

# Enjoy the potential for equity powered return with principal protection

- Enjoy full principal protection
- Invest for growth or income
- Benefit from the return potential of equity investments
- Select with or without minimum guaranteed rate

## Consider this investment if:

- You want a 100% principal guaranteed and CDIC eligible investment
- You want the potential to enhance your GIC returns
- You want to invest for two years or longer
- You are willing to forgo the guaranteed return of a traditional GIC in exchange for the potential to earn a higher return

| Scotiabank Equity Powered GICs          |                                 |  |                           |                         |                         |
|---|---------------------------------|--|---------------------------|-------------------------|-------------------------|
|   | Canadian Income                 | Canadian Guaranteed Return             | Canadian Growth           | American Growth         | Global Growth           |
| Term in years                           | 2 / 3 / 5                       | 2 / 3 / 5                              | 2 / 3 / 5                 | 2 / 3 / 5               | 2 / 3 / 5               |
| Minimum Annual Guaranteed Interest Rate | / /<br>Paid annually            | / /<br>Compounded and paid at maturity | None                      | None                    | None                    |
| Maximum Basket Return                   | / /<br>Paid annually            | / /<br>Paid at maturity                | / /<br>Paid at maturity   | / /<br>Paid at maturity | / /<br>Paid at maturity |
| Cumulative Maximum Potential Return*    | Up to / /                       | Up to / /                              | Up to / /                 | Up to / /               | Up to / /               |
| Linked to                               | Basket of Canadian Shares       | Basket of Canadian Shares              | Basket of Canadian Shares | Basket of US Shares     | Basket of Global Shares |
| Minimum investment                      | \$1,000 (Canadian Dollars Only) |  |                           |                         |                         |
| Principal                               | 100% Principal Guarantee        |  |                           |                         |                         |
| CDIC eligible                           | Yes                             |  |                           |                         |                         |

\* This is not an annual return but rather the maximum cumulative return over the entire term of the GIC. It is the sum of the Minimum Annual Guaranteed Interest Rate for each year of the term, if applicable, and the Maximum Basket Return (for each year of the term, for Canadian Income). Actual return could be the Minimum Annual Guaranteed Interest Rate only, or zero, as applicable.



# Scotiabank Equity Powered GICs

## In which plans can I purchase the Scotiabank Equity Powered GIC?

You can purchase the Scotiabank Equity Powered GIC within your RRSP, RRIF, RESP, RDSP, TFSA or non registered.

## How is the potential return calculated?

The potential return is calculated as the average of the share price returns of the shares in the basket, subject to a maximum, for each share. For more information, including detailed examples, please refer to the "Terms and Conditions" and "How is the Return Calculated?" pages enclosed. You can review the current performance and past returns of Scotiabank Equity Powered GICs by speaking with a Scotiabank branch representative or by visiting [www.scotiabank.com](http://www.scotiabank.com).

## How do Scotiabank Equity Powered GICs compare with other investments?

|  | Scotiabank Equity Powered GICs                          | Regular GICs             | Scotiabank Index Powered GIC                      | Direct Market/Stock Investment          |
|--|---|--------------------------|---|---|
| <b>Principal 100% guaranteed</b>       | Yes   | Yes                      | Yes   | No                                      |
| <b>CDIC eligible</b>                   | Yes   | Yes                      | Yes   | No                                      |
| <b>Can be redeemed?</b>                | No  | No                       | No  | Varies                                  |
| <b>Offers minimum guaranteed rate?</b> | Yes, for Canadian Income and Canadian Guaranteed Return | Yes, full rate guarantee | No  | No                                      |
| <b>Return calculation</b>              | Linked to a diversified Basket of Shares                | Fixed interest rate      | Linked to the performance of a stock market Index | Determined by performance of investment |

## What is in the Basket of Canadian Shares?

The Basket of Canadian Shares is a diversified group of Canadian companies equally weighted for the initial price:

|  |  |  |  |  |
|--|--|--|--|--|
|  |  |  |  |  |
|  |  |  |  |  |

## What is in the Basket of American Shares?

The Basket of American Shares is a diversified group of US Companies equally weighted for the initial price:

|  |  |  |  |  |
|--|--|--|--|--|
|  |  |  |  |  |
|  |  |  |  |  |

## What is in the Basket of Global Shares?

The Basket of Global Shares is a diversified group of international companies equally weighted for the initial price.

|  |  |  |  |  |
|--|--|--|--|--|
|  |  |  |  |  |
|  |  |  |  |  |

# Scotiabank Equity Powered GICs

## Can I redeem my Scotiabank Equity Powered GIC prior to maturity? Can I transfer it?

No, a Scotiabank Equity Powered GIC cannot be redeemed prior to maturity and it is a non-transferable investment.

## Are there any fees associated with Scotiabank Equity Powered GICs?

No, there are no fees.

## What is the process for purchasing Scotiabank Equity Powered GICs?

Please visit your local branch to purchase your Scotiabank Equity Powered GIC. You will earn interim interest between the date you purchase a Scotiabank Equity Powered GIC and the GIC's issue date. When your Scotiabank Equity Powered GIC is issued, the initial amount you invested, plus any interim interest you've earned, are added together and become the Equity Powered GIC principal amount, which is fully guaranteed.

## What payout options do I have?

You can select any of the GICs offered under the Scotiabank Equity Powered GIC suite. The difference between the options is the combination of the Minimum Annual Guaranteed Interest Rate, if any, and the maximum potential return. In addition, the Scotiabank Equity Powered GIC – Canadian Income pays annually a minimum guaranteed interest rate or additional return related to the basket of shares, if any. You may arrange to have this interest paid to your Scotiabank deposit account or your bank account at another financial institution. You can also choose to reinvest the interest in your Scotia Investment Account, or we can send a cheque payable to someone else you name.

## Is the underlying basket of shares different among the options?

The underlying basket of shares for the Scotiabank Equity Powered GIC - Canadian Income, Canadian Guaranteed Return, and Canadian Growth is identical. The only difference among them is in the combination of minimum annual guaranteed interest rate, if any, and maximum potential return. The Scotiabank Equity Powered GIC - American Growth has a unique underlying basket of shares of US companies. The Scotiabank Equity Powered GIC - Global Growth has a unique underlying basket of shares of international companies with global operations.

## Which investment is right for me?

The Scotiabank Equity Powered GIC - Canadian Income is unique as it pays annually a minimum guaranteed interest rate and additional return related to the basket of shares, if any, during the term of your investment, allowing you to lock-in gains generated, if any, by the performance of the underlying basket of shares of Canadian companies. The other Scotiabank Equity Powered GICs allow you to tradeoff a minimum annual guaranteed interest rate for a higher maximum potential return. All Scotiabank Equity Powered GICs offer 100% principal guarantee and are CDIC eligible.

## Do I need to choose only one of the payout options?

The minimum investment is \$1,000. Therefore, if you have \$4,000 to invest, you could, for example, choose to purchase the Scotiabank Equity Powered GIC - Canadian Income for \$1,000 for 2-years, the Scotiabank Equity Powered GIC - Canadian Guaranteed Return for \$1,000 for 3-years, the Scotiabank Equity Powered GIC - American Growth for \$1,000 for 5-years, and Scotiabank Equity Powered GIC - Global Growth for \$1,000 for 5-years, thereby laddering your maturity dates and diversifying your investment.

## To make the Scotiabank Equity Powered GICs part of your portfolio, talk to your Scotiabank advisor today.

\* Maximum Potential Return is the highest possible return and includes the minimum annual guaranteed interest rate. This is not an annual rate or rate of return and specified for the entire term.

