

BANK OF NOVA SCOTIA /

Form F-3

May 31, 2013

As filed with the Securities and Exchange Commission on May 31, 2013

Registration No. 333- [       ]

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM F-3

REGISTRATION STATEMENT

*UNDER*

*THE SECURITIES ACT OF 1933*

**The Bank of Nova Scotia**

**Scotiabank Covered Bond Guarantor Limited Partnership**

(Exact name of Registrant as specified in its charter)

**CANADA**

(State or other jurisdiction of incorporation or organization)

**Not Applicable**

(I.R.S. Employer Identification No.)

**44 King St. West**

**Scotia Plaza, 8<sup>th</sup> Floor**

**Toronto, Ontario**

**Canada M5H 1H1**

**(416) 866 3672**

(Address and telephone number of Registrant's principal executive offices)

**The Bank of Nova Scotia**

**One Liberty Plaza, 25<sup>th</sup> Floor**

**New York, New York 10006**

**Attention: William R. Ebbels**

**(212) 225 5000**

(Name, address and telephone number of agent for service)

*Please send copies to:*

**Lawton M. Camp**

**Allen & Overy LLP**

**1221 Avenue of the Americas**

**New York, New York 10020**

**(212) 610-6300**

**Jerry R. Marlatt**

**Morrison & Foerster LLP**

**1290 Avenue of the Americas**

**New York, New York 10104**

**(212) 468-8000**

**Approximate date of commencement of proposed sale to the public:** At such time or times on or after the effective date of this registration statement as the Registrants shall determine.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, please check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a registration statement pursuant to General Instruction I.C. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.C. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

**CALCULATION OF REGISTRATION FEE**

<b>Title of each class of securities to be registered</b>	<b>Amount to be registered (1)</b>	<b>Proposed maximum aggregate price per security</b>	<b>Proposed maximum aggregate offering price (2) (3)</b>	<b>Amount of registration fee (1) (4)</b>
Covered Bonds	U.S. \$1,000,000	100%	U.S. \$1,000,000	U.S. \$136.40

(1) This Registration Statement also includes an indeterminate amount of securities of the classes specified above that may be reoffered and resold on an ongoing basis after their initial sale in market-making transactions by affiliates of the Registrant. These securities consist of an indeterminate amount of such securities that are initially being registered, and will initially be offered and sold, under this Registration Statement. All such market-making reoffers and resales of these securities that are made pursuant to a registration statement after the effectiveness of this registration statement are being made solely pursuant to this Registration Statement.

(2) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(o) under the Securities Act.

(3) Separate consideration may not be received for registered securities that are issuable on exercise, conversion or exchange of other securities.

(4) Pursuant to Rule 457 under the Securities Act, the Registrant is applying previously paid filing fees totaling U.S. \$136.40 from the Registrant's U.S. \$16,000,000,000 Senior and Subordinated Debt Securities that were previously registered on Form F-9 (File No. 333-179383) under the Securities Act of 1933, as amended, of which U.S. \$11,680,000,000 aggregate principal amount or offering price of such securities were unsold. Filing fees totaling U.S. \$1,332,048 associated with the securities described above were previously paid with such registration statement.

**The Registrants hereby amend this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to Section 8(a) of the Act, may determine.**

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

**Subject to Completion, Dated May 31, 2013**

**The Bank of Nova Scotia**

*unconditionally and irrevocably guaranteed by*

**Scotiabank Covered Bond Guarantor Limited Partnership**

**Covered Bonds**

*up to an aggregate initial offering price of U.S.\$*

*or the equivalent thereof in other currencies under the global registered covered bond program*

This prospectus describes some of the general terms that may apply to these covered bonds and the related guarantee and the general manner in which they may be offered. We will give you the specific prices and other terms of the covered bonds we are offering in supplements to this prospectus. You should read this prospectus and the applicable prospectus supplement carefully before you invest. We may sell the covered bonds to or through one or more dealers or agents. The names of the dealers or agents will be set forth in supplements to this prospectus.

Prospective investors should be aware that the acquisition of the covered bonds described herein may have tax consequences both in the United States and in Canada. Such consequences may not be described fully herein or in any applicable prospectus supplement.

**Investing in the covered bonds involves risks. See "Risk Factors" beginning on page 23 of this prospectus.**

The enforcement by investors of civil liabilities under United States federal securities laws may be affected adversely by the fact that The Bank of Nova Scotia is a Canadian bank, that many of its officers and directors are residents of Canada, that Scotiabank Covered Bond Guarantor Limited Partnership is a limited partnership existing under the laws of the Province of Ontario, that some or all of the dealers or experts named in the registration statement may be residents outside of the United States, and that all or a substantial portion of the assets of The Bank of Nova Scotia, Scotiabank Covered Bond Guarantor Limited Partnership and such persons may be located outside the United States.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined that this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The covered bonds described herein will not constitute deposits that are insured under the *Canada Deposit Insurance Corporation Act* (Canada) or by the United States Federal Deposit Insurance Corporation.

The covered bonds have not been approved or disapproved by the CMHC nor has the CMHC passed upon the accuracy or adequacy of this prospectus. The covered bonds are neither insured nor guaranteed by the CMHC or the government of Canada or any other agency thereof.

