increase of Authorized Amount**

To: [list all current Dealers appointed in respect of the Program generally, Paying Agents and Registrars]

Dear Sirs,

**The Bank of Nova Scotia  
Program for the Issuance of Covered Bonds  
unconditionally and irrevocably guaranteed as to payments by  
Scotiabank Covered Bond Guarantor Limited Partnership**

We refer to the Program Agreement dated January 22, 2014 and entered into in respect of the above Program for the Issuance of Covered Bonds (such agreement, as modified or amended from time to time, the “**Program Agreement**”), between ourselves and the Dealers from time to time party thereto). Terms used in the Program Agreement shall have the same meaning in this letter.

Pursuant to Section 8.01 of the Program Agreement, we hereby notify you that the Authorized Amount of the Program shall be increased from [ ] to [ ] with effect from [date] or such later date upon which the requirements of Section 8.02 of the Program Agreement shall be fulfilled, subject always to the provisions of Section 8.02 of the Program Agreement.

From the date upon which the increase in the Authorized Amount becomes effective, all references in the Program Agreement to the Program and the Authorized Amount being in a certain principal amount shall be to the increased principal amount as specified herein.

This letter is governed by, and shall be construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein.

Yours faithfully,  
**The Bank of Nova Scotia**

By:

**Scotiabank Covered Bond Guarantor Limited Partnership**

By:

## **SCHEDULE 5**

### **Notice Details**

#### *The Issuer*

##### **The Bank of Nova Scotia**

44 King Street West  
Toronto, Ontario  
Canada M5H 1H1

Tel.: +1 416 866 5712

Fax: +1 416 945 4001

Attention: Managing Director & Head, Funding & Liquidity Management

#### *The Guarantor*

##### **Scotiabank Covered Bond Guarantor Limited Partnership**

44 King Street West  
Scotia Plaza, 8<sup>th</sup> Floor  
Toronto, Ontario  
Canada M5H 1H1

#### *The Dealers*

##### **Barclays Bank PLC**

5 The North Colonnade  
Canary Wharf  
London E14 4BB, United Kingdom  
Tel: +44 (0) 20 7773 9098  
Fax: +44 (0) 20 7516 7548  
Attention: Debt Syndicate

##### **BNP Paribas**

10 Harewood Avenue  
London NW1 6AA  
Tel.: +44 (0)20 7595 8222  
Fax: +44 (0)20 7595 2555  
Attention: Syndicate Desk

##### **Citigroup Global Markets Inc.**

388 Greenwich Street  
New York, New York 10013  
Fax: (646) 291-5209  
Attention: Transaction Execution Group

**Citigroup Global Markets Limited**

Citigroup Centre  
Canada Square  
Canary Wharf  
London E14 5LB

**Credit Suisse Securities (Europe) Limited**

One Cabot Square  
London E14 4QJ  
Tel: +4420 7888 4021  
Fax: +4420 7905 6128  
Attention: MTN Trading Desk

**Deutsche Bank Aktiengesellschaft**

Grosse Gallusstrasse 10-14  
60272 Frankfurt am Main  
Germany  
Telephone: + 49-69-910 35257  
Fax: + 49-69-910 38152  
Attention: Capital Markets and Treasury Solutions/Financial Institutions

**Goldman Sachs International**

Peterborough Court  
133 Fleet Street  
London  
EC4A 2BB

**HSBC France**

c/o HSBC Bank plc  
8 Canada Square  
London E14 5HQ  
Tel: +44 20 7991 8888  
Fax: +44 20 7992 4973  
Attention: Transaction Management

**J.P. Morgan Securities plc**

25 Bank Street, Canary Wharf  
London E14 5JP

**Merrill Lynch International**

2 King Edward Street  
London EC1A 1HQ  
Tel.: +44 (0)20 7995 3995  
Fax: +44 (0)20 7995 2968  
Attention: EMTN Trading and Distribution Desk

**Merrill Lynch, Pierce, Fenner & Smith  
Incorporated**

50 Rockefeller Plaza  
NY1-050-12-02  
New York, New York 10020  
Facsimile: (646) 855-5958  
Attention: High Grade Transaction Management/Legal

**Morgan Stanley & Co. LLC**

1585 Broadway  
New York, New York 10036

**Morgan Stanley & Co. International plc**

25 Cabot Square  
Canary Wharf  
London E14 4QA

**The Royal Bank of Scotland plc**

135 Bishopsgate  
London EC2M 3UR  
United Kingdom  
Fax: 00 44 20 7085 2591  
Attention: New Issues, Syndicate Desk  
Email: synidcateadmin@rbs.com

**UBS Limited**

100 Liverpool Street  
London EC2M 2RH  
Tel: +44 (0) 20 7567 2479  
Fax: +44 (0) 20 7336 2002  
Attn: MTNs and Private Placements

**UBS Securities LLC**

677 Washington Boulevard  
Stamford CT 06901  
Tel: (203) 719-1088  
Fax: (203) 719 0495  
Attn: Fixed Income Syndicate

**Wells Fargo Securities LLC**

550 South Tryon Street, 5th Floor  
Charlotte, NC 28202  
Fax: (704) 410-0326  
Attention: Transaction Management

**Wells Fargo Securities International Limited**

One Plantation Place  
30 Fenchurch Street  
London, EC3M 3BD

*The Arrangers*

**Barclays Capital Inc.**

745 Seventh Avenue  
New York, New York 10019

**Scotiabank Europe plc**

201 Bishopsgate  
6<sup>th</sup> Floor

London EC2M 3NS

Tel: +44 20 7826 5932

Fax: +44 20 7826 5882

Email: [gtlondcm@scotiabank.com](mailto:gtlondcm@scotiabank.com)

Attn: Origination Syndication Desk

**SCHEDULE 6**

**Part I – Pro Forma Final Terms Document**

**– See Attached –**

**SCHEDULE 6**  
**Part II – Pro Forma Pricing Supplement\***

– See Attached –

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\* To be used for Covered Bonds that are issued in connection with Rule 144A.



## **SCHEDULE 7**

### **Pro Forma Subscription Agreement**

[Illustrative form of Subscription Agreement where an issue of Covered Bonds is syndicated among a group of institutions]

**THE BANK OF NOVA SCOTIA**

**- and -**

**OTHERS**

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### **SUBSCRIPTION AGREEMENT**

in respect of

[insert principal amount]

[description of Series]

issued under the

US\$15,000,000,000

Program for the Issuance of Covered Bonds  
unconditionally and irrevocably guaranteed as to payments by  
Scotiabank Covered Bond Guarantor Limited Partnership

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**THIS AGREEMENT** is made on [     ]

**BETWEEN:**

**The Bank of Nova Scotia** (the “**Issuer**”);

**Scotiabank Covered Bond Guarantor Limited Partnership** (the “**Guarantor**”)

[                     ] as lead manager(s) (the “**Lead Manager(s)**”); and

[             ], [             ], and [             ] (together with the Lead Manager(s), (the “**Managers**”).

**WHEREAS**

- (A) The Issuer has established a Program for the issuance of Covered Bonds unconditionally and irrevocably guaranteed as to payments by the Guarantor in connection with which it entered into a Program Agreement dated January 22, 2014, (the “**Program Agreement**”, which expression shall include any further amendments or supplements thereto or restatements thereof) and made between the Issuer and certain other institutions named therein.
- (B) Pursuant to the Program Agreement, the Issuer is entitled to sell Covered Bonds (as defined in the Program Agreement) issued under the Program to institutions who become Dealers in relation to a particular Tranche of Covered Bonds only. Each of the Managers is either a Dealer in relation to the Program or has agreed to become a Dealer in relation to the Covered Bonds (as defined below) pursuant to the provisions of this Agreement.
- (C) The Issuer proposes to issue [principal amount] [description of Series] (the “**Covered Bonds**”) and the Managers wish to subscribe such Covered Bonds.
- (D) This Agreement is supplemental to the Program Agreement.

