

BANK OF NOVA SCOTIA /  
Form 424B5  
February 05, 2014

The information in this Preliminary Pricing Supplement is not complete and may be changed. We may not sell these Notes until the Pricing Supplement is delivered in final form. We are not selling these Notes, nor are we soliciting offers to buy these Notes, in any State where such offer or sale is not permitted.

**PRELIMINARY PRICING SUPPLEMENT Filed Pursuant to Rule 424(b)(5)**

Subject to Completion

**Registration No. 333-185049**

Dated February 4, 2014

Pricing Supplement dated February 4, 2014 to the

Prospectus August 1, 2013

Prospectus Supplement dated August 8, 2013 and Product Prospectus Supplement (Equity Linked Index Notes, Series A) dated August 8, 2013

**The Bank of Nova Scotia**

**\$1**

**Callable Contingent Interest Range Accrual Barrier Notes, Series A**

**Linked to the S&P 500® Index**

**Due February 7, 2029**

The Callable Contingent Interest Range Accrual Barrier Notes, Series A, linked to the S&P 500® Index ("Reference Asset") due February 7, 2029 (the "Notes") offered hereunder are senior unsecured obligations of The Bank of Nova Scotia (the "Bank"). The Notes do not provide for the regular payment of interest or guarantee the return of any principal at maturity. The Notes are subject to investment risks including possible loss of the Principal Amount invested due to the negative performance of the Reference Asset and the credit risk of The Bank of Nova Scotia. As used in this pricing supplement, the "Bank," "we," "us" or "our" refers to The Bank of Nova Scotia.

The amount that you will be paid on your Notes at maturity will depend on the performance of the Reference Asset and will be calculated as follows:

If the Closing Level of the Reference Asset on the Final Valuation Date is greater than or equal to 50% of the Initial Level (the "Barrier Level"): the Principal Amount

If the Closing Level of the Reference Asset on the Final Valuation Date is less than the Barrier Level: (i) the stated Principal Amount plus (ii) Principal Amount multiplied by the Percentage Change

A Contingent Interest Payment may be paid on the Notes on each quarterly Contingent Interest Payment Date. The amount of interest you will receive will be based on the number of Valuation Dates in an Interest Period on which the Closing Level of the Reference Asset is equal to or greater than 70% of the Initial Level (the "Trigger Level") in that Interest Period. The Contingent Interest Payment with respect to each Contingent Interest Payment Date will be determined by (i) dividing the number of Valuation Dates in the immediately preceding Interest Period on which the above condition is met by the total number of Valuation Dates in that Interest Period and (ii) multiplying the resulting fraction by (x) the Applicable Interest Rate, (y) Day Count Fraction and (z) the Principal Amount. It is possible that

the Reference Asset will remain below the Trigger Level and/or the Barrier Level for extended periods of time or even throughout the entire term of the Notes which means you will receive no Contingent Interest Payments and you may not receive your Principal Amount at Maturity. **Accordingly, you may lose your entire initial investment in the Notes.**

The Notes may be called by us in whole, but not in part, on each stated Quarterly Call Payment Date, from and including the First Call Date, upon notice by us to DTC on or before the corresponding Call Notice Date, at an amount that will equal the Principal Amount of your Notes plus the Contingent Interest Payment, if any. If the Notes are called prior to the Maturity Date you will lose the opportunity to continue to be paid Contingent Interest Payments.

**You will not participate in any appreciation of the Reference Asset.** The Notes do not constitute a direct investment in any of the shares, units or other securities represented by the Reference Asset. By acquiring Notes, you will not have a direct economic or other interest in, claim or entitlement to, or any legal or beneficial ownership of any such share, unit or security and will not have any rights as a shareholder, unitholder or other security holder of any of the issuers including, without limitation, any voting rights or rights to receive dividends or other distributions. See “Additional Risks—You will not Participate in Any Appreciation in the Value of the Reference Asset and Your Return on the Notes is Expected to be Limited to the Contingent Interest Payments Paid on the Notes” in this pricing supplement.

The difference between the estimated value of your Notes and the original issue price reflects costs that the Bank or its affiliates expect to incur and profits that the Bank or its affiliates expect to realize in connection with hedging activities related to the Notes. These costs and profits will likely reduce the secondary market price, if any secondary market develops, for the Notes. As a result, you may experience an immediate and substantial decline in the market value of your Notes on the Trade Date and you may lose all or a substantial portion of your initial investment. The Bank’s profit in relation to the Notes will vary based on the difference between (i) the amounts received by the Bank in connection with the issuance and the reinvestment return received by the Bank in connection with those funds and (ii) the costs incurred by the Bank in connection with the issuance of the Notes and any hedging transactions. The Bank’s affiliates may also realize a profit that will be based on the (i) cost of creating and maintaining the hedging transactions minus (ii) the payments received on the hedging transactions.

The Notes will not be listed on any U.S. securities exchange or automated quotation system.

**Neither the United States Securities and Exchange Commission (“SEC”) nor any state securities commission has approved or disapproved of the Notes or passed upon the accuracy or the adequacy of this document, the accompanying prospectus, prospectus supplement or product prospectus supplement. Any representation to the contrary is a criminal offense. The NOTES ARE NOT INSURED BY THE Canada Deposit Insurance Corporation pursuant to the *Canada Deposit Insurance Corporation Act*, the United States Federal Deposit Insurance Corporation, or any other governmental agency of Canada, the United States or any other jurisdiction.**

Scotia Capital (USA) Inc., our affiliate, will purchase the Notes from us for distribution to other registered broker dealers or will offer the Notes directly to investors. Scotia Capital (USA) Inc. or any of its affiliates or agents may use this pricing supplement in market-making transactions in Notes after their initial sale. Unless we, Scotia Capital (USA) Inc. or another of its affiliates or agents selling such Notes to you informs you otherwise in the confirmation of sale, the final pricing supplement to which this pricing supplement relates is being used in a market-making transaction. See “Supplemental Plan of Distribution (Conflicts of Interest)” in this pricing supplement and “Supplemental Plan of Distribution” on page PS-30 of the accompanying product prospectus supplement.

