

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions of the Notes (the “Conditions”) which, subject to completion in accordance with the provisions of the applicable Final Terms or applicable Pricing Supplement, as the case may be, will be applicable to the Notes and, subject further to simplification by deletion of non-applicable provisions, will be endorsed on Notes in definitive form (if any). Details of the relevant Issuer, the Guarantor (if applicable) and the relevant Series will be set out in Part A of the applicable Final Terms or applicable Pricing Supplement, as the case may be, and, in the case of the issue of Notes in definitive form, the relevant portions will be endorsed on the definitive form of Note. References in the Conditions to “Notes” are to the Notes of one Series only, not to all Notes which may be issued under the Programme. In addition, the Conditions applicable to Bearer Global Notes and Global Certificates are modified or supplemented by additional provisions; see “Summary of Provisions Relating to the Notes while in Global Form” below. The applicable Pricing Supplement in relation to any Tranche of Exempt Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace or modify the Conditions for the purpose of such Notes. Capitalised terms not defined in the Conditions but which are defined in the applicable Final Terms will have the meanings given them in Part A of such Final Terms or Pricing Supplement, as the case may be, and “herein”, “hereof” or “hereon” when used in the Conditions shall include a reference to such Final Terms where appropriate.*

This Note is one of a Series of notes (the “Notes”), which expression shall mean (i) in regard to any Notes represented by a Note in temporary global form or in permanent global form (each a “Bearer Global Note”) or a Note in registered form, units of the lowest Specified Denomination in the Currency specified hereon of the relevant Notes, (ii) any Note in definitive form issued in exchange for a Bearer Global Note, and (iii) any Bearer Global Note. The Notes are issued pursuant to an Amended and Restated Agency Agreement dated July 6, 2018 (as amended or supplemented from time to time, the “Agency Agreement”), between The Bank of Nova Scotia (the “Bank”) and Scotiabank Europe plc (“Scotiabank Europe”) as issuers (collectively the “Issuers” and each an “Issuer”), the Bank in its capacity as guarantor (“the Guarantor”) of Guaranteed Notes (as defined below), The Bank of Nova Scotia, London Branch as fiscal agent (the “Fiscal Agent”) and principal paying agent, transfer agent, calculation agent and registrar (the “Registrar”), The Bank of Nova Scotia, Global Wholesale Operations as paying agent (together with the Fiscal Agent and any additional or other paying agents in respect of the Notes from time to time appointed, the “Paying Agents”) and transfer agent (together with the Fiscal Agent and any additional or other transfer agents in respect of the Notes from time to time appointed, the “Transfer Agents”), and with the benefit of the Deed of Covenant executed by the Bank dated July 6, 2018 and the Deed of Covenant executed by Scotiabank Europe and, in the case of Guaranteed Notes, by the Guarantor dated June 28, 2017 (each, as further amended or supplemented from time to time, the “Deeds of Covenant”). The initial Calculation Agent(s) (if any) is specified in the applicable Final Terms. The Noteholders (as defined below), the holders of the interest coupons (the “Coupons”) appertaining to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the “Talons”) (the “Couponholders”) and the holders of the instalment receipts (the “Receipts”) appertaining to the payment of principal by instalments are deemed to have notice of all of the provisions of the Agency Agreement applicable to them.

As used herein, “Series” means all Notes which are denominated in the same currency, which have the same Maturity Date and the same Interest Basis and Redemption/Payment Basis, if any, all as indicated in the applicable Final Terms, and the terms of which, save for the Issue Date, the Interest Commencement Date and/or the Issue Price (as indicated as aforesaid) are otherwise identical (including whether or not the Notes are listed). As used herein, “Tranche” means all Notes of the same Series with the same Issue Date and Interest Commencement Date. The final terms applicable to a Tranche of Notes are set out in Part A of the Final Terms attached to or endorsed on the Note which complete these Terms and Conditions (the “Conditions”) or, if this Note is a Note which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under the Prospectus Directive (an “Exempt Note”), the final terms (or the relevant provisions thereof) are set out in Part A of the Pricing Supplement attached to or endorsed on the Note and shall complete, and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace or modify, the

Conditions. References to “the applicable Final Terms” are to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on the Notes. Any reference in the Conditions to “applicable Final Terms” shall be deemed to include a reference to “applicable Pricing Supplement” where relevant. The expression “Prospectus Directive” means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) and includes any relevant implementing measure in a relevant Member State of the European Economic Area.

Copies of the Agency Agreement and the Deeds of Covenant are available for inspection at the specified offices of each of the Paying Agents, the Registrar and the Transfer Agents. Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated provided that, in the event of inconsistency between the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

## **1. Form, Denomination and Title**

The Notes are issued in the form specified in the applicable Final Terms. Notes issued in bearer form are referred to herein as “Bearer Notes”, which expression includes Notes which are specified to be Exchangeable Bearer Notes. Notes issued in registered form are referred to herein as “Registered Notes”. Notes issued in bearer form exchangeable for Registered Notes are referred to herein as “Exchangeable Bearer Notes”. Bearer Notes in definitive form will be serially numbered, in the Specified Currency and in the Specified Denomination(s). Notes will be in such denominations as may be specified in the applicable Final Terms, save that the minimum denomination of each Note shall in each case comply with all applicable legal, regulatory and central bank requirements.

*So long as the Bearer Notes are represented by a Temporary Bearer Global Note or Permanent Bearer Global Note and the relevant clearing system(s) so permit, the Notes shall be tradeable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination) provided in the applicable Final Terms and, if so provided in the applicable Final Terms, higher integral multiples of at least 1,000 in the relevant currency (the “Integral Amount”), notwithstanding that no definitive Notes will be issued with a denomination above the Definitive Amount in such currency. For purposes of these conditions, the “Definitive Amount” shall be equal to two times the lowest Specified Denomination minus the Integral Amount.*

Bearer Notes shall be issued in the new global note form if so specified in the applicable Final Terms.

The Notes may be Fixed Rate Notes, Floating Rate Notes, Zero Coupon Notes, or a combination of any of the foregoing, in each case depending on the Interest Basis specified in the applicable Final Terms.

Notes may be redeemable in full at maturity or Notes may be Instalment Notes, depending on the Redemption/Payment basis specified in the applicable Final Terms. Bail-inable Notes (as defined below) will not be Instalment Notes.

If this Note is an Exempt Note, this Note may include terms and conditions not contemplated by the Conditions; in such event the relevant provisions will be included in the applicable Pricing Supplement.

Definitive Bearer Notes are issued with Coupons (and, where appropriate, a Talon for further Coupons) attached, save in the case of Notes which do not bear interest in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. The expression “Coupons” shall, where the context so requires, include Talons. Any Bearer Note the principal amount of which is redeemable in instalments is issued with one or more Receipts attached.

Title to Bearer Notes, Receipts or Coupons shall pass by delivery. The holder of each Coupon, whether or not such Coupon is attached to a Bearer Note, in his capacity as such, shall be subject to and bound by all the provisions contained in the relevant Bearer Note. The holder of any Bearer Note, the holder of any Receipt (a "Receiptholder") and any Coupon holder may, to the fullest extent permitted by applicable laws be treated at all times, by all persons and for all purposes as the absolute owner of such Note, Receipt or Coupon, as the case may be, regardless of any notice of ownership, theft or loss or of any writing thereon.

Registered Notes are represented by certificates ("Certificates"), each Certificate representing one or more Notes registered in the name of the recorded holder of such Certificate. Certificates for Registered Notes shall be issued in the lowest Specified Denomination or an integral multiple thereof.

Title to the Registered Notes shall pass by registration in the register which the relevant Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement. Except as ordered by a court of competent jurisdiction or as required by law, the registered holder of any Registered Note, Receipt or Coupon shall be deemed to be and may be treated as the absolute owner of such Registered Note, Receipt or Coupon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Registered Note, Receipt or Coupon shall be overdue and notwithstanding any notice of ownership, theft or loss thereof or any writing thereon made by anyone.

Each Note issued by Scotiabank Europe will be issued with the benefit of an unconditional and irrevocable guarantee (the "Guarantee") of the Guarantor under which the Guarantor will unconditionally and irrevocably guarantee the payment of all amounts payable on or in respect of such Notes ("Guaranteed Notes").

In these Conditions, "Noteholder" means the bearer of any Bearer Note in definitive form and the Coupons, Talons and Receipts relating to it, the person in whose name a Registered Note in definitive form is registered and unless otherwise specifically provided herein, in the case of a Bearer Global Note or a Global Certificate, a person that beneficially owns one or more Notes represented thereby. In addition, "holder" (in relation to a Note, Receipt or Coupon) has the corresponding meaning and capitalised terms have the meanings given to them herein; the absence of any such meaning indicating that such term is not applicable to the Notes.

## **2. Exchange of Exchangeable Bearer Notes and Transfers of Registered Notes**

### **(a) *Exchange of Exchangeable Bearer Notes:***

Subject as provided in Condition 2(e), Exchangeable Bearer Notes may be exchanged for the same aggregate principal amount of Registered Notes at the request in writing of the relevant Noteholder and upon surrender of each Exchangeable Bearer Note to be exchanged, together with all unmatured Receipts and Coupons relating to it, at the specified office of the Registrar or any Transfer Agent; provided, however, that where an Exchangeable Bearer Note is surrendered for exchange after the Record Date (as defined in Condition 6(b)) for any payment of interest or Instalment Amount, the Coupon in respect of that payment of interest or Receipt in respect of that Instalment Amount need not be surrendered with it. Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one denomination may not be exchanged for Bearer Notes of another denomination. Bearer Notes which are not Exchangeable Bearer Notes may not be exchanged for Registered Notes.

### **(b) *Transfer of Registered Notes:***

Subject as provided in Condition 2(e), one or more Registered Notes may be transferred upon the surrender of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate duly completed and executed, at the specified office of the Registrar or any Transfer Agent. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate in respect of the balance not transferred will be issued to the transferor.

(c) ***Delivery of new Certificates:***

Each new Certificate to be issued upon exchange of Exchangeable Bearer Notes or transfer of Registered Notes will, within three business days (being a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the Transfer Agent or the Registrar to whom such request for exchange or form of transfer shall have been delivered, as the case may be) of receipt of such request for exchange or form of transfer, be available for delivery at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom such delivery shall have been made or, at the option of the holder making such delivery as aforesaid and as specified in the relevant request for exchange or form of transfer, be mailed at the risk of the holder entitled to the new Certificate to such address as may be specified in such request for exchange or form of transfer.

