

The Bank of Nova Scotia Shareholder Dividend and Share Purchase Plan

Offering Circular
Effective November 6, 2013



The description contained in this Offering Circular of the Canadian and U.S. income tax considerations arising from participation in the Plan is based on the law in effect on November 1, 2013.

Shareholders should consult and rely on their own tax advisers about the tax consequences which will result from their participation in the Plan in their country of residence.



THE BANK OF NOVA SCOTIA SHAREHOLDER DIVIDEND AND SHARE PURCHASE PLAN

This Offering Circular applies to the common shares of The Bank of Nova Scotia, (the “Bank”), issuable under a Shareholder Dividend and Share Purchase Plan (the “Plan”).

The Plan provides a convenient method for holders of common and preferred shares to either invest cash dividends in new common shares of the Bank, or to receive dividends in the form of additional common shares of the Bank (stock dividends). Common shares will be purchased either at the average market price (as defined in the Plan) on the secondary market or issued from treasury. There may also be a discount of up to 5% to the average market price (as defined in the Plan) for common shares issued from treasury and in connection with only the dividend reinvestment and stock dividend options of the Plan. The Bank will announce via press release and in dividend announcements (i) whether purchases of common shares under the Plan will be made on the secondary market or from treasury and (ii) the applicable discount, if any, to the average market price (as defined in the Plan) for common shares issued from treasury only in connection with dividend reinvestment and stock dividend options of the Plan. The Plan also provides a convenient method for shareholders to invest optional cash payments of up to \$20,000 in each fiscal year of the Bank in the purchase of additional common shares at 100% of the average market price (as defined in the Plan). Each such share acquisition under the Plan will be made without payment of brokerage commissions or service charges of any kind. All administrative costs of the Plan will be paid by the Bank.

Participants in the Plan will receive statements of account from Computershare Trust Company of Canada following each dividend payment date for the common shares.

Subject to the settlement delays specified in the Plan, participation in the Plan can be terminated at any time.

Dividends declared by the Board are normally paid either by cheque or by direct deposit to the savings or the chequing account of the shareholder's choice. Shareholders may continue to receive dividends in this manner, should they so wish. Under the Plan, shareholders are offered the following options:

- **Dividend Reinvestment**
- **Stock Dividend**
- **Optional Share Purchase**

PRINCIPAL FEATURES OF PLAN OPTIONS

1. Dividend Reinvestment

Shareholders, except those resident in the United States of America or its territories or possessions (collectively, the “United States”), may elect to have their dividends automatically reinvested in common shares of the Bank. Such common shares will, at the Bank’s election, be purchased on the secondary market or issued from treasury. There may also be a discount of up to 5% to the average market price (as defined in the Plan) for common shares issued from treasury in connection with the dividend reinvestment option in the Plan. The Bank will announce via press release and in dividend announcements whether purchases of common shares under the Plan will be made on the secondary market or from treasury and the applicable discount, if any, to the average market price (as defined in the Plan) for common shares issued from treasury and in connection with the dividend reinvestment option of the Plan.

2. Stock Dividend

Shareholders resident in the United States may elect to have their dividends paid in common shares of the Bank. There may also be a discount of up to 5% to the average market price (as defined in the Plan) for common shares issued from treasury in connection with the stock dividend option of the Plan. The Bank will announce via press release and in dividend announcements the applicable discount, if any, to the average market price (as defined in the Plan) for common shares issued from treasury in connection with the stock dividend option of the Plan. This option is not available to shareholders residing outside of the United States.

3. Optional Share Purchase

Shareholders, except those resident in the United States, may make optional cash payments of up to \$20,000 in each fiscal year of the Bank for the purchase of additional common shares of the Bank at a price equal to 100% of the average market price (as defined in the Plan) of common shares, without paying brokerage commissions or other expenses. Optional cash payments may not be less than \$100 per remittance.

Participation in this option is automatic for shareholders who enroll in the dividend reinvestment option.

This option is also available to shareholders who wish to continue receiving dividends in cash on their present shareholdings, but who wish to make optional cash payments from time to time to purchase common shares of the Bank. Dividends on common shares purchased with optional cash payments must either be reinvested in additional common shares of the Bank or be paid in the form of common shares of the Bank in accordance with the provisions of the Plan.

THE PLAN

1. *Purpose*

The purpose of the Shareholder Dividend and Share Purchase Plan (the “Plan”) of The Bank of Nova Scotia (the “Bank”) is to provide the holders of common and preferred shares of the Bank with a simple and convenient method to do the following, in each case, without payment of any brokerage commission or service charge:

- a) **Dividend Reinvestment** – to invest cash dividends on common and preferred shares in additional common shares of the Bank;
- b) **Stock Dividend** – to receive all their dividends on common and preferred shares in the form of stock dividends in additional common shares of the Bank (U.S. residents only); and/or
- c) **Optional Share Purchase** – to purchase common shares of the Bank by making optional cash payments.

The Plan also provides a means for the Bank to retain, as capital, funds which would otherwise be paid out in cash, and through optional cash payments for common shares issued from treasury, to acquire further capital funds for general banking purposes.