	Per Note Total	
Price to public <sup>1</sup>	1%	\$1
Underwriting commissions <sup>2</sup>	1%	\$1
Proceeds to The Bank of Nova Scotia <sup>3</sup>	1%	\$1

**Investment in the Notes involves certain risks. You should refer to “Additional Risks” in this pricing supplement and “Additional Risk Factors Specific to the Notes” beginning on page PS-5 of the accompanying product prospectus supplement and “Risk Factors” beginning on page S-2 of the accompanying prospectus supplement and page 6 of the accompanying prospectus.**

We may decide to sell additional Notes after the date of this pricing supplement, at issue prices and with underwriting discounts and net proceeds that differ from the amounts set forth above.

We will deliver the Notes in book-entry form through the facilities of The Depository Trust Company (“DTC”) on or about February 7, 2014 against payment in immediately available funds.

### **Scotia Capital (USA) Inc.**

**If the Notes priced today, the estimated value of the Notes as determined by the Bank would be approximately \$1 (1%) per \$1,000 Principal Amount of the Notes.** See “The Bank’s Estimated Value of the Notes” in this pricing supplement for additional information. Certain accounts will pay a purchase price of at least \$1 (1%) per \$1,000 Principal Amount of the Notes and third party distributors involved in such transactions may charge a discretionary fee with respect to such sales.

Scotia Capital (USA) Inc. or one of our affiliates will purchase the Notes at the Principal Amount and as part of the distribution, if the Notes priced today, would pay varying discounts and underwriting commissions of approximately \$1 (1%) per \$1,000 Principal Amount of the Notes in connection with the distribution of the Notes. The actual discounts and underwriting commissions that Scotia Capital (USA) Inc. or one of our affiliates will pay may be more<sup>2</sup> or less than 1% and will depend on market conditions. In no event will Scotia Capital (USA) Inc. or one of our affiliates pay varying discounts and underwriting commissions in excess of \$1 (1%) per \$1,000 Principal Amount of the Notes in connection with the distribution of the Notes. Scotia Capital (USA) Inc. may also receive a structuring and development fee of up to \$0.50 (0.05%) per \$1,000 Principal Amount of the Notes. See “Supplemental Plan of Distribution (Conflicts of Interest)” in this pricing supplement.

Excludes profits from hedging. For additional considerations relating to hedging activities see “Additional Risk<sup>3</sup> Factors—The Inclusion of Dealer Spread and Projected Profit from Hedging in the Original Issue Price is Likely to Adversely Affect Secondary Market Prices” in this pricing supplement.

## Summary

The information in this “Summary” section is qualified by the more detailed information set forth in this pricing supplement, the prospectus, the prospectus supplement, and the product prospectus supplement, each filed with the SEC. See “Additional Terms of Your Notes” in this pricing supplement.

<b>Issuer:</b>	The Bank of Nova Scotia (the “Bank”)
<b>Reference Asset:</b>	The S&P 500 <sup>®</sup> Index (Bloomberg Ticker: SPX)
<b>Minimum Investment and Denominations:</b>	\$1,000 and integral multiples of \$1,000 in excess thereof
<b>Principal Amount:</b>	\$1,000 per Note
<b>Original Issue Price:</b>	100% of the Principal Amount of each Note
<b>Currency:</b>	U.S. Dollars
<b>Pricing Date:</b>	Expected to be February 4, 2014
<b>Trade Date:</b>	Expected to be February 4, 2014
<b>Original Issue Date:</b>	Expected to be February 7, 2014 (to be determined on the Trade Date and expected to be the 3rd scheduled Business Day after the Trade Date) For each Interest Period, each scheduled trading day, and for purposes of calculating the Payment at Maturity, the “Final Valuation Date” shall be the scheduled trading day which is three Business Days prior to the Maturity Date.
<b>Valuation Dates:</b>	The Valuation Dates could be delayed by the occurrence of a market disruption event. See “General Terms of the Notes—Market Disruption Events” beginning on page PS-19 in the accompanying product prospectus supplement. The period from and including each Interest Determination Date (or the Original Issue Date, in the case of the Initial Interest Period) to but excluding the next succeeding Interest Determination Date.
<b>Interest Period:</b>	The third scheduled trading day prior to each Contingent Interest Payment Date.
<b>Interest Determination Dates:</b>	Period from the Original Issue Date up to but excluding the next succeeding Interest Determination Date.
<b>Initial Interest Period:</b>	February 7, 2029, as may be postponed upon the occurrence of a market disruption event as described “General Terms of the Notes—Maturity Date” on page PS-17 in the accompanying product prospectus supplement.
<b>Maturity Date:</b>	You may lose all or a substantial portion of your initial investment at maturity if the Final Level is below the Barrier Level.

Scotia Capital (USA) Inc. or one of our affiliates will purchase the Notes at the Principal Amount and as part of the distribution of the Notes will reoffer the Notes to third party dealers at varying discounts and underwriting commissions of up to \$1 (1%) per \$1,000 Principal Amount of the Notes in connection with the distribution of the Notes. The actual discounts and underwriting commissions will be determined on Trade Date. Scotia Capital (USA) Inc. may also receive a structuring and development fee of up to \$0.50 (0.05%) per \$1,000 Principal Amount of the Notes.