(d) ***Exchange free of charge:***

Exchange of Notes on registration or transfer will be effected without charge by or on behalf of the Issuer thereof, the Registrar or the Transfer Agents, but on payment (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require in respect thereof) of any tax or other governmental charges which may be imposed in relation to it.

(e) ***Closed periods:***

No Noteholder may require the transfer of a Registered Note to be registered or an Exchangeable Bearer Note to be exchanged for a Registered Note (i) during the period of 15 days ending on the due date for redemption of that Note, (ii) during the period of 15 days prior to any date on which Notes may be redeemed by the Issuer thereof at its option pursuant to Condition 5(f) or (iii) after any such Note has been drawn for redemption in whole or in part. An Exchangeable Bearer Note called for redemption may, however, be exchanged for a Registered Note in respect of which the Certificate is simultaneously surrendered not later than the relevant Record Date.

### **3. Status**

(a) ***Status of Senior Notes:***

The Senior Notes (being those Notes which specify their status as Senior Notes in the applicable Final Terms) will constitute deposit liabilities of the Bank under the *Bank Act* (Canada) and, together with the Receipts and Coupons relating to them, will rank *pari passu* with all present or future deposit liabilities of the Bank (except as otherwise prescribed by law and subject to the exercise of bank resolution powers under the *Canada Deposit Insurance Corporation Act* (the “CDIC Act”) and without any preference amongst themselves. See “*Status – Bail-inable Notes*”, below.

(b) ***Status of Guaranteed Notes:***

Guaranteed Notes issued by Scotiabank Europe will be unsecured and unsubordinated debt obligations of Scotiabank Europe and will rank *pari passu* with all other present or future unsecured and unsubordinated debt obligations of Scotiabank Europe (except as otherwise prescribed by law) and without any preference amongst themselves. Payment of all amounts, including additional amounts, if any, payable on Notes issued by Scotiabank Europe will be unconditionally and irrevocably guaranteed by the Guarantor in the manner set forth in the Guarantee attached to such Guaranteed Notes. The obligations of the Guarantor under the Guarantees will rank *pari passu* with all present or future deposit liabilities of the Guarantor (except as otherwise prescribed by law) and without any preference amongst themselves.

(c) ***Bail-inable Notes:***

This Condition 3(c) will apply in respect of all Senior Notes issued by the Bank that are identified as Bail-inable Notes in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement) (“Bail-inable Notes”). All Senior Notes issued on or after September 23, 2018 that (i) have an original or amended term to maturity of more than 400 days, have one or more explicit or embedded

options, that if exercised by or on behalf of the Bank, could result in a maturity date that is more than 400 days from the date of issuance of Note or that have an explicit or embedded option that, if exercised by or on behalf of the Noteholder, could by itself result in a maturity date that is more than 400 days from the maturity date that would apply if the option were not exercised; and (ii) are not otherwise excluded (e.g. structured notes (as such term is used under the Canadian bank recapitalization regime for banks designated by the Superintendent of Financial Institutions (Canada) (the “Superintendent”) as domestic systemically important banks (the “Bail-in Regime”)) under the Bail-in Regime, will be identified as Bail-inable Notes in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement). Senior Notes that constitute structured notes (as such term is used under the Bail-in Regime) or are otherwise excluded under the Bail-in Regime will not be identified as Bail-inable Notes in the applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement). Notes issued before September 23, 2018 which have their terms amended, on or after September 23, 2018, to increase their principal amount or to extend their term to maturity and which otherwise meet conditions (i) to (iii), above, in this Condition 3(c) will also be Bail-inable Notes and following such amendment will be subject to this Condition 3(c).

By its acquisition of Bail-inable Notes, each Noteholder (which, for the purposes of this Condition 3(c), includes each holder of a beneficial interest in the Bail-inable Notes):

(i) agrees to be bound, in respect of the Bail-inable Notes, by the CDIC Act, including the conversion of the Bail-inable Notes, in whole or in part – by means of a transaction or series of transactions and in one or more steps – into common shares of the Bank or any of its affiliates under subsection 39.2(2.3) of the CDIC Act and the variation or extinguishment of the Notes in consequence, and by the application of the laws of Canada or of a province thereof in respect of the operation of the CDIC Act with respect to the Bail-inable Notes (a “Bail-in Conversion”);

(ii) attorns to the jurisdiction of the courts in the Province of Ontario in Canada with respect to the CDIC Act and those laws;

(iii) is deemed to have represented and warranted to the Bank that the Bank has not directly or indirectly provided financing to the Noteholder for the express purpose of investing in Bail-inable Notes; and

(iv) acknowledges and agrees that the terms referred to in paragraphs (i) and (ii), above, are binding on such Noteholder despite any Conditions, any other law that governs the Bail-inable Notes and any other agreement, arrangement or understanding between such Noteholder and the Bank with respect to the Bail-inable Notes.

The applicable Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement) will indicate whether Senior Notes are Bail-inable Notes. All Bail-inable Notes will be subject to Bail-in Conversion.

**(d) *Bail-in (Guaranteed Notes):***

To the extent Article 55 of Directive 2014/59/EU establishing a framework for the recovery and resolution of credit institutions and investment firms authorised in the European Union (the “BRRD”), as implemented in the UK through amendments to the Banking Act 2009, applies to Scotiabank Europe, this Condition 3(d) will apply.

By its acquisition of the Guaranteed Notes, each Noteholder (which, for the purposes of this Condition 3(d) includes each holder of a beneficial interest in the Guaranteed Note) acknowledges, agrees to be bound by, and consents to the exercise by:

(a) the relevant UK resolution authority of any Bail-in power that may result in either of the following, or some combination thereof:

(i) the reduction or cancellation of all, or a portion, of the Amounts Due; and

- (ii) the conversion of all, or a portion, of the Amounts Due into shares, other securities or other obligations of Scotiabank Europe or another person, and the issue to or conferral on it of such shares, securities or obligations, including by means of an amendment, modification or variation of the terms of the Guaranteed Notes, in which case the Noteholder agrees to accept in lieu of rights under the Guaranteed Notes any such shares, other securities or other obligations of Scotiabank Europe or another person;
  - (iii) the cancellation of the Guaranteed Notes; and/or
  - (iv) the amendment or alteration of the maturity of the Guaranteed Notes or amendment of the amount of interest payable on the Guaranteed Notes, or the date on which the interest becomes payable, including by suspending payment for a temporary period; and
- (b) the variation of the terms of the Guaranteed Notes, if necessary, to give effect to the exercise of Bail-in powers by the relevant UK resolution authority.

For these purposes, the “Amounts Due” are the principal amount of, together with any accrued but unpaid interest due on, the Guaranteed Notes. References to such amounts due will include payments of amounts that have become due and payable, but which have not been paid, prior to the exercise of any EU Bail-in power.

For these purposes, a “Bail-in power” is any write-down, conversion, transfer, modification or suspension power existing from time to time under, and exercised in compliance with the BRRD and any laws, regulations, rules or requirements in effect in the United Kingdom relating to the transposition of the BRRD, including but not limited to the Banking Act 2009 as amended from time to time, and the instruments, rules and standards created thereunder, pursuant to which the obligations of a regulated entity (or other affiliate of such regulated entity) can be reduced, cancelled, modified, or converted into shares, other securities or other obligations of such regulated entity or any other person (or suspended for a temporary period), or pursuant to which any right in a contract governing such obligations may be deemed to have been exercised.

A reference to the “relevant UK resolution authority” is, in the case of Scotiabank Europe, to the Bank of England and any other entity with the authority to exercise a Bail-in power from time to time.

No repayment of the principal amount of the Notes or payment of interest on the Notes shall become due and payable after the exercise of any Bail-in power by the relevant UK resolution authority unless, at the time that such repayment or payment, respectively, is scheduled to become due, such repayment or payment would be permitted to be made under the laws and regulations of the European Union applicable to Scotiabank Europe, the Bank or other group companies.

By purchasing the Notes, each holder (including each holder of a beneficial interest in any Note) shall be deemed to have (i) consented to the exercise of any Bail-in power as it may be imposed without any prior notice by the relevant UK resolution authority of its decision to exercise such power with respect to the Notes and (ii) authorised, directed and requested Euroclear or Clearstream, Luxembourg or any other relevant clearing system and any direct participant in Euroclear or Clearstream, Luxembourg or any other relevant clearing system or other intermediary through which it holds such Notes to take any and all necessary action, if required, to implement the exercise of any Bail-in power with respect to the Notes as it may be imposed, without any further action or direction on the part of such holder or beneficial owner.

Upon the exercise of the Bail-in power by the relevant UK resolution authority with respect to the Guaranteed Notes, Scotiabank Europe will provide notice to the Noteholders in accordance with Condition 13.

#### 4. Interest and Other Calculations

(a) ***Notes may be interest bearing or non-interest bearing as specified in the applicable Final Terms. Interest on Fixed Rate Notes:***

Each Fixed Rate Note bears interest on its outstanding Principal Amount from and including the Interest Commencement Date at the rate(s) per annum (expressed as a percentage) equal to the Interest Rate, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be calculated in accordance with Condition 4(f).

Where a Fixed Coupon Amount is specified in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Interest Period ending on, but excluding such date, will amount to the Fixed Coupon Amount. Payment of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

(b) ***Business Day Convention:***

If any date referred to in these Conditions which is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day which is not a Relevant Business Day, then, if the Business Day Convention specified is (i) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a Relevant Business Day unless it would thereby fall into the next calendar month, in which event (A) such date shall be brought forward to the immediately preceding Relevant Business Day and (B) each subsequent such date shall be the last Relevant Business Day of the month in which such date would have fallen had it not been subject to adjustment, (ii) the Following Business Day Convention, such date shall be postponed to the next day which is a Relevant Business Day, (iii) the Modified Following Business Day Convention, such date shall be postponed to the next day which is a Relevant Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Relevant Business Day or (iv) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Relevant Business Day.

(c) ***Interest Rate on Floating Rate Notes:***

Each Floating Rate Note bears interest on its outstanding Principal Amount from and including the Interest Commencement Date, such interest being payable in arrear on the Interest Payment Date(s).

Such interest will be payable in respect of each Interest Period. The amount of interest payable shall be determined in accordance with Condition 4(f).