*Arrangers for the Program*

Barclays Scotia Capital

The date of this prospectus is , 2013

3

Table of Contents

	<i>Page</i>
<u>ABOUT THIS PROSPECTUS</u>	5
<u>SUMMARY</u>	11
<u>PROGRAM STRUCTURE DIAGRAM</u>	13
<u>SUMMARY OF THE COVERED BOND PROGRAM</u>	14
<u>RISK FACTORS</u>	23
<u>USE OF PROCEEDS</u>	49
<u>CONSOLIDATED EARNINGS RATIOS</u>	50
<u>CONSOLIDATED CAPITALIZATION OF THE BANK</u>	51
<u>THE BANK OF NOVA SCOTIA</u>	52
<u>SCOTIABANK COVERED BOND GUARANTOR LIMITED PARTNERSHIP</u>	54
<u>DESCRIPTION OF THE COVERED BONDS</u>	56
<u>TERMS AND CONDITIONS OF THE COVERED BONDS</u>	63
<u>SUMMARY OF THE PRINCIPAL DOCUMENTS</u>	109
<u>CASHFLOWS</u>	161
<u>COVERED BOND PORTFOLIO</u>	174
<u>LOAN ORIGATION AND LENDING CRITERIA</u>	177
<u>THE SERVICER</u>	182
<u>CERTAIN MATTERS OF CANADIAN LAW</u>	186
<u>PLAN OF DISTRIBUTION (AND CONFLICTS OF INTEREST)</u>	188
<u>TAXATION</u>	192
<u>BENEFIT PLAN INVESTOR CONSIDERATIONS</u>	212
<u>OWNERSHIP AND BOOK-ENTRY</u>	215
<u>EXPERTS</u>	220
<u>LEGAL MATTERS</u>	221
<u>OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION</u>	222
<u>GLOSSARY</u>	223

In this prospectus, unless the context otherwise indicates, the "**Bank**" means The Bank of Nova Scotia, and "**Guarantor**" means Scotiabank Covered Bond Guarantor Limited Partnership, and "we," "us" or "our" means the Bank and Guarantor collectively. In this prospectus and any prospectus supplement, currency amounts are stated in Canadian Dollars (\$), unless specified otherwise.

## ABOUT THIS PROSPECTUS

This document is called a prospectus and is part of a registration statement that we filed with the Securities and Exchange Commission (the "**SEC**") using a "shelf" registration or continuous offering process. The registration statement containing this prospectus, including exhibits to the registration statement, provides additional information about us and the covered bonds and related guarantee offered under this prospectus. The registration statement can be accessed at the SEC's website at [www.sec.gov](http://www.sec.gov) or inspected at the offices of the SEC.

This prospectus provides you with a general description of the covered bonds the Bank may offer and the Guarantor may guarantee. Each time the Bank offers covered bonds pursuant to this prospectus, it will provide a prospectus supplement containing specific information about the terms of the covered bonds being offered. A prospectus supplement may include a discussion of any risk factors or other special considerations applicable to those covered bonds or to us. A prospectus supplement may also add, update or change information in this prospectus. If there is any inconsistency between the information in this prospectus and the applicable prospectus supplement, you should rely on the information in the prospectus supplement. You should read both this prospectus and any applicable prospectus supplement together with additional information described under the heading "*Where You Can Find More Information*" on page 7 of this prospectus.

The Bank may sell covered bonds to dealers who will sell the covered bonds to the public on terms fixed at the time of sale. In addition, the covered bonds may be sold by the Bank directly or through agents designated from time to time. If the Bank, directly or through agents, solicits offers to purchase the covered bonds, it reserves the sole right to accept and, together with any agents, to reject, in whole or in part, any of those offers.

Any prospectus supplement will contain the names of the dealers or agents, if any, together with the terms of offering, the compensation of those dealers and the net proceeds to us. Any dealers or agents participating in the offering may be deemed "underwriters" within the meaning of the Securities Act.

## DOCUMENTS INCORPORATED BY REFERENCE

The SEC allows us to "incorporate by reference" into this prospectus the information in documents we file with it. This means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be a part of this prospectus and should be read with the same care. When we update the information contained in documents that have been incorporated by reference by making future filings with the SEC the information incorporated by reference in this prospectus is considered to be automatically updated and superseded. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. In other words, in the case of a conflict or

inconsistency between information contained in this prospectus and information incorporated by reference into this prospectus, you should rely on the information contained in the document that was filed later. The making of a modifying or superseding statement will not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded will not be deemed, except as so modified or superseded to constitute a part of this prospectus.

The Bank incorporates by reference into this prospectus its annual report on Form 40-F for the fiscal year ended October 31, 2012 (the "**2012 Annual Report**"), the Bank's reports filed on Form 6-K filed on March 5, 2013 and May 28, 2013, and each of the Bank's reports on Form 6-K after that date in which the Bank states that such report is also incorporated by reference into one or more of the Bank's registration statements filed under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"). In addition, the Bank will incorporate by reference into this prospectus all documents that it has filed under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act and, to the extent, if any, the Bank designates therein, reports on Form 6-K it furnishes to the SEC after the date of this prospectus and prior to the termination of any offering contemplated in this prospectus.

The Guarantor will file ongoing disclosure regarding the Covered Bond Guarantee and the Portfolio in reports on Form 10-K, Form 8-K, Form 6-K and Form 10-D. The Guarantor incorporates by reference its annual report on Form 10-K filed after the date of this prospectus and each Form 10-D filed with the SEC. In addition, the Guarantor will incorporate by reference into this prospectus all documents that it has filed under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this prospectus and prior to the termination of every offering contemplated in this prospectus.

Upon a new annual report and the related annual financial statements being filed by the Bank with, and, where required, accepted by, the SEC, the previous annual report will be deemed no longer incorporated by reference into this prospectus for purposes of future offers and sales of covered bonds under this prospectus.

Upon a new annual report being filed by the Guarantor with, and, where required, accepted by, the SEC, the previous annual report will be deemed no longer incorporated by reference into this prospectus for the purposes of further offers and sales of covered bonds under this prospectus.

All documents incorporated by reference, or to be incorporated by reference, have been filed with or furnished to, or will be filed with or furnished to, the SEC.