2. *Advantages to Participants*

a) **Dividend Reinvestment**

Participants in the Plan may elect to have all cash dividends on their common and preferred shares of the Bank automatically reinvested in additional common shares of the Bank. Common shares will be purchased at the average market price (as defined in the Plan) either on the secondary market or issued from treasury. There may also be a discount of up to 5% to the average market price (as defined in the Plan) for common shares issued from

treasury in connection with the dividend reinvestment option of the Plan. The Bank will announce via press release and in dividend announcements whether purchases of common shares under the Plan will be made on the secondary market or from treasury and the applicable discount, if any, to the average market price (as defined in the Plan) for shares issued from treasury in connection with the dividend reinvestment option. Full investment of funds is assured under the Plan because the Plan permits fractions of shares, as well as whole shares, to be credited to participants' accounts. When a participant makes a dividend reinvestment election, dividends in respect of whole shares and fractions of shares purchased under the Plan will be held by the Agent for participants' accounts and automatically reinvested under the Plan.

b) Stock Dividend

Participants in the Plan that reside in the United States may elect to have all dividends on their common and preferred shares of the Bank automatically issued as additional common shares of the Bank. For the purpose of determining the number of additional common shares which will be issued by way of stock dividend, the common shares of the Bank will be valued at the average market price (as defined in the Plan) for shares issued from treasury or for shares acquired on the secondary market. There may also be a discount of up to 5% to the average market price (as defined in the Plan) for such common shares issued from treasury in connection with the stock dividend option of the Plan. The Bank will announce via press release and in dividend announcements whether purchases of common shares under the Plan will be made on the secondary market or from treasury and the applicable discount, if any, to the average market price (as defined in the Plan) for common shares issued from treasury in connection with the stock dividend option of the Plan. When a participant elects to receive stock dividends, all dividends declared on common shares held for a participant's account under the

Plan will be automatically paid by the issue of additional common shares to the Agent by way of stock dividends for the account of the participant.

c) Optional Share Purchase

Holders of common and preferred shares of the Bank may make optional cash payments up to an aggregate of \$20,000 in each fiscal year of the Bank. The price of common shares purchased through the investment of optional cash payments will be 100% of the Average Market Price and no brokerage commission or service charge is payable by participants in connection with purchases of common shares under the Plan.

Dividends on common shares purchased with optional cash payments must either be reinvested in common shares or received as stock dividends in accordance with the Plan.

3. Administration of the Plan

Computershare Trust Company of Canada (the “Agent”) will act as Agent for the participants in the Plan. On behalf of participants, the Bank will pay to the Agent all cash dividends to be reinvested. The Agent will then use these funds and any optional cash payments received from participants to purchase additional common shares of the Bank for participants. Additional common shares will be distributed as stock dividends to residents of the United States who elect to participate in the stock dividend option of the Plan. In all cases, the common shares received by participants are, at the election of the Bank, either newly issued and purchased directly from the Bank, or outstanding common shares purchased on the secondary market. Common shares issued or purchased under the Plan will be registered in the name of the Agent or its nominee. If Computershare Trust Company of Canada ceases to act as Agent under the Plan, another agent will be designated by the Bank.

4. Participation in the Plan: Eligibility and Bank Act Restrictions

Except as described below, all registered holders of the Bank's common and preferred shares are eligible to participate in the Plan at any time by signing an Authorization Form and returning it to the Agent. A person who is a beneficial but not a record owner of common or preferred shares (i.e. whose shares are registered in the name of a nominee or in street form) will be required to have such shares transferred into his or her name or into a specific segregated registered account, such as a numbered account, with a bank or trust company, with the concurrence of such bank or trust company, in order to become a participant in the Plan. Once an Authorization Form has been lodged with the Agent, participation in the Plan continues automatically until terminated as hereinafter provided.

Neither the common nor the preferred shares of the Bank are registered under the United States *Securities Act* of 1933, as amended or any state securities laws. Accordingly, shareholders resident in the United States may participate in the stock dividend option under the Plan, but may not participate in the dividend reinvestment option and may not elect to make optional cash payments. The Plan is available to other shareholders resident outside Canada provided that the Plan is not prohibited by the laws of the country in which such shareholders reside.

The Plan is subject to the provisions of the *Bank Act* which specifically prohibit the holding of shares of the Bank by persons beyond a stated amount. While the Bank is not currently aware that the prohibition applies to any shareholder or group of shareholders, it may be required in the future to refuse to accept either initial or continuing participation in the Plan.

The Bank may deny the right to participate in the Plan to shareholders who the Bank has reason to believe have been engaging in market activities, or have been artificially accumulating securities of the Bank, for the purpose of taking undue advantage of the Plan to the detriment of the Bank.

The Authorization Form provides for the election by a shareholder of the various options under the terms of the Plan. A shareholder may:

- a) direct the Bank to forward to the Agent all of the cash dividends paid on common and/or preferred shares of the Bank held of record by such participant and direct the Agent, as Agent for such participant, to invest such dividends received by the Agent in additional common shares in accordance with the terms of the Plan;
- b) elect to have all dividends on common and preferred shares of the Bank invested in additional common shares in accordance with the terms of the Plan; and/or
- c) direct the Agent, as Agent for the participant, to invest optional cash payments in additional common shares in accordance with the terms of the Plan.

Authorization Forms will be provided by the Bank from time to time to the holders of common and preferred shares and may be obtained at any time upon written request to Computershare Trust Company of Canada at 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, attention: Stock Transfer Services Department.

Shareholders, other than residents of the United States, become participants in the Plan on the first dividend record date for the common or preferred shares in respect of which participation is being elected following receipt by the Agent of the completed Authorization Form. Under applicable U.S. law, residents of the United States who wish to participate in the stock dividend option of the Plan must have their Authorization Forms in the hands of the Agent in advance of the Bank's *dividend declaration date* which usually falls approximately one month prior to the record date for payment of dividends.

5. Optional Cash Payments

A holder of common or preferred shares who has elected to participate in the Plan, other than a holder who is a resident of the United States, may make optional cash payments to be applied toward the purchase of additional common shares of the Bank, which optional cash payments may not be less than \$100 per remittance and may not exceed an aggregate of \$20,000 in any fiscal year of the Bank, which ends on the last day of October of each year. There is no obligation for a participant to make optional cash payments or to make all such payments in the same amount.