**IT IS HEREBY AGREED** as follows:

**1. Definitions**

All words and expressions defined in the Program Agreement shall, where the context so requires and admits, have the same meanings in this Agreement. In the event of any conflict or inconsistency between the provisions of this Agreement and the Program Agreement, the provisions of this Agreement shall apply. Each of the Managers hereby acknowledges receipt of a copy of the Program Agreement and the Prospectus. “**Time of Sale**” means [specify] a.m./p.m. ([specify] time) on [specify]. “**Investor Presentation**” means [specify]. “**Marketing Materials**” means [specify].

**2. Subscription of the Covered Bonds**

- (a) The Issuer hereby agrees to issue and sell the Covered Bonds in accordance with the provisions of this Agreement, the Program Agreement and the Agency Agreement and the Managers [severally and not jointly] [jointly and severally] agree with the

Issuer to subscribe for the Covered Bonds in same day funds on [ ] or such other date not being later than [ ] as shall be agreed by the Issuer and the Lead Manager acting on behalf of the Managers (the “**Issue Date**”) at their issue price of [ ] per cent. of their principal amount plus (if the Issue Date is postponed) any accrued interest in respect thereof, [less a selling commission of [ ] per cent. of the principal amount of the Covered Bonds (plus any applicable value added tax) and a combined management and underwriting commission of [ ] per cent. of the principal amount of the Covered Bonds (plus any applicable value added tax) and less the amount which the Issuer has agreed to pay to the Lead Manager in respect of certain expenses pursuant to Section [5/6] below (each of which the Issuer agrees to pay to the Managers [or, as the case may be, the Lead Manager] and authorizes the deduction thereof from the subscription moneys payable to the Issuer on the Issue Date), against delivery of the Covered Bonds, duly executed on behalf of the Issuer in the manner contemplated by the Agency Agreement, in the form agreed between the Issuer and the Lead Manager (on behalf of the Managers).

- (b) The Issuer and the Guarantor confirm that they have approved the final terms document (the “**Final Terms Document**”) dated [ ] in connection with the issue of the Covered Bonds and have authorized the Managers to distribute copies of the Prospectus and the Final Terms Document and any other documents prepared in connection with the Program and the issue of the Covered Bonds, in connection with the offering and sale of the Covered Bonds.

### 3. **Program Agreement**

The Covered Bonds are issued under the Program and accordingly are Covered Bonds as defined in and for the purposes of the Program Agreement and the Agency Agreement. For the purposes of the Program Agreement, this Agreement is a Subscription Agreement and the Lead Manager is the Relevant Dealer and each of the Managers is a Dealer on the terms set out in the Program Agreement.

Any document provided by BNS or the Guarantor to the Relevant Dealer(s) with respect to the Covered Bonds issued pursuant to this Agreement shall be made available to the Managers.

### 4. **Additional Representations and Warranties [and Undertakings]**

- (a) The Issuer hereby represents and warrants to the Managers that as at the date hereof
  - (i) no event has occurred which would render untrue or incorrect any of the representations and warranties of the Issuer contained in Section 3.01 of the Program Agreement, (ii) that the conditions set out in Section 2.03 of the Program Agreement have been satisfied or waived, (iii) that the relevant Prospectus contains all material information relating to the assets and liabilities, financial position, profits and losses of the Issuer and nothing has happened or is expected to happen which would require such document to be supplemented or updated and (iv) there is no adverse change in the condition (financial or otherwise) or general affairs or prospects of the Issuer from that set forth in the Prospectus and the Disclosure Documents.

- (b) The Guarantor hereby represents and warrants to the Managers that as at the date hereof (i) no event has occurred which would render untrue or incorrect any of the representations and warranties of the Guarantor contained in Section 3.02 of the Program Agreement, (ii) that the conditions set out in Section 2.03 of the Program Agreement have been satisfied or waived, (iii) that the relevant Prospectus contains all material information relating to the assets and liabilities, financial position, profits and losses of the Guarantor and nothing has happened or is expected to happen which would require such document to be supplemented or updated and (iv) there is no adverse change in the condition (financial or otherwise) or general affairs or prospects of the Guarantor from that set forth in the Prospectus and the Disclosure Documents.

*[Insert any additional representations and warranties and/or undertakings which may be required in relation to the Covered Bonds.]*

## 5. **Conditions Precedent**

In accordance with the provisions of Section 2.03 of the Program Agreement (but without prejudice to the provisions of Section 2.04 thereof), the Issuer and the Guarantor hereby acknowledge that the Managers' obligations to subscribe and pay for the Covered Bonds on the Issue Date are subject to the satisfaction of the conditions precedent set out in the said Section 2.03 [, as well as the following additional conditions precedent:]

*[set out a list of additional conditions precedent required by the Managers pursuant to the Program Agreement; consider also whether any additional signature authority or a closing certificate will be required].*

## 6. **Expenses**

The Issuer shall pay to the Lead Manager on demand [amount] in lieu of reimbursement of any legal fees and expenses and any travelling, communication, courier, postage and other out-of-pocket expenses incurred by it in connection with the management of the issue of the Covered Bonds ([plus/excluding] any applicable value added tax). Such amount may be deducted from the proceeds of the issue in accordance with Section 2(a).

## **OR**

The Issuer and the Guarantor shall reimburse the Lead Manager on demand for all legal fees and expenses and any travelling, communication, courier, postage and other out-of-pocket expenses incurred by it in connection with the management of the issue of the Covered Bonds (plus any applicable value added tax); [provided, however, that the aggregate liability of the Issuer or the Guarantor under this Section shall not exceed [amount] ([inclusive/exclusive] of value added tax)].

It is expressly agreed for the purposes of Section 2.04 of the Program Agreement that the Issuer shall remain liable pursuant to this Section [5/6] in respect of such fees and expenses incurred by the Lead Manager prior to or in connection with such termination notwithstanding the termination of this agreement.

**OR**

The expenses relating to the issue have been agreed in a separate side letter of even date herewith between the Issuer and the Lead Manager(s). Such agreed sum relating to such expenses may be deducted from the proceeds of the issue in accordance with Section 2(a).

**7. New Dealer(s)**

- (a) In accordance with the provisions of Section 7.01(g) of the Program Agreement the Issuer hereby appoints those of the Managers who are not Dealers (for the purposes of this Section, a “New Dealer”) as dealers upon the terms of the Program Agreement in respect of the Covered Bonds only with the authority, rights, powers, duties and obligations of a Dealer under the Program Agreement to the extent provided in such Section 7.01(b) save that each New Dealer [shall not have the benefit of the undertakings contained in Section 3.03(g) of the Program Agreement]<sup>1</sup>.
- (b) The Lead Managers confirm that each New Dealer has found the Program Agreement and the Prospectus satisfactory, has received a copy of or waived the production of a copy of the other conditions precedent set out in Schedule 2 to the Program Agreement [and waived production of a copy of the documents referred to in Section 3.03(g) of the Program Agreement.]<sup>2</sup>

**8. Communications**

Any notification hereunder to the Issuer shall be made in accordance with the provisions of Section 6 of the Program Agreement and, in the case of notification to the Managers, shall be to the Lead Manager by telex or fax or in writing at:

[       ]

Telex:            [                               ]

Fax:             [                               ]

Attention:      [                               ]

**9. Governing Law**

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

**10. Counterparts**

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original.