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# Customer Agreement for Scotiabank Equity Powered GIC (Customer Copy)

This series is available

## Scotiabank Equity Powered GIC being purchased (check only one)

- Canadian Income     Canadian Guaranteed Return     Canadian Growth     American Growth     Global Growth

### Issuer

- The Bank of Nova Scotia     Montreal Trust Company of Canada     National Trust Company

Purchase Date: \_\_\_\_\_

Issue Date: \_\_\_\_\_

Purchase Amount: \_\_\_\_\_

Maturity date for 2 year term: \_\_\_\_\_

Term 2 / 3 / 5 years **(circle the appropriate)**

Maturity date for 3 year term: \_\_\_\_\_

Maturity date for 5 year term: \_\_\_\_\_

Interim Interest Rate Per Annum: \_\_\_\_\_

Plan number: \_\_\_\_\_

This Customer Agreement, which is a part of the Fact Sheet, provides you with a summary of the details of the issue. In addition, the Fact Sheet includes three additional documents: the "Terms & Conditions" of the Scotiabank Equity Powered GICs, "How is the Return Calculated?", which outlines the method by which the maximum potential return is calculated, and "The Shares and the Companies", which outlines the companies comprising the underlying Baskets of Shares for the Scotiabank Equity Powered GICs.

| Term  | Canadian Income |     |     | Canadian Guaranteed Return |     |     | Canadian Growth |     |     | American Growth |     |     | Global Growth |     |     |
|---|-----------------|-----|-----|----------------------------|-----|-----|-----------------|-----|-----|-----------------|-----|-----|---------------|-----|-----|
|   | 2               | 3   | 5   | 2                          | 3   | 5   | 2               | 3   | 5   | 2               | 3   | 5   | 2             | 3   | 5   |
| Minimum Annual Guaranteed Interest Rate                             |                 |     |     |                            |     |     | 0%              | 0%  | 0%  | 0%              | 0%  | 0%  | 0%            | 0%  | 0%  |
| Maximum Share Price Return/Maximum Basket Return (paid at maturity) | N/A             | N/A | N/A |                            |     |     |                 |     |     |                 |     |     |               |     |     |
| Maximum Annual Share Price Return / Maximum Annual Return           |                 |     |     | N/A                        | N/A | N/A | N/A             | N/A | N/A | N/A             | N/A | N/A | N/A           | N/A | N/A |

Please check only one (for more details on the share and companies, please refer to "The Shares and the Companies")

- Basket of Canadian Shares, equally weighted at inception (For Scotiabank Equity Powered GIC - Canadian Income, Scotiabank Equity Powered GIC - Canadian Guaranteed Return and Scotiabank Equity Powered GIC - Canadian Growth only):
- Basket of US Shares, equally weighted at inception (For Scotiabank Equity Powered GIC - American Growth):
- Basket of Global Shares, equally weighted at inception (For Scotiabank Equity Powered GIC - Global Growth):

# Scotiabank Equity Powered GICs

The Terms & Conditions explains the following:

1. **Interim Period:** Between the day you purchase the Scotiabank Equity Powered GIC and the issue date, you will earn interest. The **“Terms & Conditions”** explain how this interim interest is calculated
2. **Your Principal:** Your Principal (“Principal”) is your purchase amount plus any interim interest earned between the purchase date and issue date. The principal is guaranteed and will be paid back to you at maturity. The Principal will include any interim interest earned between the purchase date and the issue date.
3. **Return:** The return you will receive on your Scotiabank Equity Powered GIC upon maturity or at anniversary dates (applicable only for Scotiabank Equity Powered GIC – Canadian Income) is determined by the price performance of an underlying Basket of Shares of Canadian, US or global companies, subject to a maximum for each share. For Scotiabank Equity Powered GIC – Canadian Income, any negative return for a particular Share will be limited to \_\_\_\_\_ for purposes of calculating the annual average Share return of the Basket. For the Scotiabank Equity Powered GIC – Canadian Guaranteed Return, Scotiabank Equity Powered GIC – Canadian Growth, Scotiabank Equity Powered GICs – American Growth or Scotiabank Equity Powered GIC – Global Growth there is no floor on any share’s negative contribution to the average of share returns. If you purchase the Scotiabank Equity Powered GICs - Canadian Guaranteed Return, Scotiabank provides a minimum annual guaranteed rate that will be paid regardless of the performance of the underlying Basket of Shares. If you purchase the Scotiabank Equity Powered GICs - Canadian Income, Scotiabank pays the greater of either the minimum annual guaranteed rate or the performance of the underlying Basket of Shares. For specific details and detailed examples of how the return is calculated, please see the Terms & Conditions included in this Fact Sheet and “How is the Return Calculated?”.

## Funds transferred to your account

4. The interim interest rate, purchase date, maximum return and minimum annual guaranteed interest rate for your Scotiabank Equity Powered GIC will be based on the date that the funds are received by the issuer, which is not necessarily the date on which you requested the transfer of such funds or deposited your cheque.

## Suitability

5. A Scotiabank Equity Powered GIC is different from a fixed rate investment. Though your principal is always guaranteed, there is a greater level of risk associated with a Scotiabank Equity Powered GIC than with a fixed rate investment because it does not provide a fully guaranteed rate of return (with the exception of interim interest earned until its issue date or Scotiabank Equity Powered GICs with a minimum annual guaranteed interest rate). The Scotiabank Equity Powered GIC – Canadian Growth, the Scotiabank Equity Powered GIC – American Growth and the Scotiabank Equity Powered GIC – Global Growth may not provide any return. The Scotiabank Equity Powered GIC – Canadian Guaranteed Return and Scotiabank Equity Powered GIC – Canadian Income may not provide any return in excess of the minimum annual guaranteed interest rate. Therefore, an investment in a Scotiabank Equity Powered GIC is only suitable for investors prepared to assume risks related to the return.

## More Information

6. Your Scotiabank Equity Powered GIC is not redeemable before maturity, except in the event of your death. For more details, please see the Terms & Conditions.
7. Your Scotiabank Equity Powered GIC will not be amended, except in cases specified in the Terms & Conditions.
8. After your Scotiabank Equity Powered GIC is issued, the following information is available on request (a) the net asset value of your GIC on the date you specify and how that value is related to the return payable under your GIC; or (b) the last available measure before the date you specify of the average share returns of the Shares in the Basket and how that measure is related to the return payable under your GIC. Complete information (including historical information about previously matured Scotiabank Equity Powered GICs) is available at [www.scotiabank.com](http://www.scotiabank.com), at any Scotiabank branch or by mail by contacting your branch.
9. **Potential Conflicts of Interest:** Scotiabank will calculate the amount, if any, of return to be paid to you. Scotiabank’s determinations and calculations will be conclusive for all purposes and binding on you. Consequently, potential conflicts between your interests and Scotiabank’s interests may arise. In addition, Scotiabank and its affiliates may hold interests in or securities of, extend credit to or enter into other business dealings with one or more of the entities whose Shares are included in the Basket. Please see **“Terms and Conditions – Your Risks”** for more information on conflicts of interest.
10. **Right of Cancellation:** You are entitled to a right of cancellation, which must be exercised within two days after the later of (a) the date on which this agreement to purchase is entered into and (b) the day on which the Fact Sheet is provided to you. Upon cancellation of the purchase of Scotiabank Equity Powered GICs, you will be entitled to a refund of the principal invested. To exercise your right of cancellation, you may contact your branch advisor.