The Interest Rate for each Interest Accrual Period or Interest Period will be determined by the Calculation Agent in respect of such Interest Accrual Period or Interest Period in the manner specified in the applicable Final Terms:

(i) **Screen Rate Determination for Floating Rate Notes**

(A) Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Interest Rate is to be determined and if the Primary Source is specified in the applicable Final Terms to be Screen Rate, the Interest Rate for each Interest Accrual Period or Interest Period, subject to Condition 4(l) will be:

- (x) the Relevant Rate (where such Relevant Rate on the Relevant Screen Page is a composite quotation or is customarily supplied by one entity); or
- (y) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on the Relevant Screen Page,

in each case appearing on such Relevant Screen Page (or such replacement page on that service which displays the information) at the Relevant Time on the Interest Determination Date;

(B) if the Primary Source is specified in the applicable Final Terms to be Reference Banks or if sub-paragraph (i)(A)(x) applies and no Relevant Rate appears on the Relevant Screen Page at the Relevant Time on the Interest Determination Date or if sub-paragraph (i)(A)(y) above applies and fewer than two Relevant Rates appear on the Relevant Screen Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Interest Rate shall be the arithmetic mean of the Relevant Rates which each of the Reference Banks is quoting to major banks in the Relevant Financial Centre at the Relevant Time on the Interest Determination Date, as determined by the Calculation Agent;

(C) if paragraph (B) above applies and the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, subject as provided below, the Interest Rate shall be the arithmetic mean of the rates per annum (expressed as a percentage) which the Calculation Agent determines to be the rates (being the nearest equivalent to the Benchmark) in respect of a Representative Amount of the Relevant Currency which at least two out of five leading banks selected by the Calculation Agent in the principal financial centre of the country of the Relevant Currency or, if the Relevant Currency is euro in the principal financial centre of those member states that are participating in the European economic and monetary union whose lawful currency is the euro (the “Eurozone”) as selected by the Calculation Agent (either of such centres to be referred to herein as the “Principal Financial Centre”) are quoting at or about the Relevant Time on the date on which such banks would customarily quote such rates for a period commencing on the Effective Date for a period equivalent to the Specified Duration to leading banks carrying on business in Europe, or, if the Calculation Agent determines that fewer than two of such banks are so quoting, in the Principal Financial Centre, except that, if fewer than two of the banks in the Principal Financial Centre so selected by the Calculation Agent are quoting as aforesaid, the Interest Rate shall be the Interest Rate determined on the previous Interest Determination Date (after readjustment for any difference between any Margin, Rate Multiplier or Maximum Interest Rate or Minimum Interest Rate applicable to the preceding Interest Accrual Period and to the relevant Interest Accrual Period).

Unless otherwise stated in the applicable Final Terms the Minimum Interest Rate shall be deemed to be zero.

(ii) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Interest Rate is to be determined, the Interest Rate for each Interest Accrual Period or Interest Period will be the relevant ISDA Rate. For the purposes of this subparagraph (ii), “ISDA Rate” for an Interest Accrual Period or Interest Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as ISDA Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the “ISDA Definitions”) and under which:

- (A) the Floating Rate Option is as specified in the applicable Final Terms;
- (B) the Designated Maturity is a period specified in the applicable Final Terms; and
- (C) the relevant Reset Date is the day specified in the applicable Final Terms.



For the purposes of this sub-paragraph 4(c)(ii), “Floating Rate”, “Floating Rate Option”, “Designated Maturity” and “Reset Date” have the meanings given to those terms in the ISDA Definitions and the term “ISDA Calculation Agent” has the meaning given to “Calculation Agent” in the ISDA Definitions.

Unless otherwise stated in the applicable Final Terms the Minimum Interest Rate shall be deemed to be zero.

(iii) CMS Rate for Floating Rate Notes

Where CMS Rate is specified in the applicable Final Terms as the manner in which the Interest Rate is to be determined, the Interest Rate for each Interest Accrual Period or Interest Period will be the CMS Reference Rate.

For the purposes of this sub-paragraph (iii), the “CMS Reference Rate” for an Interest Accrual Period or Interest Period means the Relevant Swap Rate for swap transactions in the Reference Currency with a maturity of the CMS Maturity commencing on the first day of the relevant Interest Accrual Period or Interest Period (expressed as a percentage rate per annum) which appears on the Relevant Screen Page as at the Relevant Time on the relevant Interest Determination Date, all as determined by the Calculation Agent.

Subject to Condition 4(l):

- (A) if the Relevant Screen Page is not available, the Calculation Agent shall request each of the CMS Reference Banks to provide the Calculation Agent with its quotation for the Relevant Swap Rate (expressed as a percentage rate per annum) at approximately the Relevant Time on the Interest Determination Date in question. If two or more of the CMS Reference Banks provide the Calculation Agent such quotations, the CMS Reference Rate for such Interest Accrual Period or Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the quotations, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest) in the case of five quotations; and
- (B) If on any Interest Determination Date one only or none of the Reference Banks provides the Calculation Agent with such quotations as provided in the preceding paragraph, the CMS Reference Rate shall be determined by the Calculation Agent in its sole and absolute discretion on a commercial basis as it shall consider appropriate and in accordance with standard market practice.

(iv) Floating Rate Spread Notes

(A) Where Floating Rate Spread is specified in the applicable Final Terms as the manner in which the Interest Rate is to be determined, the Interest Rate for each Interest Accrual Period or Interest Period will be calculated in accordance with the following formula:

Floating Rate Spread Rate 1 minus Floating Rate Spread Rate 2.

(B) Floating Rate Spread Rate 1 and Floating Rate Spread Rate 2 will each be determined in accordance with the provisions of this Condition 4(c) and, in each case, Screen Rate Determination, ISDA Determination or CMS Rate will apply if specified in the applicable Final Terms, provided that, for such purposes, each reference to “Interest Rate” within Conditions 4(c)(i), 4(c)(ii) and 4(c)(iii) will be deemed to be a reference to “Floating Rate Spread Rate 1” or “Floating Rate Spread Rate 2”, as the case may be.

(C) The applicable Final Terms will specify in respect of each Floating Rate Spread Rate the relevant terms for determining such Floating Rate Spread Rate, and may specify in respect of such Floating Rate Spread Rate, a Floating Rate Spread Rate Margin, a Floating Rate Spread Rate Multiplier, a Maximum Floating Rate Spread Rate or a Minimum Floating Rate Spread Rate.

(D) If any Floating Rate Spread Rate Margin or Floating Rate Spread Rate Multiplier is specified in the applicable Final Terms in respect of a Floating Rate Spread Rate (either (x) generally, or (y) in relation to one or more Interest Accrual Periods or Interest Periods), an adjustment shall be made to such Floating Rate Spread Rate, in the case of (x), or to such Floating Rate Spread Rate for the specified Interest Accrual Periods or Interest Periods, in the case of (y), calculated by adding (if a positive number) or subtracting (if a negative number) the absolute value of the relevant Floating Rate Spread Rate Margin or multiplying by the relevant Floating Rate Spread Rate Multiplier to such Floating Rate Spread Rate, subject always to the next paragraph. If both a Floating Rate Spread Rate Margin and a Floating Rate Spread Rate Multiplier are specified to apply to a Floating Rate Spread Rate, the Floating Rate Spread Rate Multiplier will be applied first.

If any Maximum Floating Rate Spread Rate or Minimum Floating Rate Spread Rate is such relevant Floating Rate Spread Rate shall be subject to such maximum or minimum, as the case may be.

(d) ***Interest Rate on Zero Coupon Notes***

Where a Note, the Interest Rate of which is specified to be Zero Coupon, is repayable prior to the Maturity Date and is not paid when due and payable, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Interest Rate for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield.

(e) ***Margin, Maximum/Minimum Interest Rates, Instalment Amounts and Redemption Amounts, Rate Multipliers and Rounding:***

(i) If any Margin or Rate Multiplier is specified in the applicable Final Terms (either (x) generally, or (y) in relation to one or more Interest Accrual Periods or Interest Periods), an adjustment shall be made to all Interest Rates, in the case of (x), or the Interest Rates for the specified Interest Accrual Periods or Interest Periods, in the case of (y), calculated in accordance with (c) above by adding (if a positive number) or subtracting (if a negative number) the absolute value of such Margin or multiplying by such Rate Multiplier, subject always to the next paragraph. If both a Margin and a Rate Multiplier are specified to apply to an Interest Rate, the Rate Multiplier will be applied first.

(ii) If any Maximum Interest Rate, Minimum Interest Rate, Maximum Redemption Amount, Minimum Redemption Amount, Maximum Instalment Amount or Minimum Instalment Amount is specified in the applicable Final Terms, then any Interest Rate, Instalment Amount or Redemption Amount shall be subject to such maximum or minimum, as the case may be.

(f) ***Calculations:***

The amount of interest payable per Calculation Amount in respect of any Note for any Interest Period or Interest Accrual Period or such other period shall be equal to the product of the Interest Rate (adjusted as required by Condition 4(e)), the Calculation Amount specified in the applicable Final Terms and the Day Count Fraction for such Interest Period or Interest Accrual Period or such other period, unless an Interest Amount (or a formula for its calculation) is specified in respect of such Interest Period or Interest Accrual Period or other period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such period will equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual

Periods, as specified in the applicable Final Terms, the amount of interest payable per Calculation Amount in respect of such Interest Period will be the sum of the amounts of interest payable in respect of each of those Interest Accrual Periods.

In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred thousandth of a percentage point (with halves being rounded up), (y) all figures will be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts which fall due and payable will be rounded to the nearest sub-unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen.

For these purposes “sub-unit” means with respect to any currency other than the euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means 0.01 euro.

(g) ***Determination and Publication of Interest Rates, Interest Amounts, Redemption Amounts and Instalment Amounts:***

The Calculation Agent shall, as soon as practicable after the Relevant Time on each Interest Determination Date or such other time on such date as the Calculation Agent may be required to calculate any Interest Rate, Interest Amount, Redemption Amount or Instalment Amount, obtain any quote or make any determination or calculation, it will determine the Interest Rate and calculate the Interest Amount in respect of each Calculation Amount of the Notes for the relevant Interest Accrual Period or Interest Period, calculate the Redemption Amount or Instalment Amount, obtain such quote or make such determination or calculation, as the case may be, and cause the Interest Rate and the Interest Amounts for each Interest Period or Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Redemption Amount or any Instalment Amount to be notified to the Fiscal Agent, the relevant Issuer, the Guarantor (if applicable), each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes which is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange or other relevant authority and such exchange or other relevant authority so requires, such exchange or other relevant authority as soon as practicable after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of an Interest Rate and Interest Amount, or (ii) in all other cases, the fourth Relevant Business Day after such determination. The Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 9, the accrued interest and the Interest Rate payable in respect of the Notes shall nevertheless continue to be calculated in accordance with this Condition but no publication of the Interest Rate or the Interest Amount so calculated need be made. The determination of each Interest Rate, Interest Amount and Instalment Amount, the obtaining of each quote and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

(h) ***Interest Accrual:***

Interest will cease to accrue on each such Note (or in the case of partial redemption of a Note, that part only of such Note) on the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) until whichever is the earlier of:

- (i) the date on which all amounts due in respect of such Note have been paid; and

(ii) five days after the date on which full payment of the moneys payable in respect of such Note has been received by the Fiscal Agent.

