

## Covered Bond Swap Confirmation

May 7, 2015

To: Scotiabank Covered Bond Guarantor Limited Partnership

c/o The Bank of Nova Scotia  
Scotia Plaza  
44 King Street West  
Toronto, Ontario  
M5H 1H1

Attn: Managing Director, Secured and Capital Funding

Fax: 416-945-4001

From: The Bank of Nova Scotia

Re: **Covered Bond Transaction (re: US\$300,000,000 1.850 percent Covered Bonds due April 14, 2020 ("Series CBL7") relating to a reopening of previously issued U.S.\$1,100,000,000 1.850 percent Covered Bonds due April 14, 2020) under U.S.\$15,000,000,000 Global Registered Covered Bond Program guaranteed as to payments of interest and principal by Scotiabank Covered Bond Guarantor Limited Partnership**

Dear Sir or Madam,

The purpose of this letter is to confirm the terms and conditions of the transaction entered into between The Bank of Nova Scotia ("**Party A**") and Scotiabank Covered Bond Guarantor Limited Partnership ("**Party B**") on the Trade Date specified below (the "**Transaction**"). This facsimile constitutes a "**Confirmation**" as referred to in the Agreement as specified below.

This Confirmation evidences a complete binding agreement between you and us as to the terms of the Transaction to which this Confirmation relates. This Confirmation supplements, forms part of, and is subject to, the ISDA Master Agreement dated as of July 19, 2013 (identified on page 1 thereof as the "Covered Bonds 2002 Master Agreement"), as amended, restated and/or supplemented from time to time, between you and us (the "**Agreement**"). All provisions contained in the Agreement shall govern this Confirmation except as expressly modified below. In the event of any inconsistency between the provisions of the Agreement and this Confirmation, this Confirmation will prevail for the purpose of this Transaction. The definitions and provisions contained in the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc.) (the "**Definitions**") are incorporated into this Confirmation. In the event of any inconsistency between any of the following, the first listed shall govern (i) this Confirmation; (ii) the Amended and Restated Master Definitions and Construction Agreement dated as of September 24, 2013, between Computershare Trust Company of Canada, a trust company incorporated under the laws of Canada, as Bond Trustee, The Bank of Nova Scotia, London Branch, as principal paying agent, a registrar and a transfer agent, The Bank of Nova Scotia Trust Company of New York, as a paying agent, a registrar, a transfer agent and the exchange agent, KPMG LLP, Party A, Party B, Scotiabank Covered Bond GP, Inc., 8429057

Canada Inc., and each other Person who may from time to time become a party thereto, as amended, restated and/or supplemented from time to time (the “**Master Definitions and Construction Agreement**”); and (iii) the Definitions. Capitalized terms used but not defined herein shall have the respective meanings given to them in the Master Definitions and Construction Agreement. For the purposes of the Definitions, references herein to a “Transaction” shall be deemed to be references to a “Swap Transaction”.

The terms of the particular Transaction to which this Confirmation relates are as follows:

- Trade Date: May 1, 2015
- Effective Date: The earliest to occur of (i) an Issuer Event of Default, (ii) a Guarantor Event of Default, and (ii) the Ratings Trigger Date.
- Ratings Trigger Date: The date on which one or more Rating Agencies downgrades or withdraws the long-term, unsecured, unsubordinated and unguaranteed debt obligations (or, in the case of Fitch, the long-term issuer default rating) of Party A, or any Credit Support Provider from time to time in respect of Party A, below the Required Ratings.
- Required Ratings: The threshold ratings BBB (high) (in respect of DBRS), BBB+ (in respect of Fitch) and Baa1 (in respect of Moody's).
- Termination Date: The earlier of:
- (a) the Final Maturity Date (or, if earlier, the date of redemption in whole, but not in part, of) for Series CBL7 or, if Party B notifies Party A prior to such Final Maturity Date of its inability to pay in full Guaranteed Amounts corresponding to the Final Redemption Amount for Series CBL7, the final date on which an amount representing the Final Redemption Amount for Series CBL7 is paid (the “**Scheduled Termination Date**”); and
  - (b) the date designated therefor by the Bond Trustee and notified to Party A and Party B for purposes of realizing the Security in accordance with the Security Agreement and distributing the proceeds therefrom in accordance with the Post-Enforcement Priority of Payments following the enforcement of the Security pursuant to

Condition 9.3 of the Final Terms for Series CBL7.