**By signing below, you acknowledge that before entering this agreement to purchase your Scotiabank Equity Powered GIC in person, you have received a completed copy of this Scotiabank Equity Powered GIC Fact Sheet and that we have orally disclosed to you the information in the paragraphs numbered 1 to 10 above prior to or at the time of entering into this agreement. You further acknowledge that you have received and read a copy of the Investment Companion Booklet. You agree to be bound by all of the terms, conditions and other provisions in this Fact Sheet and those terms, conditions and other provisions in the Investment Companion Booklet that relate to your Scotiabank Equity Powered GIC purchase.**

|                         |                              |
|-------------------------|------------------------------|
| Customer Name(s): _____ | Customer Signature(s): _____ |
| Branch Signature: _____ | Date: _____                  |

# Customer Agreement for Scotiabank Equity Powered GIC (Branch Copy)

This series is available

## Scotiabank Equity Powered GIC being purchased (check only one)

- Canadian Income     Canadian Guaranteed Return     Canadian Growth     American Growth     Global Growth

### Issuer

- The Bank of Nova Scotia     Montreal Trust Company of Canada     National Trust Company

Purchase Date: \_\_\_\_\_

Issue Date:

Purchase Amount: \_\_\_\_\_

Maturity date for 2 year term:

Term 2 / 3 / 5 years **(circle the appropriate)**

Maturity date for 3 year term:

Maturity date for 5 year term:

Interim Interest Rate Per Annum: \_\_\_\_\_

Plan number: \_\_\_\_\_

This Customer Agreement, which is a part of the Fact Sheet, provides you with a summary of the details of the issue. In addition, the Fact Sheet includes three additional documents: the "Terms & Conditions" of the Scotiabank Equity Powered GICs, "How is the Return Calculated?", which outlines the method by which the maximum potential return is calculated, and "The Shares and the Companies", which outlines the companies comprising the underlying Baskets of Shares for the Scotiabank Equity Powered GICs.

| Term  | Canadian Income |     |     | Canadian Guaranteed Return |     |     | Canadian Growth |     |     | American Growth |     |     | Global Growth |     |     |
|---|-----------------|-----|-----|----------------------------|-----|-----|-----------------|-----|-----|-----------------|-----|-----|---------------|-----|-----|
|   | 2               | 3   | 5   | 2                          | 3   | 5   | 2               | 3   | 5   | 2               | 3   | 5   | 2             | 3   | 5   |
| Minimum Annual Guaranteed Interest Rate                             |                 |     |     |                            |     |     | 0%              | 0%  | 0%  | 0%              | 0%  | 0%  | 0%            | 0%  | 0%  |
| Maximum Share Price Return/Maximum Basket Return (paid at maturity) | N/A             | N/A | N/A |                            |     |     |                 |     |     |                 |     |     |               |     |     |
| Maximum Annual Share Price Return / Maximum Annual Return           |                 |     |     | N/A                        | N/A | N/A | N/A             | N/A | N/A | N/A             | N/A | N/A | N/A           | N/A | N/A |

Please check only one (for more details on the share and companies, please refer to "The Shares and the Companies")

- Basket of Canadian Shares, equally weighted at inception (For Scotiabank Equity Powered GIC - Canadian Income, Scotiabank Equity Powered GIC - Canadian Guaranteed Return and Scotiabank Equity Powered GIC - Canadian Growth only):
- Basket of US Shares, equally weighted at inception (For Scotiabank Equity Powered GIC - American Growth):
- Basket of Global Shares, equally weighted at inception (For Scotiabank Equity Powered GIC - Global Growth):

# Scotiabank Equity Powered GICs

The Terms & Conditions explains the following:

1. **Interim Period:** Between the day you purchase the Scotiabank Equity Powered GIC and the issue date, you will earn interest. The **"Terms & Conditions"** explain how this interim interest is calculated
2. **Your Principal:** Your Principal ("Principal") is your purchase amount plus any interim interest earned between the purchase date and issue date. The principal is guaranteed and will be paid back to you at maturity. The Principal will include any interim interest earned between the purchase date and the issue date.
3. **Return:** The return you will receive on your Scotiabank Equity Powered GIC upon maturity or at anniversary dates (applicable only for Scotiabank Equity Powered GIC – Canadian Income) is determined by the price performance of an underlying Basket of Shares of Canadian, US or global companies, subject to a maximum for each share. For Scotiabank Equity Powered GIC – Canadian Income, any negative return for a particular Share will be limited to \_\_\_\_\_ for purposes of calculating the annual average Share return of the Basket. For the Scotiabank Equity Powered GIC – Canadian Guaranteed Return, Scotiabank Equity Powered GIC – Canadian Growth, Scotiabank Equity Powered GICs – American Growth or Scotiabank Equity Powered GIC – Global Growth there is no floor on any share's negative contribution to the average of share returns. If you purchase the Scotiabank Equity Powered GICs - Canadian Guaranteed Return, Scotiabank provides a minimum annual guaranteed rate that will be paid regardless of the performance of the underlying Basket of Shares. If you purchase the Scotiabank Equity Powered GICs - Canadian Income, Scotiabank pays the greater of either the minimum annual guaranteed rate or the performance of the underlying Basket of Shares. For specific details and detailed examples of how the return is calculated, please see the Terms & Conditions included in this Fact Sheet and "How is the Return Calculated?".

## Funds transferred to your account

4. The interim interest rate, purchase date, maximum return and minimum annual guaranteed interest rate for your Scotiabank Equity Powered GIC will be based on the date that the funds are received by the issuer, which is not necessarily the date on which you requested the transfer of such funds or deposited your cheque.

## Suitability

5. A Scotiabank Equity Powered GIC is different from a fixed rate investment. Though your principal is always guaranteed, there is a greater level of risk associated with a Scotiabank Equity Powered GIC than with a fixed rate investment because it does not provide a fully guaranteed rate of return (with the exception of interim interest earned until its issue date or Scotiabank Equity Powered GICs with a minimum annual guaranteed interest rate). The Scotiabank Equity Powered GIC – Canadian Growth, the Scotiabank Equity Powered GIC – American Growth and the Scotiabank Equity Powered GIC – Global Growth may not provide any return. The Scotiabank Equity Powered GIC – Canadian Guaranteed Return and Scotiabank Equity Powered GIC – Canadian Income may not provide any return in excess of the minimum annual guaranteed interest rate. Therefore, an investment in a Scotiabank Equity Powered GIC is only suitable for investors prepared to assume risks related to the return.

## More Information

6. Your Scotiabank Equity Powered GIC is not redeemable before maturity, except in the event of your death. For more details, please see the Terms & Conditions.
7. Your Scotiabank Equity Powered GIC will not be amended, except in cases specified in the Terms & Conditions.
8. After your Scotiabank Equity Powered GIC is issued, the following information is available on request (a) the net asset value of your GIC on the date you specify and how that value is related to the return payable under your GIC; or (b) the last available measure before the date you specify of the average share returns of the Shares in the Basket and how that measure is related to the return payable under your GIC. Complete information (including historical information about previously matured Scotiabank Equity Powered GICs) is available at [www.scotiabank.com](http://www.scotiabank.com), at any Scotiabank branch or by mail by contacting your branch.
9. **Potential Conflicts of Interest:** Scotiabank will calculate the amount, if any, of return to be paid to you. Scotiabank's determinations and calculations will be conclusive for all purposes and binding on you. Consequently, potential conflicts between your interests and Scotiabank's interests may arise. In addition, Scotiabank and its affiliates may hold interests in or securities of, extend credit to or enter into other business dealings with one or more of the entities whose Shares are included in the Basket. Please see **"Terms and Conditions – Your Risks"** for more information on conflicts of interest.
10. **Right of Cancellation:** You are entitled to a right of cancellation, which must be exercised within two days after the later of (a) the date on which this agreement to purchase is entered into and (b) the day on which the Fact Sheet is provided to you. Upon cancellation of the purchase of Scotiabank Equity Powered GICs, you will be entitled to a refund of the principal invested. To exercise your right of cancellation, you may contact your branch advisor.

