

BANK OF NOVA SCOTIA
Form 424B5
May 01, 2015

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

Subject to Completion, Dated May 1, 2015

Filed Pursuant to Rule 424(b)(5)

Preliminary Prospectus Supplement to the Prospectus dated August 20, 2014 Registration Statement No. 333-188984

The Bank of Nova Scotia

U.S.\$[1] 1.850% Covered Bonds Due April 14, 2020

(re-opening of U.S.\$1,100,000,000 1.850% Covered Bonds Due April 14, 2020, bringing the aggregate outstanding dollar principal amount to U.S.\$[1])

unconditionally and irrevocably guaranteed as to payments of interest and principal by

Scotiabank Covered Bond Guarantor Limited Partnership

These covered bonds form a part of the same series and, except as described below, have the same terms as, and are fungible with, the Bank's U.S.\$1,100,000,000 1.850% Covered Bonds Due April 14, 2020 which were initially issued on April 14, 2015. Upon completion of this offering, the aggregate outstanding dollar principal amount of 1.850% Covered Bonds Due April 14, 2020 will be U.S.\$[1].

We will pay interest on the 1.850% covered bonds due April 14, 2020 semi-annually on April 14 and October 14 of each year. Interest on these covered bonds will accrue from April 14, 2015. The public offering price and proceeds, before expenses, to The Bank of Nova Scotia set forth below do not include U.S.\$[1] of accrued interest from April 14, 2015 to but excluding the issue date for these covered bonds, which must be paid by the purchasers of these covered bonds on the issue date. We will make the first interest payment on the covered bonds on October 14, 2015. The covered bonds will mature on April 14, 2020. The covered bonds will constitute deposits for purposes of the *Bank Act* (Canada) and will constitute legal, valid and binding direct, unconditional, unsubordinated and unsecured obligations of The Bank of Nova Scotia (the "**Bank**") and will rank *pari passu* with all deposit liabilities of the Bank without any preference among themselves and (save for any applicable statutory provisions) at least equally with all other present and future unsecured and unsubordinated obligations of the Bank, from time to time outstanding. The covered bonds will not be deposits insured under the *Canada Deposit Insurance Corporation Act* (Canada) or under any other governmental insurance scheme of any country. The covered bonds are unconditionally and irrevocably guaranteed as to payments by Scotiabank Covered Bond Guarantor Limited Partnership as described in the prospectus. We will issue each covered bond in minimum denominations of U.S.\$1,000 and integral multiples of U.S.\$1,000.

Other than as set forth under "*Terms and Conditions of the Covered Bonds—Redemption for taxation reasons*" and "*Terms and Conditions of the Covered Bonds—Redemption due to illegality or invalidity*" in the prospectus, we may not redeem

the covered bonds prior to their maturity. There is no sinking fund for the covered bonds.

Investing in the covered bonds involves a number of risks. See “Risk Factors” beginning on page 22 of the accompanying prospectus dated August 20, 2014.

	<u>Per Covered Bond</u>	<u>Total</u>
Public offering price ⁽¹⁾	U.S.\$[1]	U.S.\$[1]
Underwriting commissions	U.S.\$[1]	U.S.\$[1]
Proceeds, before expenses, to The Bank of Nova Scotia ⁽¹⁾	U.S.\$[1]	U.S.\$[1]

The public offering price and proceeds, before expenses, to The Bank of Nova Scotia set forth above do not ⁽¹⁾include U.S.\$[1] of accrued interest from April 14, 2015 to but excluding the issue date for these covered bonds, which must be paid by the purchasers of these covered bonds on the issue date.

We will deliver the covered bonds in book-entry form through the facilities of The Depository Trust Company (including through its indirect participants CDS Clearing and Depository Services, Inc., Euroclear and Clearstream, Luxembourg) on or about [1], 2015 against payment in immediately available funds.

This preliminary prospectus supplement may be used by certain of our affiliates in connection with offers and sales of the covered bonds in market-making transactions.