**Fees and Expenses:**

The price at which you purchase the Notes includes costs that the Bank or its affiliates expect to incur and profits that the Bank or its affiliates expect to realize in connection with hedging activities related to the Notes, as set forth above. These costs and profits will likely reduce the secondary market price, if any secondary market develops, for the Notes. As a result, you may experience an immediate and substantial decline in the market value of your Notes on the Trade Date. See “Additional Risks—The Inclusion of Dealer Spread and Projected Profit from Hedging in the Original Issue Price is Likely to Adversely Affect Secondary Market Prices” in this pricing supplement.

The quarterly payments made on the 7th calendar day of each February, May, August, and November, commencing on May 7, 2014 and ending on the Maturity Date.

**Contingent Interest Payment Dates:**

The quarterly interest payments will be made on each Interest Payment Date, provided that if these days are not Business Days, interest will be made on the dates determined as described below.

The Contingent Interest Payment will be based on the performance of the Reference Asset and will be calculated as follows:

**Contingent Interest Payment:**

The amount of interest that will be paid each Interest Period, if any, will be based on the number of scheduled trading days, each a “Valuation Date”, on which the Closing Level of the Reference Asset is equal or greater than the Trigger Level during such Interest Period. To determine your Contingent Interest Payment with respect to each Interest Payment Date, we will (i) divide the number of Valuation Dates in the immediately preceding Interest Period on which the Closing Level of the Reference Asset was equal to or greater than the Trigger Level by the total number of Valuation Dates in that Interest Period and (ii) multiply the resulting fraction by the (x) Applicable Interest Rate, (y) Day Count Fraction and (z) \$1,000.

**Applicable Interest Rate:**

(i) 6.00% per annum for the first 12 quarterly Interest Periods, (ii) 7.25% per annum for the next 8 quarterly Interest Periods, and (iii) 7.50% per annum for the next 12 quarterly Interest Periods (iv) 8.00% for the next 8 quarterly Interest Periods, and (v) 10.00% for the final 20 quarterly Interest Periods.

**Day Count Fraction:**

30/360, unadjusted, following business day convention (all as more fully described below).

We describe payments as being based on a “day count fraction” of “30/360, unadjusted, following business day convention”.

This means that the number of days in the Interest Period will be based on a 360-day year of twelve 30-day months (“30/360”) and that the number of days in the Interest Period will be based on the days on which interest would have been paid if each such day was a Business Day, not on the actual days on

which payment is made (“unadjusted”).

If any Contingent Interest Payment Date falls on a day that is not a Business Day

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(including any Interest Payment Date that is also the Maturity Date), the relevant payment of interest will be made on the next Business Day under the following business day convention.

**Payment at Maturity:** The Payment at Maturity, excluding any interest payment, will be based on the performance of the Reference Asset and will be calculated as follows:  
If the Final Level is greater than or equal to the Barrier Level, then the Payment at Maturity will equal:

Principal Amount

If the Final Level is less than the Barrier Level, then the Payment at Maturity will equal:

Principal Amount + (Principal Amount × Percentage Change)

*In this case you will suffer a loss on your initial investment in an amount equal to the negative Percentage Change. Accordingly, you could lose up to 100% of your initial investment.*

**Initial Level:** The Closing Level of the Reference Asset on the Pricing Date.

**Final Level:** The Closing Level of the Reference Asset on the Final Valuation Date.

**Closing Level:** For any date of determination, the closing level of the Reference Asset published on the Bloomberg page “SPX<Index>” or any successor page on Bloomberg or any successor service, as applicable. In certain special circumstances, the Closing Level will be determined by the Calculation Agent, in its discretion, and such determinations will, under certain circumstances, be confirmed by an independent calculation expert. See “General Terms of the Notes—Unavailability of the Level of the Reference Asset on a Valuation Date” and “General Terms of the Notes—Market Disruption Events” beginning on page PS-19 and “Appointment of Independent Calculation Experts” on page PS-22, in the accompanying product prospectus supplement.

The Percentage Change, expressed as a percentage, with respect to the Payment at Maturity, is calculated as follows:

**Percentage Change:** 
$$\frac{\text{Final Level} - \text{Initial Level}}{\text{Initial Level}}$$

Initial Level

For the avoidance of doubt, the Percentage Change may be a negative value.