<sup>1</sup> To be modified if New Dealer requests the benefit of the undertaking contained in paragraph (f)(h) of Section 3.03 of the Program Agreement.

<sup>2</sup> To be modified if New Dealer requests the benefit of the undertaking contained in paragraph (f) of Section 3.03 of the Program Agreement.

IN WITNESS whereof this Agreement has been entered into as of the day and year first above written.

The Issuer

**THE BANK OF NOVA SCOTIA**

By:

The Guarantor

**SCOTIABANK COVERED BOND GUARANTOR LIMITED PARTNERSHIP**

By:

The Lead Managers

By:

For itself and the other several Managers

## SCHEDULE 8

### Operating and Administrative Procedures Memorandum

DATED •, 2014

THE BANK OF NOVA SCOTIA

[US\$15,000,000,000]

Program for the Issuance of Covered Bonds

The aggregate nominal amount of all Covered Bonds outstanding at any time will not, subject as provided below, exceed US\$15,000,000,000 or its equivalent in other currencies at the time of agreement to issue, subject to increase as provided in the Program Agreement (as defined below). The Program Agreement provides for the increase in the principal amount of Covered Bonds that may be issued under the Program. In that event, this Operating and Administrative Procedures Memorandum shall apply to the Program as increased.

The documentation of the Program provides for the issue of Covered Bonds denominated in any currency or currencies as may be agreed between The Bank of Nova Scotia (the “**Issuer**”), the Guarantor and the Relevant Dealer (subject to certain restrictions as to minimum and/or maximum maturities as set out in the Prospectus relating to the Program) and being any of:

- Fixed Rate Covered Bonds
- Floating Rate Covered Bonds
- Zero Coupon Covered Bonds
- other forms of Covered Bonds agreed between the Relevant Dealer or Lead Manager and the Issuer.

All terms with initial capitals used herein without definition shall have the meanings given to them in the Prospectus dated January 22, 2014 as supplemented or replaced from time to time (the “**Prospectus**”), or, as the case may be, the Program Agreement dated January 22, 2014 as amended, supplemented or restated (the “**Program Agreement**”) between the Issuer, the Guarantor and the Dealers named therein pursuant to which the Issuer may issue Covered Bonds.

As used herein in relation to any Covered Bonds which are to have a “**listing**” or be “**listed**” on (i) the London Stock Exchange, “**listing**” and “**listed**” shall be construed to mean that such Covered Bonds have been admitted to the Official List and admitted to trading on the Market, or (ii) any other Stock Exchange in the EEA (other than the London Stock Exchange), “**listing**” and “**listed**” shall be construed to mean that such Covered Bonds have been admitted to trading on a Regulated Market.

This Operating and Administrative Procedures Memorandum applies to Covered Bonds issued on and after January 22, 2014. The procedures set out in Annex I may be varied by agreement between the Issuer, the Principal Paying Agent or the Registrar (in the case of Registered Covered Bonds) and the Relevant Dealer or Lead Manager (as defined below), as the case may be, including to take account of any standardised procedures published by the ICSDs and/or the International Capital Markets Services Association and/or the International Capital Markets Association. The timings set out in these procedures represent optimum timings to ensure a smooth settlement process. Each of the ICSDs has its own published deadlines for taking certain of the actions described herein (which may be later than the timings described herein). The Issuer, the Principal Paying Agent, the Registrar, the Relevant Dealer or the Lead Manager, as the case may be, and the Common Depositary, or Common Service Provider and Common Safekeeper, as the case may be, may agree to vary the timings described herein subject to compliance with such deadlines.

References herein to “Final Terms Document” shall be deemed to be a “Pricing Supplement” in the case of any Exempt Covered Bonds and any reference to the Stock Exchange or relevant authority included in this Memorandum shall not apply to such Covered Bonds.

## **OPERATING PROCEDURES**

Dealers must confirm all trades directly with the Issuer and the Principal Paying Agent or, in the case of an issue of Registered Covered Bonds, the Registrar. Except for offerings of 144A Covered Bonds, by not later than 3 p.m. (London time) on the London Business Day preceding each proposed Issue Date, the Issuer shall deliver or cause to be delivered to the Bond Trustee a copy of the applicable Final Terms Document or Pricing Supplement (as the case may be) and drafts of all legal opinions to be given in relation to the relevant issue.

### **1. RESPONSIBILITIES OF THE PRINCIPAL PAYING AGENT**

The Principal Paying Agent will, in addition to the responsibilities in relation to settlement described in Annex 1, be responsible for the following:

- (a) in the case of Covered Bonds which are to be listed on a Stock Exchange, distributing to the Stock Exchange and any other relevant authority such number of copies of the applicable Final Terms Document required by the Stock Exchange and any such other relevant authority;
- (b) in the case of Covered Bonds which are to be listed on a Stock Exchange, immediately notifying the Issuer and the Relevant Dealer if at any time the Principal Paying Agent is notified that the listing of a Tranche of Covered Bonds has been refused or otherwise will not take place; and
- (c) determining the end of the Distribution Compliance Period in respect of a Tranche of Covered Bonds in accordance with Section 5 of the Agency Agreement. The Principal Paying Agent shall upon determining the end of the Distribution Compliance Period in respect of any Tranche notify the Issuer, the Guarantor, the Registrar, Euroclear, Clearstream, Luxembourg, DTC (as the case may be) and the Relevant Dealer or Lead Manager, as the case may be.



## 2. **RESPONSIBILITIES OF DEALER/LEAD MANAGER**

(a) Each Dealer/Lead Manager will confirm the terms of a Tranche and agree the Final Terms Document with the Issuer and the Guarantor (substantially in the form of Schedule 6 to the Program Agreement) giving details of each Tranche of Covered Bonds to be issued.

(b) In the case of an issue closed on a non-syndicated basis, each Dealer which agrees to purchase Covered Bonds from the Issuer will be responsible for notifying the Principal Paying Agent upon completion of the distribution of the Covered Bonds of each Tranche purchased by that Dealer by phone or email. In the case of an issue of Covered Bonds closed on a syndicated basis, the Lead Manager will be responsible for notifying the Principal Paying Agent upon completion of the distribution of the Covered Bonds of such issue by phone or email.

## 3. **SETTLEMENT**

The settlement procedures set out in Annex 1 shall apply to each issue of Covered Bonds (Part 1 in the case of issues closed on a non-syndicated basis and Part 2 in the case of issues closed on a syndicated basis, in each case whether or not subscribed under a Subscription Agreement), unless otherwise agreed between the Issuer, the Principal Paying Agent or the Registrar, as the case may be, and the Relevant Dealer or the Lead Manager, as the case may be. With issues of Covered Bonds to be listed on a Stock Exchange other than the London Stock Exchange more time may be required to comply with the relevant Stock Exchange's or any other relevant authority's listing requirements and with issues of Dual Currency Covered Bonds or Index Linked Covered Bonds more time may be required to settle documentation.

Notice details are set out in Schedule 5 to the Program Agreement hereto.