Shareholders who are not participants in the Plan may make optional cash payments to be applied toward the purchase of common shares of the Bank and thereafter such shareholder shall become a participant in the Plan automatically with all future dividends on the shares so acquired being reinvested in additional common shares of the Bank.

6. Purchases of Additional Common Shares

Purchases of additional common shares through the application of cash dividends paid on common shares pursuant to the Plan will be made automatically on each dividend payment date for common shares which are traditionally on the third last business day of January, April, July and October of each year (hereinafter referred to as a “Common Dividend Date”). Purchases of additional common shares through the application of cash dividends paid on preferred shares will be made automatically on each dividend payment dates for each series of such preferred shares (hereinafter referred to as a “Preferred Dividend Date”).

Purchases of common shares to be made by the application of optional cash payments will be made:

- a) in any month in which a Common Dividend Date occurs, on such Common Dividend Date provided that the date on

which the optional cash payment has been received falls at least one business day prior to such Common Dividend Date; and

- b) in any month in which a Common Dividend Date does not occur, on the last business day of such month, provided that the date on which the optional cash payment has been received falls at least one business day prior to the last business day of such month (such last business day being hereinafter referred to as an “Optional Purchase Date”). Optional cash payments received after the first business day prior to a Common Dividend Date or an Optional Purchase Date, as the case may be, will be held by the Agent and applied to the purchase of additional common shares on the Common Dividend Date or Optional Purchase Date, as the case may be, in the next following month. No interest will be paid on the amount of optional cash payments so held by the Agent. To ensure the prompt purchase of additional common shares in the case of optional cash payments, a participant should ensure his transmittal of such a payment will reach the Agent at least one business day prior to a Common Dividend Date or Optional Purchase Date, as the case may be. All optional cash payments shall be made to the Agent.

In all cases, the common shares to which participants become entitled under the Plan shall be, at the election of the Bank, either newly issued from treasury or outstanding common shares purchased on the secondary market.

7. Value of Additional Common Shares Issued Under the Plan

The value at which the Agent will receive newly issued common shares from treasury for purposes of the Plan will be equal to the

Average Market Price for common shares. There may also be a discount of up to 5% to the Average Market Price for common shares issued from treasury in connection with the dividend reinvestment and stock dividend options of the Plan. The Bank will announce via press release and in dividend announcements (i) whether purchases of common shares under the Plan will be made on the secondary market or from treasury and (ii) the applicable discount, if any, to the Average Market Price for common shares issued from treasury only in connection with the dividend reinvestment and the stock dividend options of the Plan. The price at which the Agent will purchase common shares on the secondary market will be equal to 100% of the Average Market Price in all cases.

For the purposes hereof, when referring to the distribution of newly issued common shares from treasury under the Plan, the Average Market Price will be the weighted average market price for all trades of the common shares of the Bank on the Toronto Stock Exchange (the “TSX”), based on the daily trading volume and prices published in the “Daily Record” of the TSX for the five trading days on which at least a board lot of common shares of the Bank was traded ending on the business day immediately preceding the relevant Common Dividend Date, Preferred Dividend Date or Optional Purchase Date, as the case may be. When referring to the distribution of common shares purchased on the secondary market under the Plan, the Average Market Price will be the average price paid by the Agent for all the Banks’ common shares purchased to satisfy dividend payments, reinvestments or optional cash payments, as applicable.

a) Dividend Reinvestment

On each Common Dividend Date and each Preferred Dividend Date the Bank will pay the Agent the total amount of cash dividends to be reinvested on behalf of participants in the dividend reinvestment option of the Plan on such Common or Preferred Dividend Dates. The Bank will advise the Agent of the purchase price of the

additional common shares to be purchased and the number of common shares to be delivered on such Common Dividend Date or Preferred Dividend Date, as the case may be.

b) Stock Dividend

The Bank and the Agent will jointly determine with respect to each dividend record date for the common or preferred shares the number of common or preferred shares on which dividends will be paid by the delivery of common shares, the amount of the cash dividend per share which participants in the stock dividend option of the Plan would otherwise receive, net of Canadian non-resident withholding tax when applicable, and the number of common shares which will be delivered to participants as stock dividends on such dividend payment date.

c) Optional Cash Payments

The Agent will deliver to the Bank the amount of optional cash payments received by it which are to be invested on each Common Dividend Date or Optional Purchase Date, as the case may be, and the Bank will advise the Agent of the purchase price for the additional common shares to be so purchased and the number of common shares to be delivered on such Common Dividend Date or Optional Purchase Date.

Each participant's account will be credited with that number of common shares issued to or purchased for the participant, including fractions computed to three decimal places, which is equal to the amount to be invested for such participant, or which is equal to the aggregate of cash dividends which would otherwise be payable on all common shares held by such participant, divided by the purchase price.

8. *Certificates for Common Shares*

Certificates for common shares issued or purchased under the Plan will not initially be issued to participants but will be registered in the name of the Agent or its nominee. The number of common shares issued or purchased under the Plan for each participant will be

credited in a Plan account established for that participant and shown on such participant's statement of account. Upon written request of the participant, the Agent will issue share certificates registered in the participant's name for any number of whole common shares held for such participant's account under the Plan. Normally, such certificates will be issued to a participant within seven days following receipt by the Agent of such participant's written request. Any remaining whole shares or fraction of a share will continue to be credited to such participant's account under the Plan and the participant will remain enrolled in the Plan.