**Trigger Level:** 70% of the Initial Level

**Barrier Event:** Applicable

**Barrier Level:** 50% of the Initial Level

**Monitoring Period:** Final Valuation Date Monitoring





<b>Call Provision:</b>	The Notes may be called by us in whole, but not in part, on each stated Quarterly Call Payment Date, from and including the First Call Date, upon notice by us to DTC on or before the corresponding Call Notice Date, at an amount that will equal the Principal Amount of your Notes plus the Contingent Interest Payment, if any. If the Notes are called prior to the Maturity Date you will lose the opportunity to continue to be paid Contingent Interest Payments, if any, on the Notes.
<b>Call Payment:</b>	Call payment will be made in an amount equal to (i) the Principal Amount per Note <i>plus</i> (ii) the Contingent Interest Payment, if any.
<b>First Call Date:</b>	February 7, 2015
<b>Call Notice Dates:</b>	10 Business Days prior to the corresponding Quarterly Call Payment Date.
<b>Quarterly Call Payment Date:</b>	The 7th calendar day of each February, May, August, and November, commencing on the First Call Date, if any, for which we have given a call notice for the Notes, on or before the corresponding Call Notice Date.
<b>CUSIP/ISIN:</b>	CUSIP 064159DM5 / ISIN US064159DM55
<b>Form of Notes:</b>	Book-entry
<b>Type of Notes:</b>	Callable Contingent Interest Range Accrual Barrier Notes, Series A
<b>Calculation Agent:</b>	Scotia Capital Inc., an affiliate of the Bank
<b>Status:</b>	The Notes will constitute direct, unsubordinated and unsecured obligations of the Bank ranking <i>pari passu</i> with all other direct, unsecured and unsubordinated indebtedness of the Bank from time to time outstanding (except as otherwise prescribed by law). Holders will not have the benefit of any insurance under the provisions of the <i>Canada Deposit Insurance Corporation Act</i> , the U.S. <i>Federal Deposit Insurance Act</i> or under any other deposit insurance regime.
<b>Tax Redemption:</b>	The Bank (or its successor) may redeem the Notes, in whole but not in part, at a redemption price determined by the Calculation Agent in a manner reasonably calculated to preserve your and our relative economic position, if it is determined that changes in tax laws or their interpretation will result in the Bank (or its successor) becoming obligated to pay additional amounts with respect to the Notes. See “Tax Redemption” below.
<b>Listing:</b>	The Notes will not be listed on any securities exchange or quotation system.
<b>Use of Proceeds:</b>	General corporate purposes
<b>Clearance and Settlement:</b>	Depository Trust Company
<b>Business Day:</b>	New York and Toronto
<b>Terms Incorporated:</b>	All of the terms appearing above the item under the caption “General Terms of the Notes” beginning on page PS-14 in the accompanying product prospectus supplement, as modified by this pricing supplement.

**INVESTING IN THE NOTES INVOLVES SIGNIFICANT RISKS. YOU MAY LOSE YOUR ENTIRE PRINCIPAL AMOUNT. ANY PAYMENT ON THE NOTES, INCLUDING ANY REPAYMENT OF PRINCIPAL OR ANY CONTINGENT INTEREST PAYMENT, IS SUBJECT TO THE CREDITWORTHINESS OF THE BANK. IF THE BANK WERE TO DEFAULT ON ITS**

**PAYMENT OBLIGATIONS YOU MAY NOT RECEIVE ANY AMOUNTS OWED TO YOU UNDER THE NOTES AND YOU COULD LOSE YOUR ENTIRE INVESTMENT.**

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## **Additional Terms Of Your Notes**

You should read this pricing supplement together with the prospectus dated August 1, 2013, as supplemented by the prospectus supplement dated August 8, 2013 and the product prospectus supplement (Equity Linked Index Notes, Series A) dated August 8, 2013, relating to our Senior Note Program, Series A, of which these Notes are a part. Capitalized terms used but not defined in this pricing supplement will have the meanings given to them in the product prospectus supplement. In the event of any conflict, this pricing supplement will control. ***The Notes may vary from the terms described in the accompanying product prospectus supplement in several important ways. You should read this pricing supplement carefully.***

This pricing supplement, together with the documents listed below, contains the terms of the Notes and supersedes all prior or contemporaneous oral statements as well as any other written materials including preliminary or indicative pricing terms, correspondence, trade ideas, structures for implementation, sample structures, brochures or other educational materials of ours. You should carefully consider, among other things, the matters set forth in “Additional Risk Factors Specific to the Notes” in the accompanying product prospectus supplement, as the Notes involve risks not associated with conventional debt securities. We urge you to consult your investment, legal, tax, accounting and other advisors before you invest in the Notes. You may access these documents on the SEC website at [www.sec.gov](http://www.sec.gov) as follows (or if that address has changed, by reviewing our filings for the relevant date on the SEC website at <http://www.sec.gov/cgi-bin/browse-edgar?action=getcompany&CIK=0000009631>):

Prospectus dated August 1, 2013:

[http://www.sec.gov/Archives/edgar/data/9631/000089109213006699/e54840\\_424b3.htm](http://www.sec.gov/Archives/edgar/data/9631/000089109213006699/e54840_424b3.htm)

Prospectus Supplement dated August 8, 2013:

[http://www.sec.gov/Archives/edgar/data/9631/000089109213006938/e54968\\_424b3.htm](http://www.sec.gov/Archives/edgar/data/9631/000089109213006938/e54968_424b3.htm)

Product Prospectus Supplement (Equity Linked Index Notes, Series A), dated August 8, 2013:

[http://www.sec.gov/Archives/edgar/data/9631/000089109213006939/e54971\\_424b5.htm](http://www.sec.gov/Archives/edgar/data/9631/000089109213006939/e54971_424b5.htm)

**The Bank of Nova Scotia has filed a registration statement (including a prospectus, a prospectus supplement, and a product prospectus supplement) with the SEC for the offering to which this pricing supplement relates. Before you invest, you should read those documents and the other documents relating to this offering that we have filed with the SEC for more complete information about us and this offering. You may obtain these documents without cost by visiting EDGAR on the SEC Website at [www.sec.gov](http://www.sec.gov). Alternatively, The Bank of Nova Scotia, any agent or any dealer participating in this offering will arrange to send you the prospectus, the prospectus supplement and the product prospectus supplement if you so request by calling 1-416-866-3672.**

## **Investor Suitability**

The Notes may be suitable for you if:

You fully understand the risks inherent in an investment in the Notes, including the risk of losing your entire initial investment.