You may request a copy of these filings, other than an exhibit to a filing unless that exhibit is specifically incorporated by reference into that filing, at no cost, by writing to or telephoning us at the following address:

The Bank of Nova Scotia

Scotia Plaza, 44 King Street West

Toronto, Ontario

Canada M5H 1H1

Attention: Secretary

Telephone: (416) 866 3672





## **WHERE YOU CAN FIND MORE INFORMATION**

In addition to the continuous disclosure obligations under the securities laws of the provinces and territories of Canada, the Bank and the Guarantor are subject to the informational reporting requirements of the U.S. Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), and in accordance therewith files reports and other information with the SEC. Under a multijurisdictional disclosure system adopted by the United States and Canada, such reports and other information may be prepared in accordance with the disclosure requirements of the provincial and territorial securities regulatory authorities of Canada, which requirements are different from those of the United States. These reports and other information, when filed or furnished by us in accordance with such requirements, can be inspected and copied by you at the SEC's Public Reference Room located at 100 F Street, N.E., Washington, D.C. 20549. You can get further information about the SEC's Public Reference Room by calling 1-800-SEC-0330. The Bank's and the Guarantor's filings with the SEC are also available to the public through the SEC's website at [www.sec.gov](http://www.sec.gov). The Bank's common shares are listed on the New York Stock Exchange, and reports and other information concerning the Bank can be inspected at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

The Bank and the Guarantor have filed with the SEC a registration statement on Form F-3 with respect to the covered bonds and related guarantee covered by this prospectus. This prospectus does not contain all of the information that is set forth in the registration statement, certain parts of which are omitted in accordance with the rules and regulations of the SEC. Statements made in this prospectus as to the contents of any contract, agreement or other document referred to are not necessarily complete, and in each instance, you should refer to the exhibits that are a part of the registration statement for a copy of the contract, agreement or other document for a more complete description of the matter. For further information with respect to the Bank, the Guarantor, the covered bonds and the related guarantee, reference is made to the registration statement and the exhibits thereto, which are publicly available as described in the preceding paragraph.

Additional information with respect to the Bank, the Guarantor, the Portfolio and certain other matters, together with copies of each of the Transaction Documents and the Monthly Reports filed by the Bank from time to time, is also available on the Bank's website at <http://www.scotiabank.com/ca/en/0,,930,00.html> and through the CMHC's covered bond registry at [www.cmhc-schl.gc.ca/coveredbonds](http://www.cmhc-schl.gc.ca/coveredbonds). Information on or accessible through the Bank's website does not form part of this prospectus and should not be relied upon.

## **FORWARD-LOOKING STATEMENTS**

Our public communications often include oral or written forward-looking statements. Statements of this type are included in this document, and may be included in other filings with Canadian securities regulators or the SEC, or in other communications. All such statements are made pursuant to the "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995 and any applicable Canadian securities legislation. Forward looking statements may include comments with respect to our objectives, strategies to achieve those objectives, expected financial results (including those in the area of risk management), and the outlook for the Bank's businesses and for the Canadian, United States and global economies. Such statements are typically identified by words or phrases such as "believe," "expect,"

"anticipate," "intent," "estimate," "plan," "may increase," "may fluctuate," and similar expressions of future or conditional verbs, such as "will," "should," "would" and "could."

By their very nature, forward looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, and the risk that predictions and other forward looking statements will not prove to be accurate. We caution readers of this document not to place undue reliance on our forward looking statements, as a number of important factors, many of which are beyond our control, could cause actual results to differ materially from the estimates and intentions expressed in such forward looking statements. These factors include, but are not limited to: the economic and financial conditions in Canada and globally; fluctuations in interest rates and currency values; liquidity; significant market volatility and interruptions; the failure of third parties to comply with their obligations to the Bank and its affiliates; the effect of changes in monetary policy; legislative and regulatory developments in Canada and elsewhere, including changes in tax laws; the effect of changes to the Bank's credit ratings; amendments to, and interpretations of, risk based capital guidelines and reporting instructions and liquidity regulatory guidance; operational and reputational risks; the risk that the Bank's risk management models may not take into account all relevant factors; the accuracy and completeness of information the Bank receives on customers and counterparties; the timely development and introduction of new products and services in receptive markets; the Bank's ability to expand existing distribution channels and to develop and realize revenues from new distribution channels; the Bank's ability to complete and integrate acquisitions and its other growth strategies; changes in accounting policies and methods the Bank uses to report its financial condition and financial performance, including uncertainties associated with critical accounting assumptions and estimates; the effect of applying future accounting changes; global capital markets activity; the Bank's ability to attract and retain key executives; reliance on third parties to provide components of the Bank's business infrastructure; unexpected changes in consumer spending and saving habits; technological developments; fraud by internal or external parties, including the use of new technologies in unprecedented ways to defraud the Bank or its customers; consolidation in the Canadian financial services sector; competition, both from new entrants and established competitors; judicial and regulatory proceedings; acts of God, such as earthquakes and hurricanes; the possible impact of international conflicts and other developments, including terrorist acts and war on terrorism; the effects of disease or illness on local, national or international economies; disruptions to public infrastructure, including transportation, communication, power and water; and the Bank's anticipation of and success in managing the risks implied by the foregoing. A substantial amount of the Bank's business involves making loans or otherwise committing resources to specific companies, industries or countries. Unforeseen events affecting such borrowers, industries or countries could have a material adverse effect on our financial results, businesses, financial condition or liquidity. These and other factors may cause actual performance to differ materially from that contemplated by forward-looking statements. For more information, see the discussion in the "*Risk management*" section of the Bank's Annual Report on Form 40-F for the fiscal year ended October 31, 2012 which is incorporated by reference herein.

Readers are cautioned that the foregoing list of risk factors is not exhaustive and other factors could also adversely affect the Bank's and the Guarantor's results. When relying on forward-looking statements to make decisions with respect to the Bank and the Guarantor, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Except as required by law, none of the Bank, the Guarantor, the Dealers, the Bond Trustee, or any other person undertakes to update any forward-looking statement, whether written or oral, that may be made from time to time by or on behalf of the Bank or the Guarantor.

Information contained in or otherwise accessible through the websites mentioned does not form part of this document. All references in this document to websites are inactive textual references and are for your information only.

## PRESENTATION OF FINANCIAL INFORMATION

The Bank prepares its consolidated financial statements in accordance with International Financial Reporting Standards ("**IFRS**"), which replaced Canadian generally accepted accounting principles ("**GAAP**") for publicly accountable enterprises beginning in 2011. IFRS became effective for the Bank for its interim and annual periods commencing November 1, 2011 (adoption date), and includes the preparation and reporting of one year of comparative figures, including an opening balance sheet as of November 1, 2010 (transition date). For additional information regarding the Bank's adoption of IFRS, see the sections entitled "*First-time adoption of IFRS*" and "*Explanation of significant adjustments from Canadian GAAP to IFRS*" in the Bank's Annual Report on Form 40-F for the fiscal year ended October 31, 2012.