## **ANNEX 1**

### **PART 1A**

#### **SETTLEMENT PROCEDURES FOR ISSUES OF BEARER COVERED BONDS CLOSED ON A NON-SYNDICATED BASIS**

**Times set out below are London times and represent the latest time for taking the action concerned. It is recommended that where possible the action concerned is taken in advance of these times.**

##### **Prior to launch**

The Issuer and the Relevant Dealer(s) agree whether Covered Bonds are to be offered in Canada or subject to certification of non-Canadian beneficial ownership upon exchange of the Temporary Global Covered Bond for a Permanent Global Covered Bond or Definitive Covered Bonds after the Exchange Date.

The Issuer and the Relevant Dealer(s) to determine whether any supplemental Prospectus is required and whether any such supplement or the Prospectus needs to be passported to any additional host Member States and, if so, this will alter the timetable suggested below.

##### **At or Shortly After Launch**

The Issuer and the Relevant Dealer(s) discuss the timing of any due diligence telephone call that may be required.

<b>Day</b>	<b>London time</b>	<b>Action</b>
No later than Issue Date minus 2	5:00 p.m.	The Issuer may agree terms with one or more of the Dealers for the issue and purchase of Covered Bonds (whether pursuant to an unsolicited bid from a Dealer or pursuant to an enquiry by the Issuer). The Relevant Dealer instructs the Principal Paying Agent to obtain a common code and ISIN or, if relevant, a temporary common code and ISIN for the Covered Bonds from one of the ICSDs.
Issue Date minus 2	5.00 p.m.	<p>If a Dealer has reached agreement with the Issuer by telephone, the Dealer confirms the terms of the agreement to the Issuer by electronic communication attaching a copy of the applicable Final Terms Document. The Dealer sends a copy of that electronic communication to the Principal Paying Agent and copied to the Principal Paying Agent for information.</p> <p>The Issuer confirms its agreement to the terms on which the issue of Covered Bonds is to be made (including the form of the Final Terms Document) by signing and returning a copy of the Final Terms Document to the</p>

Relevant Dealer and the Principal Paying Agent. The Issuer also sends a copy of the signed Final Terms Document to the Bond Trustee. The details set out in the signed Final Terms Document shall be conclusive evidence of the agreement (save in the case of manifest error) and shall be binding on the parties accordingly. The Issuer also confirms its instructions to the Principal Paying Agent (including, in the case of Floating Rate Covered Bonds, for the purposes of rate fixing) to carry out the duties to be carried out by the Principal Paying Agent under these Operating and Administrative Procedures and the Agency Agreement including preparing and authenticating either (a) a Temporary Global Covered Bond for the Tranche of Covered Bonds which is to be purchased and, in the case of the first Tranche of a Series, where the applicable Final Terms Document do not specify that the Temporary Global Covered Bond is to be exchangeable only for Covered Bonds in definitive form, a Permanent Global Covered Bond for the Series or (b) if so specified in the applicable Final Terms Document, a Permanent Global Covered Bond for the Series, in each case giving details of the Covered Bonds.

In the case of Floating Rate Covered Bonds, the Principal Paying Agent notifies the ICSDs, the Issuer, (if applicable) the relevant Stock Exchange and any other relevant authority and the Relevant Dealer of the Rate of Interest for the first Interest Period (if already determined). Where the Rate of Interest has not yet been determined, this will be notified in accordance with this paragraph as soon as it has been determined.

No later than Issue 2.00 p.m.  
Date minus 1

In the case of Covered Bonds which are to be listed on a Stock Exchange or publicly offered in a European Economic Area Member State, the Principal Paying Agent also notifies the Stock Exchange and/or any other relevant authority, as the case may be, by electronic communication or by hand of the details of the Covered Bonds to be issued by sending the Final Terms Document to the Stock Exchange and/or any other relevant authority, as the case may be.

In respect of Covered Bonds to be admitted to trading on the London Stock Exchange, the Issuer shall file the Final Terms Document with the UK Listing Authority along with an application for admission to the Official List and the Principal Paying Agent shall file the Final Terms Document with the London Stock Exchange, and, if

		permitted by applicable legislation or stock exchange rules, with the UK Listing Authority on behalf of the Issuer.
Issue Date minus 1	10.00 a.m. (for prior day <sup>***</sup> currencies) 12.00 noon (for other currencies)	The Relevant Dealer and the Principal Paying Agent give settlement instructions to the Common Depositary and the relevant ICSD(s) to effect the payment of the purchase price, against delivery of the Covered Bonds, to the Principal Paying Agent's account with the relevant ICSD(s) on the Issue Date.  The parties (which for this purpose shall include the Principal Paying Agent, may agree to arrange for "free delivery" to be made through the relevant ICSD(s) if specified in the applicable Final Terms Document, in which case these Operating and Administrative Procedures will be amended accordingly.
Issue Date minus 1	ICSD deadlines for the relevant currency	For prior day currencies, the Principal Paying Agent instructs the relevant ICSD(s) to debit its account and pay for value on the Issue Date the aggregate purchase monies received by it to the account of the Issuer previously notified to the Principal Paying Agent.
Issue Date minus 1	3.00 p.m.	The Principal Paying Agent prepares and authenticates a Temporary Global Covered Bond for each Tranche of Covered Bonds which is to be purchased and/or, where required as specified above, a Permanent Global Covered Bond in respect of the relevant Series, in each case attaching the applicable Final Terms Document.  Each Global Covered Bond which is a CGCB is then delivered by the Principal Paying Agent to the Common Depositary. Each Global Covered Bond which is an NGCB is then delivered by the Principal Paying Agent to the Common Safekeeper, together (if applicable) with an effectuation instruction. In the event that the Common Service Provider and the Common Safekeeper are not the same entity, the Principal Paying Agent should also deliver the applicable Final Terms Document to the Common Service Provider.  For Global Covered Bonds in NGCB form, the Principal Paying Agent then instructs the mark up of the issue outstanding amount of the Global Covered Bond to the ICSDs through the Common Service Provider.
Issue Date minus 1	5.00 p.m.	The conditions precedent in the Program Agreement are

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<sup>\*\*\*</sup> The most common prior day currencies are Australian dollars (AUD), Hong Kong Dollars (HKD), Japanese yen (JPY) and New Zealand dollars (NZD) but other currencies in similar time zones may also be prior day currencies. The parties should establish whether or not a particular currency is a prior day currency as soon as possible.

satisfied and/or waived.

In the case of each Global Covered Bond which is an NGCB, the Common Safekeeper confirms deposit and effectuation (if applicable)<sup>+++</sup> of the Global Covered Bond to the Principal Paying Agent, the Common Service Provider and the ICSDs.

Issue Date minus 1 6.00 p.m.

In the case of each Global Covered Bond which is a CGCB, the Common Depositary confirms deposit of the relevant Global Covered Bond to the Principal Paying Agent and the ICSDs.

In the case of each Global Covered Bond which is an NGCB, the Common Service Provider relays the Principal Paying Agent's instruction to mark up the issue outstanding amount of the Global Covered Bond to the ICSDs.

Issue Date According to ICSD settlement procedures

The ICSDs debt and credit accounts in accordance with instructions received from the Principal Paying Agent and the Relevant Dealer.

Issue Date ICSD deadlines for the relevant currency

For non-prior day currencies, the Principal Paying Agent instructs the relevant ICSD(s) to debit its account and pay for value on the Issue Date the aggregate purchase moneys received by it to the account of the Issuer previously notified to the Principal Paying Agent for the purpose.

Issue date 5.00 p.m.