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

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

THE COVERED BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY CANADA MORTGAGE AND HOUSING CORPORATION (“CMHC”) NOR HAS CMHC PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. THE COVERED BONDS ARE NEITHER INSURED NOR GUARANTEED BY CMHC OR THE GOVERNMENT OF CANADA OR ANY OTHER AGENCY THEREOF.

Program Arrangers
 Barclays Scotiabank
 Joint Lead Managers
 ScotiabankRBC Capital Markets
 Co-Managers

Prospectus Supplement dated May [1], 2015

WHERE YOU CAN FIND MORE INFORMATION

Additional information with respect to the Bank, the Guarantor, the Portfolio and certain other matters, together with copies of each of the Transaction Documents and the Investor Reports filed by the Bank from time to time, is also available on the Bank's website at <http://www.scotiabank.com/ca/en/0,,7073,00.html> and through CMHC's covered bond registry at <http://www.cmhc-schl.gc.ca/coveredbonds>. Information on or accessible through the Bank's website or CMHC's covered bond registry does not form part of this prospectus and should not be relied upon. All Internet references in this prospectus supplement and the accompanying prospectus are inactive textual references and the Bank does not incorporate website contents into this prospectus supplement and the accompanying prospectus.

SUMMARY

This section is meant as a summary and should be read in conjunction with the accompanying prospectus to help you understand the covered bonds. This preliminary prospectus supplement, together with the accompanying prospectus, contains the terms of the covered bonds and supersedes all prior or contemporaneous oral statements as well as any other written materials relating to the covered bonds, including preliminary or indicative pricing terms, correspondence, trade ideas, structures for implementation, sample structures, brochures or other educational materials. In the event of any inconsistency or conflict between the terms set forth in this preliminary prospectus supplement and the accompanying prospectus, the terms contained in this preliminary prospectus supplement will control.

An investment in the covered bonds entails significant risks relating to the covered bonds that are not associated with similar investments in a conventional debt security, including those described below. You should carefully consider, among other things, the matters set forth under "Risk Factors" beginning on page 22 of the accompanying prospectus. Before investing in the covered bonds, we urge you to consult your investment, legal, tax, accounting and other advisors.

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

Bank: The Bank of Nova Scotia

Guarantor: Scotiabank Covered Bond Guarantor Limited Partnership

U.S. Registrar, Paying Agent, Transfer Agent and Exchange Agent: The Bank of Nova Scotia - New York Agency, acting through its office located at 250 Vesey Street, New York, New York 10281

Specified Currency: U.S. dollars (“U.S.\$”)
(Condition 1.10)

Aggregate Principal Amount Initially Issued on April 14, 2015: U.S.\$1,100,000,000

Aggregate Principal Amount Being Offered: U.S.\$[1]

Aggregate Principal Amount Outstanding Upon Completion of this Offering: U.S.\$[1]

Accrued Interest: U.S.\$[1], representing accrued interest from April 14, 2015 to but excluding the Issue Date for these covered bonds, which must be paid by the purchasers of these covered bonds on the Issue Date

Series: CBL7

Issue Price: [1]% of the Aggregate Principal Amount Being Offered plus Accrued Interest

Specified Denominations: U.S.\$1,000
(Condition 1.08 or 1.09)

Calculation Amount: U.S.\$1,000

Issue Date: May [1], 2015

Interest Commencement Date: April 14, 2015

Final Maturity Date: April 14, 2020

Extended Due for Payment Date: April 14, 2021

Interest Rate Basis: 1.850% Fixed Rate payable semi-annually in arrears from and including the Interest Commencement Date to but excluding the Final Maturity Date

Interest Rate Basis: If applicable, 1-month USD LIBOR +49.875 bps per annum Floating Rate payable monthly in arrears and subject to adjustment from and including the Final Maturity Date to but excluding the Extended Due for Payment Date