You can tolerate a loss of all or a substantial portion of your initial investment and are willing to make an investment that has the downside market risk of an investment in the Reference Asset or in the Reference Asset constituent stocks.

You do not believe that the Closing Level will be below the Trigger Level or that the Final Level will be below the Barrier Level.

You understand and accept that you will not participate in any appreciation in the Reference Asset and that your potential return at maturity may be limited to the aggregate amount of the Contingent Interest Payments, if any on the

Notes.  
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You can tolerate fluctuations in the price of the Notes prior to maturity that may be similar to or exceed the downside fluctuations in the level of the Reference Asset.

You seek current income from your investment but understand that the interest on the Notes is contingent on the performance of the Reference Asset.

You are willing to hold the Notes to maturity, a term of approximately fifteen years, and accept that there may be little or no secondary market for the Notes.

You are willing to tolerate the possibility of having the Notes called prior to the Maturity Date on a Quarterly Call Payment Date beginning on the First Call Date, eliminating any opportunity thereafter for receiving any Contingent Interest Payments.

You are willing to assume the credit risk of the Bank for all payments under the Notes, and understand that if the Bank defaults on its obligations you may not receive any amounts due to you including any repayment of principal. The Notes may not be suitable for you if:

You do not fully understand the risks inherent in an investment in the Notes, including the risk of losing your entire initial investment.

You require an investment designed to guarantee a full return of principal at maturity.

You cannot tolerate a loss of all or a substantial portion of your initial investment and are not willing to make an investment that has the downside market risk as an investment in the Reference Asset or in the Reference Asset constituent stocks.

You believe that the level of the Reference Asset will decline during the term of the Notes and that the Closing Level will likely be below the Trigger Level and the Final Level will likely be below the Barrier Level, or you believe the Reference Asset will appreciate over the term of the Notes by an amount in excess of the aggregate amount of Contingent Interest Payments received prior to and at maturity.

You seek an investment that participates in the appreciation in the level of the Reference Asset or has unlimited return potential.

You cannot tolerate fluctuations in the price of the Notes prior to maturity that may be similar to or exceed the downside fluctuations in the level of the Reference Asset.

You do not seek current income from your investment or you are unwilling to receive interest that is contingent on the performance of the Reference Asset.

You prefer to receive dividends paid on the stocks included in the Reference Asset.

You are unwilling to hold the Notes to maturity, a term of approximately fifteen years, or you seek an investment for which there will be a secondary market.

You are not willing to tolerate the possibility of having the Notes called prior to the Maturity Date on a Quarterly Call Payment Date beginning on the First Call Date, eliminating any opportunity thereafter for receiving any Contingent Interest Payments.

You are not willing to assume the credit risk of the Bank for all payments under the Notes.

**The investor suitability considerations identified above are not exhaustive. Whether or not the Notes are a suitable investment for you will depend on your individual circumstances and you should reach an investment decision only after you and your investment, legal, tax, accounting and other advisors have carefully considered the suitability of an investment in the Notes in light of your particular circumstances. You should also review “Additional Risks” in this preliminary pricing supplement and the “Additional Risk Factors Specific to the Notes” beginning on page PS-5 of the Product Prospectus Supplement for Equity Linked Index Notes, Series A for risks related to an investment in the Notes.**

## **EVENTS OF DEFAULT AND ACCELERATION**

If the Notes have become immediately due and payable following an event of default (as defined in the accompanying prospectus) with respect to the Notes, the Calculation Agent will determine the default amount as described below.

### ***Default Amount***

The default amount for your Notes on any day (except as provided in the last sentence under “Default Quotation Period” below) will be an amount, in the specified currency for the principal of your Notes, equal to the cost of having a qualified financial institution, of the kind and selected as described below, expressly assume all our payment and other obligations with respect to your Notes as of that day and as if no default or acceleration had occurred, or to undertake other obligations providing substantially equivalent economic value to you with respect to your Notes. That cost will equal:

- the lowest amount that a qualified financial institution would charge to effect this assumption or undertaking, plus the reasonable expenses, including reasonable attorneys’ fees, incurred by the trustees of your Notes in preparing any documentation necessary for this assumption or undertaking.

During the default quotation period for your Notes, described below, the trustees and/or the Bank may request a qualified financial institution to provide a quotation of the amount it would charge to effect this assumption or undertaking. If either party obtains a quotation, it must notify the other party in writing of the quotation. The amount referred to in the first bullet point above will equal the lowest — or, if there is only one, the only — quotation obtained, and as to which notice is so given, during the default quotation period. With respect to any quotation, however, the party not obtaining the quotation may object, on reasonable and significant grounds, to the assumption or undertaking by the qualified financial institution providing the quotation and notify the other party in writing of those grounds within two business days after the last day of the default quotation period, in which case that quotation will be disregarded in determining the default amount.

### ***Default Quotation Period***

The default quotation period is the period beginning on the day the default amount first becomes due (the “due day”) and ending on the third business day after that day, unless:

- no quotation of the kind referred to above is obtained, or
- every quotation of that kind obtained is objected to within five business days after the due day as described above.

If either of these two events occurs, the default quotation period will continue until the third business day after the first business day on which prompt notice of an objection is given as described above. If that quotation is objected to as described above within five business days after that first business day, however, the default quotation period will continue as described in the prior sentence and this sentence.

### ***Qualified Financial Institutions***

For the purpose of determining the default amount at any time, a qualified financial institution must be a financial institution organized under the laws of any jurisdiction in the United States of America, Europe or Japan, which at that time has outstanding debt obligations with a stated maturity of one year or less from the date of issue and that is, or whose securities are, rated either:

- A-1 or higher by Standard & Poor’s Ratings Services, or any successor, or any other comparable rating then used by that rating agency, or
- P-1 or higher by Moody’s Investors Service or any successor, or any other comparable rating then used by that rating agency.