The Principal Paying Agent forwards a copy of the signed Final Terms Document to each ICSD.

On or subsequent to the Issue Date

The Principal Paying Agent notifies the Issuer immediately in the event that a Dealer does not pay the purchase price due from it in respect of a Covered Bond.

The Principal Paying Agent notifies the Issuer of the issue of Covered Bonds giving details of the Global Covered Bond(s) and the nominal amount represented thereby.

The Principal Paying Agent confirms the issue of Covered Bonds to the relevant Stock Exchange and any other relevant authority.

<sup>+++</sup> This assumes that an effectuation authorization has been delivered by the issuer to the Common Safekeeper (ie. Euroclear or Clearstream, Luxembourg) at the establishment or update of the Program. If this is not the case, such an authorization should be delivered at least 2 business days prior to the closing of the first issue of Eurosystem-eligible NGCBs under the Program.

## PART 1B

### SETTLEMENT PROCEDURES FOR ISSUES OF REGISTERED COVERED BONDS CLOSED ON A NON-SYNDICATED BASIS

**Times set out below are London times and represent the latest time for taking the action concerned. It is recommended that where possible the action concerned is taken in advance of these times.**

*In the case of issued Registered Covered Bonds (other than issues of Regulation S Global Covered Bonds or Rule 144A Global Covered Bonds closing through DTC), the settlement procedures set out below can be replaced in part, at the discretion of the Principal Paying Agent, by the settlement procedures set out in Annex 1 Part 1A. Such election will be made by the Principal Paying Agent and communicated by electronic means to the Issuer and the Relevant Dealer(s).*

#### **Prior to launch**

The Issuer and the Relevant Dealer(s) to determine whether any supplemental Prospectus is required and whether any such supplement or the Prospectus needs to be passported to any additional host Member States and, if so, this will alter the timetable suggested below.

#### **At or Shortly After Launch**

The Issuer and the Relevant Dealer(s) discuss the timing of any due diligence telephone call that may be required.

<b>Day</b>	<b>London time</b>	<b>Action</b>
No later than Issue Date minus 4	2.00 p.m.	The Issuer may agree terms with one of the Dealers for the issue and purchase of Covered Bonds (whether pursuant to an unsolicited bid from a Dealer or pursuant to an enquiry by the Issuer). The Dealer instructs the Registrar and/or the Principal Paying Agent to obtain the necessary security identification numbers. Each relevant number is notified by the Registrar and/or the Principal Paying Agent to the Issuer and each Dealer which has reached agreement with the Issuer.
	3.00 p.m.	If a Dealer has reached agreement with the Issuer by telephone, the Dealer confirms the terms of the agreement to the Issuer by electronic communication attaching a copy of the applicable Final Terms Document. The Dealer sends a copy of that electronic communication to the Principal Paying Agent and the Registrar for information.
	5.00 p.m.	The Issuer confirms its agreement to the terms on which the issue of Covered Bonds is to be made (including the form of the Final Terms Document) by signing and returning a copy of the Final Terms Document to the Relevant Dealer. The

Day	London time	Action
		<p>Issuer also confirms its instructions to the Principal Paying Agent (including, in the case of Floating Rate Covered Bonds, for the purposes of rate fixing) and the Registrar to carry out the duties to be carried out by the Principal Paying Agent and the Registrar under these Operating and Administrative Procedures and the Agency Agreement including, in the case of the Registrar, preparing, authenticating and issuing one or more Registered Global Covered Bonds and/or one or more Definitive Registered Covered Bonds for each Tranche of Covered Bonds which are to be purchased by the Relevant Dealer, giving details of such Covered Bonds.</p> <p>The Issuer confirms such instructions by sending a copy by electronic communications of the signed Final Terms Document to the Principal Paying Agent and the Registrar. The Issuer also sends a copy of the signed Final Terms Document to the Bond Trustee.</p> <p>In respect of Covered Bonds to be resold pursuant to Rule 144A, the Relevant Dealer notifies DTC of the participation accounts to be credited with interests in the Registered Global Covered Bond(s) to be issued. In respect of Covered Bonds sold pursuant to Regulation S, the Relevant Dealer notifies Euroclear and/or Clearstream, Luxembourg of the relevant accounts to be credited with Covered Bonds represented by interests in the Regulation S Global Covered Bonds(s) to be issued.</p>
No later than Issue Date minus 3	2.00 p.m.	<p>If required by applicable legislation or stock exchange rules, the Issuer shall file the Final Terms Document with the UK Listing Authority along with an application for admission to the Official List and the Principal Paying Agent shall file the Final Terms Document with the London Stock Exchange, and, if permitted by applicable legislation or stock exchange rules, with the UK Listing Authority on behalf of the Issuer.</p>
Issue Date minus 3	5.00 p.m.	<p>In the case of any Registered Covered Bonds to be registered in the name of a nominee for DTC, where the relevant Covered Bonds are denominated in U.S. dollars, the Relevant Dealer instructs DTC, subject to further instructions, to debit its account, or such account as it directs, on the Issue Date or, in the case of Covered Bonds denominated in a currency requiring a pre-closing, the Issue Date minus 1, and pay the purchase price to the account of the closing bank as agreed between the Issuer, the Registrar, the Principal Paying Agent and the Relevant Dealer from time to time (in such capacity,</p>

<b>Day</b>	<b>London time</b>	<b>Action</b>
		the “ <b>Closing Bank</b> ”) notified by DTC to the Relevant Dealer for such purpose.
Issue Date minus 2	3.00 p.m.	<p>In the case of any Registered Global Covered Bonds to be registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg, the Relevant Dealer instructs Euroclear and/or Clearstream, Luxembourg to debit its account and pay the purchase price, against delivery of the relevant Covered Bonds, to the Principal Paying Agent’s account with Euroclear and/or Clearstream, Luxembourg on the Issue Date and the Principal Paying Agent receives details of the instructions through the records of Euroclear and/or Clearstream, Luxembourg.</p> <p>Where the Relevant Dealer is not purchasing Covered Bonds through Euroclear and/or Clearstream, Luxembourg and such Covered Bonds are denominated in a Specified Currency other than U.S. dollars, the Relevant Dealer instructs its paying bank on the Issue Date or, in the case of Covered Bonds denominated in a currency requiring a pre-closing, the Issue Date minus 1, to pay the purchase price to the account of the Closing Bank notified to the Relevant Dealer for such purpose.</p>
Issue Date minus 2	3.00 p.m.	In the case of Floating Rate Covered Bonds, the Principal Paying Agent notifies (as applicable) the Bond Trustee, the Registrar, the relevant clearing systems, the Issuer, (in the case of Listed Covered Bonds) the relevant Stock Exchange and any other relevant authority and the Relevant Dealer by electronic communication of the Rate of Interest for the first Interest Period (if already determined). Where the Rate of Interest has not yet been determined, this will be notified in accordance with this paragraph as soon as it has been determined.
Issue Date minus 1 (in the case of pre-closed issues) or Issue Date (in any other case) (the Payment Instruction Date)	agreed time	<p>The Registrar (or its agent on its behalf) prepares and authenticates the Registered Global Covered Bond(s) for each Tranche of Covered Bonds which is to be purchased. The conditions precedent in the Program Agreement are satisfied or waived. The Registrar enters details of the principal amount of Covered Bonds to be issued and the registered holder(s) of such Covered Bonds in the Register.</p> <p>Each Registered Global Covered Bond registered in the name of the nominee for DTC is then delivered by, or on behalf of, the Registrar to a custodian for DTC to credit the principal amount of the relevant Tranche of Covered Bonds to the appropriate participants’ accounts of DTC previously notified</p>