(i) ***Exempt Notes:***

The rate or amount of interest payable in respect of Exempt Notes shall be determined in the manner specified in the applicable Pricing Supplement, provided that the Calculation Agent, if applicable, will notify the Agent of the Interest Rate or Interest Amount for the relevant Interest Period as soon as practicable after calculating the same.

(j) ***Definitions:***

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“Benchmark” means the benchmark specified in the applicable Final Terms.

“Calculation Agent” means the Fiscal Agent or such other entity specified as the Calculation Agent in the applicable Final Terms;

“CMS Reference Banks” means (i) where the Reference Currency is euro, the principal office of five leading swap dealers in the interbank market, (ii) where the Reference Currency is Sterling, the principal London office of five leading swap dealers in the London interbank market, (iii) where the Reference Currency is United States dollars, the principal New York City office of five leading swap dealers in the New York City interbank market, or (iv) in the case of any other Reference Currency, the principal Relevant Financial Centre office of five leading swap dealers in the Relevant Financial Centre interbank market, in each case as selected by the Calculation Agent.

“Day Count Fraction” means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or Interest Accrual Period, the “Calculation Period”):

(i) If “Actual/365” or “Actual/Actual” is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(ii) if “Actual/365 (Fixed)” is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365;

(iii) if “Actual/Actual — ICMA” is specified in the applicable Final Terms;

(A) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the “Accrual Period”) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

(B) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of

days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; and

(2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year.

“Determination Period” means the period from (and including) a Determination Date to but excluding the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

(iv) if “Actual/360” is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 360;

(v) if “Actual/365 Sterling” is specified in the Final Terms, the actual number of days in the Calculation Period divided by 365, or in the case of an Interest Payment Date falling in a leap year, 366;

(vi) if “30/360” is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D<sub>1</sub> is greater than 29, in which case D<sub>2</sub> will be 30; and

(vii) if “30E/360” or “Eurobond Basis” is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y<sub>1</sub>” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y<sub>2</sub>” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M<sub>1</sub>” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M<sub>2</sub>” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D<sub>1</sub>” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D<sub>1</sub> will be 30; and

“D<sub>2</sub>” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D<sub>2</sub> will be 30.

“Effective Date” means, with respect to any Floating Rate to be determined on an Interest Determination Date, the date specified as such in the applicable Final Terms or, if none is so specified, the first day of the Interest Accrual Period to which such Interest Determination Date relates.

“Floating Rate Spread Rate” means each of Floating Rate Spread Rate 1 and Floating Rate Spread Rate 2 and, together the “Floating Rate Spread Rates”.

“Floating Rate Spread Rate 1” means the rate determined in accordance with these Conditions and in the manner specified in the applicable Final Terms.

“Floating Rate Spread Rate 2” means the rate determined in accordance with these Conditions and in the manner specified in the applicable Final Terms.

“Floating Rate Spread Rate Margin” means, (i) in respect of Floating Rate Spread Rate 1, Floating Rate Spread Margin 1 and in respect of Floating Rate Spread Rate 2, Floating Rate Spread Margin 2, in each case, as specified in the applicable Final Terms.

“Floating Rate Spread Rate Multiplier” means, (i) in respect of Floating Rate Spread Rate 1, Floating Rate Spread Multiplier 1 and in respect of Floating Rate Spread Rate 2, Floating Rate Spread Multiplier 2, in each case, as specified in the applicable Final Terms.

“Interest Accrual Period” means the period beginning on, and including, the Interest Commencement Date and ending on, but excluding, the first Interest Period Date and each successive period beginning on, and including, an Interest Period Date and ending on, but excluding, the next succeeding Interest Period Date.

“Interest Amount” means the amount of interest payable per Calculation Amount calculated in accordance with Condition 4(f) or as specified in the applicable Final Terms and in the case of Fixed Rate Notes, if so specified in the applicable Final Terms, shall mean the Fixed Coupon Amount(s) or Broken Amount(s).

“Interest Commencement Date” means the date of issue of the Notes (the “Issue Date”) or such other date as may be specified in the applicable Final Terms.

“Interest Determination Date” means, with respect to an Interest Rate and Interest Period or Interest Accrual Period, the date specified as such in the applicable Final Terms or, if none is so specified, (i) the first day of such Interest Period or Interest Accrual Period if the Relevant Currency is Sterling or (ii) the day falling two Relevant Business Days in London prior to the first day of such Interest Period or

Interest Accrual Period if the Relevant Currency is neither Sterling nor euro or (iii) the day falling two TARGET2 Settlement Days prior to the first day of such Interest Period or Interest Accrual Period if the Relevant Currency is the euro.

“Interest Payment Date” means either the Interest Payment Dates specified in the applicable Final Terms or, if no Interest Payment Dates are specified in the applicable Final Terms, each date which falls the number of months or other period specified in the applicable Final Terms as the Interest Period after the preceding Interest Payment Date, or in the case of the first Interest Payment Date, after the Interest Commencement Date, subject to adjustment in accordance with the applicable Business Day Convention.

“Interest Period” means the period beginning on, and including, the Interest Commencement Date and ending on, but excluding, the first Interest Payment Date and each successive period beginning on, and including, an Interest Payment Date and ending on, but excluding, the next succeeding Interest Payment Date.

“Interest Period Date” means each Interest Payment Date unless otherwise specified in the applicable Final Terms.

“Interest Rate” means the rate of interest payable from time to time in respect of the Notes of a Series and which is either specified in or calculated in accordance with the provisions of the applicable Final Terms and in accordance with these Conditions.

“Maximum Floating Rate Spread Rate” means, (i) in respect of Floating Rate Spread Rate 1, Maximum Floating Rate Spread 1 and in respect of Floating Rate Spread Rate 2, Maximum Floating Rate Spread 2, in each case, as specified in the applicable Final Terms.

“Minimum Floating Rate Spread Rate” means, (i) in respect of Floating Rate Spread Rate 1, Minimum Floating Rate Spread 1 and in respect of Floating Rate Spread Rate 2, Minimum Floating Rate Spread 2, in each case, as specified in the applicable Final Terms.

“Redemption Amount” means the Final Redemption Amount, the Optional Redemption Amount or the Early Redemption Amount, as the case may be, specified in the applicable Final Terms.

“Reference Banks” means four major banks selected by the Calculation Agent in the interbank market (or, if appropriate, money market) which is most closely connected with the Benchmark.

“Relevant Business Day” means:

(i) in the case of a Specified Currency other than euro, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the principal financial centre for that currency and/or each Business Centre (if any) specified in the applicable Final Terms; and/or

(ii) in the case of euro, a TARGET2 Settlement Day and a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in each Business Centre (if any) specified in the applicable Final Terms.

“Reference Currency” means the Currency specified in the applicable Final Terms.

“Relevant Currency” means the Currency specified in the applicable Final Terms or, if none is specified, the currency in which the Notes are denominated.

“Relevant Financial Centre” means, with respect to any Floating Rate or CMS Rate to be determined on an Interest Determination Date, the financial centre as may be specified as such in the applicable Final Terms or, if none is so specified, the financial centre with which the relevant Benchmark

or CMS Rate is most closely connected (which in the case of the Euro Interbank Offered Rate (“EURIBOR”) shall be the Eurozone) or, if none is so connected, London.

“Relevant Rate” means the Benchmark for a Representative Amount of the Relevant Currency for a period (if applicable or appropriate to the Benchmark) equal to the Specified Duration commencing on the Effective Date.

“Relevant Screen Page” means such page, section, caption, column or other part of a particular information service (including, but not limited to, the Reuters Money 3000 Service (“Reuters”)) as may be specified for the purpose of providing a Relevant Rate or CMS Reference Rate, as the case may be, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to that Relevant Rate or CMS Reference Rate, as the case may be.

“Relevant Swap Rate” means:

(i) where the Reference Currency is euro, the mid-market annual swap rate determined on the basis of the arithmetic mean of the bid and offered rates for the annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating euro interest rate swap transaction with a term equal to the CMS Maturity commencing on the first day of the relevant Interest Accrual Period or Interest Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, in each case calculated on an Actual/360 day count basis, is equivalent to EUR-EURIBOR-Reuters (as defined in the ISDA Definitions) with a designated maturity determined by the Calculation Agent by reference to standard market practice and/or the ISDA Definitions;

(ii) where the Reference Currency is Sterling, the mid-market semi-annual swap rate determined on the basis of the arithmetic mean of the bid and offered rates for the semi-annual fixed leg, calculated on an Actual/365 (Fixed) day count basis, of a fixed-for-floating Sterling interest rate swap transaction with a term equal to the CMS Maturity commencing on the first day of the relevant Interest Accrual Period or Interest Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, in each case calculated on an Actual/365 (Fixed) day count basis, is equivalent (A) if the CMS Maturity is greater than one year, to GBP-LIBOR-BBA (as defined in the ISDA Definitions) with a designated maturity of six months or (B) if the CMS Maturity is one year or less, to GBP-LIBOR-BBA with a designated maturity of three months;

(iii) where the Reference Currency is United States dollars, the mid-market semi-annual swap rate determined on the basis of the mean of the bid and offered rates for the semi-annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating United States dollar interest rate swap transaction with a term equal to the CMS Maturity commencing on the first day of the relevant Interest Accrual Period or Interest Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, calculated on an Actual/360 day count basis, is equivalent to USD-LIBOR-BBA (as defined in the ISDA Definitions) with a designated maturity of three months; and

(iv) where the Reference Currency is any other currency, the mid-market swap rate as determined by the Calculation Agent in its sole and absolute discretion on a commercial basis as it shall consider appropriate and in accordance with standard market practice.

“Relevant Time” (i) where Screen Date Determination is specified in the applicable Final Terms as the manner in which the Interest Rate is to be determined, means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the interbank market in the Relevant Financial Centre and, where the Primary Source for the Floating Rate is a Relevant Screen Page, the time as of which the Relevant Rate(s) appearing on such Relevant Screen Page is or are set and posted



on such Relevant Screen Page and for this purpose “local time” means, with respect to Europe and the Eurozone as a Relevant Financial Centre, Central European Time or (ii) where CMS Rate is specified in the applicable Final Terms as the manner in which the Interest Rate is to be determined, has the meaning specified in the Final Terms.