Redemption/Payment Basis: Redemption at par

CBL1 (EUR1,000,000,000 1.000% Covered Bonds due April 2, 2019);

CBL2 (U.S.\$1,500,000,000 2.125% Covered Bonds due September 11, 2019);

CBL3 (EUR1,500,000,000 0.750% Covered Bonds due September 17, 2021);

CBL4 (EUR1,250,000,000 0.250% Covered Bonds due November 2, 2017);

Outstanding Series of Covered Bonds under the Program: CBL5 (GBP550,000,000 Floating Rate Covered Bonds due November 2, 2017);

CBL6 (AUD600,000,000 Floating Rate Covered Bonds due January 21, 2020);

CBL7 (U.S.\$1,100,000,000 1.850% Covered Bonds due April 14, 2020)

The Portfolio: The assets in the “**Portfolio**” consist primarily of first lien Canadian

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residential mortgage loans and their related security interest in residential property, cash and in some cases certain Substitute Assets up to a certain threshold amount. As required by the CMHC Guide, the Portfolio does not include any Loans that are insured by a Prohibited Insurer. See “*Summary of the Principal Documents—Mortgage Sale Agreement*” in the prospectus and Annex A and Annex B of this preliminary prospectus supplement. As of the date of this preliminary prospectus supplement, the Guarantor does not own any Substitute Assets

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Status of the Covered Bonds: The covered bonds will constitute deposit liabilities of the Bank for purposes of the Bank Act, however the covered bonds will not be insured under the *Canada Deposit Insurance Corporation Act* (Canada), and will constitute legal, valid and binding direct, unconditional, unsubordinated and unsecured obligations of the Bank and rank *pari passu* with all deposit liabilities of the Bank without any preference among themselves and at least *pari passu* with all other unsubordinated and unsecured obligations of the Bank, present and future, except as prescribed by law

Status of the Guarantee: Secured with recourse to certain assets of the Guarantor, including the Portfolio and any Excess Proceeds

Regulatory Maximum for Covered Bond Issuances: Upon the issuance of the covered bonds, the Bank will have issued and have outstanding covered bonds which represent [1] of the OSFI Total Assets of the Bank as of the date hereof. The aggregate outstanding principal balance of all covered bonds issued by the Bank at any time is subject to a maximum of 4% of the OSFI Total Assets of the Bank

Asset Percentage: As of the date of this preliminary prospectus supplement, the Asset Percentage is 93.50%. The current maximum Asset Percentage is 95.00%

Branch of Account: The main branch of the Bank in Toronto (located at its executive offices) will take the deposits evidenced by the covered bonds but without prejudice to the provisions of Condition 9 (*Events of Default, Acceleration and Enforcement*).

Servicer Replacement Ratings: The Servicer represents and warrants to the Seller, the Cash Manager, the Bond Trustee and the Guarantor that the unsecured, unsubordinated and unguaranteed debt obligations (or in the case of Fitch, the issuer default ratings) of the Servicer are rated by each of the Rating Agencies at ratings that are at or above the threshold ratings of (i) Baa2 (in respect of Moody's), (ii) F2 (in respect of Fitch), and (iii) either BBB (low) or R-1 (middle) (in respect of DBRS) (the "**Servicer Replacement Ratings**"). The foregoing definition of "Servicer Replacement Ratings" supersedes and replaces in its entirety the definition of "Servicer Replacement Ratings" found on page 143 of the accompanying Prospectus.