Day	London time	Action
		by the Relevant Dealer and each Registered Global Covered Bond registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg and instructions are given by the Principal Paying Agent to Euroclear or, as the case may be, Clearstream, Luxembourg to credit the Covered Bonds represented by the relevant Global Covered Bond to the Principal Paying Agent's distribution account.
Issue Date:		<p>The Relevant Dealer instructs DTC to credit the interests in any Global Covered Bond(s) registered in the name of a nominee for DTC to such accounts as the Relevant Dealer has previously notified to DTC. The Principal Paying Agent further instructs Euroclear or, as the case may be, Clearstream, Luxembourg to debit from the distribution account the nominal amount of any Global Covered Bonds registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg and to credit that nominal amount to the account of the Relevant Dealer with Euroclear or Clearstream, Luxembourg against payment to the account of the Principal Paying Agent of the purchase price for those Covered Bonds for value on the Issue Date. The Relevant Dealer gives corresponding instructions to Euroclear and Clearstream, Luxembourg.</p> <p>The relevant clearing systems debit (if applicable) and credit accounts in accordance with instructions received by them.</p> <p>The Closing Bank receives payment for the account of the Issuer and for value on the Issue Date of the aggregate amount paid to it by DTC or, as the case may be the Relevant Dealer through its paying bank in respect of any Global Covered Bonds registered in the name of a nominee for DTC. The Principal Paying Agent pays to the Issuer for value on the Issue Date the aggregate purchase moneys received by it in respect of any Global Covered Bonds registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg to the account of the Issuer previously notified to the Principal Paying Agent.</p>
On or subsequent to the Issue Date:		<p>The Registrar notifies the Issuer immediately in the event that a Dealer does not pay the purchase price due from it in respect of the Covered Bonds.</p> <p>The Principal Paying Agent confirms the issue of Covered Bonds to the relevant Stock Exchange and any other relevant authority.</p>

Day	London time	Action
		<p>The Relevant Dealer notifies the Principal Paying Agent that the distribution of the Covered Bonds purchased by it has been completed. The Principal Paying Agent promptly notifies (as applicable) the Issuer, the Bond Trustee, the Registrar, the Relevant Dealer, DTC, Euroclear and/or Clearstream, Luxembourg, as the case may be, of the date of the end of the Distribution Compliance Period with respect to the relevant Tranche of Covered Bonds.</p>

## **PART 2A**

### **SETTLEMENT PROCEDURES FOR ISSUES OF BEARER COVERED BONDS CLOSED ON A SYNDICATED BASIS**

The procedures set out below for the period up to and including “Issue Date minus 2” apply to all syndicated closings whatever the currency concerned. The timing of the procedures to take place thereafter varies by reference to the deadlines imposed by the Principal Paying Agent, the Common Depositary or, as the case may be, the Common Service Provider and the ICSDs for the particular currency concerned and it is not possible to specify all variations in this memorandum.

Accordingly, all parties should contact each other as early as possible in the process to agree the relevant settlement deadlines. In particular, the Principal Paying Agent, the Bond Trustee, the ICSDs and the Common Depositary or, as the case may be, the Common Safekeeper and Common Service Provider should be involved in these discussions.

The procedures and timings set out below to take place on the Issue Date relating to an illustrative syndicated closing of securities denominated in euro. Whilst the procedures will apply to all syndicated closings in whatever currency, the timings will vary significantly and, in many case, steps will need to be taken on Issue Date minus 1.

**Times set out below are London times and represent the latest time for taking the action concerned. It is recommended that where possible the action concerned is taken in advance of these times.**

#### **Prior to launch**

The Issuer and the Relevant Dealer(s) agree whether Covered Bonds are to be offered in Canada or subject to certification of non-Canadian beneficial ownership upon exchange of the Temporary Global Covered Bond for a Permanent Global Covered Bond or Definitive Covered Bonds after the Exchange Date.

The Issuer and the Relevant Dealer(s) to determine whether any supplemental Prospectus is required and whether any such supplement or the Prospectus needs to be passported to any additional host Member States and, if so, this will alter the timetable suggested below.

#### **At or Shortly After Launch**

The Issuer and the Relevant Dealer(s) discuss the timing of any due diligence telephone call that may be required.

<b>Day</b>	<b>London time</b>	<b>Action</b>
No later than Issue Date minus 3	5:00 p.m.	The Issuer may, subject to the execution of the Subscription Agreement referred to below, agree terms with a Dealer (which expression in this Part 2A includes any entity to be appointed as a dealer under the Subscription Agreement referred to below) (the “ <b>Lead</b>

Day	London time	Action
		<p><b>Manager</b>”) for the issue and purchase of Covered Bonds to be subscribed under a Subscription Agreement (whether pursuant to an unsolicited bid from by such Lead Manager or pursuant to an enquiry by the Issuer). The Lead Manager may invite other Dealers (new and additional) approved by the Issuer to join an underwriting syndicate either on the basis of an invitation telex agreed between the Issuer and the Lead Manager or on the terms of the Final Terms Document referred to below and the Subscription Agreement. The Lead Manager and any such Dealers are together referred to as the “<b>Managers</b>”.</p>
		<p>The Issuer and the Lead Manager agree a form of Final Terms Document which is submitted to the lawyers rendering a legal opinion in connection with the relevant issue for approval. A draft Subscription Agreement is also prepared and agreed. The Subscription Agreement may, if so agreed, be called by another name. The Lead Manager sends a copy of the draft Subscription Agreement to each other Manager at least two full business days before the Subscription Agreement is intended to be signed. At the same time the Lead Manager sends a copy of the Prospectus and Program Agreement to each other Manager which has not previously received these documents if so requested by any such Manager. The Subscription Agreement and the Final Terms Document are agreed and executed and a copy of the Final Terms Document is sent by electronic communication to the Principal Paying Agent which shall act as the Principal Paying Agent’s authorization (including, in the case of Floating Rate Covered Bonds, for the purposes of rate fixing) to carry out the duties to be carried out by it under these Operating and Administrative Procedures and the Agency Agreement including preparing and authenticating either (a) a Temporary Global Covered Bond for the Tranche of Covered Bonds which is to be purchased and, in the case of the first Tranche of a Series, where the applicable Final Terms Document do not specify that the Temporary Global Covered Bond is to be exchangeable only for Covered Bonds in definitive form, a Permanent Global Covered Bond for the Series or (b) if so specified in the applicable Final Terms Document, a Permanent Global Covered Bond for the Series, in each case giving details of the Covered Bonds. The Principal Paying Agent forwards a copy of the signed Final Terms Document to the Common Depositary</p>