**By signing below, you acknowledge that before entering this agreement to purchase your Scotiabank Equity Powered GIC in person, you have received a completed copy of this Scotiabank Equity Powered GIC Fact Sheet and that we have orally disclosed to you the information in the paragraphs numbered 1 to 10 above prior to or at the time of entering into this agreement. You further acknowledge that you have received and read a copy of the Investment Companion Booklet. You agree to be bound by all of the terms, conditions and other provisions in this Fact Sheet and those terms, conditions and other provisions in the Investment Companion Booklet that relate to your Scotiabank Equity Powered GIC purchase.**

|                         |                              |
|-------------------------|------------------------------|
| Customer Name(s): _____ | Customer Signature(s): _____ |
| Branch Signature: _____ | Date: _____                  |



# TERMS & CONDITIONS

## The Scotiabank Equity Powered GIC.

The Scotiabank Equity Powered GIC ("GIC") is a non-redeemable, non-transferable guaranteed investment certificate whose rate of return, if any, is based on the price performance of an underlying Basket of Shares of Canadian, US companies or international companies with global operations. The Scotiabank Equity Powered GIC is available as both a non-registered and registered deposit, subject to the terms of the particular plan. You should read the following summary and the detailed description contained in this Fact Sheet.

## Definitions

The Bank of Nova Scotia, Montreal Trust Company of Canada and National Trust Company are each referred to as the "Issuer."

"**Scotiabank**" means, collectively, The Bank of Nova Scotia and any of its affiliates.

"**You**", "**Your**" and "**Investor**" means the purchaser of the Scotiabank Equity Powered GICs.

**Business Day** means a day, other than a Saturday, Sunday or statutory holiday in Ontario, on which Scotiabank is open for domestic business in Toronto, Ontario.

**Business Exchange Day** means any day on which each exchange and each related exchange are open for trading during their respective regular trading sessions, notwithstanding any such exchange or related exchange closing prior to its scheduled closing time that is also a Business Day.

**Maturity Date** means the date on which the term for your Scotiabank Equity Powered GIC ends, as specified on your Customer Agreement.

**Principal** means your purchase amount plus any interim interest you earn between the purchase date and issue date of your Scotiabank Equity Powered GIC as specified in your Customer Agreement.

**Interim Interest Rate** means the regular non-redeemable GIC posted rate applicable to your term as set out in your Customer Agreement.

Please see "**How is the Return Calculated?**" for definition of "**Basket**", "**Share**" and "**Share Return**"

**Note** If the Maturity Date falls on a Sunday, the return, if any, will be deposited on the next Business Day. No interest will be paid for the extra day or days between the Maturity Date and the deposit date.

## General Terms

**Return Calculation: Scotia Capital Inc. will act as calculation agent. See "How is the Return Calculated?"**

**Right of Cancellation:** You are entitled to a right of cancellation, which must be exercised within two days after the later of (a) the date on which this agreement to purchase is entered into and (b) the day on which the Fact Sheet is provided to you. Upon cancellation of the purchase of Scotiabank Equity Powered GICs, you will be entitled to a refund of the principal invested. To exercise your right of cancellation, you may contact your branch advisor.

**Redemption Restrictions:** The term of your Scotiabank Equity Powered GIC is stated on the Customer Agreement Your Scotiabank Equity Powered GIC is not redeemable before maturity, except in the event of your death. In that circumstance, your Scotiabank Equity Powered GIC purchase amount will be paid together with interest calculated from your GIC purchase date to its redemption date at the regular non-redeemable GIC posted rate applicable to your specific term (see Customer Agreement).

**Currency:** All amounts will be deposited, calculated and are payable in Canadian dollars.

**Restrictions on Sale:** Your Scotiabank Equity Powered GIC is only available for sale within Canada and to Canadian residents.

**No amendment:** The terms of Your Scotiabank Equity Powered GIC will not be amended, except (a) if a company announces the terms of a Potential Adjustment Event; (b) if there is an Equity Disruption Event; (c) if there is a Substitution Event in respect of a Share in the Basket; (d) A Merger Event and Tender Offer; (e) an Extraordinary Event or any other event beyond the reasonable control of the issuer of your GIC which has a materially adverse effect on the issuer's ability to calculate a rate of return for your GIC, to manage the related risk, or otherwise perform its obligations. The defined terms used in this risk factor are described below. The calculation agent will make the necessary determinations in connection with any amendment in the circumstances set forth above.

**Potential Adjustment Event** means, in respect of a Share of a company comprising the Basket, the occurrence of any of the following events: (a) a subdivision, consolidation or reclassification of the Shares (unless resulting in a merger), or a free distribution or dividend of any such Shares to existing holders by way of bonus, capitalization or similar issue; (b) a distribution, issue or dividend to existing holders of the Shares of: (i) additional Shares; or (ii) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the applicable company equally or proportionately with such payments to holders

of Shares; or (iii) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the applicable company as a result of a spin-off or other similar transaction, or (iv) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing equity price as determined by Scotiabank (c) an extraordinary dividend or other distribution (paid in cash or otherwise) in respect of such Shares (where the characterization of a dividend or other distribution as "extraordinary" will be determined by Scotiabank) (d) a call by the applicable company in respect of the Shares that are not fully paid (e) a repurchase by the applicable company or any of its subsidiaries of the Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise; (f) in respect of the applicable company, an event that results in any shareholder rights being distributed or becoming separated from common shares or other shares of the capital stock of such company pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their equity value, as determined by Scotiabank, provided that any adjustment effected as a result of such an event will be readjusted upon any redemption of such rights; or (g) any other event that may have a dilutive or concentrative effect on the theoretical value of the Shares as determined by Scotiabank.

**Equity Disruption Event** means in respect of a Share, any event, circumstance or cause beyond the reasonable control of the issuer which has or will have a material adverse effect on the ability of equity dealers generally to acquire, establish, re-establish, substitute, maintain, unwind or modify hedges of positions in respect of such Share. If an Equity Disruption Event in respect of a Share occurs on a Valuation Date (as defined below in "How is the Return Calculated?"), the determination of the closing price for that Share on such date (and, possibly, any payment of return, if any) may be delayed. Fluctuations in the closing price of the affected Share may occur in the interim. If "Scotiabank" determines that an Equity Disruption Event in respect of a Share in the Basket has occurred and is continuing on any date that but for that event would be a Valuation Date in respect of such Share, then the return, if any, will be calculated (and the applicable closing price will be determined) on the basis that such Valuation Date will be postponed to the next Business Exchange Day that is also a Business Day on which there is no Equity Disruption Event in effect in respect of such Share.

**Substitution Event** means, in respect of a Share, any event which, in the determination of Scotiabank, has adversely affected or may potentially adversely affect the liquidity of the Share (as compared with its liquidity at the issue date) and may include, but is not limited to: (i) a nationalization; (ii) an insolvency; (iii) a delisting; or (iv) any Merger Event or Tender Offer in respect of such Share that is deemed by Scotiabank, in its sole discretion, to be a Substitution Event.