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

Fixed Rate

Covered Bond

Provisions Applicable

(Condition 5.12)

Rate of Interest: 1.850% per annum payable semi-annually in arrears

Interest Payment Date: April 14 and October 14 in each year up to and including the Final Maturity Date

Fixed Coupon Amount: U.S.\$9.25 per Calculation Amount

Broken Amount(s): Not Applicable

Day Count Basis: 30/360

Other terms relating to the method of calculating interest for fixed rate covered bonds: Not Applicable

Business Day Convention: Following Business Day Convention (unadjusted)

Business Day(s): New York and Toronto

PROVISIONS RELATING TO EXTENDED DUE FOR PAYMENT DATE, IF APPLICABLE

Floating Rate Covered

Bond Provisions

If applicable, from and including the Final Maturity Date to but excluding the Extended Due for Payment Date

(Condition 5.12)

Interest Period(s): The period from and including each Specified Interest Payment Date, to but excluding the following Specified Interest Payment Date with the first such period being the period from and including the Final Maturity Date to but excluding the first Specified Interest Payment Date

Specified Interest Payment Dates: If applicable, after the Final Maturity Date, the 14th day of each month

Calculation Agent: The Bank, acting through its office located at 201 Bishopsgate, London EC2M 3NS

Business Day Convention: Modified Following Business Day Convention (adjusted)

Business Day(s): New York and Toronto

Manner in which the Rate of Interest is to be determined: Screen Rate Determination

Reference Rate: 1 month USD LIBOR

Interest Determination Date(s): Second London Business Day prior to the start of each Interest Period

Relevant Screen Page: Reuters Screen Page LIBOR01

Relevant Time: 11:00 A.M. (London time)

Reference Banks: Has the meaning given in the ISDA Definitions

Day Count Basis: Actual/360

Margin(s): +49.875 bps per annum

Maximum Rate of Interest: 60% per annum

PROVISIONS RELATING TO REDEMPTION

Early Redemption Amount: U.S.\$1,000 per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE COVERED BONDS

Covered Bond Swap Rate: 1-month CAD-BA-CDOR plus 0.44 per cent

DISTRIBUTION

Dealers: Scotia Capital (USA) Inc., RBC Capital Markets, LLC

Additional selling restrictions: See under “*Supplemental Plan of Distribution*” in this preliminary prospectus supplement

CUSIP: 06416CAB4

ISIN: US06416CAB46

Common Code: 121844591

Listing: The covered bonds will not be listed on any securities exchange

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DESCRIPTION OF THE COVERED BONDS

In addition to the terms described in the “Summary” section above, the following general terms will apply to the covered bonds.

General

The covered bonds will constitute deposits for purposes of the *Bank Act* (Canada) and will constitute legal, valid and binding direct, unconditional, unsubordinated and unsecured obligations of the Bank and will rank *pari passu* with all deposit liabilities of the Bank without any preference among themselves and (save for any applicable statutory provisions) at least equally with all other present and future unsecured and unsubordinated obligations of the Bank, from time to time outstanding. The covered bonds will not be deposits insured under the *Canada Deposit Insurance Corporation Act* (Canada) or under any other governmental insurance scheme of any country.

These covered bonds form a part of the same series and, except as described below, have the same terms as, and are fungible with, the Bank’s U.S.\$1,100,000,000 1.850% Covered Bonds Due April 14, 2020 which were initially issued on April 14, 2015. The aggregate principal amount of the covered bonds being offered is U.S.\$[1]. Upon completion of this offering, the aggregate outstanding dollar principal amount of 1.850% Covered Bonds Due April 14, 2020 will be U.S.\$[1]. The covered bonds are issued in denominations of U.S.\$1,000, and integral multiples of U.S.\$1,000 in excess thereof. The covered bonds may only be transferred in amounts of U.S.\$1,000 and increments of U.S.\$1,000 thereafter.

We will pay interest on the covered bonds semi-annually on April 14 and October 14 of each year. Interest on these covered bonds will accrue from April 14, 2015. We will make the first interest payment on the covered bonds on October 14, 2015.

Guarantee

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

Currency

The covered bonds are denominated, and amounts due on the covered bonds will be paid, in U.S. dollars (“**U.S.\$**”).

Form of the Covered Bonds

The covered bonds will be issued only in the form of a global covered bond held by The Depository Trust Company. See “*Ownership and Book-Entry*” in the accompanying prospectus.