<b>Day</b>	<b>London time</b>	<b>Action</b>
		<p>or the Common Service Provider, as the case may be.</p> <p>The Lead Manager instructs the Principal Paying Agent to obtain a common code and ISIN or, if relevant, a temporary common code and ISIN for the Covered Bonds from one of the ICSDs.</p> <p>The Lead Manager delivers its allotment list to each of the ICSDs.</p>
Issue Date minus 2	2.00 p.m.	<p>In the case of Covered Bonds which are to be listed on a Stock Exchange or publicly offered in a European Economic Area Member State, the Principal Paying Agent notifies the relevant Stock Exchange and/or any other relevant authority, as the case may be, by electronic communication or by hand of the details of the Covered Bonds to be issued by sending the Final terms to the relevant Stock Exchange and/or any other relevant authority, as the case may be.</p> <p>If the Covered Bonds are to be admitted to trading on the London Stock Exchange, the Issuer shall file the Final Terms Document with the UK Listing Authority along with an application for admission to the Official List and the Principal Paying Agent shall file the Final Terms Document with the London Stock Exchange, and, if permitted by applicable legislation or stock exchange rules, with the UK Listing Authority on behalf of the Issuer.</p>
	3.00 p.m.	<p>In the case of Floating Rate Covered Bonds, the Principal Paying Agent notifies the ICSDs, the Issuer, (if applicable) the relevant Stock Exchange and any other relevant authority and the Lead Manager of the Rate of Interest for the first Interest Period (if already determined). Where the Rate of Interest has not yet been determined, this will be notified in accordance with this paragraph as soon as it has been determined.</p>
No later than Issue Date minus 2	5.00 p.m.	<p>The Lead Manager provides all necessary payment instructions and contact details to the ICSDs and to the Common Depositary or the Common Service Provider, as the case may be.</p>

**The timings set out below relate to a syndicated closing of Covered Bonds denominated in euro only.**

Issue Date	10.00 a.m.	For Global Covered Bonds in NGCB form, the Principal Paying Agent instructs the conditional mark up of the issue outstanding amount of the Global Covered Bond to each ICSD through the Common Service Provider.
	12.00 noon	<p>The Principal Paying Agent prepares and authenticates a Temporary Global Covered Bond for each Tranche of Covered Bonds which is to be purchased and/or, where required as specified above, a Permanent Global Covered Bond in respect of the relevant Series, in each case attaching the applicable Final Terms Document.</p> <p>Each Global Covered Bond which is a CGCB is then delivered by the Principal Paying Agent to the Common Depositary.</p> <p>Each Global Covered Bond which is an NGCB is then delivered by the Principal Paying Agent to the Common Safekeeper, together with an effectuation instruction, if applicable.</p>
	1.00 p.m.	In the case of each Global Covered Bond which is an NGCB, the Common Safekeeper confirms deposit and effectuation (if applicable) <sup>†††</sup> of the Global Covered Bond to the Principal Paying Agent, the Common Service Provider and the ICSDs.
	2.30 p.m.	The Lead Manager confirms that all conditions precedent in the Subscription Agreement and the Program Agreement have been satisfied and/or waived to the Common Depositary or the Common Service Provider, as the case may be, and, in the case of an issue of NGCBs, authorizes the Common Service Provider to relay the Principal Paying Agent's mark up instruction to the ICSDs.
	3.00 p.m.	Payment is released to the Issuer by the Common Service Provider or the Common Depositary, as the case may be.
	5.00 p.m.	<p>In the case of an issue of NGCBs, the Common Service Provider relays the Principal Paying Agent's instruction to mark up the issue outstanding amount of the Global Covered Bond to the ICSDs.</p> <p>In the case of an issue of CGCBs, the Common Depositary</p>

<sup>†††</sup> This assumes that an effectuation authorization has been delivered by the issuer to the Common Safekeeper (ie. Euroclear or Clearstream, Luxembourg) at the establishment or update of the Program. If this is not the case, such an authorization should be delivered at least 2 business days prior to the closing of the first issue of Eurosystem-eligible NGCBs under the Program.

	confirms deposit of the Global Covered Bond to the ICSDs.
According to ICSD settlement procedures	The ICSDs debit and credit accounts in accordance with instructions received from the Lead Manager and the allottees and, in the case of NGCBs, mark up their records appropriately.
On or subsequent to the Issue Date	<p>The Principal Paying Agent notifies the Issuer of the issue of Covered Bonds giving details of the Global Covered Bond(s) and the nominal amount represented thereby.</p> <p>The Principal Paying Agent confirms the issue of Covered Bonds to the relevant Stock Exchange and any other relevant authority.</p> <p>The Principal Paying Agent forwards a copy of the signed Final Terms Document to each ICSD.</p>

#### Explanatory Notes to Annex I

- (a) Each day is a day on which banks and foreign exchange markets are open for business in London, counted in reverse order from the proposed Issue Date.
- (b) The Issue Date must be a Business Day. For the purposes of this Memorandum, “**Business Day**” means a day which is:
  - (i) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London and any other place as is specified in the applicable Final Terms Document as a Financial Centre or Additional Business Centre (as the case may be);
  - (ii) either (A) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London or any Financial Centre and which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) or (B) in relation to any sum payable in euro, a day on which the TARGET2 System is open; and
  - (iii) a day on which the ICSDs and any other relevant clearing system are open for general business.
- (c) The Final Terms Document may only contain terms and information contemplated by the Prospectus and form of Final Terms Document contained in it. If any additional final terms or information are to be included in the applicable Final Terms Document in relation to any Covered Bond which are to be admitted to trading on an European Economic Area regulated market and/or publicly offered in the European

Economic Area, it must be considered whether such terms or information constitute “significant new factors” and consequently trigger the need for a supplement to the Prospectus under Article 16 of the Prospectus Directive. If a supplement is not considered to be appropriate either (i) a new prospectus for any such issue of Bonds or (ii) an updated Prospectus disclosing such terms or information will be required. In all such cases, the timings in Part 1 and Part 2 of Annex 1 will change as the Final Terms Document will need to be approved by the relevant authority as (i) a supplement, which can take up to seven working days, (ii) a new prospectus or (iii) an updated Prospectus.



## PART 2B

### SETTLEMENT PROCEDURES FOR ISSUES OF REGISTERED COVERED BONDS CLOSED ON A SYNDICATED BASIS

**Times set out below are London times and represent the latest time for taking the action concerned. It is recommended that where possible the action concerned is taken in advance of these times.**

*In the case of issued Registered Covered Bonds (other than issues of Regulation S Global Covered Bonds or Rule 144A Global Covered Bonds closing through DTC), the settlement procedures set out below can be replaced in part, at the discretion of the Principal Paying Agent, by the settlement procedures set out in Annex 1 Part 2A. Such election will be made by the Principal Paying Agent and communicated by electronic means to the Issuer and the Relevant Dealer(s).*

#### **Prior to launch**

The Issuer and the Relevant Dealer(s) to determine whether any supplemental Prospectus is required and whether any such supplement or the Prospectus needs to be passported to any additional host Member States and, if so, this will alter the timetable suggested below.

#### **At or Shortly After Launch**

The Issuer and the Relevant Dealer(s) discuss the timing of any due diligence telephone call that may be required.