Additionally, we publish our consolidated financial statements in Canadian Dollars. In this prospectus and any applicable supplement, currency amounts are stated in Canadian Dollars (\$), unless specified otherwise. As indicated in the table below, the Canadian Dollar has fluctuated in value compared to the U.S. Dollar over time.

The tables below set forth the high and low daily noon exchange rates, the average yearly rate and the rate at period end between Canadian Dollars and U.S. Dollars (in U.S. Dollars per Canadian Dollar) for the five-year period ended October 31, 2012 and the high and low daily noon exchange rates for the three months ended January 31, 2013, the three months ended April 30, 2013 and for the period May 1 through May 29, 2013. On May 29, 2013, the daily noon exchange rate was U.S.\$0.9733 = \$1.00. Our reference to the "**daily noon exchange rate**" is the daily noon exchange rate as reported by the Bank of Canada.

### Year Ended October 31, **High Low Average Rate**<sup>(1)</sup> **At Period End**

2008	1.09080.77270.9720	0.8225
2009	0.97190.76950.8605	0.9288
2010	1.00400.92800.9604	0.9816
2011	1.05840.94301.0159	1.0068
2012	1.02990.95360.9969	1.0006

Three months ending	<b>High Low</b>
January 31, 2013	1.00740.9971
April 30, 2013	1.03140.9960

Period of	<b>High Low</b>
May 1, 2013 through May 30, 2013	1.0371 1.0023

(1) The average of the daily noon exchange rates on the last business day of each full month during the relevant period.

**LIMITATIONS ON THE ENFORCEMENT OF U.S. LAWS  
AGAINST THE BANK, OUR MANAGEMENT AND OTHERS**

The Bank is incorporated under the federal laws of Canada under the Bank Act (Canada). The Guarantor is an Ontario limited partnership. Substantially all of the Bank's directors and executive officers, including many of the persons who signed the Registration Statement on Form F-3, of which this prospectus forms a part, and some or all of the experts named in this document, reside outside the United States, and all or a substantial portion of the Bank and the Guarantor's assets and the assets of such persons are located outside the United States. As a result, it may be difficult for you to effect service of process within the United States upon such persons, or to realize upon judgments rendered against the Bank or such persons by the courts of the United States predicated upon, among other things, the civil liability provisions of the federal securities laws of the United States. In addition, it may be difficult for you to enforce, in original actions brought in courts in jurisdictions located outside the United States, among other things, civil liabilities predicated upon such securities laws.

The Bank has been advised by our Canadian counsel, Osler, Hoskin & Harcourt LLP, that a judgment of a United States court predicated solely upon civil liability under such laws and that would not be contrary to public policy would probably be enforceable in Canada if the United States court in which the judgment was obtained has a basis for jurisdiction in the matter that was recognized by a Canadian court for such purposes. The Bank has also been advised by such counsel, however, that there is some residual doubt whether an original action could be brought successfully in Canada predicated solely upon such civil liabilities.

## SUMMARY

*This summary highlights key information described in greater detail elsewhere, or incorporated by reference, in this prospectus. You should read carefully the entire prospectus and the documents incorporated by reference and any applicable prospectus supplement before making an investment decision.*

### The Bank of Nova Scotia

The Bank is a leading multinational financial services provider and Canada's most international bank. With more than 83,000 employees, the Bank and its affiliates serve some 19 million customers in more than 55 countries around the world. The Bank offers a broad range of products and services including personal, commercial, corporate and investment banking.

### Scotiabank Covered Bond Guarantor Limited Partnership

The Guarantor is a limited partnership established under the laws of the Province of Ontario whose principal business is to provide a guarantee of the obligations of the Bank pursuant to covered bonds issued by it, from time to time, pursuant to the Bank's Global Registered Covered Bond Program (the "**Program**") and certain ancillary activities with respect thereto.

### The Global Registered Covered Bond Program

The Bank intends to issue, offer and sell covered bonds under the Program in the United States pursuant to this prospectus. These covered bonds will be issued under a trust deed governed by Ontario law (the "**Trust Deed**"). The Bond Trustee acts as the trustee under the Trust Deed. All Series of the covered bonds under the Program will have the benefit of the Covered Bond Guarantee issued by the Guarantor and be secured by a pledge of the Portfolio to the Bond Trustee. The Bank anticipates that it will continue to issue covered bonds by means other than this prospectus under the Trust Deed from time to time.

On March 25, 2013, the Bank was accepted as a registered issuer under Part I.1 of the *National Housing Act* (Canada) and the CMHC Guide in accordance with their terms and on \_\_\_\_\_, 2013, the Program was registered as a registered program under Part I.1 of the *National Housing Act* (Canada) and the CMHC Guide. All future covered bonds issued by the Bank under the Program will be covered bonds issued under its registered covered bond program pursuant to under Part I.1 of the *National Housing Act* (Canada) and the CMHC Guide.

### **The Portfolio**

The assets in the "Portfolio" consist primarily of Canadian residential Loans and their Related Security, cash and in some cases certain Substitute Assets up to a certain threshold amount. As required by the CMHC Guide, the Portfolio does not include any Loans that are insured by a Prohibited Insurer.

### **Global Public Sector Covered Bond Programme**

The Bank has previously issued the equivalent of approximately \$15.75 billion of covered bonds in a variety of currencies both outside and in the United States utilizing Regulation

S and Rule 144A under the Bank's Global Public Sector Covered Bond Programme utilizing mortgage loans insured by CMHC. \$15.75 billion of these covered bonds remain outstanding as of the date of this prospectus, and such covered bonds are guaranteed by a different guarantor entity and are secured by a different cover pool.

#### The Guarantee

Pursuant to the covered bond guarantee (the "**Guarantee**"), the Guarantor has irrevocably and unconditionally guaranteed the due and punctual payment of the Guaranteed Amounts on the covered bonds in accordance with the Trust Deed.