**Merger Event** means, in respect of a Share, any: (a) reclassification or change of the relevant Shares that results in a transfer of or an irrevocable commitment to transfer all of such Shares outstanding to another entity or person; (b) consolidation, amalgamation, merger or binding share exchange of the relevant company with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such company is the continuing entity and which does not result in a reclassification or change of all of such Shares outstanding); (c) take-over bid, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100% of the outstanding Shares of such company that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than such Shares owned or controlled by such other entity or person); or (d) consolidation, amalgamation, merger or binding share exchange of such company or its subsidiaries with or into another entity in which such company is the continuing entity and which does not result in a reclassification or change of all such Shares outstanding but results in the outstanding Shares (other than Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50% of the outstanding Shares immediately following such event (commonly referred to as a "reverse merger"), in each case if the merger date is on or before the date on which the Share Return in respect of such Share is determined.

**Tender Offer** means, in respect of a Share, a take-over bid, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10% and less than 100% of the outstanding relevant Shares of the applicable company, as determined by Scotiabank based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant.

**Extraordinary Event:** There is always the possibility of an equity disruption or other event beyond the reasonable control of the issuer of your GIC which may have a material adverse effect on the issuer's ability to calculate the rate of return on your Scotiabank Equity Powered GICs, to manage the related risk or otherwise perform its obligations. Should such an event occur, the issuer may, acting reasonably, take such actions as it deems appropriate, including without limitation, adjusting or delaying calculations or payment of any return on your Scotiabank Equity Powered GICs.

## Risk Factors

An investment in Scotiabank Equity Powered GICs is subject to certain risk factors that you should carefully consider before making a purchase decision, including the following.

# Scotiabank Equity Powered GICs

**Rate of return.** The rate of return that may be payable on the Scotiabank Equity Powered GIC – Canadian Growth, Scotiabank Equity Powered GIC – Canadian Guaranteed Return and Scotiabank Equity Powered GIC – American Growth, Scotiabank Equity Powered GIC – Global Growth is linked to the simple average of the Share Returns (one for each Share, each of which can be positive or negative). Investors should realize that there is a possibility that no return may be payable on the GICs (besides the minimum annual guaranteed interest rate in the case of the Scotiabank Equity Powered GIC – Canadian Guaranteed Return only) and there is no floor on any Share's negative contribution to the average of Share Returns if the Share Return for such share is negative. At the same time, the maximum Share Return for any Share will be capped regardless of the actual percentage increase in a Share's closing price from two days after the issue date to the two days prior to the Maturity Date. Therefore, the maximum rate of return, if any, that may be payable is equal to the specified maximum Share Return. Sufficiently weak price performance by one or more Shares can offset positive price performance resulting in the possibility of no rate of return being paid (besides the minimum annual guaranteed interest rate in the case of the Scotiabank Equity Powered GIC – Canadian Guaranteed Return only). In addition, unless the Share Return is positive at maturity, no rate of return will be payable on the Scotiabank Equity Powered GIC – Canadian Growth and Scotiabank Equity Powered GIC – American Growth, Scotiabank Equity Powered GIC – Global Growth and only the minimum annual guaranteed interest rate will be payable on the Scotiabank Equity Powered GIC – Canadian Guaranteed Return. Since your principal is unconditionally guaranteed, you would receive only that amount in this event and the minimum annual guaranteed return, if you invested in the Scotiabank Equity Powered GIC – Canadian Guaranteed Return. The Scotiabank Equity Powered GIC – Canadian Growth and Scotiabank Equity Powered GIC – American Growth, Scotiabank Equity Powered GIC – Global Growth offer no guaranteed return.

**Rate of return – Scotiabank Equity Powered GIC – Canadian Income.** The rate of return that may be payable on the Scotiabank Equity Powered GIC – Canadian Income is linked to the simple average of the Share Returns (one for each Share, each of which can be positive or negative). Investors should realize that there is a possibility that the return will be limited to the minimum annual guaranteed interest rate and might not exceed it for any or some of the years of the term. The maximum Share Return for any Share will be capped regardless of the actual percentage increase in a Share's closing price from two days after the issue date to the two days prior to the anniversary date. Therefore, the maximum rate of return each year that may be payable is equal to the specified maximum Share Return. Sufficiently weak price performance by one or more Shares can offset positive price performance resulting in the possibility of only the minimum annual guaranteed interest rate being paid.

**Risks relating to the Shares.** It is impossible to predict whether the closing price of a Share will increase or decrease over the term of the Scotiabank Equity Powered GICs. Closing prices of the Shares will be influenced by both complex and interrelated political, economic, and financial events that can influence the price of a particular Share. A prospective investor should undertake an independent investigation of the Shares comprising the Baskets, as the investor deems necessary, to allow the investor to reach an informed decision to invest in the GICs. An investment in the Scotiabank Equity Powered GICs is, apart from the principal protection feature of the Scotiabank Equity Powered GIC, subject to the same risks as a direct equity investment in the Shares.

**No ownership of Shares in the Basket.** Since the Basket of Shares is notional only, investors will have no ownership or other interest in the Shares comprising the Basket other than the right to be paid a return, if any, on their Scotiabank Equity Powered GIC based on the price performance of the Shares in the Basket. An investor will not have the rights of a security holder of any of the companies in the Basket including, without limitation, any voting rights or rights to receive dividends or other distributions. There will be no control over the management of any company whose Shares are reflected in the Basket. The performance of the Scotiabank Equity Powered GICs will depend in part on the ability and success of the management of the companies comprising the Basket, in addition to general economic and market factors. Past performance of a company or its Shares is not indicative of future returns. All information in the documentation being delivered to you in relation to the Scotiabank Equity Powered GICs relating to the Shares and the companies is derived from publicly available sources and is presented in this fact sheet in summary form. As such, Scotiabank assumes no responsibility for the accuracy or completeness of such information or for any material contained on the websites of the various companies referred to herein.

**Conflict of interests.** Scotiabank will calculate the amount, if any, of return to be paid to investors of GICs on the maturity date and on anniversary dates for the Scotiabank Equity Powered – Canadian Income GIC. All of Scotiabank's determinations and calculations will be conclusive for all purposes and binding upon investors, without any liability to Scotiabank, and investors or any third party will not be entitled to any compensation from Scotiabank for any loss suffered as a result of any of Scotiabank's determinations and calculations. Since Scotiabank's determinations and calculations may affect the return, Scotiabank may have a conflict of interest if it needs to make any such determinations and calculations because Scotiabank may have an economic interest adverse to those of investors. For example, with respect to Scotiabank's hedging arrangements, certain determinations that Scotiabank must make including, without limitation, whether an Equity Disruption Event or an Extraordinary Event has occurred and in making other determinations with respect to Scotiabank Equity Powered GIC. Scotiabank may from time to time, in the course of its normal business operations, hold Shares or interests linked to any Share or company. Scotiabank and its affiliates may also deal in the securities of each company (including Shares) and may, where permitted, accept deposits from, make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking or other business with any company or any other person or entity having obligations relating to such company and may engage in proprietary trading in the Shares or in options, futures or derivatives relating to the Shares (including such trading as Scotiabank may deem appropriate, in its discretion, to hedge any risk in connection with the Scotiabank Equity Powered GIC) and may act with respect thereto in the same manner as it would if the Scotiabank Equity Powered GIC did not exist, regardless of whether any such action might have an adverse effect on the value of any Shares and, thus, the return, if any, payable in respect of

the Scotiabank Equity Powered GIC. There is no assurance that any such actions by Scotiabank and its affiliates will not have an adverse effect on the value of any Shares and, thus, the return, if any, payable in respect of the Scotiabank Equity Powered GIC. Scotiabank and its affiliates may, whether by virtue of the relationships described above or otherwise, from time to time be in possession of information in relation to any company that may not be publicly available or known to investors. Scotiabank Equity Powered GICs do not create an obligation on the part of Scotiabank or its affiliates to disclose to investors such relationship or such information (whether or not confidential).