If the Notes have become immediately due and payable following an event of default, you will not be entitled to any additional payments with respect to the Notes. For more information, see “Description of the Debt Securities We May Offer— Events of Default” beginning on page 21 of the accompanying prospectus.

### **Tax Redemption**

The Bank (or its successor) may redeem the Notes, in whole but not in part, at a redemption price determined by the Calculation Agent in a manner reasonably calculated to preserve your and our relative economic position, upon the giving of a notice as described below, if:

as a result of any change (including any announced prospective change) in or amendment to the laws (or any regulations or rulings promulgated thereunder) of Canada (or the jurisdiction of organization of the successor to the Bank) or of any political subdivision or taxing authority thereof or therein affecting taxation, or any change in official position regarding the application or interpretation of such laws, regulations or rulings (including a holding by a court of competent jurisdiction), which change or amendment is announced or becomes effective on or after the Pricing Date (or, in the case of a successor to the Bank, after the date of succession), and which in the written opinion to the Bank (or its successor) of legal counsel of recognized standing has resulted or will result (assuming, in the case of any announced prospective change, that such announced change will become effective as of the date specified in such announcement and in the form announced) in the Bank (or its successor) becoming obligated to pay, on the next succeeding date on which a payment is due, additional amounts with respect to the Notes; or on or after the Pricing Date (or, in the case of a successor to the Bank, after the date of succession), any action has been taken by any taxing authority of, or any decision has been rendered by a court of competent jurisdiction in, Canada (or the jurisdiction of organization of the successor to the Bank) or any political subdivision or taxing authority thereof or therein, including any of those actions specified in the paragraph immediately above, whether or not such action was taken or decision was rendered with respect to the Bank (or its successor), or any change, amendment, application or interpretation shall be officially proposed, which, in any such case, in the written opinion to the Bank (or its successor) of legal counsel of recognized standing, will result (assuming, that such change, amendment or action is applied to the Notes by the taxing authority and that, in the case of any announced prospective change, that such announced change will become effective as of the date specified in such announcement and in the form announced) in the Bank (or its successor) becoming obligated to pay, on the next succeeding date on which a payment is due, additional amounts with respect to the Notes; and, in any such case, the Bank (or its successor), in its business judgment, determines that such obligation cannot be avoided by the use of reasonable measures available to it (or its successor).

The redemption price will be determined by the Calculation Agent in its discretion and such determination will, under certain circumstances, be confirmed by an independent calculation expert. See “Appointment of Independent Calculation Experts” on page PS-22 in the accompanying product prospectus supplement.

In the event the Bank elects to redeem the Notes pursuant to the provisions set forth in the preceding paragraph, it shall deliver to the trustees a certificate, signed by an authorized officer, stating that the Bank is entitled to redeem such Notes pursuant to their terms in whole only.

The Bank will give notice of intention to redeem such Notes to holders of the Notes not more than 45 nor less than 30 days prior to the date fixed for redemption specifying, among other things, the date fixed for redemption, and on or promptly after the redemption date, it will give notice of the redemption price.

### **Hypothetical Payments On the Notes**



The examples set out below are included for illustration purposes only. The hypothetical Percentage Changes of the Reference Asset used to illustrate the calculation of the payment on the Notes (rounded to two decimal places) are not estimates or forecasts of the Initial Level, the Final Level or the Closing Level of the Reference Asset on any Valuation Date or

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on any trading day prior to the Maturity Date. All examples assume that a holder purchased Notes with an aggregate Principal Amount of \$1,000, Initial Level of 1,741.89, the Trigger Level of 1,219.323 (70% of the Initial Level), the Barrier Level of 870.945 (50% of the Initial Level), 60 Valuation Dates within each Interest Period and that no market disruption event occurs on any Valuation Date. The Notes are not called. Amounts below may have been rounded for ease of analysis.

**Example 1.** During the first Interest Period the number of days on which the Closing Level of the Reference Asset was greater than or equal to the Trigger Level was 40 Valuation Dates out of 60 Valuation Dates (assuming there are 60 Valuation Dates in each Interest Period). The relevant Contingent Interest Payment is calculated as follows:

$$= \text{Principal Amount} \times \text{Applicable Interest Rate} \times \text{Day Count Fraction} \times 40/60$$

$$= \$1,000.00 \times 6.00\% \times 90/360 \times 40/60$$

$$= \$10.00$$

**Example 2.** The following table illustrates the method used to calculate the quarterly Contingent Interest Payment using the Applicable Interest Rate of 7.25%

#of Days*	Number of trading days in an Interest Period (B)	Fraction A/B x 7.25%	Principal Amount	Day Count Fraction (30/360)	Contingent Interest Payment
(A)					
0	60	0.00	\$1,000	90/360	\$0.00
20	60	0.024167	\$1,000	90/360	\$6.04
40	60	0.048333	\$1,000	90/360	\$12.08
60	60	0.0725	\$1,000	90/360	\$18.13

\* The number of days for which the Reference Asset's Closing Level is greater than or equal to the Trigger Level in a given Interest Period.

**If the number of days for which the Reference Asset's Closing Level is greater than or equal to the Trigger Level for a given Interest Period is zero, you will receive no Contingent Interest Payment on the relevant Contingent Interest Payment Date.**

**Example 3.** Calculation of the Payment at Maturity, excluding any Contingent Interest Payment, where the Percentage Change is negative (but the Final Level is above the Barrier Level).