Currency Swap Transaction Exchange Rate:

CAD1.219 per USD.

Business Day:

Toronto and New York.

Calculation Period:

In respect of Floating Amounts payable by Party A and Party B, each Guarantor Calculation Period and in respect of Fixed Amounts payable by Party A, each Swap Provider Calculation Period

## **Party B**

### **Floating Amounts**

Floating Rate Payer

Party B.

Party B Payment Date:

Each Guarantor Payment Date, commencing on the first Guarantor Payment Date which occurs after the Effective Date

Party B Payment Amount:

On each Party B Payment Date, Party B will pay to Party A the product of:

- (a) the Party B Notional Amount for the Calculation Period ending on such Party B Payment Date;
- (b) Party B Day Count Fraction; and
- (c) the Party B Floating Rate.

Party B Notional Amount:

For each Calculation Period, the product of (x) the Party A Currency Amount on the first day of such Calculation Period and (y) the Currency Swap Transaction Exchange Rate.

Party B Day Count Fraction:

Actual/365 (Fixed)

Party B Business Day Convention:

Modified Following (adjusted)

Party B Floating Rate:

Party B Floating Rate Option *plus* Party B Spread.

Party B Floating Rate Option:

CAD-BA-CDOR.

Designated Maturity:

1 month.

Party B Reset Dates:

The first day of each Calculation Period

Party B Spread:



**Party A**

**Fixed Amounts**

Fixed Payer:

Party A.

Party A Currency Amount:

In respect of each Calculation Period, an amount in USD equal to the Party A Notional Amount *minus* the aggregate of each Party A Interim Exchange Amount paid on or prior to the first day of such Calculation Period.

Swap Provider Calculation Period:

Each period from and including a Swap Provider Payment Date to, but excluding, the next following applicable Swap Provider Payment Date, except that (a) the initial Swap Provider Calculation Period will commence on, and include, the Effective Date and (b) the final Swap Provider Calculation Period will end on, but exclude, the Scheduled Termination Date.

Swap Provider Payment Dates:

On or prior to the Final Maturity Date, April 14 and October 14 of each year commencing the first such date after the Effective Date up to and including the Final Maturity Date for Series CBL7, and thereafter, the 14<sup>th</sup> of each month up to and including the Scheduled Termination Date (which, for greater certainty may be a date other than 14<sup>th</sup> of the month)

Party A Notional Amount:

USD300,000,000.

Party A Payment Amount:

On each Swap Provider Payment Date on or prior to the Final Maturity Date for Series CBL7, Party A will pay to Party B the product of:

- (a) the Party A Currency Amount for the Calculation Period ending on such Swap Provider Payment Date;
- (b) the Party A Fixed Rate Day Count Fraction; and
- (c) the Party A Fixed Rate.

On each Swap Provider Payment Date after the Final Maturity Date for Series CBL7, Party A will pay to Party B the product of:

- (d) the Party A Currency Amount for the Calculation Period ending on such Swap Provider Payment Date;
- (e) the Party A Floating Rate Day Count Fraction; and
- (f) the Party A Floating Rate.

Party A Fixed Rate: 1.850% per annum

Party A Fixed Rate Day Count Fraction: 30/360

**Floating Amounts**

Party A Floating Rate: Party A Floating Rate Option *plus* Party A Spread

Party A Floating Rate Option: USD-LIBOR

Designated Maturity: 1 month

Party A Spread:

[REDACTED]

Party A Floating Rate Day Count Fraction: Actual/360

Party A Reset Dates: The first day of each applicable Calculation Period.