Accounts under the Plan will be maintained in the names in which certificates of the participants were registered at the time they entered the Plan. As a result, certificates for whole shares will be similarly registered when issued. Shares held by the Agent under the Plan may not be pledged, sold or otherwise disposed of by a participant. A participant who wishes to pledge, sell or otherwise dispose of such shares must request that certificates for such shares be issued.

A certificate will not be issued for a fraction of a share.

9. Termination of Participation

Participation in the Plan may be terminated at any time by giving written notice to the Agent. No specific form of termination is required. Except as stated below, when participation in the Plan is terminated, the participant will receive a certificate for the number of whole common shares held for such participant's account and a cash payment will be made for any fraction of a common share credited to such participant's account and for any uninvested optional cash payments. If a notice of termination is received by the Agent:

- a) in the case of residents of the United States, on or after the declaration date for the payment of a dividend; or

- b) in the case of all other participants, on or after the record date for the payment of a dividend;

but before the payment date for such dividend, the participant's account will not be closed until after the Common Dividend Date or Preferred Dividend Date in respect of such dividend.

A terminating participant may direct the Agent to sell all the whole and fractional common shares credited to such participant's account under the Plan. In this event, the Agent will sell such shares through a stock broker designated by the Agent as soon as reasonably practicable following receipt by the Agent of a notice of termination. The proceeds of such sale, less brokerage commissions and transfer taxes, if any, will be paid to the terminating participant by the Agent together with a cash payment for any fraction of a share held in such participant's account. Common shares that are sold may be commingled with common shares of other terminating participants, in which case, the proceeds to each terminating participant will be based on the average sale prices of all shares so commingled.

Participation in the Plan will be terminated automatically upon receipt by the Agent of a written notice of the death of a participant. In such case, certificates for the whole common shares of the Bank will be issued in the name of the deceased participant and/or in the name of the estate of the deceased participant, as appropriate, and the Agent will send such certificates and a cash payment for any uninvested optional cash payments and for any fraction of a common share to the representative of the deceased participant.

For the purpose of providing cash payments in respect of a fraction of a share under the foregoing provisions of this Section 9, the Agent will purchase for cash any such fraction. The amount of the payment for a fraction of a share in the Plan will be based on the last price paid by the Agent for new common shares purchased out of optional cash payments.

If a participant disposes of all of the common and preferred shares registered in the name of such participant, the Agent will write to such participant within 60 days after the transfer of said shares has been recorded in a securities register of the Bank (the “First Notice”) requesting advice as to what disposition should be made of shares held by the Agent for such participant’s account under the Plan. Subject to the following paragraph, the Agent will continue to reinvest dividends on such shares under the Plan, or the dividends will continue to be paid on such shares by the issue of additional common shares to the Agent for the account of the participant, in accordance with the participant’s election under the Plan.

If no response to the First Notice in the form of an election by the Plan participant has been received within 60 days from the date upon which the Agent sends such notice and the participant holds in the Plan less than 50 whole common shares, then a further notice (the “Second Notice”) shall be sent to such participant. The Second Notice will again request advice as to what disposition should be made of such shares and will further specify that if no instructions are given within a further 60 days from the date upon which the Agent sends the Second Notice, the Agent will dispose of such shares by selling such shares in the market. If the Agent sells such shares pursuant to the Second Notice, the Agent will send a cheque by registered mail to the last known address of the Plan participant in the amount of the proceeds of such sale less brokerage commissions. In the event that such cheque is returned to the Agent or remains uncashed, the proceeds will, subject to applicable law, be held in trust for the benefit of such participant for a period of 6 years, following which such proceeds will revert to the Bank. Any interest earned on such funds during any such period will be payable to the Bank. During such 6 year period or any portion thereof, the Bank reserves the right to deduct from such proceeds periodic administrative fees charged by the Agent for the maintenance of the trust account in the name of the participant.

10. Costs

There are no brokerage commissions payable with respect to common shares issued or purchased under the Plan. All costs of administration of the Plan, including the fees and expenses of the Agent, will be paid by the Bank. There is no charge to a participant upon termination of participation in the Plan, but if a participant upon giving notice of termination requests the sale of whole and fractional common shares held for the participant's account, such participant will pay all applicable brokerage commissions and transfer taxes, if any, on the sale of common shares effected by the Agent for such participant.

11. Reports to Participants

The Agent will maintain an account for each participant in the Plan. A statement of account will be mailed to each participant as promptly as practicable after each Common Dividend Date. These statements will constitute a participant's continuing record of the date and valuation of the acquisition of additional common shares of the Bank, and should be retained for income tax purposes.

12. Rights Offering

If the Bank makes available to holders of its common shares rights to subscribe for additional common shares or other securities, rights certificates will be issued by the Bank to each participant for the number of whole shares held for a participant's account under the Plan on the record date for such rights issue plus the number of shares, if any, held of record by such participant. No such right will be made available in respect of a fraction of a share in a participant's account on such record date.

13. Stock Dividends and Stock Splits

Any common shares of the Bank distributed as a result of a stock dividend (other than a stock dividend paid to participants in the Plan) or a stock split of shares held by the Agent for the account of a participant under the Plan will be retained by the Agent and credited proportionately to the accounts of all participants in the Plan. Certificates for any common shares resulting from a stock dividend (except as aforesaid) or a stock split on common shares held of record by a participant will be mailed directly to such participant in the same manner as to shareholders not participating in the Plan.

14. Voting

Whole common shares held for a participant's account under the Plan on the record date for a vote of common shareholders will be voted in the same manner as the participant's common shares of record are voted either by proxy or by the participant in person. Participants who are not or cease to be common shareholders of record will receive the same information as common shareholders of record so that shares held under the Plan may be voted in accordance with their instructions. Common shares for which instructions are not received will not be voted.