“Representative Amount” means, with respect to any Floating Rate or CMS Reference Rate to be determined on an Interest Determination Date, the amount specified in the applicable Final Terms or, if none is specified, an amount that is representative for a single transaction in the relevant market at the time.

“Specified Duration” means, with respect to any Floating Rate to be determined on an Interest Determination Date, a period of time equal to the relative Interest Accrual Period, ignoring any adjustment pursuant to Condition 4(b).

“TARGET2” means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on November 19, 2007 or any successor thereto.

“TARGET2 Settlement Day” means any day on which TARGET2 is open for the settlement of payments in euro.

(k) ***Calculation Agent and Reference Banks:***

The relevant Issuer will procure that there shall at all times be four Reference Banks (or such other number as may be required) with offices in the Relevant Financial Centre and one or more Calculation Agents if provision is made for them in the Conditions applicable to the Notes and for so long as any Notes are outstanding. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank, then the relevant Issuer will appoint another Reference Bank with an office in the Relevant Financial Centre to act as such in its place. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Interest Rate for any Interest Period or Interest Accrual Period or to calculate the Interest Amounts or any other requirements, the relevant Issuer will appoint the London office of a leading bank engaged in the interbank market that is most closely connected with the calculation or determination to be made by the Calculation Agent to act as calculation agent in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

(l) ***Benchmark Discontinuation:***

(i) ***Independent Adviser***

If a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the Issuer shall use its reasonable endeavours to appoint and consult with an Independent Adviser, as soon as reasonably practicable, with a view to the Issuer determining a Successor Rate, failing which an Alternative Rate (in accordance with Condition 4(l)(ii)) and, in either case, an Adjustment Spread if any (in accordance with Condition 4(l)(iii)) and any Benchmark Amendments (in accordance with Condition 4(l)(iv)).

An Independent Adviser appointed pursuant to this Condition 4(l) shall act in good faith as an expert and (in the absence of bad faith or fraud) shall have no liability whatsoever to the Issuer, the Fiscal Agent, the Paying Agents, the Noteholders or the Couponholders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer, pursuant to this Condition 4(l).

**(ii) Successor Rate or Alternative Rate**

If the Issuer, following consultation with the Independent Adviser and acting in good faith, determines that:

- (A) there is a Successor Rate, then such Successor Rate shall (subject to adjustment as provided in Condition 4(l)(iii)) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 4(l)); or
- (B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate shall (subject to adjustment as provided in Condition 4(l)(iii)) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 4(l)).

**(iii) Adjustment Spread**

If the Issuer, following consultation with the Independent Adviser and acting in good faith, determines (i) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (ii) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be).

**(iv) Benchmark Amendments**

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 4(l) and the Issuer, following consultation with the Independent Adviser and acting in good faith, determines (i) that amendments to these Conditions and/or the Agency Agreement are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the "Benchmark Amendments") and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 4(l)(v), without any requirement for the consent or approval of Noteholders, vary these Conditions and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

In connection with any such variation in accordance with this Condition 4(l)(iv), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

**(v) Notices, etc.**

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 4(l) will be notified promptly by the Issuer to the Fiscal Agent and the Calculation Agent and, in accordance with Condition 13, the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than one Business Day following the date of notifying the Fiscal Agent of the same, the Issuer shall deliver to the Fiscal Agent a certificate signed by two Authorised Signatories of the Issuer:

- (A) confirming (i) that a Benchmark Event has occurred, (ii) the Successor Rate or, as the case may be, the Alternative Rate and, (iii) where applicable, any Adjustment Spread and/or the specific terms of any Benchmark Amendments, in each case as determined in accordance with the provisions of this Condition 4(l); and
- (B) certifying that the Benchmark Amendments are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread.

The Fiscal Agent shall display such certificate at its offices for inspection by the Noteholders at all reasonable times during normal business hours.

The Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread (if any) and the Benchmark Amendments (if any)) be binding on the Issuer, the Fiscal Agent, the Calculation Agent, the Paying Agents and the Noteholders.

**(vi) *Survival of Original Reference Rate***

Without prejudice to the obligations of the Issuer under Condition 4(l) (i), (ii), (iii) and (iv), the Original Reference Rate and the fallback provisions provided for in Conditions 4(c)(i) will continue to apply unless and until the Calculation Agent has been notified of the Successor Rate or the Alternative Rate (as the case may be), and any Adjustment Spread (if applicable) and Benchmark Amendments, in accordance with Condition 4(l)(v).

**(vii) *Definitions:***

As used in this Condition 4(l):

“Adjustment Spread” means either a spread (which may be positive or negative), or the formula or methodology for calculating a spread, in either case, which the Issuer, following consultation with the Independent Adviser and acting in good faith, determines is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders and Couponholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (A) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate)
- (B) the Issuer determines, following consultation with the Independent Adviser and acting in good faith, is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); (or if the Issuer determines that no such industry standard is recognised or acknowledged)
- (C) the Issuer, in its discretion, following consultation with the Independent Adviser and acting in good faith, determines to be appropriate.

“Alternative Rate” means an alternative to the Reference Rate which the Issuer determines in accordance with Condition 4(l)(ii) has replaced the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) for the same interest period and in the same Specified Currency as the Notes.

“Benchmark Amendments” has the meaning given to it in Condition 4(l)(iv).

“Benchmark Event” means:

- (A) the Original Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist; or

- (B) a public statement by the administrator of the Original Reference Rate that it will, by a specified date within the following six months, cease publishing the Original Reference Rate permanently or indefinitely and no successor administrator has been appointed that will continue publication of the Original Reference Rate; or
- (C) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will, by a specified date within the following six months, be permanently or indefinitely discontinued; or
- (D) a public statement by the supervisor of the administrator of the Original Reference Rate that means the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case within the following six months; or
- (E) it has become unlawful for any Paying Agent, the Calculation Agent or the Issuer to calculate any payments due to be made to any Noteholder using the Original Reference Rate.

“Independent Adviser” means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 4(1)(i).

“Original Reference Rate” means the originally-specified Reference Rate used to determine the Rate of Interest (or any component part thereof) on the Notes.

“Relevant Nominating Body” means, in respect of a Reference Rate:

- (A) the central bank for the currency to which the Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the Reference Rate; or
- (B) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (w) the central bank for the currency to which the Reference Rate relates, (x) any central bank or other supervisory authority which is responsible for supervising the administrator of the Reference Rate, (y) a group of the aforementioned central banks or other supervisory authorities or (z) the Financial Stability Board or any part thereof.

“Successor Rate” means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

## **5. Redemption, Purchase and Optional Redemption**

### **(a) *Final Redemption:***

Unless previously redeemed, purchased and cancelled as provided below or its maturity is extended pursuant to the relevant Issuer’s or Noteholder’s option in accordance with Condition 5(f) or (g), each Note will be redeemed at its Final Redemption Amount specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date.

### **(b) *Redemption for taxation reasons:***

The Notes may be redeemed at the option of the Issuer thereof in whole, but not in part, on any Interest Payment Date (if the Note is a Floating Rate Note) or, if so specified herein, at any time (if the Note is not a Floating Rate Note), on giving not less than 30 days’ nor more than 60 days’ notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount, (together with interest accrued to (but excluding) the date fixed for redemption), if (i) the Issuer thereof has or would become obliged to pay additional amounts as provided or referred to in Condition 7 as a result of any change in, or amendment to, the laws or regulations of Canada or any province or territory thereof or, in the case of

Notes issued by Scotiabank Europe or a branch of the Bank outside Canada, of the country in which Scotiabank Europe or such branch is located or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, or any announced prospective change to the *Income Tax Act* (Canada) or the regulations thereunder or in the application or official interpretation thereof that, if enacted in the form proposed, would apply retroactively to and from a date prior to the date of its enactment (an “Announced Prospective Change”) which change (including any Announced Prospective Change) or amendment becomes (or in the case of an Announced Prospective Change, would become) effective on or after the Issue Date, and (ii) such obligation cannot be avoided by the relevant Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which such Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due and provided further that in respect of Bail-inable Notes, where the redemption would lead to a breach of the Bank’s minimum total loss absorbing capacity (“TLAC”) requirements such redemption will be subject to the prior approval of the Superintendent. Prior to the publication of any notice of redemption pursuant to this paragraph, the relevant Issuer or the Guarantor (if applicable) shall deliver to the Fiscal Agent a certificate signed by two senior officers of such Issuer or the Guarantor (as the case may be) stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of such Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that such Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

(c) ***Redemption due to TLAC Disqualification Event:***

Where a TLAC Disqualification Event Call is specified as being applicable in the relevant Final Terms (or, in the case of Exempt Notes, the applicable Pricing Supplement) relating to a Series of Bail-inable Notes, the Bank may at its option, on giving not less than 30 days’ nor more than 60 days’ notice in accordance with Condition 13, redeem all but not less than all of the outstanding Notes of the Series at the Early Redemption Amount, together (if applicable) with any accrued but unpaid interest up to (but excluding) the date fixed for redemption, at any time following the occurrence of a TLAC Disqualification Event (as defined below). If so required by the Office of the Superintendent of Financial Institutions (“OSFI”) or applicable laws, such redemption will be subject to the prior approval of the Superintendent.

A “TLAC Disqualification Event” means (i) OSFI has advised the Bank in writing that the Series of Bail-inable Notes will no longer be recognized as TLAC; or (ii) the Series of Bail-inable Notes no longer meets the eligibility criteria to qualify as TLAC as a result of any amendment to, or change in the laws, regulations, requirements, guidelines, rules, standards and policies, relating to minimum requirements for loss absorbing capacity instruments of OSFI or any other applicable governmental authority, then in effect in Canada, or the interpretation thereof, including the TLAC Guideline or any statute hereafter enacted in substitution therefor, as such laws, regulations, requirements, guidelines, rules, standards and policies, or substituted laws, regulations, requirements, guidelines, rules, standards and policies, may be amended from time to time (whether or not such laws, regulations, requirements, guidelines, rules, standards and policies or change in interpretation are applied generally or specifically to the Bank or other members of its group), in any such case becoming effective on or after the Issue Date of the first Tranche of the Bail-inable Notes of the relevant Series, provided that a TLAC Disqualification Event shall not occur where the exclusion of the relevant Series of Bail-inable Notes from the relevant minimum requirement(s) is due to the remaining maturity of such Series of Bail-inable Notes being less than any period prescribed by any relevant eligibility criteria applicable as of the Issue Date of the first Tranche of such Series of Bail-inable Notes.