Party A Business Day Convention: On or prior to the Final Maturity Date, Following, provided that no adjustment will be made to the end date in respect of a Calculation Period even if such end date occurs on a day that is not a Party A Business Day, and after the Final Maturity Date, Modified Following (adjusted).

Party A Business Days: Toronto and New York.

## **Interim Exchanges**

Interim Exchange Date:

If (a) an Extended Due for Payment Date is specified as applicable in the Final Terms for Series CBL7 and (b) Party B has notified Party A that the payment of any or all of the Final Redemption Amount for Series CBL7 shall be deferred until the Extended Due for Payment Date pursuant to Condition 6.1 of the Final Terms for Series CBL7, then each Interest Payment Date for Series CBL7 falling after the Final Maturity Date up to (and including) the relevant Extended Due for Payment Date for which Party B has provided at least three Business Days' prior notice of the related Party B Interim Exchange Amount.

Party A Interim Exchange Amount:

With respect to an Interim Exchange Date, the amount in USD notified by Party B to Party A as being the portion of the final Redemption Amount for Series CBL7 that Party B shall pay pursuant to Condition 6.1 of the Final Terms for such Series.

Party B Interim Exchange Amount:

With respect to an Interim Exchange Date, the Party A Interim Exchange Amount for such Interim Exchange Date converted into Canadian Dollars at the Currency Swap Transaction Exchange Rate.

## **Final Exchanges**

Final Exchange Date:

Either (i) the Final Maturity Date for Series CBL7, or (iii) if Party B is required to pay an Early Redemption Amount for Series CBL7 on any day pursuant to Condition 9.2 of the Final Terms of such Series and provides at least three Business Days' prior notice thereof to Party A, then the day so specified in such notice.

Party A Final Exchange Amount:

If the Final Exchange Date is the Final Maturity Date, the amount in USD notified by Party B to Party A as being the Final Redemption Amount for Series CBL7 plus accrued but unpaid interest, otherwise the amount in USD notified by Party B to Party A as being the Early Redemption Amount for Series CBL7 plus accrued but unpaid interest and any other amount due under such Series (other than additional amounts payable under Condition 7 of the Final Terms of such Series) that Party B shall pay pursuant to Condition 9.2 of the Final

Terms for Series CBL7.

Party B Final Exchange Amount:

The Party A Final Exchange Amount converted into Canadian Dollars at the Currency Swap Transaction Exchange Rate.

**Other Provisions:**

Calculation Agent:

Party A.

**Account Details**

Account for payments to Party A in CAD:

To be advised.

Account for payments to Party B in USD:

To be advised.

**Contact Details for notices**

**Party A**

The Bank of Nova Scotia  
Scotia Plaza  
40 King Street West  
Toronto, Ontario  
M5H 1H1

Attention: Managing Director, Secured and  
Capital Funding

Facsimile No.: 416-945-4588

**Party B**

Scotiabank Covered Bond Guarantor Limited  
Partnership  
c/o The Bank of Nova Scotia  
Scotia Plaza  
40 King Street West  
Toronto, Ontario  
M5H 1H1

Attention: Managing Director, Secured and  
Capital Funding

Facsimile No.: 416-945-4588

## **Confirmation**

Please confirm that the foregoing correctly sets forth the terms of our agreement by executing a copy of this Confirmation and returning it to us. We are delighted to have executed this Transaction with you and look forward to working with you again.

Time of trading is available upon request.

Yours sincerely,

**THE BANK OF NOVA SCOTIA**

By: "Ian Berry"

Name: Ian Berry

Title: Managing Director & Head, Funding

Confirmed as of the date first written above:

**SCOTIABANK COVERED BOND  
GUARANTOR LIMITED PARTNERSHIP,  
by its managing general partner,  
SCOTIABANK COVERED BOND GP, INC.**

By: "Christy Bunker"

Name: Christy Bunker

Title: Vice-President