Final Level: 1,000, which is greater than the Barrier Level of 870.945

Percentage Change: -42.59%

Payment at Maturity: \$1,000

**Example 4.** Calculation of the Payment at Maturity, excluding any Contingent Interest Payment, where the Percentage Change is negative (the Final Level is less than the Barrier Level).

Final Level: 500.00

Percentage Change: -71.295%

Payment at Maturity:  $\$1,000 + (\$1,000 \times -71.295\%) = \$287.05$

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**Accordingly, if the Percentage Change is less than 50.00%, meaning the percentage decline from the Initial Level to the Final Level is greater than 50.00%, the Bank will pay you less than the full Principal Amount, resulting in a loss on your investment (excluding any Contingent Interest Payments, if any) that is equal to the negative Percentage Change. You may lose up to 100% of your principal.**

*Any payment on the Notes, including any repayment of principal and Contingent Interest Payments, is subject to the creditworthiness of the Bank. If the Bank were to default on its payment obligations, you may not receive any amounts owed to you under the Notes and you could lose your entire investment.*

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## **ADDITIONAL RISKS**

An investment in the Notes involves significant risks. In addition to the following risks included in this pricing supplement, we urge you to read “Additional Risk Factors Specific to the Notes” beginning on page PS-5 of the accompanying product prospectus supplement and “Risk Factors” beginning on page S-2 of the accompanying prospectus supplement and on page 6 of the accompanying prospectus.

You should understand the risks of investing in the Notes and should reach an investment decision only after careful consideration, with your advisors, of the suitability of the Notes in light of your particular financial circumstances and the information set forth in this pricing supplement and the accompanying prospectus, prospectus supplement and product prospectus supplement.

### **Your Investment is Subject to a Reinvestment Risk in the Event We Elect to Call the Notes.**

We have the ability to call the Notes prior to the Maturity Date. In the event we decide to exercise the Call Provision, the amount of interest payable would be less than the amount of interest payable if you held the Notes until the Maturity Date. There is no guarantee that you would be able to reinvest the proceeds from an investment in the Notes at a comparable return for a similar level of risk following our exercise of the Call Provision. We may choose to call the Notes early or choose not to call the Notes early, in our sole discretion. In addition, it is more likely that we will call the Notes prior to maturity if a significant decrease in U.S. interest rates or a significant decrease in the volatility of U.S. interest rates would result in greater interest payments on the Notes than on instruments of comparable maturity, terms and credit worthiness then trading in the market.

### **The Inclusion of Dealer Spread and Projected Profit from Hedging in the Original Issue Price is Likely to Adversely Affect Secondary Market Prices**

Assuming no change in market conditions or any other relevant factors, the price, if any, at which Scotia Capital (USA) Inc. or any other party is willing to purchase the Notes at any time in secondary market transactions will likely be significantly lower than the original issue price, since secondary market prices are likely to exclude underwriting commissions paid with respect to the Notes and the cost of hedging our obligations under the Notes that are included in the original issue price. The cost of hedging includes the projected profit that we and/or our subsidiaries may realize in consideration for assuming the risks inherent in managing the hedging transactions. These secondary market prices are also likely to be reduced by the costs of unwinding the related hedging transactions. In addition, any secondary market prices may differ from values determined by pricing models used by Scotia Capital (USA) Inc. as a result of dealer discounts, mark-ups or other transaction costs.

### **Risk of Loss at Maturity**

Any payment on the Notes at maturity depends on the Closing Level of the Reference Asset. The Bank will only repay you the full Principal Amount of your Notes if the value of the Reference Asset on the Maturity Date is at or above the Barrier Level. If the level of the Reference Asset declines below the Barrier Level, you will lose all or a substantial portion of your initial investment in an amount equal to the negative Percentage Change. ***Accordingly, you may lose your entire investment in the Notes if the Closing Level on the Final Valuation Date is below the Barrier Level.***

### **You will not Receive Any Contingent Interest Payment for Any Quarterly Period Where the Closing Level on Each Related Valuation Date is less than the Trigger Level**

You are entitled to receive a Contingent Interest Payment on a quarterly basis but the amount, if any, will depend on how many Valuation Dates the Reference Asset will close at or above the Trigger Level during that Interest Period. If the value of the Reference Asset does not close at or above the Trigger Level on any Valuation Date for that Interest

Period you will not receive any Contingent Interest Payment for that Interest Period.

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**The Downside Market Exposure to the Reference Asset is Subject to the Barrier Level Only at Maturity**

You should be willing to hold your Notes to maturity. If you are able to sell your Notes prior to maturity in the secondary market, you may have to sell them at a loss relative to your initial investment even if the level of the Reference Asset at such time is not below the Barrier Level.

**Higher Interest Rates are Generally Associated with a Greater Risk of Loss**

Greater volatility with respect to a Note's Reference Asset reflects a higher expectation as of the Trade Date that the price of the Reference Asset could decline below the Trigger Level on any Valuation Date and/or the Barrier Level on the Final Valuation Date. This greater expected risk will generally be reflected in a higher Applicable Interest Rate on that Note. The Reference Asset's volatility can change significantly over the term of the Notes. The level of the Reference Asset could fall sharply, which could result in a significant loss of principal and little or no Contingent Interest Payments.

**The Notes Differ from Conventional Debt Instruments**

The Notes are not conventional notes or debt instruments. The return that you will receive on the Notes, which could be negative, may be less than the return you could earn on other investments. Even if your return is positive, your return may be less than the return you would have earned if you bought a conventional senior interest bearing debt security of the Bank.

