

DIRECTORS OF THE BANK OF NOVA

Guidelines for Business Conduct-Addendum

In having approved the terms of Scotiabank's Guidelines for Business Conduct, Directors will recognize a primary responsibility to abide by and comply with those sections of the Guidelines with particular application to persons in their position. Additional specific guidelines for Directors are set out below, along with summaries of several pertinent sections of the Bank Act and the by-laws of the Bank.

The Directors of The Bank of Nova Scotia bear ultimate responsibility to manage or supervise the management of the business and affairs of the Bank. In exercising their powers and discharging their duties to the Bank, Directors must comply with the Bank Act and its regulations and the by-laws of the Bank.

Directors must also observe two standards of conduct. The first is a fiduciary standard which requires Directors to act honestly and in good faith with a view to the best interests of the Bank. The second is a performance related standard which requires Directors to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. A Director cannot be relieved of his or her duty to act in accordance with the Bank Act or its regulations by any exculpatory provisions in a contract, by-law or resolution of the Bank.

Directors stand in a fiduciary relationship to the Bank. Their consequent fiduciary duties to the Bank are supplemented in many instances by a concurrent duty of confidentiality. Although, by law, Directors are neither trustees nor agents for the Bank, they occupy an analogous position of trust. Their conduct should be governed by the basic principle that personal interests must not be brought into conflict with duties to the Bank nor may undisclosed or secret profits be realized by virtue of being a Director.

A Director who (i) is a party to, (ii) is a director or officer of, or acts in a similar capacity to a party to, or (iii) has a material interest in a party to, a material contract or material transaction with the Bank, whether entered into or proposed, must disclose in writing to the Bank, or request to have entered in the minutes of the meeting of the Board of Directors or a Committee of the Board of Directors, the nature and extent of their interest. The time for disclosure by the Directors is outlined in Appendix A to this Directors' Guidelines Addendum. The disclosure must be "full, true and plain" in every instance. This is in accord with the general principle that Directors must always be open and candid concerning any personal dealings which might affect the Bank. A Director shall not be present at any meeting of the Board or Committee while such material contract or material transaction is being considered and shall not vote on any resolution to approve it. This restriction does not apply to a contract or transaction which (a) relates primarily to the Director's remuneration as a director, officer, employee or agent of the Bank, an entity controlled by the Bank or an entity in which the Bank has a substantial investment, (b) is for indemnity under section 212 or insurance under section 213 of the Bank Act, or (c) is with an affiliate of the Bank.

It is recommended that Directors of the Bank limit any trades in securities issued by the Bank to only the 30 calendar days after the expiration of the 48 hours next following the publication of the Bank's quarterly or year-end results. In any event, in accordance with the law, Directors are not permitted to trade in securities issued by the Bank or any other issuer at any time while having knowledge of material non-public information regarding the Bank or any other issuer, as the case may be. Directors must comply with Bank Act prohibitions regarding short sales, calls and puts in respect of securities of the Bank.

Each Director shall make a reasonable effort to attend meetings of the Board and its Committees of which the Director is a member. A record shall be kept of the attendance at each meeting of the Directors and each Committee and an annual summary showing the total number of meetings and the number attended by each Director shall be provided to Shareholders of the Bank with the Notice of the Annual Meeting and Management Proxy Circular.

Each Director applying for a loan shall deposit what the Bank considers to be adequate collateral, or shall file with the Bank a statement of financial affairs and annually revise the statement so long as any loan or loans remain outstanding.

Transactions by the Bank with related parties of the Bank are subject to special rules which are reflected in the Bank Act under Part XI – Self Dealing. The approval of two-thirds of the Directors present at a meeting of the Board is required where the aggregate of all outstanding loans to, guarantees on behalf of and investments in the securities of, any related party by the Bank and its subsidiaries would exceed 2% of the regulatory capital of the Bank. Directors will from time to time be requested to complete questionnaires to enable the Bank to comply with its obligations regarding related party transactions.

Contravention of the Bank Act, without reasonable cause, could expose the Bank, if charged and convicted, to a fine up to a maximum of \$5,000,000. Any officer, Director or agent who directed, authorized, assented to, acquiesced in or participated in the commission of the offence by the Bank, if charged and convicted, is subject to personal penalties, whether or not the Bank has been prosecuted or convicted.

Appendix A to Directors' Guidelines

1. The time of disclosure for a Director shall be:
 - (a) at the meeting of Directors, or of a Committee of Directors, at which a proposed contract or transaction is first considered;
 - (b) if the Director was not then interested in a proposed contract or transaction, at the first meeting after the Director becomes so interested;
 - (c) if the Director becomes interested after a contract or transaction is made, at the first meeting after the Director becomes so interested; or
 - (d) if a person who is interested in a contract or transaction later becomes a Director, at the first meeting after that person becomes a Director.
2. If a material contract or material transaction, whether entered into or proposed, is one that, in the ordinary course of business of the Bank, would not require approval by the Directors or Shareholders, a Director shall disclose in writing to the Bank or request to have entered in the minutes of a meeting of Directors or of a Committee, the nature and extent of the Director's interest immediately after the Director becomes aware of the contract or transaction.
3. A general notice to the Board by a Director, declaring that the Director is to be regarded as interested for any of the following reasons in a contract or transaction entered into with a party is a sufficient declaration of interest in relation to any contract or transaction with that party:
 - (a) the Director is a director or officer of a party, or a person acting in a similar capacity, or is a director or officer of an entity which has a material interest in a party;
 - (b) the Director has a material interest in the party; or
 - (c) there has been a material change in the nature of the Director's interest in the party.