#### **Program Structure Overview**

The covered bonds of each series issued by the Bank are guaranteed by the Guarantor pursuant to the terms of the Trust Deed between the Bank, the Guarantor and the Bond Trustee. The Guarantor guarantee is secured by a pledge of certain assets of the Guarantor, which includes the Portfolio, to the Bond Trustee pursuant to the terms of the Security Agreement. The Guarantor purchased the initial Loans and their Related Security included in the Portfolio from the Bank using amounts borrowed from the Bank under the Intercompany Loan. Proceeds from the Intercompany Loan may also be used to purchase New Loans and their Related Security for the Portfolio and for other purposes as described in "*Summary of the Principal Documents—Mortgage Sale Agreement*". The Guarantor and the Bank entered into an Interest Rate Swap Agreement and a Covered Bond Swap Agreement in respect of which the Guarantor and the Bank will enter in a new confirmation for each series of covered bonds that are issued by the Bank. The Interest Rate Swap Agreement converts interest received on the Portfolio to an amount in excess of the interest rate payable on the Intercompany Loan and, for each series, the Covered Bond Swap Agreement converts a certain portion of the Canadian Dollar payments from the Interest Rate Swap Agreement (or if not then in place for any reason, the Portfolio) to the currency and interest amounts payable on the related covered bonds. No cash flows will be exchanged under either of the Swap Agreements until after the occurrence of certain specified events.

#### Risk Factors

An investment in the covered bonds involves risks. You should carefully consider all of the information set forth in this prospectus and any applicable prospectus supplement and, in particular, should evaluate the specific factors set forth under "*Risk Factors*" in deciding whether to invest in the covered bonds. For a discussion of important business and financial risks relating to the Bank, please see the Bank's 2012 Annual Report, which is incorporated in this prospectus by reference (and in any of our annual or quarterly reports for a subsequent financial period that are so incorporated).

#### Corporate Offices

The Bank's executive offices are located at Scotia Plaza, 44 King Street West, Toronto, Ontario, Canada M5H 1H1 and the head office is located at 1709 Hollis Street, Halifax, Nova Scotia, Canada B3J 3B7. The telephone number is (416) 866-3672.

The Guarantor's address is 100 King Street West, Suite 6100, 1 First Canadian Place, Toronto, Ontario, M5X 1B8. The telephone number is (416) 866-3672.

PROGRAM STRUCTURE DIAGRAM

*The following structure diagram provides an indicative summary of the principal features of the Program. The diagram must be read in conjunction with and is qualified in its entirety by the detailed information presented elsewhere in this prospectus and any applicable prospectus supplement.*

*\*Cashflows under the Interest Rate Swap Agreement and the Covered Bond Swap Agreement will be exchanged only after the occurrence of an Interest Rate Swap Activation Event or a Covered Bond Swap Activation Event, respectively.*



SUMMARY OF THE COVERED BOND PROGRAM

*This section is a summary and does not describe every aspect of the covered bonds. This section summarizes the material terms of the covered bonds that are common to all series of covered bonds. This summary is subject to and qualified in its entirety by reference to all the provisions of the Trust Deed and other Transaction Documents, including definitions of certain terms used in the Trust Deed and other Transaction Documents. In this summary, we describe the meaning of only some of the more important terms. This summary is also subject to and qualified by reference to the description of the particular terms of your series or tranche described in the applicable prospectus supplement. Those terms may vary from the terms described in this prospectus. The applicable prospectus supplement relating to each series or tranche of covered bonds will be attached to the front of this prospectus.*

<b>Bank:</b>	The Bank of Nova Scotia. For a more detailed description of the Bank, see " <i>The Bank of Nova Scotia.</i> "
<b>Branch of Account:</b>	The main branch of the Bank in Toronto (located at its Executive Offices) will take the deposits evidenced by the covered bonds but without prejudice to the provisions of Condition 9 ( <i>Events of Default, Acceleration and Enforcement</i> ). The Bank may also specify any other branch in the prospectus supplement.
<b>Guarantor:</b>	Scotiabank Covered Bond Guarantor Limited Partnership
<b>Dealers:</b>	Barclays Capital Inc., Scotia Capital Inc., and Scotia Capital (USA) Inc. and any other dealer appointed from time to time by the Bank generally in respect of the Program or in relation to a particular Series or Tranche of covered bonds.
<b>Seller:</b>	The Bank, any New Seller, or other Limited Partner, who may from time to time accede to, and sell Loans and their Related Security or New Loans and their Related Security to the Guarantor.
<b>Servicer:</b>	The Bank, subject to replacement in accordance with the terms of the Servicing Agreement.
<b>Cash Manager:</b>	The Bank, subject to replacement in accordance with the terms of the Cash Management Agreement.
<b>Calculation Agent:</b>	The Bank, acting through its offices located at 201 Bishopsgate, London EC2M 3NS.
<b>Custodian:</b>	Computershare Trust Company of Canada, acting through its offices located at 100 University Avenue, 8 <sup>th</sup> Floor, North Tower, Toronto, Ontario Canada M5J 2Y1.