(d) ***Purchases:***

The Issuer and any of its subsidiaries, if applicable, and the Guarantor (with respect to Guaranteed Notes) may at any time purchase Notes issued by such Issuer (provided that all unmatured Receipts (if any) and Coupons and unexchanged Talons appertaining thereto are attached or surrendered therewith) in the open market or otherwise at any price, provided that in respect of Bail-inable Notes where the purchase would lead to a breach of the Bank's minimum TLAC requirements, such purchase will be subject to the prior approval of the Superintendent.

(e) ***Early Redemption of Zero Coupon Notes:***

(i) The Early Redemption Amount payable in respect of any Zero Coupon Note prior to the Maturity Date, upon redemption of such Note pursuant to Condition 5(b) or upon it becoming due and payable as provided in Condition 9 shall be the Amortised Face Amount (calculated as provided below) of such Note.

(ii) Subject to the provisions of sub-paragraph (iii) below, the Amortised Face Amount of any such Zero Coupon Note shall be the scheduled Early Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield applied on a compounded or non-compounded basis as specified in the applicable Final Terms (which, if none is specified in the applicable Final Terms, shall be such rate (compounded annually) as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date). Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown in the applicable Final Terms.

(iii) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 5(b) or upon it becoming due and payable as provided in Condition 9 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as though the reference therein to the Maturity Date were replaced by a reference to the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph will continue to be made (as well after as before judgment), until the Relevant Date unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Early Redemption Amount of such Note on the Maturity Date together with any interest which may accrue in accordance with Condition 4(c)(ii).

(f) ***Redemption at the Option of the Relevant Issuer and Exercise of Issuer's Options:***

If the Issuer's Option is specified as applicable in the applicable Final Terms, the relevant Issuer may, on giving not less than the minimum period nor more than the maximum period of irrevocable notice (in each case, as specified in the applicable Final Terms) to the Noteholders falling within the Issuer's Option Period, redeem or exercise any Issuer's Option in relation to, all or, if so provided in the applicable Final Terms, some of the Notes in the principal amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption, provided that in respect of Bail-inable Notes where the redemption would lead to a breach of the Bank's minimum TLAC requirements, such redemption will be subject to the prior approval of the Superintendent.

All Notes in respect of which any such notice is given shall be redeemed, or the Issuer's Option shall be exercised by the relevant Issuer, on the date specified in such notice in accordance with this Condition.

If so provided in the applicable Final Terms, the Issuer shall redeem a specified number of the Notes on the date or dates so provided. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption which may, if so specified in the applicable Final Terms, be payable in instalments or otherwise. Notice of such redemption shall be irrevocably given to the Noteholders in accordance with Condition 13, provided that Bail-inable Notes continue to be subject to a Bail-in Conversion prior to their repayment in full.

In the case of a partial redemption or a partial exercise of an Issuer's Option, the notice to Noteholders shall also contain the serial numbers of the Notes to be redeemed, which shall have been drawn in such place as the Fiscal Agent may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws and the requirements of any relevant stock exchange or other relevant authority.

(g) ***Redemption at the Option of Noteholders and Exercise of Noteholders' Options:***

This Condition 5(g) is not applicable to Bail-inable Notes.

If the Noteholders' Option is specified as applicable in the applicable Final Terms, the Issuer shall, at the option of the holder of any such Note, redeem such Note on the date or dates so provided at its Optional Redemption Amount together with interest accrued to the date fixed for redemption.

To exercise such option, the holder must deposit such Note with any Paying Agent (in the case of Bearer Notes) or the Certificate representing such Note(s) with the Registrar or any Transfer Agent (in the case of Registered Notes) at its specified office, together with a duly completed option exercise notice ("Exercise Notice") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the Noteholders' Option Period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. The Exercise Notice must be delivered to the Paying Agent not less than the minimum period of notice nor more than the maximum period of notice (in each case, as specified in the applicable Final Terms) prior to the relevant date for redemption.

(h) ***Redemption by Instalments:***

This Condition 5(h) is not applicable to Bail-inable Notes.

Unless previously redeemed, purchased and cancelled as provided in this Condition 5 or the relevant Instalment Date (being one of the dates so specified in the applicable Final Terms) is extended pursuant to any Issuer's or Noteholder's option in accordance with Condition 5(f) or (g), each Note which provides for Instalment Dates and Instalment Amounts will be partially redeemed on each Instalment Date at the Instalment Amount specified on it, whereupon the outstanding principal amount of such Note shall be reduced by the Instalment Amount for all purposes.

(i) ***Cancellation:***

All Notes purchased by or on behalf of the Issuer thereof or any of its subsidiaries may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Fiscal Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, will, together with all Notes redeemed by such Issuer, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer and the Guarantor (if applicable) in respect of any such Notes shall be discharged.

(j) ***Specific redemption provisions applicable to Exempt Notes:***

The Final Redemption Amount, the Optional Redemption Amount (if any) and the Early Redemption Amount (if any) in respect of Exempt Notes may be specified in, or determined in the manner specified in, the applicable Pricing Supplement.

**6. Payments and Talons**

(a) ***Bearer Notes:***

Payments of principal and interest in respect of Bearer Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payments of Instalment Amounts other than on the due date for redemption and provided that the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 6(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 6(f)(vi)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the currency in which such payment is due drawn on, or, at the option of the

holder, by credit or transfer to an account denominated in that currency maintained by or as directed by the holder with, a bank in the principal financial centre of that currency, provided that (i) in the case of euro, payments will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) or by a euro cheque; (ii) in the case of Japanese yen, the credit or transfer will be made to a non-resident Japanese yen account with an authorised foreign exchange bank (in the case of payment to a non-resident of Japan); and (iii) in the case of U.S. dollars, payments will be made by credit or transfer to a U.S. dollar account maintained by the holder outside the United States.

The Receipts are not and shall not in any circumstances be deemed to be documents of title and if separated from the Note to which they relate will not represent any obligation of the relevant Issuer. Accordingly, the presentation of a Note without the relevant Receipt or the presentation of a Receipt without the Note to which it appertains shall not entitle the holder to any payment in respect of the relevant Instalment Amount.

(b) ***Registered Notes:***

(i) Payments of principal (which for the purposes of this Condition 6(b) shall include final Instalment Amounts but not other Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts or Optional Redemption Amounts) in respect of Registered Notes will be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.

(ii) Interest (which for the purpose of this Condition 6(b) shall include all Instalment Amounts other than final Instalment Amounts) in relation to (i) Registered Notes in global form, will be paid to the person shown on the Register at the close of business before the due date for payment thereof or (ii) in relation to Registered Notes in definitive form will be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "Record Date"). Payments of interest on each Registered Note will be made in the currency in which such payments are due by cheque drawn on a bank in the principal financial centre of the country of the currency concerned and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register maintained by the Registrar. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date and subject as provided in paragraph (a) above, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a bank in the principal financial centre of the country of that currency.

(c) ***Payments in the United States:***

Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the relevant Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts, and (iii) such payment is then permitted by United States law, without involving, in the opinion of the relevant Issuer, any adverse tax consequence to such Issuer.

(d) ***Payments subject to Fiscal and other laws:***

Payments will be subject in all cases, but without prejudice to the provisions of Condition 7, to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "Code") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, official interpretations thereof, or law implementing an intergovernmental approach thereto. Any such amounts withheld or deducted as required pursuant to an



agreement described in the Code will be treated as paid for all purposes under the Notes, and no additional amounts will be paid on the Notes with respect to any such withholding or deduction.

No repayment or payment of the Amounts Due will become due and payable after the exercise of any Bail-in power by the relevant UK resolution authority with respect to Scotiabank Europe unless, at the time such repayment or payment, respectively, is scheduled to become due, such repayment or payment would be permitted to be made by Scotiabank Europe under the laws and regulations in effect in the United Kingdom and the EU applicable to Scotiabank Europe or other members of its group.

(e) ***Appointment of Agents:***

The Fiscal Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuers and their respective specified offices are listed below. The Fiscal Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Issuers and do not assume any obligation or relationship of agency or trust for or with any holder. The Issuers reserve the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, the Registrar or any Transfer Agent and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuers will at all times maintain (i) a Fiscal Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) a Calculation Agent where the Conditions so require one, (v) a Paying Agent having a specified office in a European city which, so long as the Notes are listed on the Official List and admitted to trading on the London Stock Exchange plc's Regulated Market, shall be London, and (vi) such other agents as may be required by any other stock exchange or other relevant authority on which the Notes may be listed or as may be agreed between the relevant Issuer and the relevant Dealer.

In addition, the relevant Issuer shall forthwith appoint a Paying Agent in New York in respect of any Notes denominated in U.S. dollars in the circumstances described in Condition 6(c).

Notice of any such change or any change of any specified office will promptly be given to the Noteholders in accordance with Condition 13.

(f) ***Unmatured Coupons and Receipts and unexchanged Talons:***

(i) Unless the applicable Final Terms provide that the unmatured Coupons are to become void upon the due date for redemption of those Notes, Bearer Notes should be surrendered for payment together with all unmatured Coupons (if any) appertaining thereto, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of two years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8).

(ii) If the applicable Final Terms so provides, upon the due date for redemption of any Bearer Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.

(iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

(iv) Upon the due date for redemption of any Bearer Note which is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.

(v) Where any Bearer Note which provides that the unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons and any unexchanged Talon relating to it, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provisions of such indemnity as the Issuer may require.

(vi) If the due date for redemption of any Note is not an Interest Payment Date, interest accrued from the preceding Interest Payment Date or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note which only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

(g) ***Talons:***

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet), but excluding any Coupons which may have become void pursuant to Condition 8.

(h) ***Non-Business Days:***

Unless otherwise specified in the applicable Final Terms, if any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, “business day” means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in the relevant place of presentation (if presentation is required), in each other place (if any) specified in the applicable Final Terms as a Financial Centre and:

- (i) in the case of a payment in a currency other than euro, where payment is to be made by transfer to an account maintained with a bank in such currency, a day on which foreign exchange transactions may be carried on in such currency in the principal financial centre of the country of such currency; or
- (ii) in the case of a payment in euro, a day which is a TARGET2 Settlement Day.

(i) ***Redenomination:***

As may be indicated in the applicable Final Terms, the Issuer may, but shall not be obligated to, with respect to Notes originally denominated in the national currency of a Member State of the European Union (“EU”) that adopts the single Currency in accordance with the Treaty establishing the European Community, as amended (the “Treaty”), without the consent of the holders of the Notes, Certificates, Receipts, Coupons or Talons by giving at least 30 days’ notice in accordance with Condition 13, redenominate all, but not some only, of the Notes into euro with effect from any Interest Payment Date or, in the case of Zero Coupon Notes, any date (the “Redenomination Date”) falling on or after the date on which such Member State of the EU has adopted the euro.