15. Responsibilities of the Bank and the Agent

Neither the Bank nor the Agent shall be liable for any act done in good faith or for any good-faith omission to act nor shall the Bank or the Agent have any duties, responsibilities or liabilities except such as are expressly set forth in the Plan.

16. Agent's Right to Deal in Securities of the Bank

The Agent or its affiliates may, from time to time, for its own account or on behalf of

accounts it may manage, deal in common and preferred shares or in other securities of the Bank and shall not be liable to account to the Bank or to any participant in respect of such dealings.

17. Agent's Right to Comply with Laws

The Agent is authorized to comply with applicable laws, orders or regulations of any competent government authority now or hereafter in force which purport to impose on the Agent a duty to take or refrain from taking any action under the Plan and to permit any properly authorized party to have access to and to examine and make copies of any records relating to the participation of any participant in the Plan.

18. Agent's Right to Resign

The Agent may resign as agent hereunder at any time on 90 days' prior written notice to the Bank. The Bank may remove the Agent as agent hereunder at any time on 90 days' prior written notice to the Agent. In the event of such resignation or removal, the Bank shall forthwith choose and appoint a successor agent and the Agent shall as soon as possible deliver to the successor agent all records in its possession relating to the Plan. Any corporation into which the Agent may be merged, consolidated or amalgamated or any corporation resulting from any merger, consolidation or amalgamation to which the Agent is a party shall be successor or agent hereunder.

19. Rules

The Bank and the Agent may make rules and regulations not inconsistent with the terms of the Plan for the better administration of the Plan.

20. Risk of Market Price Fluctuations

A participant's investment in common shares acquired under the Plan is no different from an investment in common shares directly held. Accordingly, neither the Bank nor the Agent can assure a profit or protect participants against a loss on shares acquired under the Plan and each participant shall bear the risk of loss and realize the benefits of any gain from market price changes with respect to common shares acquired under the Plan.

21. Amendment, Suspension & Termination

The Bank reserves the right to amend, suspend or terminate the Plan at any time but no such action shall have any retroactive effect that would prejudice the interests of participants. Any amendments to the Plan must be precleared by the TSX. All participants will be sent written notice of any such amendment, suspension or termination.

If the Plan is terminated by the Bank, certificates for whole common shares held for each participant's account under the Plan and cash payments for any fraction of a share and for any uninvested optional cash payments will be remitted as soon as possible to each participant. In the event of suspension of the Plan by the Bank, no investment will be made by the Agent on any Dividend Date or Optional Purchase Date following the effective date of such suspension. The Bank or the Agent, as the case may be, will remit to the participants the amount of any optional cash payments which are not invested as of the effective date of such suspension and dividends on common shares which are subject to the Plan and which are paid after the effective date of such suspension.

22. Notices

All notices required to be given to participants under the Plan shall be mailed to participants at their address shown on the securities register of

the Bank. All notices to the Agent shall be addressed to: Computershare Trust Company of Canada, 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, attention: Stock Transfer Services Department.

23. Effective Date

The provisions of the Plan, as amended, as described in this Offering Circular take effect from November 6, 2013.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The Canadian federal income tax considerations arising from participation in the Plan are generally summarized below. This commentary is based upon the law in effect on November 1, 2013.

Shareholders should consult and rely on their tax advisers about the tax consequences which will result from their participation in the Plan, taking into account tax consequences in their country of residence.

Participants Resident in Canada

This portion of the summary is applicable only to participants who, for purposes of the *Income Tax Act* (Canada) (the “Act”) and at all relevant times, are resident or deemed to be resident in Canada, hold their common or preferred shares as capital property, deal at arm’s length with the Bank and are not subject to “mark-to-market” rules relating to securities held by certain “financial institutions” as defined in the Act for purposes of those rules and to whom the “functional currency” reporting rules in the Act do not apply.

a) Dividend Reinvestment

For purposes of the Act, participants will be considered to have received a taxable dividend on each dividend payment date equal to the full amount of the cash dividend paid on that date. Participants must include in their annual taxable income the taxable amount of dividends and will be subject to tax under the Act in the same manner as they would have been had they received the dividends directly.

For purposes of determining loss or gain on the disposition or deemed disposition of common shares, the cost of the new common shares acquired under the dividend reinvestment option, for all purposes of the Act, will be the amount paid for them. The Act requires the cost of any common shares acquired after 1971 to be averaged.

b) Optional Share Purchase

The cost of common shares purchased under the optional cash payment provisions of the Plan will be the amount the participant pays for such shares. The Act requires the cost of all common shares acquired after 1971 to be averaged.

On termination of participation in the Plan, cash proceeds received from the sale of fractional shares may result in a capital gain or loss.

Participants Resident Outside Canada

This portion of the summary is applicable only to participants who, for purposes of the Act and at all relevant times, are neither resident nor deemed to be resident in Canada, do not use or hold and are not deemed to use or hold their common or preferred shares in carrying on business in Canada, deal at arm's length with the Bank, hold their common or preferred shares as capital property, are not subject to "mark-to-market" rules relating to securities held by certain "financial institutions" as defined for the purposes of those rules and whose common or preferred shares are not "designated insurance property" or "taxable Canadian property", each as defined in the Act.

Dividend payments reinvested under the dividend reinvestment option and stock dividends received under the stock dividend option will be reduced by the amount of Canadian withholding tax. The general rate of nonresident withholding tax is 25% unless the participant is a resident in a country which has a tax treaty with Canada in which case the rate of tax is generally 15% in the case of dividends.