<b>Registrar, Principal Paying Agent, and Transfer Agent:</b>	The Bank of Nova Scotia, London Branch acting through its office located at 201 Bishopsgate, London EC2M 3NS.
<b>U.S. Registrar, Paying Agent, Transfer Agent and Exchange Agent:</b>	The Bank of Nova Scotia Trust Company of New York, acting through its office located at One Liberty Plaza, 23rd Floor, New York, New York, 10006.
<b>Bond Trustee:</b>	Computershare Trust Company of Canada, acting through its offices located at 100 University Avenue, 8 <sup>th</sup> Floor, North Tower, Toronto, Ontario Canada M5J 2Y1.
<b>Cover Pool Monitor:</b>	KPMG LLP, acting through its offices at Bay Adelaide Centre, 333 Bay Street, Suite 4600, Toronto, Ontario, Canada M5H 2S5.
<b>Interest Rate Swap Provider:</b>	The Bank, subject to replacement in accordance with the terms of the Interest Rate Swap Agreement.
<b>Covered Bond Swap Provider:</b>	The Bank, subject to replacement in accordance with the terms of the Covered Bond Swap Agreement.
<b>GDA Provider:</b>	The Bank, acting through its main branch in Toronto.
<b>Account Bank:</b>	The Bank, acting through its main branch in Toronto.
<b>Standby Account Bank:</b>	Canadian Imperial Bank of Commerce, acting through its offices at 11 <sup>th</sup> Floor, 161 Bay Street, Toronto, Ontario, M5J 2S8.
<b>Standby GDA Provider:</b>	Canadian Imperial Bank of Commerce, acting through Its offices at 11 <sup>th</sup> Floor, 161 Bay Street, Toronto, Ontario, M5J 2S8.
<b>Legislative Framework:</b>	The legislative framework established by Part I.1 of the <i>National Housing Act</i> (Canada).
<b>Issuance of Series:</b>	<p>Covered bonds will be issued in series (each, a "<b>Series</b>"). Each Series may comprise one or more tranches ("<b>Tranches</b>" and each, a "<b>Tranche</b>") issued on different issue dates. The covered bonds of each Series will all be subject to identical terms, except that the issue date and the amount of the first payment of interest may be different in respect of different Tranches.</p> <p>The covered bonds will be issued by the Bank, as a CMHC registered issuer, under its CMHC registered covered bond program, which is registered pursuant to Part I.1 of the <i>National Housing Act</i> (Canada).</p>
<b>Currency and Denomination:</b>	Unless otherwise specified in the applicable prospectus supplement, covered bonds will be issued in U.S.\$ and in such denominations as may be agreed to between the Dealers and the Bank and as set forth in the applicable prospectus supplement.

<b>Maturities:</b>	Such maturities as may be agreed between the Bank and the Dealers or covered bondholders, as the case may be, and as indicated in the prospectus supplement, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant regulator (or equivalent body) or any laws or regulations applicable to the Bank or the relevant Specified Currency.
<b>Form of the Covered Bonds:</b>	The covered bonds will be issued in registered form as a global covered bond held through DTC.
<b>Interest:</b>	Covered bonds may be interest bearing or non-interest bearing. Interest (if any) may accrue at a fixed or floating rate (detailed in a formula or otherwise) and may vary during the lifetime of the relevant Series.
<b>Types of covered bonds:</b>	Unless otherwise specified in the prospectus supplement, the types of covered bonds that may be issued pursuant to this prospectus are (i) fixed rate covered bonds and (ii) floating rate covered bonds.
<b>Fixed Rate Covered Bonds:</b>	Fixed rate covered bonds will bear interest at a fixed rate which will be payable on such date or dates as may be agreed between the Bank and the Dealers and on redemption and will be calculated on the basis of such day count basis as may be agreed between the Bank and the Dealers (as set out in the applicable prospectus supplement), provided that if an Extended Due for Payment Date is specified in the prospectus supplement, interest following the Due for Payment Date will continue to accrue and be payable on the unpaid amount in accordance with Condition 4 ( <i>Interest</i> ), at a rate of interest determined in accordance with Condition 4.1 ( <i>Interest on Fixed Rate Covered Bonds</i> ) (in the same manner as the rate of interest for floating rate covered bonds) even where the relevant covered bonds are fixed rate covered bonds.
<b>Floating Rate Covered Bonds:</b>	Floating rate covered bonds will bear interest at a rate determined on such basis as may be agreed between the Bank and the Dealers, as set out in the applicable prospectus supplement.
<b>Other provisions in relation to Floating Rate Covered Bonds</b>	Floating Rate Covered Bonds may also have a Maximum Rate of Interest, a Minimum Rate of Interest or both (as indicated in the applicable prospectus supplement). Interest on Floating Rate Covered Bonds in respect of each Interest Period, as specified in the applicable prospectus supplement, will be payable on such Interest Payment Dates, and will be calculated on a day count basis, in each case as specified in the applicable prospectus supplement.

**Hard Bullet  
Covered Bonds:**

Hard Bullet Covered Bonds may be offered and will be subject to a Pre-Maturity Test. The intention of the Pre-Maturity Test is to test the liquidity of the Guarantor's assets in respect of Hard Bullet Covered Bonds maturing within 12 months from the relevant Pre-Maturity Test Date when the Bank's credit ratings have fallen below a certain level specified in the Guarantor Agreement.

**Rating Agency  
Confirmation:**

Any issuance of covered bonds will be conditional upon obtaining Rating Agency Confirmation in respect of the ratings of the then outstanding covered bonds by the Rating Agencies.

**Listing:**

Covered bonds will not be listed on any stock exchange unless otherwise specified in the applicable prospectus supplement.

**Redemption:**

The applicable prospectus supplement relating to each Tranche of covered bonds will indicate either that the relevant covered bonds of such Tranche cannot be redeemed prior to their stated maturity (other than following an Issuer Event of Default or a Guarantor Event of Default or as indicated below) or that such covered bonds will be redeemable at the option of the Bank upon giving notice to the holders of the covered bonds, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Bank and the Dealers (as set out in the applicable prospectus supplement).

Early redemption will be permitted for taxation reasons and illegality as described in Conditions 6.2 (*Redemption for taxation reasons*) and 6.5 (*Redemption due to illegality or invalidity*), but will otherwise be permitted only to the extent specified in the applicable prospectus supplement.

**Extendable  
obligations under  
the Covered Bond  
Guarantee:**

The applicable prospectus supplement may also provide that (if a Notice to Pay has been served on the Guarantor) the Guarantor's obligations under the Covered Bond Guarantee to pay the Guaranteed Amounts corresponding to the Final Redemption Amount of the applicable Series of covered bonds on their Final Maturity Date (subject to applicable grace periods) may be deferred until the Extended Due for Payment Date.