With effect from the Redenomination Date, notwithstanding the other provisions of the Conditions:

- (a) such Notes shall be deemed to be redenominated in euro with a principal amount for each Note equal to the principal amount of that Note in the currency of the participating Member State, converted into euro to the nearest euro 0.01 at the rate for conversion of the national currency of the participating Member State into euro established by the Council of the EU pursuant to the Treaty (including compliance with rules relating to

rounding in accordance with European Community regulations) provided that, if the Issuer determines, with the agreement of the Fiscal Agent, that the then market practice in respect of the redenomination into euro 0.01 of internationally offered securities is different from the provision specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the Issuer shall promptly notify the Noteholders, the stock exchange or other relevant authority (if any) on which the Notes may be listed and the Paying Agents of such deemed amendments;

- (b) if definitive Notes are required to be issued, they shall be issued at the expense of the Issuer in the denominations of euro 1,000, euro 10,000, euro 100,000 or such other denominations as the Fiscal Agent shall determine and notify to the Noteholders (the smallest such denomination being hereinafter referred to as the “Minimum Euro Denomination”);
- (c) if definitive Notes have been issued, all unmatured Coupons denominated in the national currency of the participating Member State (whether or not attached to the Notes) will become void with effect from the date on which the Issuer gives the notice (the “Exchange Notice”) that replacement euro-denominated Notes and Coupons are available for exchange (provided that such securities are so available) and no payments will be made in respect of them. The payment obligations contained in any Notes so issued will also become void on that date although those Notes will continue to constitute valid exchange obligations of the Issuer. New certificates in respect of euro-denominated Notes and Coupons will be issued in exchange for Notes and Coupons denominated in the national currency of the participating Member State in such manner as the Fiscal Agent may specify and as shall be notified to Noteholders in the Exchange Notice;
- (d) any balance remaining from the redenomination that is less than the Minimum Euro Denomination and greater than or equal to euro 0.01 shall be paid by way of cash adjustment rounded to the nearest euro 0.01 (with euro 0.005 being rounded upwards). Such cash adjustment will be payable in euro on the Redenomination Date in the manner notified to the Noteholders by the Issuer;
- (e) all payments in respect of such Notes (other than, unless the Redenomination Date is on or after such date as the national currency of the participating Member State ceases to be a sub-division of the euro, payments of interest in respect of periods commencing before the Redenomination Date) will be made solely in euro;
- (f) Notes, Certificates, Receipts, Coupons or Talons may only be presented for payment on a day on which commercial banks and foreign exchange markets are open for general business in the place of presentation and which is a TARGET2 Settlement Day;
- (g) the amount of interest in respect of such Notes will be calculated by reference to the aggregate principal amount of Notes presented (or, as the case may be, in respect of which Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01;
- (h) if interest is required to be calculated for a period of less than 1 year, the Day Count Fraction will be “Actual/Actual”; provided, however, in relation to floating rate notes denominated in euro the Day Count Fraction will be “Actual/360”; and
- (i) upon any such redenomination of the Notes, any reference in these Conditions and the applicable Final Terms to the relevant national currency shall, where the context so admits, be construed as a reference to euro.

## 7. Taxation

All payments of principal and interest in respect of the Notes, the Receipts and the Coupons by or on behalf of the Issuer thereof and by or on behalf of the Guarantor (in respect of the Guaranteed Notes), if the Guarantor is required to make payments under the Guarantee, 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 (i) Canada, any province or territory or political subdivision thereof or any authority therein or thereof having power to tax, or (ii) in the case of Notes issued by Scotiabank Europe, the United Kingdom or any political subdivision thereof or any authority or agency therein or thereof having power to tax, or (iii) in the case of Notes issued by a branch of the Bank located outside Canada, the country in which such branch is located or any subdivision thereof or any authority therein or thereof having power to tax, unless (in each case) the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law or the administration thereof. In that event, the relevant Issuer or the Guarantor, as the case may be, will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders and the Couponholders after such withholding or deduction shall equal the respective amounts of principal and interest which would have been receivable in respect of the Notes, Receipts or (as the case may be) Coupons, in the absence of such withholding or deduction; except that no additional amounts shall be payable with respect to any payment in respect of any Note, Receipt or Coupon:

(1) to, or to a third party on behalf of, a holder who is liable or subject to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon for any reason other than the mere holding, or ownership or deemed holding, or ownership of such Note, Receipt or Coupon as a non-resident or deemed non-resident of the jurisdiction imposing such tax, duty, assessment or governmental charge or who would not be liable or subject to such withholding or deduction by making a declaration of non-residence or other similar claim for exemption (including an application for relief under any applicable double tax treaty) to the relevant tax authority; or

(2) where payments are made by the Bank as Issuer or as Guarantor, to, or to a third party on behalf of, a holder in respect of whom such tax, duty, assessment or governmental charge is required to be withheld or deducted by reason of the holder being a person with whom the Bank is not dealing at arm's length (within the meaning of the *Income Tax Act* (Canada)); or

(3) on account of any such taxes, duties, assessments or governmental charges required to be withheld or deducted by any paying agent, collecting agent or other intermediary from a payment on a Note, Receipt or Coupon if such payment can be made without such deduction or withholding by another paying agent, collecting agent or other intermediary; or

(4) presented for payment more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amount on presenting the same for payment on the thirtieth such day, assuming that day to have been a Payment Date.

As used in these Conditions, "Relevant Date" in respect of any Note, Receipt or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date on which notice is duly given to the Noteholders in accordance with Condition 13 that, upon further presentation of the Note (or relative Certificate), Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation.

References in these Conditions to "principal" shall be deemed to include, as applicable:

- (a) any additional amounts which may be payable with respect to principal under Condition 7;
- (b) the Final Redemption Amount of the Notes;

- (c) the Early Redemption Amount of the Notes;
- (d) the Optional Redemption Amount(s) (if any) of the Notes;
- (e) in relation to Notes redeemable in instalments, the Instalment Amounts;
- (f) in relation to Zero Coupon Notes, the Amortised Face Amount; and
- (g) any premium and any other amounts in the nature of principal payable pursuant to Condition 5 or any amendment or supplement to it which may be payable by the Issuer or the Guarantor, as the case may be, under or in respect of the Notes.

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under this Condition 7.

## **8. Prescription**

Claims against the relevant Issuer and, in the case of Guaranteed Notes, the Guarantor for payment in respect of the Notes, Receipts and Coupons (which, for this purpose shall not include Talons) shall be prescribed and become void unless made within two years from the appropriate Relevant Date in respect thereof.

## **9. Events of Default**

If any of the following events (“Events of Default”) occurs and is continuing, the holder of any Note may give written notice to the Fiscal Agent at its specified office that such Note is immediately repayable, whereupon the Redemption Amount of such Note together with accrued interest to the date of payment shall become immediately due and payable:

- (i) in relation to Senior Notes that are not Bail-inable Notes:
  - (a) if default is made for more than 30 days (in the case of interest) or five days (in the case of principal) in the payment on the due date of interest or principal in respect of any such Notes; or
  - (b) if the Bank shall become insolvent or bankrupt or subject to the provisions of the *Winding-up and Restructuring Act* (Canada) (“WURA”), or any statute hereafter enacted in substitution therefor, as such Act, or substituted Act, as may be amended from time to time, or if the Bank goes into liquidation, either voluntary or under an order of a court of competent jurisdiction, passes a resolution for the winding-up, liquidation or dissolution of the Bank, is ordered wound-up or otherwise acknowledges its insolvency.
- (ii) in relation to Bail-inable Notes:
  - (a) if default is made for more than 30 Business Days in the payment on the due date of interest or principal in respect of any such Notes; or
  - (b) if the Bank shall become insolvent or bankrupt or subject to the provisions of WURA, or any statute hereafter enacted in substitution therefor, as such Act, or substituted Act, as may be amended from time to time, or if the Bank goes into liquidation, either voluntary or under an order of a court of competent jurisdiction, passes a resolution for the winding-up, liquidation or dissolution of the Bank, is ordered wound-up or otherwise acknowledges its insolvency.

Noteholders may only exercise rights under this Condition 9(ii) in respect of Bail-inable Notes where an order has not been made pursuant to subsection 39.13(1) of the CDIC Act in respect of

the Bank. Notwithstanding the exercise of any rights by Noteholders under this Condition 9 in respect of Bail-inable Notes, Bail-inable Notes will continue to be subject to conversion in whole or in part – by means of a transaction or series of transactions and in one or more steps – into common shares under subsection 39.2(2.3) of the CDIC Act prior to their repayment in full. A conversion of Bail-inable Notes into common shares under subsection 39.2(2.3) of the CDIC Act will not be an Event of Default. By its acquisition of the Bail-inable Notes, each holder (including each holder of a beneficial interest in any Bail-inable Note), to the extent permitted by law, waives any and all claims, in law and/or in equity, against the Fiscal Agent (in each case solely in its capacity as Fiscal Agent), for, agrees not to initiate a suit against the Fiscal Agent in respect of, and agrees that the Fiscal Agent shall not be liable for, any action that the Fiscal Agent takes, or abstains from taking, in either case in accordance with the conversion of Bail-inable Notes into common shares under subsection 39.2(2.3) of the CDIC Act.

(iii) in relation to Guaranteed Notes:

- (a) if default is made for more than 30 days (in the case of interest) or five days (in the case of principal) in the payment on the due date of interest or principal in respect of any such Notes;
- (b) if Scotiabank Europe shall become insolvent or bankrupt, or if a liquidator, receiver or receiver and manager of Scotiabank Europe (if applicable) or any other officer having similar powers shall be appointed; or
- (c) if the Bank shall become insolvent or bankrupt or subject to the provisions of WURA, or any statute hereafter enacted in substitution therefor, as such Act, or substituted Act, may be amended from time to time, or if the Bank goes into liquidation, either voluntary or under an order of a court of competent jurisdiction, passes a resolution for the winding-up, liquidation or dissolution of the Bank, is ordered wound-up or otherwise acknowledges its insolvency.

