

BANK OF NOVA SCOTIA
Form 424B2
August 06, 2018

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Registration No. 333-215597

The Bank of Nova Scotia

\$6,140,000 Digital Notes

Linked to the S&P 500® Index Due August 5, 2020

The notes do not bear interest. The amount that you will be paid on your notes at maturity (August 5, 2020) is based on the performance of the S&P 500® Index (the reference asset) as measured from the trade date (August 2, 2018) to and including the valuation date (August 3, 2020). If the final level on the valuation date is equal to or greater than 85.00% of the initial level of 2,827.22, you will receive the maximum payment amount of \$1,136.00 for each \$1,000 principal amount of your notes. If the final level on the valuation date is less than 85.00% of the initial level, the return on your notes will be negative and you may lose your entire principal amount. Specifically, you will lose approximately 1.1765% for every 1% negative percentage change below 85.00% of the initial level. Any payment on your notes is subject to the creditworthiness of The Bank of Nova Scotia.

To determine your payment at maturity, we will first calculate the percentage change, which is the percentage increase or decrease in the final level from the initial level. At maturity, for each \$1,000 principal amount of your notes:

if the final level is equal to or greater than 85.00% of the initial level (the percentage change is equal to or greater than -15.00%), you will receive the maximum payment amount; or

if the final level is less than the initial level by more than 15.00% (the percentage change is negative and is less than -15.00%), you will receive an amount in cash equal to the sum of (i) \$1,000 plus (ii) the product of (a) \$1,000 times (b) the buffer rate of approximately 117.65% times (c) the sum of the percentage change plus 15.00%.

Following the determination of the initial level, the amount you will be paid on your notes at maturity will not be affected by the closing level of the reference asset on any day other than the valuation date. In addition, no payments on your notes will be made prior to maturity.

Investment in the notes involves certain risks. You should refer to “Additional Risks” beginning on page P-15 of this pricing supplement and “Additional Risk Factors Specific to the Notes” beginning on page PS-6 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.

The initial estimated value of your notes at the time the terms of your notes were set on the trade date is \$996.90 per \$1,000 principal amount, which is less than the original issue price of your notes listed below. See “Additional Information Regarding Estimated Value of the Notes” on the following page and “Additional Risks” beginning on page P-15 of this document for additional information. The actual value of your notes at any time will reflect many factors and cannot be predicted with accuracy.

	Per Note Total	
Original Issue Price	100.00%	\$6,140,000.00
Underwriting commissions	0.00%	\$0.00
Proceeds to The Bank of Nova Scotia	100.00%	\$6,140,000.00

NEITHER THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE NOTES OR PASSED UPON THE ACCURACY OR THE ADEQUACY OF THIS PRICING SUPPLEMENT, THE ACCOMPANYING PROSPECTUS, ACCOMPANYING PROSPECTUS SUPPLEMENT OR ACCOMPANYING 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 OR THE U.S. FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENT AGENCY OF CANADA, THE UNITED STATES OR ANY OTHER JURISDICTION.

Scotia Capital (USA) Inc.

Pricing Supplement dated August 2, 2018

The Digital Notes Linked to the S&P 500[®] Index Due August 5, 2020 (the “notes”) offered hereunder are unsubordinated and unsecured obligations of The Bank of Nova Scotia (the “Bank”) and 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 notes will not be listed on any U.S. securities exchange or automated quotation system.

The return on your notes will relate to the price return of the reference asset and will not include a total return or dividend component. The notes are derivative products based on the performance 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 the 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.

Scotia Capital (USA) Inc. (“SCUSA”), our affiliate, has agreed to purchase the notes from us for distribution to one or more registered broker dealers. SCUSA or any of its affiliates or agents may use this pricing supplement in market-making transactions in notes after their initial sale. Unless we, SCUSA or another of our affiliates or agents selling such notes to you informs you otherwise in the confirmation of sale, this pricing supplement 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 (Conflicts of Interest)” on page PS-32 of the accompanying product prospectus supplement.

The original issue price, commissions and proceeds to the Bank listed above relate to the notes we issue initially. We may decide to sell additional notes after the date of this pricing supplement, at original issue prices and with commissions and proceeds to the Bank that differ from the amounts set forth above. The return (whether positive or negative) on your investment in the notes will depend in part on the original issue price you pay for such notes.

Additional Information Regarding Estimated Value of the Notes

On the cover page of this pricing supplement, the Bank has provided the initial estimated value for the notes. This estimated value was determined by reference to the Bank’s internal pricing models, which take into consideration certain factors, such as the Bank’s internal funding rate on the trade date and the Bank’s assumptions about market parameters. For more information about the initial estimated value, see “Additional Risks” beginning on page P-15.