<b>Day</b>	<b>London time</b>	<b>Action</b>
No later than Issue Date minus 10 (or such other number of days agreed between the Issuer, the Lead Manager, the Principal Paying Agent and the Registrar)		<p>The Issuer may, subject to the execution of the Subscription Agreement referred to below, agree terms with a Dealer (which expression in this Part 2B includes any entity to be appointed as a dealer under the Subscription Agreement referred to below) (the “<b>Lead Manager</b>”) for the issue and purchase of Covered Bonds to be subscribed on a syndicated basis (whether pursuant to an unsolicited bid by such Lead Manager or pursuant to an enquiry by the Issuer). The Lead Manager invites other Dealers (new or additional) approved by the Issuer to join an underwriting syndicate either on the basis of an invitation telex agreed between the Issuer and the Lead Manager or on the terms of the Final Terms Document referred to below and the Subscription Agreement. The Lead Manager and such Dealers are together referred to as the “<b>Managers</b>”.</p> <p>The Lead Manager instructs the Registrar and/or the Principal Paying Agent to obtain the necessary security identification numbers. Each relevant number is notified by the Registrar and/or the Principal Paying Agent to the Issuer and the Lead</p>

Day	London time	Action
		Manager.
		<p>The Issuer and the Lead Manager agree a form of Final Terms Document prepared by or on behalf of the Lead Manager which is submitted to the lawyers rendering a legal opinion in connection with the relevant issue for approval. A draft Subscription Agreement is also prepared and agreed. The Lead Manager sends a copy of the draft Subscription Agreement to each other Manager at least two full business days before the Subscription Agreement is intended to be signed. At the same time the Lead Manager sends a copy of the Prospectus and the Program Agreement to each other Manager which has not previously received those documents if so requested by any such Manager. The Subscription Agreement and Final Terms Document are agreed and executed and a copy of the Final Terms Document is sent by electronic communication to the Principal Paying Agent and the Registrar which shall act as the Principal Paying Agent's and the Registrar's authorization (including, in the case of Floating Rate Covered Bonds, for the purposes of rate fixing) to carry out the duties to be carried out by it under these Operating and Administrative Procedures and the Agency Agreement including preparing, authenticating and issuing one or more Registered Global Bonds.</p> <p>In the case of Registered Global Covered Bonds to be registered in the name of a nominee for DTC, each Manager notifies DTC of the participation accounts to be credited with interests in the Registered Global Covered Bond(s) to be issued.</p>
<p>No later than Issue Date minus 3</p>	2.00 p.m.	<p>Where permitted by applicable legislation or stock exchange rules, in the case of Covered Bonds which are to be listed on a Stock Exchange, the Principal Paying Agent notifies the relevant Stock Exchange and/or any other relevant authority, as the case may be, by electronic communication of the details of the Covered Bonds to be issued by sending the Final Terms Document to the relevant Stock Exchange and/or any other relevant authority, as the case may be.</p>
	5.00 p.m.	<p>In the case of any Registered Global Covered Bonds to be registered in the name of a nominee for DTC, where the relevant Covered Bonds are denominated in U.S. dollars, the Lead Manager instructs DTC, subject to further instructions, on the Issue Date, to debit its account, or such accounts as it directs and pay the purchase price for those Covered Bonds to the Issuer's account with the Closing Bank notified to DTC by</p>

Day	London time	Action
		the Lead Manager for such purpose.
		In the case of any Registered Global Covered Bonds to be registered in the name of a nominee for DTC, where the relevant Covered Bonds are denominated in a Specified Currency other than U.S. dollars, the Lead Manager instructs its paying bank to pay the purchase price for those Covered Bonds to the account of the Issuer with the Closing Bank for value on the Issue Date.
No later than Issue Date minus 2	2.00 p.m.	If required by applicable legislation or stock exchange rules, the Issuer shall file the Final Terms Document with the UK Listing Authority along with an application for admission to the Official List and the Principal Paying Agent shall file the Final Terms Document with the London Stock Exchange, and, if permitted by applicable legislation or stock exchange rules, with the UK Listing Authority on behalf of the Issuer.
	3.00 p.m.	In the case of any Registered Global Covered Bonds to be registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg, the relevant Manager instructs Euroclear and/or Clearstream, Luxembourg to debit its account and pay the purchase price, against delivery of the relevant Covered Bonds, to the Principal Paying Agent's account with Euroclear and/or Clearstream, Luxembourg on the Issue Date and the Principal Paying Agent receives details of the instructions through the records of Euroclear and/or Clearstream, Luxembourg.
		In the case of Floating Rate Covered Bonds, the Principal Paying Agent notifies (as applicable) the Bond Trustee, the Registrar, the relevant clearing systems, the Issuer, (in the case of listed Covered Bonds) the relevant Stock Exchange and any other relevant authority and the Lead Manager by electronic communication of the Rate of Interest for the first Interest Period (if already determined). Where the Rate of Interest has not yet been determined, this will be notified in accordance with this paragraph as soon as it has been determined.
Issue Date minus 1 (in the case of pre-closed issues) or Issue date (in any other case) (the “ <b>Payment Instruction Date</b> ”)	agreed time	The Registrar prepares and authenticates the Registered Global Covered Bond(s) for each Tranche of Covered Bonds which is to be purchased. The conditions precedent in the Subscription Agreement and the Program Agreement are satisfied or waived. The Registrar, in the case of an issue of Registered Bonds pursuant to Section 4(2) of the Securities Act, ensures that it collects from the investor(s) an institutional accredited investor representation letter in the appropriate form. The Registrar enters details of the principal amount of the Covered

Day	London time	Action
		<p>Bonds to be issued and the registered holder(s) of such Covered Bonds in the Register.</p> <p>Each Registered Global Note registered in the name of a nominee for DTC is then delivered by, or on behalf of, the Registrar to a custodian for DTC to credit the principal amount of the relevant Covered Bonds to the appropriate participants' accounts of DTC previously notified by the relevant Manager and each Registered Global Covered Bond registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg is then delivered to the common depositary for Euroclear and Clearstream, Luxembourg and instructions are given by the Principal Paying Agent to Euroclear or, as the case may be, Clearstream, Luxembourg to credit the Covered Bonds represented by the relevant Global Covered Bond to the Principal Paying Agent's distribution account.</p>
Issue Date:		<p>The Lead Manager instructs DTC to credit the interests in any Global Covered Bond(s) registered in the name of a nominee for DTC to such participation accounts as have previously been notified to DTC. The Principal Paying Agent further instructs Euroclear or, as the case may be, Clearstream, Luxembourg to debit from the distribution account the principal amount of any Global Covered Bonds registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg and to credit that nominal amount to the account of the relevant Manager with Euroclear or Clearstream, Luxembourg against payment to the account of the Principal Paying Agent of the purchase price for those Covered Bonds for value on the Issue Date. The relevant Manager gives corresponding instructions to Euroclear or Clearstream, Luxembourg.</p> <p>The relevant clearing systems debit (if applicable) and credit accounts in accordance with instructions received by them.</p> <p>The Closing Bank receives payment for the account of the Issuer and for value on the Issue Date of the aggregate amount paid to it by DTC or, as the case may be, the Lead Manager through its paying bank in respect of any Global Covered Bonds registered in the name of a nominee for DTC. The Principal Paying Agent pays to the Issuer for value on the Issue Date the aggregate purchase moneys received by it in respect of any Global Covered Bonds registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg to the account of the Issuer</p>

Day	London time	Action
On or subsequent to the Issue Date:		previously notified to the Principal Paying Agent for the purpose.
		If so requested, the Registrar notifies the Issuer and the Principal Paying Agent of the issue of Covered Bonds giving details of each Registered Global Covered Bond and the principal amount represented thereby.
		The Principal Paying Agent confirms the issue of Covered Bonds to the relevant Stock Exchange and any other relevant authority.
		Each other Manager which has purchased Covered Bonds notifies the Lead Manager when the distribution of the Covered Bonds purchased by it has been completed. The Lead Manager promptly notifies the Principal Paying Agent upon completion of the distribution of the Covered Bonds of the relevant Tranche. The Principal Paying Agent promptly notifies the Issuer, the Registrar, the Bond Trustee, the Lead Manager, Euroclear and Clearstream, Luxembourg, as the case may be, of the date of the end of the Distribution Compliance Period with respect to the relevant Tranche of Covered Bonds.