Neither a reduction or cancellation, in part or in full, of the Amounts Due, the conversion thereof into shares, or another security or obligation of Scotiabank Europe or another person, or the transfer of shares of Scotiabank Europe to the Noteholder, as a result of the exercise of the Bail-in power by the relevant UK resolution authority, nor the exercise of the Bail-in powers by the relevant UK resolution authority with respect to the Guaranteed Notes will be an Event of Default. By its acquisition of the Guaranteed Notes, each holder (including each holder of a beneficial interest in any Guaranteed Note), to the extent permitted by law, waives any and all claims, in law and/or in equity, against the Fiscal Agent (in each case solely in its capacity as Fiscal Agent) for, agrees not to initiate a suit against the Fiscal Agent in respect of, and agrees that the Fiscal Agent shall not be liable for, any action that the Fiscal Agent takes, or abstains from taking, in either case in accordance with the exercise of the Bail-in power by the relevant UK resolution authority with respect to the Guaranteed Notes.

## **10. Meeting of Noteholders and Modifications**

### **(a) *Meetings of Noteholders:***

The Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including modification by Extraordinary Resolution of the Notes (including these Conditions insofar as the same may apply to such Notes). An Extraordinary Resolution passed by the Noteholders will be binding on all the Noteholders, whether present or not at any meeting and whether or not they voted on the resolution, and on all relevant Receiptholders and Couponholders.

The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons holding or representing Noteholders whatever the nominal amount of the Notes so represented, unless the business of such meeting includes

consideration of proposals, *inter alia*, to: (i) amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest thereon, (ii) reduce or cancel the principal amount or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) reduce the rate or rates of interest in respect of the Notes or vary the method or basis of calculating the Interest Amount in respect thereof, (iv) if a Minimum Interest Rate, a Maximum Interest Rate, a Minimum Redemption Amount, a Maximum Redemption Amount, a Minimum Instalment Amount or a Maximum Instalment Amount is specified in the applicable Final Terms, reduce any such Minimum Interest Rate, Maximum Interest Rate, Minimum Redemption Amount, Maximum Redemption Amount, Minimum Instalment Amount or Maximum Instalment Amount, as the case may be, (v) change any method of calculating the Redemption Amount, (vi) save as provided in Condition 6(i), change the currency or currencies of payment or denomination of the Notes, (vii) take any steps which as specified herein may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, or (viii) terminate the Guarantee, if any or (ix) modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, in which case the necessary quorum shall be two or more persons holding or representing not less than seventy-five per cent., or at any adjourned meeting, not less than twenty-five per cent., in nominal amount of the Notes for the time being outstanding.

The consent or approval of the Noteholders shall not be required in the case of amendments to the Conditions pursuant to Condition 4(l) to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes or for any other variation of these Conditions and/or the Agency Agreement required to be made in the circumstances described in Condition 4(l), where the Issuer has delivered to the Fiscal Agent a certificate pursuant to Condition 4(l)(v).

(b) ***Modification of Agency Agreement:***

The Agency Agreement, the Notes and any Receipts and Coupons attached to the Notes may be amended by the relevant Issuer, the Guarantor (if applicable) and the Fiscal Agent without the consent of the holder of any Note, Receipt or Coupon (i) for the purpose of curing any ambiguity, or for curing, correcting or supplementing any defective provision contained therein, (ii) to make any further modifications of the terms of the Agency Agreement necessary or desirable to allow for the issuance of any additional Notes (which modifications shall not be materially adverse to holders of outstanding Notes) or (iii) in any manner which the relevant Issuer, the Guarantor (if applicable) and the Fiscal Agent may deem necessary or desirable and which shall not materially adversely affect the interests of the holders of the Notes, Receipts and Coupons.

(c) ***Written Resolutions***

The Agency Agreement provides that a written resolution signed by or on behalf of the holders of not less than 75 per cent. in nominal amount of Notes outstanding shall be as valid and effective as a duly passed Extraordinary Resolution.

(d) ***Bail-inable Notes***

Notwithstanding anything in this Condition 10, where any amendment, modification or other variance of any Bail-inable Notes would affect their recognition by the Superintendent as TLAC, in addition to such other approvals as may be required under the Conditions, such amendment, modification or variance will require the prior approval of the Superintendent.

**11. Replacement of Notes, Certificates, Receipts, Coupons and Talons**

If a Note, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, listing authority and stock exchange regulations, at the specified office of the Fiscal Agent (in the case of Bearer Notes, Receipts, Coupons or Talons) and the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the relevant Issuer for the purpose and notice of whose

designation is given to Noteholders in accordance with Condition 13, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, inter alia, that if the allegedly lost, stolen or destroyed Note, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there will be paid to the relevant Issuer on demand the amount payable by such Issuer in respect of such Notes, Certificates, Receipts, Coupons or further Coupons) and otherwise as the relevant Issuer may require. Mutilated or defaced Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

## **12. Further Issues**

Each Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes except as regards the issue date, the issue price and/or the payment of interest accruing prior to the Issue Date of such additional Notes or the payment of interest following the Issue Date and so that the same shall be consolidated and form a single series with such Notes, and references in these Conditions to “Notes” shall be construed accordingly.

## **13. Notices**

Notices to the holders of Registered Notes will be mailed to them at their respective addresses in the Register and will be deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Bearer Notes will be valid if published in a daily newspaper of general circulation in the United Kingdom (which is expected to be the Financial Times). If any such publication in such newspaper is not practicable, notice will be validly given if published in another leading daily English language newspaper of general circulation in the United Kingdom. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above.

The Issuers shall also ensure that notices are duly published in compliance with the requirements of each stock exchange or any other relevant authority on which the Notes are listed, including publication on the website of the relevant stock exchange or relevant authority if required by those rules.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the holders of Bearer Notes in accordance with this Condition.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Fiscal Agent.

## **14. Currency Indemnity**

Any amount received or recovered in a currency other than the currency in which payment under the relevant Note, Coupon or Receipt is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction in the winding-up or dissolution of the relevant Issuer or the Guarantor, as the case may be, or otherwise) by any Noteholder or Couponholder in respect of any sum expressed to be due to the recipient from the relevant Issuer or the Guarantor, as the case may be, shall only constitute a discharge to such Issuer or the Guarantor, as the case may be, to the extent of the amount in the currency of payment under the relevant Note, Coupon or Receipt which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Note, Coupon or Receipt, the relevant Issuer or the Guarantor, as the case may be, shall indemnify the recipient against any loss sustained by the recipient as a result. In any event, such Issuer and the Guarantor (if applicable) shall indemnify the recipient against the cost of making any such purchase. If the amount received or recovered is more than the amount expressed to be due to the recipient under any Note, Coupon or Receipt (after taking into account the costs of making any such purchase), the recipient shall pay the amount of such excess to the Issuer thereof. For the purposes of this Condition, it will be sufficient



for the Noteholder or Couponholder, as the case may be, to demonstrate that such Noteholder or Couponholder, as the case may be, would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from such Issuer's and the Guarantor's (if applicable) other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder or Couponholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note, Coupon or Receipt or any other judgment or order.

**15. Waiver of set-off and netting rights**

Bail-inable Notes are not subject to set-off or netting rights.

**16. Branch of Account**

This Condition 16 applies to Senior Notes only.

(a) For the purposes of the *Bank Act* (Canada) the branch of account of the Issuer for the deposit liabilities under the *Bank Act* (Canada) evidenced by the Senior Note shall be either the head office in Toronto of the Issuer or London branch as specified in the applicable Final Terms (the "Branch of Account"). If not specified in the applicable Final Terms, the Branch of Account will be the head office in Toronto of the Issuer. Senior Notes, irrespective of the Branch of Account specified in the applicable Final Terms, are obligations of the Bank.

(b) Senior Notes will be paid without the necessity of first being presented for payment at the Branch of Account.

(c) If the Branch of Account in respect of Senior Notes is not in Canada, the Issuer may change the Branch of Account for the deposit liabilities under the *Bank Act* (Canada) evidenced by the Senior Note upon not less than seven days' prior notice to the Noteholders given in accordance with Condition 13 and upon and subject to the following terms and conditions:

- (i) if the Senior Note is denominated in Yen, the Branch of Account shall not be in Japan;
- (ii) the Issuer shall indemnify and hold harmless the holders of the Senior Notes and Coupons relating thereto against any tax, duty, assessment or governmental charge which is imposed or levied upon such holder as a consequence of such change, and shall pay the reasonable costs and expenses of the Fiscal Agent and the Registrar in connection with such change; and
- (iii) notwithstanding (ii) above, no change of the Branch of Account may be made unless immediately after giving effect to such change (a) no Event of Default, and no event which, after the giving of notice or lapse of time or both, would become an Event of Default shall have occurred and be continuing and (b) payments of principal, interest or other amounts on Senior Notes of this Series and Coupons relating thereto to holders thereof (other than Excluded Holders, as hereinafter defined) shall not, in the opinion of counsel to the Issuer, be subject to any taxes, as hereinafter defined, to which they would not have been subject had such change not taken place. For the purposes of this section, an "Excluded Holder" means a holder of a Senior Note of this Series or Coupon relating thereto who is subject to taxes by reason of its having some connection with the Relevant Jurisdiction other than the mere holding of a Senior Note of this Series or Coupon as a non-resident of such Relevant Jurisdiction. "Relevant Jurisdiction" means Canada, its provinces or territories and the jurisdiction in which the new Branch of Account is located, and "taxes" means any tax, duty, assessment or other governmental charge imposed or levied in respect of the payment of the principal of the Senior Notes of this Series or interest thereon for or on behalf of a Relevant Jurisdiction or any authority therein or thereof having power to tax.

**17. Entire Agreement (Scotiabank Europe)**

The contractual provisions relating to the exercise of any Bail-in power by the relevant UK resolution authority constitute the entire agreement between Scotiabank Europe, the Fiscal Agent and the Noteholder to the exclusion of any other agreements, arrangements or understandings between Scotiabank Europe, the Fiscal Agent and the Noteholder on the exercise of the Bail-in power.

**18. Governing Law**

The Notes, the Guarantees, the Receipts, the Coupons and the Talons are governed by, and shall be construed in accordance with, the laws of the Province of Ontario and the laws of Canada applicable therein. The relevant agreements relating to the Programme are governed by the laws of the Province of Ontario and the laws of Canada applicable therein. The parties have not exclusively submitted in the relevant agreements to the courts in Canada and the choice of Ontario and Canadian law does not limit or restrict (i) legal proceedings to the courts of Ontario or of Canada or (ii) the commencement of legal proceedings in other appropriate jurisdictions. Noteholders holding Bail-inable Notes attorn to the jurisdiction of the courts in the Province of Ontario in Canada with respect to the CDIC Act and the laws of the Province of Ontario and the laws of Canada applicable therein in respect of the operation of the CDIC Act with respect to the Bail-inable Notes. If legal proceedings were commenced in Ontario in relation to the Programme, it is likely that they would be commenced in the Ontario Superior Court of Justice.