In such case, such deferral will occur automatically (i) if the Bank fails to pay the Final Redemption Amount of the relevant Series of covered bonds on their Final Maturity Date (subject to applicable grace periods) and (ii) if the Guaranteed Amounts equal to the Final Redemption Amount in respect of such Series of covered bonds are not paid in full by the Guarantor by the Extension Determination Date (for example, because the Guarantor has insufficient monies in accordance with the Priorities of Payments to pay in full the Guaranteed Amounts corresponding to the Final Redemption Amount of the relevant Series of covered bonds after payment of higher ranking amounts and taking into account amounts ranking *pari passu* in the Priorities of Payments). To the extent a Notice to Pay has been served on the Guarantor and the Guarantor has sufficient time and sufficient monies to pay in part the Final Redemption Amount, such partial payment will be made by the Guarantor on any Interest Payment Date up to and including the relevant Extended Due for Payment Date as described in Condition 6.1 (*Final redemption*). Interest will continue to accrue and be payable on the unpaid amount in accordance with Condition 4 (*Interest*) at a rate of interest determined in accordance with Condition 4 (*Interest*) (in the same manner as the rate of interest for floating rate covered bonds). The Guarantor will pay Guaranteed Amounts constituting Scheduled Interest on each Original Due for Payment Date and the Extended Due for Payment Date and any unpaid amounts in respect thereof will be due and payable on the Extended Due for Payment Date.

**Taxation:**

Payments in respect of covered bonds will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Canada or any province or territory thereof, or, in the case of covered bonds issued by a branch of the Bank located outside Canada, the country in which such branch is located, or any political subdivision thereof or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event, the Bank will (subject to customary exceptions) pay such additional amounts as will result in the holders of covered bonds receiving such amounts as they would have received in respect of such covered bonds had no such withholding or deduction been required. Under the Covered Bond Guarantee, the Guarantor will not be liable to pay any such additional amounts as a consequence of any applicable tax withholding or deduction, including such additional amounts which may become payable by the Bank under Condition 7 (*Taxation*).

If (i) any portion of interest payable on a covered bond is contingent or dependent on the use of, or production from, property in Canada or is computed by reference to revenue, profit, cash flow, commodity price or any other similar criteria or by reference to dividends paid or payable to shareholders of a corporation; (ii) the recipient of interest payable on a covered bond does not deal at arm's length with the Bank or the Guarantor for purposes of the *Income Tax Act* (Canada) ("**ITA**"); (iii) interest is payable in respect of a covered bond owned by a person with whom the Bank or the Guarantor does not deal at arm's length for purposes of the ITA; or (iv) the recipient of interest payable on a covered bond is a "specified shareholder" of the Bank or a non-resident person that does not deal at arm's length with a specified shareholder of the Bank (in each case within the meaning of the ITA for purposes of the thin capitalization rules contained in subsection 18(4) of such act), such interest may be subject to Canadian nonresident withholding tax. Additional opinions from Canadian tax counsel may be required. See the discussion under the caption "*Taxation—Canadian Taxation*."

**ERISA:**

In general, a covered bond may be purchased by U.S. benefit plan investors as defined in Section 3(42) of the U.S. Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), subject to certain conditions. See "*Benefit Plan Investor Considerations*."

**Cross Default:**

If a Guarantor Acceleration Notice is served in respect of any covered bonds, then the obligation of the Guarantor to pay Guaranteed Amounts in respect of all covered bonds outstanding will be accelerated.

**Status of the Covered Bonds:**

The covered bonds will constitute deposits for purposes of the Bank Act (Canada), except for in certain limited circumstances as described in the Terms and Conditions, and will constitute legal, valid and binding direct, unconditional, unsubordinated and unsecured obligations of the Bank and will rank *pari passu* with all deposit liabilities of the Bank without any preference among themselves and (save for any applicable statutory provisions) at least equally with all other present and future unsecured and unsubordinated obligations of the Bank, from time to time outstanding.

The covered bonds will not be deposits insured under the *Canada Deposit Insurance Corporation Act* (Canada).

**Governing Law and Jurisdiction:**

The covered bonds and the Transaction Documents (other than the Underwriting Agreement) will be governed by, and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. The Underwriting Agreement will be governed by the laws of the State of New York.

Ontario courts have non-exclusive jurisdiction in the event of litigation in respect of the contractual documentation and the covered bonds governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein.

<b>Terms and Conditions:</b>	<p>A prospectus supplement will be prepared in respect of each Tranche of covered bonds. The terms and conditions applicable to each Tranche will be those described under "<i>Terms and Conditions of the Covered Bonds</i>" as supplemented, modified or replaced by the applicable prospectus supplement.</p>
<b>Clearing System:</b>	<p>DTC and/or, in relation to any covered bonds, any other clearing system as may be specified in the applicable prospectus supplement.</p>
<b>Non-U.S. Selling Restrictions:</b>	<p>There will be specific restrictions on offers, sales and deliveries of covered bonds and on the distribution of offering material in Canada, Japan, the EEA, the United Kingdom, France, Australia and Italy, as well as such other restrictions as may be required in connection with a particular issue of covered bonds as set out in the applicable prospectus supplement.</p>
<b>Covered Bond Guarantee:</b>	<p>Payment of interest and principal in respect of the covered bonds when Due for Payment will be irrevocably guaranteed by the Guarantor. The obligations of the Guarantor to make payment in respect of the Guaranteed Amounts when Due for Payment are subject to the condition that a Covered Bond Guarantee Activation Event has occurred. The obligations of the Guarantor under the Covered Bond Guarantee will accelerate against the Guarantor upon the service of a Guarantor Acceleration Notice. The obligations of the Guarantor under the Covered Bond Guarantee constitute direct obligations of the Guarantor secured against the assets of the Guarantor, including the Portfolio.</p> <p>Payments made by the Guarantor under the Covered Bond Guarantee will be made subject to, and in accordance with, the applicable Priorities of Payments.</p>
<b>Security:</b>	<p>To secure its obligations under the Covered Bond Guarantee and the Transaction Documents to which it is a party, the Guarantor has granted a first ranking security interest over its present and future acquired assets, including the Portfolio, in favor of the Bond Trustee (for itself and on behalf of the other Secured Creditors) pursuant to the terms of the Security Agreement.</p>

**Intercompany  
Loan:**

Under the terms of the Intercompany Loan Agreement, the Bank will make available to the Guarantor, on an unsecured basis, an interest-bearing Intercompany Loan, comprised of a Guarantee Loan and a revolving Demand Loan, in a combined aggregate amount equal to the Total Credit Commitment, subject to increases and decreases as described below. The Intercompany Loan will be denominated in Canadian Dollars. The interest rate on the Intercompany Loan will be a Canadian Dollar floating rate determined by the Bank from time to time, subject to a maximum of (i) prior to the Interest Rate Swap Effective Date, the yield on the Portfolio, and (ii) following the Interest Rate Swap Effective Date, the amount received by the Guarantor pursuant to the Interest Rate Swap Agreement, and, in each case, less a minimum spread and an amount for certain expenses of the Guarantor.