The economic terms of the notes (including the maximum payment amount) are based on the Bank’s internal funding rate, which is the rate the Bank would pay to borrow funds through the issuance of similar market-linked notes, any underwriting discount and the economic terms of certain related hedging arrangements. Due to these factors, the original issue price you pay to purchase the notes will be greater than the initial estimated value of the notes. The Bank’s internal funding rate is typically lower than the rate the Bank would pay when it issues conventional fixed rate debt securities as discussed further under “Additional Risks — Neither the Bank’s nor SCUSA’s estimated value of the notes at any time is determined by reference to credit spreads or the borrowing rate the Bank would pay for its conventional fixed-rate debt securities”. The Bank’s use of its internal funding rate reduces the economic terms of the notes to you.

The value of your notes at any time will reflect many factors and cannot be predicted; however, the price (not including SCUSA’s customary bid and ask spreads) at which SCUSA would initially buy or sell notes in the secondary market (if SCUSA makes a market, which it is not obligated to do) is equal to approximately SCUSA’s estimate of the market value of your notes on the trade date, based on its pricing models and taking into account the Bank’s internal funding rate, plus an additional amount (initially equal to \$3.10 per \$1,000 principal amount).

Prior to November 2, 2018, the price (not including SCUSA’s customary bid and ask spreads) at which SCUSA would buy or sell your notes (if it makes a market, which it is not obligated to do) will equal approximately the sum of (a) the then-current estimated value of your notes (as determined by reference to SCUSA’s pricing models) plus (b) any remaining additional amount (the additional amount will decline to zero on a straight-line basis from the time of pricing through November 1, 2018). On and after November 2, 2018, the price (not including SCUSA’s customary bid and ask spreads) at which SCUSA would buy or sell your notes (if it makes a market) will equal approximately the then-current estimated value of your notes determined by reference to such pricing models. For additional information

regarding the price at which SCUSA would buy or sell your notes (if SCUSA makes a market, which it is not obligated to do), each based on SCUSA's pricing models; see "Additional Risks — The price at which SCUSA would buy or sell your notes (if SCUSA makes a market, which it is not obligated to do) is based on SCUSA's estimated value of your notes".

We urge you to read the "Additional Risks" beginning on page P-15 of this pricing supplement.

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Summary

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

Issuer: The Bank of Nova Scotia (the “Bank”)

CUSIP/ISIN: 064159LX2 / US064159LX29

Type of Notes: Digital Notes

Reference Asset: The S&P 500® Index (Bloomberg Ticker: SPX)

Minimum

Investment and Denominations: \$1,000 and integral multiples of \$1,000 in excess thereof

Principal Amount: \$1,000 per note; \$6,140,000 in the aggregate for all the offered notes; the aggregate principal amount of the offered notes may be increased if the Bank, at its sole option, decides to sell an additional amount of the offered notes on a date subsequent to the date of this pricing supplement.

Original Issue Price: 100% of the principal amount of each note

Currency: U.S. dollars

Trade Date: August 2, 2018

August 9, 2018

Original Issue Date: Delivery of the notes will be made against payment therefor on or about the 4th business day following the date of pricing of the notes (this settlement cycle being referred to as “T+4”). Under Rule 15c6-1 of the Securities Exchange Act of 1934, as amended, trades in the secondary market generally are required to settle in two business days (“T+2”), unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the notes on or prior to the second business day after the trade date will be required, by virtue of the fact that each note initially will settle in four business days (T+4), to specify alternative settlement arrangements to prevent a failed settlement.

August 3, 2020

Valuation Date: The valuation date could be delayed by the occurrence of a market disruption event. See “General Terms of the Notes—Market Disruption Events” beginning on page PS-20 in the accompanying product prospectus supplement. Further, if the valuation date is not a trading day, the valuation date will be postponed in the same manner as if a market disruption event has occurred.

Maturity Date: August 5, 2020, subject to adjustment due to a market disruption event, a non-trading day or a non-business day as described in more detail under “General Terms of the Notes—Maturity Date” on page PS-18 in the accompanying product prospectus supplement.