**Credit risk.** Because the obligation to make payments to investors is an obligation of Scotiabank, the likelihood that such investors will receive the payments owing to them in connection with the GICs will be dependent upon the financial health and creditworthiness of Scotiabank.

**Changes in legislation.** There can be no assurance that income tax, securities and other laws will not be amended or changed in a manner which adversely affects investors.

**Economic and regulatory issues.** Changes in economic conditions, including, for example, interest rates, inflation rates, commodity prices, industry conditions, competition, technological developments, political and diplomatic events and trends, war, tax laws and innumerable other factors, can affect substantially and adversely the closing prices of the Shares. None of these conditions are within the control of Scotiabank. The GICs are not subject to Canadian securities laws. Accordingly, investors do not have the same rights of action that a prospectus would provide. No securities commission or similar authority has in any way passed upon the merits of investing in the Scotiabank Equity Powered GICs or any of the information that is being delivered to you.

## Tax considerations.

The following summarizes the principal Canadian federal income tax considerations generally applicable to an individual (other than a trust) who, for the purposes of the Income Tax Act (Canada) (the "Act"), deals at arm's length with the Issuer and holds a Scotiabank Equity Powered GIC to maturity outside (an "investor"). This summary is based on the Act and the regulations made thereunder ("Regulations") as in force on the date of these Terms and Conditions, all specific proposals to amend the Act or Regulations publicly announced by the Minister of Finance prior to the date of these Terms and Conditions ("Tax Proposals") and the current administrative practices and policies of the Canada Revenue Agency. No assurance can be given that the Tax Proposals will be enacted as proposed or at all. This summary does not, except for the Tax Proposals, take into account or anticipate any changes in law or in the administrative practices and policies of the Canada Revenue Agency. Provincial, territorial and foreign income tax considerations are not addressed in this summary.

This summary is of a general nature only and is not intended to be legal or tax advice to any particular investor. No representation with respect to Canadian federal income tax considerations to any particular investor is made herein. You should consult your own tax advisor with respect to your particular circumstances.

This summary is generally applicable to an investor who, at all relevant times, for the purposes of the Act, is or is deemed to be, resident in Canada and holds a Scotiabank Equity Powered GIC as capital property.

**When returns are to be included in income.** In general, the interest accrual rules under the Act and Regulations should not apply in respect of the holding of a Scotiabank Equity Powered GIC, except in respect of the minimum annual guaranteed interest rate for the Scotiabank Equity Powered GIC - Canadian Guaranteed Return. Accordingly, with the exception of the minimum annual guaranteed interest rate for the Scotiabank Equity Powered GIC - Canadian Guaranteed Return, you should not be required to include in income for any year that ends prior to the determination of the average of Share Returns on the Valuation Date immediately prior to the Maturity Date (or, in respect of the Scotiabank Equity Powered GIC - Canadian Income, the Valuation Date in respect of the applicable Anniversary Date) any imputed yield in respect of your Scotiabank Equity Powered GIC. In general, any positive return, on a Scotiabank Equity Powered GIC, (including any annual positive return in respect of a Scotiabank Equity Powered GIC - Canadian Income) will be included in your income in the year it is received or becomes receivable (depending on the method regularly followed by you in computing income) except to the extent that it was included in your income for a previous year.

Interest that accrued on your purchase amount between the purchase date and the issue date (interim interest) will be included in your income in the year in which your Scotiabank Equity Powered GIC is issued.

**Information regarding registered plans.** A Scotiabank Equity Powered GIC, if issued on the date of these Terms and Conditions, would be a qualified investment for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans, registered disability savings plans, deferred profit sharing plans (other than a deferred profit sharing plan to which payments are made by the Issuer, Scotiabank or a corporation or partnership with which the Issuer or Scotiabank does not deal at arm's length within the meaning of the Act) and tax-free savings accounts (collectively, "Registered Plans") and may be held in such plans subject to the terms of the particular Registered plan.

# HOW IS THE RETURN CALCULATED?

## Definition of Terms:

**Basket** means the notional portfolio of equity securities of companies used as a reference for the purposes of measuring the Share Return.

**Closing Price** means, in respect of a Share, on any day, the official closing price for that Share as announced by the relevant stock exchange in the currency quoted by such stock exchange, provided that, if on or after the Issue Date such stock exchange materially changes the time of day at which such official closing price is determined, Scotiabank may thereafter deem the Closing Price to be the price of that Share as of the time of day used by such stock exchange to determine the official closing price prior to such change.

**Final Price** means the Closing Price of the Share on the Valuation Date.

**Initial Price** means the Closing Price of the Share two days after the Issue Date as determined by Scotiabank, provided that, if two days after Issue Date is not a **Business Exchange Day** in respect of such Share, then the Initial Price in respect of such Share means the Closing Price of such Share for the immediately following applicable Business Exchange Day as determined by Scotiabank.

**Shares** means the equity securities of companies comprising the Basket.

**Share Return** means, in respect of a Share, the number (which is to be expressed as a percentage, rounded to two decimal places) calculated as follows:

$$\frac{\text{Final Price} - \text{Initial Price}}{\text{Initial Price}}$$

**Valuation Date** means two Business Exchange Days prior to the maturity date, subject to amendments due to Equity Disruption Events or Extraordinary Events.

## Calculation for "Canadian Guaranteed Return", "Canadian Growth", "American Growth" and "Global Growth":

### Methodology of calculation:

At the Maturity Date, you will receive the return, if any, in an amount equal to the Principal multiplied by the average of the Share Returns of the Shares in the Basket, expressed as a percentage.

- At the Maturity Date, Scotiabank will calculate the average Share Returns of the Shares in the Basket. The Share Returns are the change in the price of these shares over the entire term, measured from the Issue Date to the Valuation Date. The Share Return of each Share will be subject to a maximum (the "Maximum Share Price Return"). The average of the Share Returns will be used as your return and you will receive payment equal to that return multiplied by your Principal. You should know that
  - Share Returns can be positive or negative
  - There is no floor on the negative contribution of a share return on the average of the Share Returns
  - No return will be paid unless average of the Share Returns is greater than zero
- For the **Scotiabank Equity Powered GIC - Canadian Guaranteed Return**: a minimum annual guaranteed rate will be compounded throughout the term and paid at maturity, regardless of the performance of the Shares.

## Hypothetical Examples for "Canadian Guaranteed Return", "Canadian Growth", "American Growth" and "Global Growth":

The following examples demonstrate how the return will be calculated and are included for illustration purposes only. The price performance of the Shares used to illustrate the calculation of the return are hypothetical and are not estimates or forecasts of future price performance or the amount actually payable. The actual price performance of the Shares will be different from this example and the differences may be material.

Both examples assume a 5 year term and \$1,000 initial investment and a maximum Share Price Return of 35%. In the case of the Canadian Guaranteed Return only, a Minimum Annual Guaranteed Interest Rate of 0.75% is assumed.