The balance of the Guarantee Loan and Demand Loan will fluctuate with the issuances and redemptions of covered bonds and the requirements of the Asset Coverage Test.

To the extent the Portfolio increases or is required to be increased to meet the Asset Coverage Test, the Bank may increase the Total Credit Commitment to enable the Guarantor to acquire New Loans and their Related Security from the Seller.

The balance of the Guarantee Loan and the Demand Loan will be disclosed in each Monthly Report.

**Guarantee  
Loan:**

The Guarantee Loan is in an amount equal to the balance of outstanding covered bonds at any relevant time plus that portion of the Portfolio required in accordance with the Asset Coverage Test as over-collateralization for the covered bonds in excess of the amount of then outstanding covered bonds (see "*Summary of the Principal Documents — Guarantor Agreement — Asset Coverage Test*").

**Demand Loan:**

The Demand Loan is a revolving credit facility, the outstanding balance of which is equal to the difference between the balance of the Intercompany Loan and the balance of the Guarantee Loan at any relevant time. At any time prior to a Demand Loan Repayment Event, the Guarantor may borrow any withdrawn or committed amount or re-borrow any amount repaid by the Guarantor under the Intercompany Loan for a permitted purpose provided, among other things, (i) such drawing does not result in the Intercompany Loan exceeding the Total Credit Commitment; and (ii) no Issuer Event of Default or Guarantor Event of Default has occurred and is continuing.

**The Proceeds of  
the  
Intercompany  
Loan:**

The Guarantor will use advances from the Intercompany Loan to purchase Loans and their Related Security for inclusion in the Portfolio from the Seller in accordance with the terms of the Mortgage Sale Agreement and may use additional advances (i) to purchase New Loans and their Related Security pursuant to the terms of the Mortgage Sale Agreement; and/or (ii) to invest in Substitute Assets in an amount not exceeding the prescribed limit under the CMHC Guide; and/or (iii) subject to complying with the Asset Coverage Test to make Capital Distributions to the Limited Partner; and/or (iv) to make deposits of the proceeds in the Guarantor Accounts (including, without limitation, to fund the Reserve Fund and the Pre-Maturity Liquidity Ledger) to an amount not exceeding the prescribed limit.



**Capital  
Contribution:**

The Limited Partner may from time to time make Capital Contributions to the Guarantor including Capital Contributions of New Loans and their Related Security. Each of the Managing GP and the Liquidation GP respectively hold 99 percent and 1 percent of the .05 percent general partner interest in the Guarantor. The Limited Partner holds the substantial economic interest in the Guarantor (approximately 99.95 percent).

**Consideration:**

Under the terms of the Mortgage Sale Agreement, the Seller will sell Loans and their Related Security to the Guarantor for the Portfolio on a fully-serviced basis for cash consideration equal to the fair market value of such Loans on their Purchase Date, or if so determined by the Limited Partner, the Limited Partner may make Capital Contributions of Loans and their Related Security on a fully-serviced basis to the Guarantor in exchange for additional interests in the capital of the Guarantor.

**Interest Rate  
Swap  
Agreement:**

The Guarantor has entered into the Interest Rate Swap Agreement with the Interest Rate Swap Provider to provide a hedge against possible variances in the rates of interest payable on the Loans in the Portfolio (which may, for instance, include variable rates of interest or fixed rates of interest), the amounts payable on the Intercompany Loan and (following the Covered Bond Swap Effective Date) the Covered Bond Swap Agreement.

**Covered Bond  
Swap  
Agreement:**

To provide a hedge against currency and/or other risks arising, following the Covered Bond Swap Effective Date, in respect of amounts received by the Guarantor under the Interest Rate Swap Agreement and amounts payable in respect of its obligations under the Covered Bond Guarantee, the Guarantor will enter into the Covered Bond Swap Agreement (which may include a new ISDA Master Agreement schedule and confirmation(s) and credit support annex, if applicable, for each Tranche and/or series of covered bonds) with the Covered Bond Swap Provider.

## RISK FACTORS

*Investment in the covered bonds is subject to various risks including those risks inherent in conducting the business of a diversified financial institution. Before deciding whether to invest in the covered bonds, you should consider carefully the risks described in the documents incorporated by reference in this prospectus (including subsequently filed documents incorporated by reference) and, if applicable, those described in a prospectus supplement, as the case may be, relating to a specific offering of covered bonds.*

Risks relating to the covered bonds generally

The covered bonds may not be a suitable investment for all investors

The purchase of covered bonds involve substantial risks and are suitable only for investors who have the knowledge and experience in financial and business matters necessary to enable them to evaluate the risks and the merits of an investment in the covered bonds. Covered bonds are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in covered bonds which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the covered bonds will perform under changing conditions, the resulting effect on the value of the covered bonds and the impact this investment will have on the potential investor's overall investment portfolio.

Prior to making an investment decision, prospective investors should consider carefully, in light of their own financial circumstances and investment objectives, (i) all the information set forth in this prospectus and, in particular, the considerations set forth below and (ii) all the information set forth in the applicable prospectus supplement. Prospective investors should make such inquiries as they deem necessary without relying on us or any arranger or dealer.

Each potential investor in the covered bonds must determine the suitability of its investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the covered bonds, the merits and risks of investing in the covered bonds and the information contained in this prospectus or incorporated herein by reference or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the covered bonds and the impact the covered bonds will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the covered bonds, including covered bonds with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the currency in which the potential investor's financial activities are principally denominated;

understand thoroughly the terms of the covered bonds and be familiar with the behavior of any relevant indices and financial markets; and

be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Covered bonds involve a high degree of risk and potential investors should be prepared to sustain a loss of all or part of their investment.