Principal at Risk: You may lose all or a substantial portion of your initial investment at maturity if there is a percentage decrease from the initial level to the final level of more than 15.00%.
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Purchase at
amount
other
than
principal
amount:

The amount we will pay you on the maturity date for your notes will not be adjusted based on the original issue price you pay for your notes, so if you acquire notes at a premium (or discount) to the principal amount and hold them to the maturity date, it could affect your investment in a number of ways. The return on your investment in such notes will be lower (or higher) than it would have been had you purchased the notes at the principal amount. Also, if the final level is less than the threshold level, you will incur a greater percentage decrease in your investment in the notes than would have been the case if you had purchased the notes at the principal amount. Additionally, the threshold settlement amount will permit a lower (or higher) positive return than indicated below, relative to your initial investment. See “Additional Risks—If you purchase your notes at a premium to the principal amount, the return on your investment will be lower than the return on notes purchased at the principal amount and the impact of certain key terms of the notes will be negatively affected” on page P-19 of this pricing supplement.

As part of the distribution of the notes, SCUSA or one of our affiliates will sell the notes to certain unaffiliated securities dealers at the original issue price per note specified on the cover hereof. See “Supplemental Plan of Distribution (Conflicts of Interest)” in this pricing supplement.

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 below under “Supplemental Plan of Distribution (Conflicts of Interest)”. 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—Hedging activities by the Bank and SCUSA may negatively impact investors in the notes and cause our respective interests and those of our clients and counterparties to be contrary to those of investors in the notes” in this pricing supplement.

Payment at
Maturity:

The payment at maturity, for each \$1,000 principal amount of notes, will be based on the performance of the reference asset and will be calculated as follows:

- o If the final level is equal to or greater than the threshold level, then the threshold settlement amount; or
- o If the final level is less than the threshold level, then $\$1,000 + [\$1,000 \times \text{buffer rate} \times (\text{percentage change} + \text{threshold amount})]$

In this case you will suffer a percentage loss on your initial investment equal to the buffer rate multiplied by the negative percentage change in excess of the threshold amount. Accordingly, you could lose up to 100% of your initial investment.

Closing
Level:

As used herein, the “closing level” of the reference asset on any date will be determined based upon the closing level published on the Bloomberg page “SPX<Index>” or any successor page on Bloomberg or any successor service, as applicable, on such date.

Initial Level: 2,827.22, which was the closing level of the reference asset on the trade date.

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Final Level:	The closing level of the reference asset on the valuation date. In certain special circumstances, the final level will be determined by the calculation agent, in its discretion. See “General Terms of the Notes—Unavailability of the Level of the Reference Asset on a Valuation Date” on page PS-19 and “General Terms of the Notes—Market Disruption Events” beginning on page PS-20 in the accompanying product prospectus supplement.
Percentage Change:	The percentage change, expressed as a percentage, with respect to the payment at maturity, is calculated as follows: $\frac{\text{final level} - \text{initial level}}{\text{initial level}}$ For the avoidance of doubt, the percentage change may be a negative value.
Threshold Level:	85.00% of the initial level
Threshold Settlement Amount:	\$1,136.00 for each \$1,000 principal amount of your notes
Cap Level:	113.60% of the initial level
Maximum Payment Amount:	The Threshold Settlement Amount
Threshold Amount :	15.00%
Buffer Rate:	The quotient of the initial level divided by the threshold level, which equals approximately 117.65%
Form of Notes:	Book-entry
Calculation Agent:	Scotia Capital Inc., an affiliate of the Bank
Status:	The notes will constitute direct, unsubordinated and unsecured obligations of the Bank ranking pari passu 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 Canada Deposit Insurance Corporation Act, the U.S. Federal Deposit Insurance Act or under any other deposit insurance regime of any jurisdiction.
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, 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.

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Listing: The notes will not be listed on any securities exchange or quotation system.

Use of
Proceeds: General corporate purposes

Clearance and
Settlement: Depository Trust Company
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Trading Day: A day on which the respective principal securities markets for all of the stocks comprising the reference asset (the “reference asset constituent stocks”) are open for trading, the sponsor of the reference asset (the “sponsor”) is open for business and the reference asset is calculated and published by the sponsor

Business Day: New York and Toronto

Terms Incorporated: All of the terms appearing above the item under the caption “General Terms of the Notes” beginning on page PS-15 in the accompanying product prospectus supplement, as modified by this pricing supplement.

INVESTING IN THE NOTES INVOLVES SIGNIFICANT RISKS. YOU MAY LOSE ALL OR A SUBSTANTIAL PORTION OF YOUR INVESTMENT. ANY PAYMENT ON THE NOTES, INCLUDING ANY REPAYMENT OF PRINCIPAL, 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 February 1, 2017, as supplemented by the prospectus supplement dated February 13, 2017 and the product prospectus supplement (Equity Linked Index Notes, Series A) dated March 2, 2017, 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 prospectus, accompanying prospectus supplement and accompanying product prospectus supplement in several important ways. You should read this pricing supplement carefully, including the documents incorporated by reference herein.