U.S. TAX CONSIDERATIONS

This section describes the material United States federal income tax consequences of owning the shares and participating in the Plan. This section is applicable to United States Holders (as defined below) (i) who are residents of the U.S. for purposes of the income tax treaty between the United States and Canada (the “Treaty”), (ii) who do not have a “permanent establishment” or “fixed base” in Canada, (iii) who do not use or hold (or will not use or hold) and who are not deemed to use or hold the common shares in, or in the course of, carrying on a business in Canada or employment in Canada, (iv) who do not carry on an insurance business in Canada or elsewhere and (v) who otherwise would qualify for the full benefits of the Treaty. It applies to you only if you acquire your shares at their original issuance, and you hold your shares as capital assets for United States federal income tax purposes. This section does not apply to you if you are a member of a class of holders subject to special rules, such as:

- a dealer in securities or currencies,
- a trader in securities that elects to use a mark-to-market method of accounting for your securities holdings,
- a financial institution,
- a life insurance company,
- a tax-exempt organization,
- a person that actually or constructively owns 10% or more of our voting stock,
- a person that holds shares as part of a straddle or a hedging or conversion transaction, or
- a person whose functional currency for tax purposes is not the U.S. dollar.

This section is based on the Internal Revenue Code of 1986, as amended (the “Code”), its

legislative history, existing and proposed regulations under the Code, published rulings and court decisions, as well as the income tax treaty between the United States and Canada (the “Treaty”), all as currently in effect. These laws are subject to change, possibly on a retroactive basis.

If a partnership holds the shares, the United States federal income tax treatment of a partner will generally depend on the status of the partner and the tax treatment of the partnership. A partner in a partnership holding the shares should consult its tax advisor with regard to the United States federal income tax treatment of an investment in the shares. This summary does not address tax consequences applicable to holders of equity interests in a holder of the shares, U.S. federal estate, gift or alternative minimum tax considerations, or non-U.S., state or local tax considerations.

Please consult your own tax advisor concerning the consequences of owning these shares in your particular circumstances under the Code and the laws of any other taxing jurisdiction.

You are a United States holder if you are a beneficial owner of a share and you are:

- a citizen or individual resident of the United States,
- a domestic corporation,
- an estate whose income is subject to United States federal income tax regardless of its source, or
- a trust if a United States court can exercise primary supervision over the trust’s administration and one or more United States persons are authorized to control all substantial decisions of the trust, or if it has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

Taxation of Dividends

If you are a United States holder participant, you will realize ordinary taxable income from

cash dividends on the Bank's shares and any deemed dividend resulting from a discount in the purchase price as discussed below, to the extent of the Bank's current or accumulated earnings and profits as determined for U.S. federal income tax purposes. The gross amount of any dividend we pay is subject to United States federal income taxation. If you are a noncorporate United States holder, dividends paid to you that constitute "qualified dividend income" will be taxable to you at a reduced tax rate provided that (i) the Bank is a "qualified foreign corporation" and (ii) you hold the shares for more than 60 days during the 121 day period beginning 60 days before the ex-dividend date and meet other holding period requirements. The Bank generally will be a "qualified foreign corporation" if (1) it is either (a) eligible for the benefits of the Treaty, or (b) if the stock with respect to which such dividend is paid is readily tradable on an established securities market in the United States, and (2) it is not a PFIC (as defined below) in the taxable year of the distribution or the immediately preceding taxable year. The Bank expects to be eligible for the benefits of the Treaty. In addition, as discussed below under "– PFIC Rules", the Bank does not believe it should be treated as a PFIC for the current year or any future years.

The dividend is taxable to you when you receive the dividend, actually or constructively. The dividend is generally not eligible for the dividends received deduction allowed to United States corporations in respect of dividends received from other United States corporations. The amount of the dividend distribution that you must include in your income as a United States holder participant will be the U.S. dollar value of the Canadian payments made, determined at the spot Canadian dollar/U.S. dollar rate on the date the dividend distribution is includible in your income, regardless of whether the payment is in fact converted into U.S. dollars. Generally, any gain or loss resulting from currency exchange fluctuations during the

period from the date you include the dividend payment in income to the date you convert the payment into U.S. dollars will be treated as ordinary income or loss and will not be eligible for the special tax rate applicable to qualified dividend income. The gain or loss generally will be income or loss from sources within the United States for foreign tax credit limitation purposes.

If you are a United States holder participant who receives shares pursuant to the Plan, you will recognize a dividend equal to the sum of (i) the amount of cash which you would have received had the dividend been paid in cash and (ii) the Canadian tax withheld. In addition, you will recognize dividend income if the purchase price is less than the fair market value of the shares. In such case, the amount of the additional taxable dividend resulting from the purchase price discount will be the difference between the fair market value of the shares acquired and the amount paid for the shares.

To the extent the Bank makes a distribution in excess of its current and accumulated earnings and profits, the distribution will be treated first as a tax-free return of capital, reducing the tax basis in your shares, and the amount of each distribution in excess of your tax basis in your shares will be taxable as gain realized from the sale of your shares.

For foreign tax credit limitation purposes, dividends will be income from sources outside the United States and will, depending on your circumstances, be either “passive” or “general” income for foreign tax credit limitation purposes. The rules relating to the determination of the U.S. foreign tax credit, or deduction in lieu of the U.S. foreign tax credit, are complex and you should consult your tax advisors with respect to these rules.