### Example 1: Overall Positive Performance

| Company        | Initial Price | Final Price | Actual Return | Share Return used for average calculation |
|----------------|---------------|-------------|---------------|---|
| Company 1      | 23.8          | 26.28       | 10.40%        | 10.40%                                    |
| Company 2      | 58.28         | 82.85       | 42.15%        | 35.00%                                    |
| Company 3      | 39.47         | 56.41       | 42.93%        | 35.00%                                    |
| Company 4      | 22.23         | 40.51       | 82.21%        | 35.00%                                    |
| Company 5      | 22.59         | 21.30       | -5.70%        | -5.70%                                    |
| Company 6      | 32.71         | 28.75       | -12.10%       | -12.10%                                   |
| Company 7      | 41.9          | 49.65       | 18.50%        | 18.50%                                    |
| Company 8      | 17.8          | 27.11       | 52.30%        | 35.00%                                    |
| Company 9      | 42.87         | 47.16       | 10.00%        | 10.00%                                    |
| Company 10     | 38.72         | 53.98       | 39.40%        | 35.00%                                    |
| <b>Average</b> |               |             |               | <b>19.61%</b>                             |

In the above hypothetical example, the average of the Share Returns is positive and would be 19.61%. In this case, for a \$1,000 investment, you will receive your \$1,000 Principal at Maturity as well as a Share Return of \$196.10 (equal to the Principal amount multiplied by the average Share Returns of 19.61%) for a total of \$1,196.10.

If you purchased the **Scotiabank Equity Powered GIC - Canadian Guaranteed Return**, you will also receive an additional \$38.07 guaranteed return for a total of \$1,234.17 at Maturity because of the Minimum Annual Guaranteed Interest Rate. This Minimum Annual Guaranteed Interest Rate is calculated as follows:

- Minimum Annual Guaranteed Interest Rate (which, in this hypothetical example, is 0.75%) compounded over 5 years is 3.807%. This compounded Minimum Annual Guaranteed Interest Rate is multiplied by \$1,000 principal produces \$38.07 at Maturity.

### Example 2: Overall Negative Performance

| Company        | Initial Price | Final Price | Actual Return | Share Return used for average calculation |
|----------------|---------------|-------------|---------------|---|
| Company 1      | 23.8          | 15.76       | -33.80%       | -33.80%                                   |
| Company 2      | 58.28         | 29.33       | -49.68%       | -49.68%                                   |
| Company 3      | 39.47         | 37.46       | -5.10%        | -5.10%                                    |
| Company 4      | 22.23         | 25.00       | 12.48%        | 12.48%                                    |
| Company 5      | 22.59         | 34.66       | 53.44%        | 35.00%                                    |
| Company 6      | 32.71         | 28.75       | -12.10%       | -12.10%                                   |
| Company 7      | 41.9          | 29.33       | -30.00%       | -30.00%                                   |
| Company 8      | 17.8          | 15.06       | -15.40%       | -15.40%                                   |
| Company 9      | 42.87         | 47.16       | 10.00%        | 10.00%                                    |
| Company 10     | 38.72         | 41.82       | 8.00%         | 8.00%                                     |
| <b>Average</b> |               |             |               | <b>-8.06%</b>                             |

In the above hypothetical example, the average of the Share Returns is negative and would be -8.06%. In this case, for a \$1,000 investment, you will only receive only your \$1,000 Principal at Maturity as the negative average of the Share Returns produces no additional return.

If you purchased the **Scotiabank Equity Powered GIC - Canadian Guaranteed Return**, you will receive \$38.07 guaranteed return for a total of \$1,038.07 at Maturity because of the Minimum Annual Guaranteed Interest Rate. This Minimum Annual Guaranteed Interest Rate is calculated as follows:

- Minimum Annual Guaranteed Interest Rate (which, in this hypothetical example, is 0.75%) compounded over 5 years is 3.807%. This compounded Minimum Annual Guaranteed Interest Rate is multiplied by \$1,000 principal produces \$38.07 at maturity.

Thus, though you will not receive any return from the basket of Shares, you will still receive a return as a result of the e Minimum Guaranteed Interest Rate for a total of \$1,038.07 at Maturity.

# Scotiabank Equity Powered GICs

## Calculation methodology for “Canadian Income”

First, let’s define Share Returns for the Canadian Income:

**Anniversary Dates** means the same calendar date (day and month) as your maturity date in years subsequent to your purchase. The last Anniversary Date is your Maturity Date.

**Anniversary Price** means the Closing Price of a Share on the Valuation Date.

**Valuation Date** means two Business Exchange Days prior to the Anniversary Date, subject to amendments due to Equity Disruption Events or Extraordinary Events.

**Share Return** means, in respect of a Share, the number (which is to be expressed as a percentage, rounded to two decimal places) calculated as follows:

$$\frac{\text{Anniversary Price} - \text{Initial Price}}{\text{Initial Price}}$$

Initial Price

You will receive an annual payment which will be calculated using the maximum of two values:

1. The Minimum Annual Guaranteed Interest Rate
2. The annual average of the Share Returns of the Basket.

This average calculation is as follows:

- i. Scotiabank will calculate the Share Returns of the Shares in the Basket
  - ii. A Share Return is the percentage increase or decrease in the Closing Price of the relevant Share, measured from the Issue Date to the Valuation Date. There is one Valuation Date every year of your term
  - iii. Any positive return of a Share will be deemed to be the “Maximum Annual Share Price Return”
  - iv. Any negative or zero return of a Share will be the actual negative Share Return limited to the floor on negative share returns listed in the Customer Agreement
  - v. Once the above Share Returns have been determined, Scotiabank will calculate the annual average of Share Returns
- Once Scotiabank determines the maximum of the two values, the maximum will be multiplied by your Principal and paid out to you – this will be an annual process for every year of your term.

You should know that

- Your annual return will always be between “Minimum Annual Guaranteed Interest Payment” and the annual average of the Share Returns of the Basket.
- For you to receive an annual payment that exceeds the “Minimum Annual Guaranteed Interest Payment”, the annual average of the Share Returns must exceed the “Minimum Annual Guaranteed Interest Payment” – i.e. these values are not added together.

## Hypothetical Examples for “Canadian Income”:

**In the following examples, the Minimum Annual Guaranteed Interest Rate is 0.75%, the maximum Share Return is 4% and the limit on negative Share Return is -10%, investment of \$1,000 for a 3 year term.**

*The following examples demonstrate how the return will be calculated and are included for illustration purposes only. The price performance of the Shares used to illustrate the calculation of the return are hypothetical and are not estimates or forecasts of future price performance or the return payable. The actual price performance of the Shares will be different from this example and the differences may be material.*

**Example 1:** The following is an example of positive performance:

| Company    | Share Prices  |        |        |        |
|------------|---------------|--------|--------|--------|
|            | Initial Price | Year 1 | Year 2 | Year 3 |
| Company 1  | 23.80         | 24.90  | 23.84  | 24.48  |
| Company 2  | 58.28         | 61.33  | 59.14  | 59.62  |
| Company 3  | 39.47         | 42.08  | 40.4   | 44.1   |
| Company 4  | 22.23         | 21.47  | 23.31  | 23.71  |
| Company 5  | 22.59         | 23.21  | 24.46  | 24.37  |
| Company 6  | 19.50         | 18.90  | 19.20  | 19.55  |
| Company 7  | 37.21         | 39.40  | 39.18  | 40.27  |
| Company 8  | 80.34         | 83.75  | 92.34  | 94.73  |
| Company 9  | 72.45         | 71.24  | 72.90  | 73.40  |
| Company 10 | 43.25         | 45.67  | 47.53  | 46.45  |

For example, Company 1’s Initial Price was \$23.80. On the Valuation Date in Year 1, its price was \$24.9 and that is a 4.62% increase in price from its Initial Price. As this Share Return is positive, the Share Return of Company 1 will be deemed the Maximum Annual Share Price Return which is 4.00%, thus Company 1’s Share Return will be 4.00% in Year 1. All the other Companies’ Share Returns are calculated in the same manner and then averaged to calculate the average Share Returns of 1.983%. In Year 2, average Share Returns is 3.46%. In Year 3, average Share Returns is equal to the Maximum Annual Share Price Return of 4.00%.