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 as follows (or if that address has changed, by reviewing our filings for the relevant date on the SEC website).

Product Prospectus Supplement (Equity Linked Index Notes, Series A) dated March 2, 2017:

http://www.sec.gov/Archives/edgar/data/9631/000110465917013557/a17-7248_7424b5.htm

Prospectus Supplement dated February 13, 2017:

http://www.sec.gov/Archives/edgar/data/9631/000110465917008642/a17-4372_1424b3.htm

Prospectus dated February 1, 2017:

<http://www.sec.gov/Archives/edgar/data/9631/000119312517027656/d338678d424b3.htm>

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 all or a substantial portion of your initial investment.

You can tolerate a loss of up to 100% of your initial investment.

You are willing to make an investment that, if the final level is less than the threshold level, has an accelerated downside risk greater than the downside market risk of an investment in the reference asset or in the reference asset constituent stocks.

You believe that the final level will be equal to or greater than the threshold level and that the appreciation of the level of the reference asset is unlikely to exceed the cap on appreciation within the maximum payment amount.

You are willing to hold the notes to maturity, a term of approximately 24 months, and accept that there may be little or no secondary market for the notes.

You understand and accept that your potential payment at maturity is limited to the maximum payment amount and you are willing to invest in the notes based on the maximum payment amount indicated on the cover hereof.

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 or in the price of its reference asset constituent stocks.

You do not seek current income from your investment.

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 all or a substantial portion of your 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.

You are not willing to make an investment that, if the final level is less than the threshold level, has an accelerated downside risk greater than the downside market risk of an investment in the reference asset or in the reference asset constituent stocks.

You believe that the final level will be less than the threshold level, or you believe the level of the reference asset will appreciate over the term of the notes and that the appreciation is likely to equal or exceed the cap on appreciation within the maximum payment amount.

You seek an investment that has unlimited return potential without a cap on appreciation or you are unwilling to invest in the notes based on the maximum payment amount indicated on the cover hereof.

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 or in the price of its reference asset constituent stocks.

You seek current income from your investment or prefer to receive dividends paid on the reference asset constituent stocks.

You are unable or unwilling to hold the notes to maturity, a term of approximately 24 months, or you seek an investment for which there will be a secondary market.

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

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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 pricing supplement and the “Additional Risk Factors Specific to the Notes” beginning on page PS-6 of the accompanying product prospectus supplement and "Risk Factors" beginning on page S-2 of the accompanying prospectus supplement and "Risk Factors" on page 6 of the accompanying prospectus for risks related to an investment in the notes.

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HYPOTHETICAL PAYMENTS AT MATURITY ON THE NOTES

The examples set out below are included for illustration purposes only. They should not be taken as an indication or prediction of future investment results and are intended merely to illustrate the impact that the various hypothetical reference asset levels on the valuation date could have on the payment at maturity assuming all other variables remain constant.

The examples below are based on a range of final levels that are entirely hypothetical; the level of the reference asset on any day throughout the life of the notes, including the final level on the valuation date, cannot be predicted. The reference asset has been highly volatile in the past, meaning that the level of the reference asset has changed considerably in relatively short periods, and its performance cannot be predicted for any future period.

The information in the following examples reflects hypothetical rates of return on the offered notes assuming that they are purchased on the original issue date at the principal amount and held to the maturity date. If you sell your notes in a secondary market prior to the maturity date, your return will depend upon the market value of your notes at the time of sale, which may be affected by a number of factors that are not reflected in the examples below, such as interest rates, the volatility of the reference asset and our creditworthiness. In addition, the estimated value of your notes at the time the terms of your notes were set on the trade date (as determined by reference to pricing models used by us) is less than the original issue price of your notes. For more information on the estimated value of your notes, see “Additional Risks—The Bank’s initial estimated value of the notes at the time of pricing (when the terms of your notes were set on the trade date) is lower than the original issue price of the notes” on page P-15 of this pricing supplement. The information in the examples also reflect the key terms and assumptions in the box below.

Key Terms and Assumptions

Principal amount	\$1,000
Threshold settlement amount	\$1,136.00
Threshold level	85.00% of the initial level
Cap level	113.60% of the initial level
Threshold amount	15.00%
Buffer rate	approximately 117.65%

Neither a market disruption event nor a non-trading day occurs on the originally scheduled valuation date
 No change in or affecting any of the reference asset constituent stocks or the method by which the sponsor calculates the reference asset
 Notes purchased on the original issue date at the principal amount and held to the maturity date

The actual performance of the reference asset over the life of your notes, as well as the amount payable at maturity, if any, may bear little relation to the hypothetical examples shown below or to the historical levels of the reference asset shown elsewhere in this pricing supplement. For information about the historical levels of the reference asset, see “Information Regarding the Reference Asset—Historical Information” below.