Sale or Exchange of Shares

If you are a United States holder participant and you sell or otherwise dispose of your shares whether pursuant to your request upon

termination of participation in the Plan or after receipt of shares from the Plan, and in the case of any fraction of a share, when you receive a cash adjustment for a fraction of a share, you will recognize capital gain or loss for United States federal income tax purposes equal to the difference between the U.S. dollar value of the amount that you realize and your tax basis, determined in U.S. dollars, in your shares. Your basis in shares acquired from the Bank pursuant to the Plan will equal the fair market value of the shares at the time they were acquired. Capital gain of a noncorporate United States holder is generally taxed at preferential rates where the property is held for more than one year. The deductibility of capital losses is subject to limitations. The gain or loss will generally be income or loss from sources within the United States for foreign tax credit limitation purposes.

Cost Basis Reporting

Dividends and other taxable payments will be reported to noncorporate United States holder participants on IRS Form 1099. Recent law changes require that your cost basis also be reported to you on Form 1099 when you sell shares held in the Plan. The Plan assumes that each United States holder participant will use the first-in, first-out “FIFO” method when determining the tax basis of any shares sold. Participants may designate their preference for a different method of determining the tax basis of shares sold by identifying this preference in writing to the Agent. United States holder participants may designate their preference for “specific identification” cost basis at any time or may designate their preference for the “average basis method” in writing. Because the Plan requires all dividends paid on each share in the Plan be reinvested, the Plan qualifies as a “dividend reinvestment plan” within the meaning of Treasury Regulation 1.1012-1(e)(6)(i), which enables United States holder participants to

use the “average basis method” in certain circumstances when determining the tax basis of any shares sold. United States holder participants should consult with their own tax advisors regarding the tax consequences of participation in the plan and determination of the tax basis of any shares sold.

PFIC Rules

We believe that our shares should not be treated as stock of a Passive Foreign Investment Company (a “PFIC”) for United States federal income tax purposes, but this conclusion is a factual determination that is made annually and thus may be subject to change.

In general, if you are a United States holder, we will be a PFIC with respect to you if for any taxable year in which you held our shares:

- at least 75% of our gross income for the taxable year is passive income, or
- at least 50% of the value, determined on the basis of a quarterly average, of our assets is attributable to assets that produce or are held for the production of passive income.

Passive income generally includes dividends, interest, royalties, rents (other than certain rents and royalties derived in the active conduct of a trade or business), annuities and gains from assets that produce passive income. If a foreign corporation owns at least 25% by value of the stock of another corporation, the foreign corporation is treated for purposes of the PFIC tests as owning its proportionate share of the assets of the other corporation, and as receiving directly its proportionate share of the other corporation’s income. For this purpose, income derived in the active conduct of our banking business should not be treated as passive income.

Information with Respect to Foreign Financial Assets

Certain holders that own “specified foreign financial assets” in excess of certain specified thresholds (depending on filing status and/or residence within or without the United States) will generally be required to file an information report with respect to such assets with their tax returns. “Specified foreign financial assets” include any financial accounts maintained by foreign financial institutions, as well as any of the following, but only if they are not held in accounts maintained by financial institutions: (i) stock or securities issued by non-United States persons, (ii) financial instruments and contracts held for investment that have non-United States issuers or counterparties, and (iii) interests in foreign entities. The shares may be subject to these rules. United States holders are urged to consult their tax advisors regarding the application of this legislation to their ownership of the shares.

Medicare Tax on Unearned Income

Certain United States holder participants that are individuals, estates or trusts will be required to pay an additional 3.8% tax (the “Medicare Tax”) on, among other things, certain dividends on and capital gains from the sale or other disposition of stock. Such participants should consult their tax advisors regarding the effect, if any, of the Medicare tax on their ownership and disposition of shares.

Backup Withholding and Information Reporting

Dividend payments made with respect to the shares and proceeds from the sale, exchange or other disposition of the shares may be subject to information reporting requirements, and to possible U.S. backup withholding (currently at a rate of 28%). In general, backup withholding will apply with respect to reportable payments

made to a United States holder participant unless (i) the United States holder participant is a corporation or other exempt recipient and, if required, demonstrates such exemption, or (ii) the United States holder participant furnishes the payor with a taxpayer identification number on IRS Form W-9 in the manner required, certifies under penalty of perjury that such United States holder participant is not currently subject to backup withholding and otherwise complies with the backup withholding requirements. Backup withholding is not an additional tax. Rather, the amount of any backup withholding imposed on a payment to a United States holder participant will be allowed as a refund or a credit against such United States holder participant's U.S. federal income tax liability, provided that the required information is furnished to the IRS.

FOREIGN ACCOUNT TAX COMPLIANCE ACT WITHHOLDING

Sections 1471 through 1474 of the U.S. Internal Revenue Code 1986 (“FATCA”) impose a new reporting regime and potentially a 30% withholding tax with respect to certain payments to any non-U.S. financial institution (a “foreign financial institution”, or “FFI” (as defined by FATCA)) that does not become a “Participating FFI” by entering into an agreement with the U.S. Internal Revenue Service (“IRS”) to provide the IRS with certain information in respect of certain of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA. The Bank is classified as an FFI.

The new withholding regime will be phased in beginning July 1, 2014 for payments from sources within the United States and will apply to “foreign passthru payments” (a term not yet defined) no earlier than January 1, 2017.

The United States and a number of other jurisdictions have announced their intention to negotiate intergovernmental agreements to facilitate the implementation of FATCA (each, an “IGA”). Pursuant to FATCA and the “Model 1” and “Model 2” IGAs released by the United States, an FFI in an IGA signatory country could be treated as a “Reporting FI” not subject to withholding under FATCA on any payments it receives. Further, an FFI in a Model 1 IGA jurisdiction would not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being “FATCA Withholding”) from payments it makes (unless it has agreed to do so under the U.S. “qualified intermediary,” “withholding foreign partnership,” or “withholding foreign trust” regimes). Under each Model IGA, a Reporting FI would still be required to report certain information in respect of certain of its account holders and investors to its home government or to the IRS. The United States and Canada have indicated an intention to enter into an agreement (a “US-Canada IGA”) however no assurance can be given that the United States and Canada will enter into such an agreement.