**You will not Participate in Any Appreciation in the Value of the Reference Asset and Your Return on the Notes is Expected to be Limited to the Contingent Interest Payments Paid on the Notes**

You will not participate in any appreciation in the value of the Reference Asset from the Initial Index Level, and the return of the Notes will be limited to the Contingent Interest Payments, if any, that are paid on the Notes. For example, if on the Final Valuation Date, the Reference Asset has appreciated 25% from the Initial Level, the payment at maturity would be limited to the stated Principal Amount of \$1,000 and the Contingent Interest Payments, if any per Note. Under this scenario, although the value of the Reference Asset has substantially increased, your payment at maturity does not correspondingly increase and, at maturity, the Notes only provide for the payment of your initial investment and the final Contingent Interest Payment.

**Your Investment is Subject to the Credit Risk of The Bank of Nova Scotia**

The Notes are senior unsecured debt obligations of the Bank, and are not, either directly or indirectly, an obligation of any third party. As further described in the accompanying prospectus, prospectus supplement and product prospectus supplement, the Notes will rank on par with all of the other unsecured and unsubordinated debt obligations of the Bank, except such obligations as may be preferred by operation of law. Any payment to be made on the Notes, including the Payment at Maturity, depends on the ability of the Bank to satisfy its obligations as they come due. As a result, the actual and perceived creditworthiness of the Bank may affect the market value of the Notes and, in the event the Bank were to default on its obligations, you may not receive the amounts owed to you under the terms of the Notes. If you sell the Notes prior to maturity, you may receive substantially less than the Principal Amount of your Notes.

**The Notes are Subject to Market Risk**

The return on the Notes is directly linked to the performance of the Reference Asset and indirectly linked to the value of the Reference Asset constituent stocks, and the extent to which the Percentage Change is positive or negative. The levels of the Reference Asset can rise or fall sharply due to factors specific to the Reference Asset constituent stocks, as well as general market factors, such as general market volatility and levels, interest rates and economic and political conditions.

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**The Quarterly Contingent Interest Payment, if Any, is Paid on a Quarterly Basis and is Based Solely on the Closing Level of the Reference Asset on the Valuation Dates**

The amount of the Contingent Interest Payment will be determined based on how many Valuation Dates the Reference Asset closes above the Trigger Level in an applicable Interest Period. As a result, you will not know the amount of your Contingent Interest Payment until the related Contingent Interest Payment Date. If the value of the Reference Asset does not close above the Trigger Level on any Valuation Date for that Interest Period you will not receive any Contingent Interest Payment for that Interest Period.

**The Payment at Maturity Is Not Linked to the Level of the Reference Asset at Any Time Other Than the Final Valuation Date**

The Payment at Maturity will be based on the Final Level (subject to adjustments as described). Therefore, for example, if the closing level of the Reference Asset declined substantially as of the Final Valuation Date compared to the Trade Date, the Payment at Maturity may be significantly less than it would otherwise have been had the Payment at Maturity been linked to the closing levels of the Reference Asset prior to the Final Valuation Date. Although the actual level of the Reference Asset at maturity or at other times during the term of the Notes may be higher than the Final Level, you will not benefit from the closing levels of the Reference Asset at any time other than the Valuation Dates.

**If the Levels of the Reference Asset or the Reference Asset Constituent Stocks Change, the Market Value of Your Notes May Not Change in the Same Manner**

Your Notes may trade quite differently from the performance of the Reference Asset or the Reference Asset constituent stocks. Changes in the levels of the Reference Asset or the Reference Asset constituent stocks may not result in a comparable change in the market value of your Notes. We discuss some of the reasons for this disparity under “—The Price at Which the Notes may be Sold prior to Maturity will Depend on a Number of Factors and May Be Substantially Less Than the Amount for Which They Were Originally Purchased” below.

**Holding the Notes is Not the Same as Holding the Reference Asset Constituent Stocks**

Holding the Notes is not the same as holding the Reference Asset constituent stocks. As a holder of the Notes, you will not be entitled to the voting rights or rights to receive dividends or other distributions or other rights that holders of the Reference Asset constituent stocks would enjoy.

**No Assurance that the Investment View Implicit in the Notes Will Be Successful**

It is impossible to predict with certainty whether and the extent to which the level of the Reference Asset will rise or fall. There can be no assurance that the level of the Reference Asset will remain above the Trigger Level and/or the Barrier Level. The Final Level may be influenced by complex and interrelated political, economic, financial and other factors that affect the Reference Asset constituent stocks. You should be willing to accept the risks of the price performance of equity securities in general and the Reference Asset constituent stocks in particular, and the risk of losing some or all of your initial investment.

Furthermore, we cannot give you any assurance that the future performance of the Reference Asset or the Reference Asset constituent stocks will result in your receiving an amount greater than or equal to the Principal Amount of your Notes. Certain periods of historical performance of the Reference Asset or the Reference Asset constituent stocks would have resulted in you receiving less than the Principal Amount of your Notes if you had owned notes with terms

similar to these Notes in the past. See “Information Regarding The Reference Asset” in this pricing supplement for further information regarding the historical performance of the Reference Asset.

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**The Reference Asset Reflects Price Return Only and Not Total Return**

The return on your Notes is based on the performance of the Reference Asset, which reflects the changes in the market prices of the Reference Asset constituent stocks. It is not, however, linked to a “total return” index or strategy, which, in addition to reflecting those price returns, would also reflect dividends paid on the Reference Asset constituent stocks. The return