Also, the hypothetical examples shown below do not take into account the effects of applicable taxes. Because of the U.S. tax treatment applicable to your notes, tax liabilities could affect the after-tax rate of return on your notes to a comparatively greater extent than the after-tax return on the reference asset constituent stocks.

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The levels in the left column of the table below represent hypothetical final levels and are expressed as percentages of the initial level. The amounts in the right column represent the hypothetical payment at maturity, based on the corresponding hypothetical final level, and are expressed as percentages of the principal amount of a note (rounded to the nearest one-thousandth of a percent). Thus, a hypothetical payment at maturity of 100.000% means that the value of the cash payment that we would pay for each \$1,000 of the outstanding principal amount of the offered notes on the maturity date would equal 100.000% of the principal amount of a note, based on the corresponding hypothetical final level and the assumptions noted above.

Hypothetical Final Level (as Percentage of Initial Level)	Hypothetical Payment at Maturity (as Percentage of Principal Amount)
150.000%	113.600%
140.000%	113.600%
130.000%	113.600%
120.000%	113.600%
110.000%	113.600%
100.000%	113.600%
90.000%	113.600%
85.000%	113.600%
84.999%	99.999%
80.000%	94.118%
75.000%	88.235%
50.000%	58.824%
25.000%	29.412%
0.000%	0.000%

If, for example, the final level were determined to be 25.000% of the initial level, the payment at maturity that we would pay on your notes at maturity would be approximately 29.412% of the principal amount of your notes, as shown in the table above. As a result, if you purchased your notes on the original issue date at the principal amount and held them to the maturity date, you would lose approximately 70.588% of your investment (if you purchased your notes at a premium to the principal amount you would lose a correspondingly higher percentage of your investment). If the final level were determined to be 0.000% of the initial level, you would lose 100.000% of your investment in the notes. In addition, if the final level were determined to be 150.000% of the initial level, the payment at maturity that we would pay on your notes would be limited to the maximum payment amount, for a payment at maturity equal to 113.600% of each \$1,000 principal amount of your notes, as shown in the table above. As a result, if you held your notes to the maturity date, you would not benefit from any increase in the final level of greater than 85.000% of the initial level.

The following chart shows a graphical illustration of the hypothetical payment at maturity that we would pay on your notes on the maturity date, if the final level were any of the hypothetical levels shown on the horizontal axis. The hypothetical payments at maturity in the chart are expressed as percentages of the principal amount of your notes and the hypothetical final levels are expressed as percentages of the initial level. The chart shows that any hypothetical final level of less than 85.000% (the section left of the 85.000% marker on the horizontal axis) would result in a hypothetical payment at maturity of less than 100.00% of the principal amount of your notes (the section below the 100.00% marker on the vertical axis) and, accordingly, in a loss of principal to the holder of the notes. The chart also shows that any hypothetical final level of greater than or equal to 85.000% (the section right of the 85.000% marker on the horizontal axis) would result in a capped return on your investment.

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The following examples illustrate the calculation of the payment at maturity based on the key terms and assumptions above. The amounts below have been rounded for ease of analysis.

Example 1 Calculation of the payment at maturity where the percentage change is positive (and the final level is greater than the cap level).

Percentage Change: 50.00%

Payment at Maturity: $\$1,000.00 + (\$1,000.00 \times 13.60\%) = \$1,000.00 + \$136.00 = \$1,136.00$

On a \$1,000.00 investment, a 50.00% percentage change results in a payment at maturity of the threshold settlement amount, equal to \$1,136.00.

Example 2 Calculation of the payment at maturity where the percentage change is positive (and the final level is less than the cap level).

Percentage Change: 5.00%

Payment at Maturity: $\$1,000.00 + (\$1,000.00 \times 13.60\%) = \$1,000.00 + \$136.00 = \$1,136.00$

On a \$1,000.00 investment, a 5.00% percentage change results in a payment at maturity of the threshold settlement amount, equal to \$1,136.00.

Example 3 Calculation of the payment at maturity where the percentage change is negative but is equal to or greater than -15.00%.

Percentage Change: -5.00%

Payment at Maturity: $\$1,000.00 + (\$1,000.00 \times 13.60\%) = \$1,000.00 + \$136.00 = \$1,136.00$

On a \$1,000.00 investment, a -5.00% percentage change results in a payment at maturity of the threshold settlement amount, equal to \$1,136.00.

Example 4 Calculation of the payment at maturity where the percentage change is negative and is less than -15.00%.

Percentage Change: -50.00%