The Bank expects to be treated as a Reporting FI pursuant to a U.S.-Canada IGA and does not anticipate being obliged to deduct any FATCA Withholding on payments it makes. There can be no assurance, however, that the Bank will be treated as a Reporting FI, or that it would in the future not be required to deduct FATCA Withholding from payments it makes. Accordingly, the Bank and financial institutions through which payments on the shares are made may be required to withhold FATCA Withholding if any FFI through or to which payment on such shares is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA.

If an amount in respect of FATCA Withholding were to be deducted or withheld from payments made in respect of the shares, neither the Bank nor any paying agent nor any other person would be required to pay additional amounts as a result of the deduction or withholding.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form.

TO ENSURE COMPLIANCE WITH IRS CIRCULAR 230, EACH TAXPAYER IS HEREBY NOTIFIED THAT: (A) ANY TAX DISCUSSION HEREIN IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY THE TAXPAYER FOR THE PURPOSE OF AVOIDING U.S. FEDERAL INCOME TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; (B) ANY SUCH TAX DISCUSSION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) THE TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

BENEFIT PLAN INVESTOR CONSIDERATIONS

The shares should be eligible for purchase by employee benefit plans and other plans subject to Title I of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), and/or the provisions of Section 4975 of the Code and by governmental, church and non-U.S. plans that are subject to state, local, other federal or non-U.S. law that is substantially similar to ERISA or the Code (“Similar Law”) subject to consideration of the issues described in this Section. ERISA imposes certain requirements on “employee benefit plans” (as defined in Section 3(3) of ERISA) subject to ERISA, including entities such as collective investment funds and separate accounts whose underlying assets include the assets of such plans (collectively, “ERISA Plans”), and on those persons who are fiduciaries with respect to ERISA Plans. Investments by ERISA Plans are subject to ERISA’s general fiduciary requirements, including the requirements of investment prudence and diversification and the requirement that an ERISA Plan’s investments be made in accordance with the documents governing the ERISA Plan. The prudence of a particular investment must be determined by the responsible fiduciary of an ERISA Plan by taking into account the ERISA Plan’s particular circumstances and all of the facts and circumstances of the investment.

Section 406 of ERISA and Section 4975 of the Code prohibit certain transactions involving the assets of an ERISA Plan (as well as those plans that are not subject to ERISA but which are subject to Section 4975 of the Code, such as individual retirement accounts (also “ERISA Plans”)) and certain persons (referred to as “parties in interest” or “disqualified persons”) having certain relationships to such ERISA Plans, unless a statutory or administrative exemption is applicable to the transaction. A party in interest or disqualified person, including an ERISA Plan fiduciary, who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code.

The Bank or any other party to the transactions referred to herein may be parties in interest or disqualified persons with respect to many ERISA Plans. Prohibited transactions within the meaning of Section 406 of ERISA or Section 4975 of the Code may arise if any of the shares is acquired or held by an ERISA Plan, including but not limited to where the Bank or any other party to such transactions is a party in interest or a disqualified person. Certain exemptions from the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code may be applicable, however, depending in part on the type of ERISA Plan fiduciary making the decision to acquire any shares and the circumstances under which such decision is made. Included among these exemptions are Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code (relating to transactions between a person that is a party in interest (other than a fiduciary or an affiliate that has or exercises discretionary authority or control or renders investment advice with respect to assets involved in the transaction) solely by reason of providing services to the plan, provided that there is adequate consideration for the transaction), Prohibited Transaction Class Exemption (“PTCE”) 91-38 (relating to investments by bank collective investment funds), PTCE 84-14 (relating to transactions effected by a qualified professional asset manager), PTCE 95-60 (relating to transactions involving insurance company general accounts), PTCE 90-1 (relating to investments by insurance company pooled separate accounts) and PTCE 96-23 (relating to transactions determined by in-house asset managers). Prospective shareholders should consult with their advisors regarding the prohibited transaction rules and these exceptions. There can be no assurance that any of these exemptions or any other exemption will be available with respect to any particular transaction involving any shares.

Governmental plans (as defined in Section 3(32) of ERISA), certain church plans (as

defined in Section 3(33) of ERISA) and non-U.S. plans (as described in Section 4(b)(4) of ERISA), while not subject to the fiduciary responsibility provisions of ERISA or the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code, may nevertheless be subject to substantially Similar Law. Fiduciaries of any such plans should consult with their counsel before purchasing the shares to determine the need for, if necessary, and the availability of, any exemptive relief under any Similar Law.

Each ERISA Plan fiduciary who is responsible for making the investment decisions whether to purchase or commit to purchase and to hold any of the shares should determine whether, under the documents and instruments governing the ERISA Plan, an investment in such shares is appropriate for the ERISA Plan, taking into account the overall investment policy of the ERISA Plan and the composition of the ERISA Plan's investment portfolio. Any ERISA Plan proposing to invest in such shares (including any governmental, church or non-U.S. plan) should consult with its counsel to confirm that such investment will not constitute or result in a non-exempt prohibited transaction and will satisfy the other requirements of ERISA and the Code (or, in the case of a governmental, church or non-U.S. plan, any substantially Similar Law).

The sale of any shares to an ERISA Plan is in no respect a representation by the Bank or any other party to the transactions that such an investment meets all relevant legal requirements with respect to investments by ERISA Plans generally or any particular ERISA Plan, or that such an investment is appropriate for ERISA Plans generally or any particular ERISA Plan.



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