Using the above share prices, the Share Returns are calculated as follows:

| Company              | Year 1        |  | Year 2        |  | Year 3        |  |
|----------------------|---------------|--|---------------|--|---------------|--|
|                      | Actual Return | Share Return used in average calculation | Actual Return | Share Return used in average calculation | Actual Return | Share Return used in average calculation |
| Company 1            | 4.62%         | 4.00%                                    | 0.17%         | 4.00%                                    | 2.86%         | 4.00%                                    |
| Company 2            | 5.23%         | 4.00%                                    | 1.48%         | 4.00%                                    | 2.30%         | 4.00%                                    |
| Company 3            | 6.61%         | 4.00%                                    | 2.36%         | 4.00%                                    | 11.73%        | 4.00%                                    |
| Company 4            | -3.42%        | -3.42%                                   | 4.86%         | 4.00%                                    | 6.66%         | 4.00%                                    |
| Company 5            | 2.74%         | 4.00%                                    | 8.28%         | 4.00%                                    | 7.88%         | 4.00%                                    |
| Company 6            | -3.08%        | -3.08%                                   | -1.54%        | -1.54%                                   | 0.26%         | 4.00%                                    |
| Company 7            | 5.89%         | 4.00%                                    | 5.29%         | 4.00%                                    | 8.22%         | 4.00%                                    |
| Company 8            | 4.24%         | 4.00%                                    | 14.94%        | 4.00%                                    | 17.91%        | 4.00%                                    |
| Company 9            | -1.67%        | -1.67%                                   | 0.62%         | 4.00%                                    | 1.31%         | 4.00%                                    |
| Company 10           | 5.60%         | 4.00%                                    | 9.90%         | 4.00%                                    | 7.40%         | 4.00%                                    |
| Average Share Return |               | 1.98%                                    |               | 3.46%                                    |               | 4.00%                                    |
| Payment              |               | \$19.83                                  |               | \$34.46                                  |               | \$40.00                                  |

The returns calculated are multiplied by the Principal of \$1,000 to generate a payment of \$19.83 in Year 1, a payment of \$34.46 in year 2 and a payment of \$40 in year 3.

In addition, the investor will receive back their Principal of \$1,000.

**Example 2:** The following is an example of negative performance:

| Company    | Share Prices  |        |        |        |
|------------|---------------|--------|--------|--------|
|            | Initial Price | Year 1 | Year 2 | Year 3 |
| Company 1  | 23.80         | 22.70  | 23.05  | 23.25  |
| Company 2  | 58.28         | 54.35  | 47.79  | 49.87  |
| Company 3  | 39.47         | 36.15  | 37.46  | 37.57  |
| Company 4  | 22.23         | 21.21  | 19.45  | 17.8   |
| Company 5  | 22.59         | 24.78  | 21.56  | 22.79  |
| Company 6  | 19.50         | 18.46  | 18.24  | 19.67  |
| Company 7  | 37.21         | 38.93  | 39.04  | 38.97  |
| Company 8  | 80.34         | 76.35  | 73.47  | 71.79  |
| Company 9  | 72.45         | 71.38  | 69.46  | 67.46  |
| Company 10 | 43.25         | 44.17  | 43.20  | 30.19  |

Using the above share prices, the annual Share Returns and annual payments are calculated as follows:

| Company Name         | Year 1        |  | Year 2        |  | Year 3        |  |
|----------------------|---------------|--|---------------|--|---------------|--|
|                      | Actual Return | Share Return used in average calculation | Actual Return | Share Return used in average calculation | Actual Return | Share Return used in average calculation |
| Company 1            | -4.62%        | -4.62%                                   | -3.15%        | -3.15%                                   | -2.31%        | -2.31%                                   |
| Company 2            | -6.74%        | -6.74%                                   | -18.00%       | -10.00%                                  | -14.43%       | -10.00%                                  |
| Company 3            | -8.41%        | -8.41%                                   | -5.09%        | -5.09%                                   | -4.81%        | -4.81%                                   |
| Company 4            | -4.59%        | -4.59%                                   | -12.51%       | -10.00%                                  | -19.93%       | -10.00%                                  |
| Company 5            | 9.69%         | 4.00%                                    | -4.56%        | -4.56%                                   | 0.89%         | 4.00%                                    |
| Company 6            | -5.33%        | -5.33%                                   | -6.46%        | -6.46%                                   | 0.87%         | 4.00%                                    |
| Company 7            | 4.62%         | 4.00%                                    | 4.92%         | 4.00%                                    | 4.73%         | 4.00%                                    |
| Company 8            | -4.97%        | -4.97%                                   | -8.55%        | -8.55%                                   | -10.64%       | -10.00%                                  |
| Company 9            | -1.48%        | -1.48%                                   | -4.13%        | -4.13%                                   | -6.89%        | -6.89%                                   |
| Company 10           | 2.13%         | 4.00%                                    | -0.12%        | -0.12%                                   | -30.20%       | -10.00%                                  |
| Average Share Return |               | -2.41%                                   |               | -4.81%                                   |               | -4.20%                                   |
| Payment              |               | \$7.50                                   |               | \$7.50                                   |               | \$7.50                                   |

For example, Company 1’s Initial Price was \$23.80. On the Valuation Date in Year 1, its price was \$22.70, a -4.62% decrease from Initial Price. As the return is negative and higher than -10%, the Share Return will equal -4.62%. The Share Returns of the other Shares in the Basket are calculated in the same manner and then averaged to calculate the average Share Returns of -2.41%.

As the average Share Returns is below the Minimum Annual Guaranteed Interest Rate, the payment will equal the Minimum Annual Guaranteed Interest Rate multiplied by the principal of \$1,000 or \$7.50. In Years 2 and 3 again the average of the Share Returns of the Basket is negative (-4.81% and -4.20% respectively) so again the payment will be equal to the Minimum Annual Guaranteed Interest Rate multiplied by your principal or \$7.50. At Maturity, the investor will also receive back their Principal of \$1,000.



# THE SHARES AND THE COMPANIES

All information in this Fact Sheet relating to the Shares and the companies issuing such Shares is derived from publicly available sources and is presented in this Fact Sheet in summary form. As such, Scotiabank does not assume any responsibility for the accuracy or completeness of such information or for any material contained on the websites of the various companies referred to herein, which website information is not incorporated by reference into, or deemed to be a part of, this Fact Sheet.

**For Canadian Income, Canadian Guaranteed Return and Canadian Growth GICs:**



# Scotiabank Equity Powered GICs

For American Growth GICs:



# Scotiabank Equity Powered GICs

**For Global Growth GICs:**

American Deposit Receipts (or ADRs) or Global Deposit Receipts (GDRs) of the companies are listed on the New York Stock Exchange. Information on these companies can be found at: [www.sec.gov](http://www.sec.gov). In addition, information on these companies can be found on their web sites as noted below.

