FOURTH SUPPLEMENTARY PROSPECTUS DATED 10 JANUARY, 2012

Scotiabank

THE BANK OF NOVA SCOTIA
(a Canadian chartered bank)

U.S.$20,000,000,000
Global Public Sector Covered Bond Programme
guaranteed as to payments of interest and principal by
SCOTIA COVERED BOND TRUST
(a trust established under the laws of the Province of Ontario)

The Bank of Nova Scotia (the “Bank” or the “Issuer”) issued a Prospectus dated 25 July 2011 (the “Prospectus”) which is a base prospectus for the purposes of Article 5.4 of the Prospectus Directive (2003/71/EC) and Listing Particulars for the purpose of LR 2.2.11 of the Listing Rules Instrument 2005 for the Bank. This fourth supplement (the “Fourth Supplement”) constitutes a fourth supplementary prospectus in respect of the above-referenced base prospectus for the Issuer for the purposes of Section 87G of the Financial Services and Markets Act 2000 (U.K.), as amended (“FSMA”), and is prepared in connection with the U.S.$20,000,000,000 Global Public Sector Covered Bond Programme established by the Issuer, guaranteed as to payments of interest and principal by Scotia Covered Bond Trust (the “Guarantor”), established by the Bank.

Terms defined in the Prospectus have the same meaning when used in this Fourth Supplement. The Fourth Supplement is supplemental to, and shall be read in conjunction with, the Prospectus and any other supplements to the Prospectus issued by the Issuer, from time to time. To the extent that there is any inconsistency between (a) any statement in this Fourth Supplement or any statement incorporated by reference into the Prospectus by this Fourth Supplement and (b) any other statement in, or incorporated by reference in, the Prospectus, the statements in (a) above will prevail.

The purpose of this Fourth Supplement is to (a) incorporate the Bank’s material change report dated December 12, 2011 in the Prospectus, (b) amend the Change of law risk factor on page 14 of the Prospectus to reflect current uncertainty surrounding possible legislative restrictions on Canadian covered bond programmes, including, among other things, the composition of the cover pool and (c) increase the programme from U.S.$15,000,000,000 to U.S.$20,000,000,000.

Moody’s Investors Service Inc. (“Moody’s Investors Service”) is not established in the European Union and not registered under the CRA Regulation but Moody’s Investors Service Ltd., its European Union credit rating agency affiliate, is registered under the CRA Regulation and intends to endorse Moody’s Investors Service’s ratings.
Standard & Poor’s, a Division of The McGraw-Hill Companies, Inc. (“Standard & Poor’s”) is not established in the European Union and not registered under the CRA Regulation but Standard & Poor’s Credit Market Services Europe Limited, its European Union credit rating agency affiliate, is registered under the CRA Regulation and intends to endorse Standard & Poor’s ratings.

DBRS Limited (“DBRS”) is not established in the European Union and not registered under the CRA Regulation but DBRS Ratings Limited, its European Union credit rating agency affiliate, is registered under the CRA Regulation and intends to endorse DBRS’ ratings.

Fitch Inc. (“Fitch”) is not established in the European Union and not registered under the CRA Regulation but Fitch Ratings Limited, its European Union credit rating agency affiliate, is registered under the CRA Regulation and intends to endorse Fitch’s ratings.

The Bank and the Guarantor accept responsibility for the information in this Fourth Supplement. To the best of the knowledge of the Bank, having taken reasonable care to ensure that such is the case, the information contained in this Fourth Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

Save as disclosed in this Fourth Supplement, no significant new factor, material mistake or inaccuracy relating to the information included in the Prospectus which is capable of affecting the assessment of Covered Bonds issued under the Programme has arisen or been noted, as the case may be, since the publication of the Prospectus.

Investors should be aware of their rights under Section 87Q(4) of FSMA.

DOCUMENTS INCORPORATED BY REFERENCE

By virtue of this Fourth Supplement, the Bank’s material change report dated December 12, 2011, including the press release referenced therein (other than the Bank’s website), is incorporated in and forms part of the Prospectus.

A copy of this document has been filed with the United Kingdom Financial Services Authority and, by virtue of this Fourth Supplement, this document is incorporated in and forms part of the Prospectus for the purposes of Article 5.4 of the Prospectus Directive.

To the extent that any document or information incorporated by reference or attached to this Fourth Supplement itself incorporates any information by reference, either expressly or impliedly, such information will not form part of this Fourth Supplement for the purposes of the Prospectus Directive, except where such information or documents are stated within this Fourth Supplement as specifically being incorporated by reference or where this Fourth Supplement is specifically defined as including such information.

Copies of this Fourth Supplement, the Prospectus and the documents incorporated by reference in either can be (i) viewed on the website of the Regulatory News Service operated by the London Stock Exchange at http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html under the names of the Issuer and the headline
“Publication of Prospectus” or (ii) obtained on written request and without charge from the Issuer at the registered office of The Bank of Nova Scotia, Scotia Plaza, 44 King Street West, Toronto, Ontario M5H 1H1, and from the office of Scotiabank Europe plc, 201 Bishopsgate, London EC2M 3NS and from the offices of the Paying Agent, Registrar and Transfer Agent, Bank of Nova Scotia Trust Company of New York, The Bank of Nova Scotia, London Banking Division 201 Bishopsgate, London EC2M 3NS so long as any of the Covered Bonds issued under the Prospectus and listed on the Market are outstanding.

AMENDMENT TO THE PROSPECTUS

1. Amendment to Risk Factor

By virtue of this Fourth Supplement, the following shall be inserted as new paragraphs after the second paragraph of the risk factor entitled “Changes of law” on page 14 of the Prospectus:

“A consultation paper issued by Canada’s Department of Finance on 11 May 2011 related to covered bond programmes set out a number of initial proposals of the Canadian federal government and requested comments on various questions, including whether or not the proposed legislative framework should encourage the use of uninsured collateral. A copy of the consultation paper can be found at the following address: http://www.fin.gc.ca/activity/consult/cb-os-eng.asp. Please note that this website and its contents do not form part of the Prospectus.

No assurance can be given as to the following matters relating to the legislative framework:

(i) the final form of the legislative framework, if implemented;
(ii) the timing of implementation of the legislative framework;
(iii) whether the legislative framework will be available to the Issuer in respect of the Programme as currently constituted;
(iv) whether the legislative framework will permit the existence of covered bond programmes outside the legislative framework;
(v) whether the legislative framework will permit the use of insured mortgages as collateral; or
(vi) whether the Issuer, assuming it is permissible to do so under the Conditions of the Covered Bonds and the legislative framework, will look to exchange any existing Covered Bonds then outstanding for new Covered Bonds following the coming into force in Canada of such legislative framework.”

Consequently, the effect of the proposed legislative framework on the price and security of any outstanding Covered Bonds cannot be predicted.

2. Increase in Programme Size

By virtue of this Fourth Supplement:

(a) Paragraph 2 under the heading “General Information” on page 202 of the Prospectus shall be amended by inserting the following as a new final sentence:
“The increase in the Programme Size from U.S.$15 billion to U.S.$20 billion was authorized by Resolutions of the Board of Directors of the Bank passed on 2 December 2011.”

(b) All references in the Prospectus to the Programme Size or otherwise to the aggregate authorized principal amount of Covered Bonds that may be issued under the Programme shall be deemed amended to read U.S.$20 billion or U.S.$20,000,000,000, as the context may require.