No Listing

The covered bonds will not be listed on any securities exchange.

Please note that the information about the issuance, Issue Date, Issue Price, commissions and net proceeds to the Bank relates only to the initial issuance and sale of your covered bonds. If you have purchased your covered bonds in a market-making transaction after the initial issuance and sale, any such relevant information about the sale to you will be provided in a separate confirmation of sale.

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Final Maturity Date

The Final Maturity Date is or will be April 14, 2020. The Final Maturity Date may be postponed under the Extended Due for Payment Date as further described in Condition 6 (*Redemption and Purchase*) under the “*Terms and Conditions of the Covered Bonds*” in the accompanying prospectus.

Manner of Payment and Delivery

Any payment on the covered bonds at maturity or otherwise will be made to accounts designated by you and approved by us, or at the office of the Bond Trustee. We also may make any payment or delivery in accordance with the applicable procedures of the depository.

Terms Incorporated in the Global Covered Bond

All of the terms appearing above under “*Summary*” and the terms appearing in the first four paragraphs under the caption “—*Payment of Additional Amounts*” in this preliminary prospectus supplement, together with the Terms and Conditions of the Covered Bonds attached as Schedule 1 of the Trust Deed will be endorsed on the global covered bond that represent the covered bonds and is held by The Depository Trust Company. See “*Terms and Conditions*” in the accompanying prospectus.

DESCRIPTION OF THE COVERED BOND GUARANTEE

As described in the accompanying prospectus at pages 117-118, the Covered Bond Guarantee is secured by the pledge of certain assets of the Guarantor, which include the Portfolio and any Excess Proceeds, to the Bond Trustee under the Security Agreement. Statistical information about the Portfolio as of January 29, 2015 is set forth in Annex A. Historical performance about the Portfolio as of January 29, 2015 is set forth in Annex B.

SWAP PROVIDERS

Interest Rate Swap Provider

The Bank, subject to replacement in accordance with the terms of the Interest Rate Swap Agreement.

Covered Bond Swap Provider

The Bank, subject to replacement in accordance with the terms of the Covered Bond Swap Agreement.

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SUPPLEMENTAL PLAN OF DISTRIBUTION

The Bank expects to agree to sell to the Dealers, and the Dealers severally and not jointly expect to agree to purchase from the Bank, the principal amount of the covered bonds specified, at the price specified, on the cover page of this prospectus supplement. The Dealers intend to resell each covered bond they purchase at the price to the public set forth on the cover page of this prospectus supplement. In the future, the Dealers or one of their affiliates, may repurchase and resell the covered bonds in market-making transactions, with resales being made at prices related to prevailing market prices at the time of resale or at negotiated prices. For more information about the plan of distribution, the underwriting agreement and possible market-making activities, see “*Plan of Distribution*” in the accompanying prospectus.

Dealer	Principal Amount
Scotia Capital (USA) Inc.	U.S.\$[1]
RBC Capital Markets, LLC	U.S.\$[1]
[1]	U.S.\$[1]

The Dealers have advised the Bank that the Dealers propose initially to offer the covered bonds to the public at the public offering price on the cover page of this prospectus supplement, and to certain dealers at that public offering price less a commission not in excess of [1]% of the principal amount of the covered bonds. The Dealers may allow, and those dealers may reallocate to other dealers, a commission not in excess of [1]% of the principal amount.

After the initial public offering of the covered bonds is completed, the public offering price and commissions may be changed by the Dealers.

In connection with the sale of the covered bonds, the Dealers may engage in:

over-allotments, in which Dealers selling the covered bonds sell more covered bonds than the Bank actually sold to the Dealers, creating a Dealer short position;

stabilizing transactions, in which purchases and sales of the covered bonds may be made by the Dealers at prices that do not exceed a specified maximum in accordance with Rule 104 of Regulation M under the Securities Exchange Act of 1934; and

Dealer covering transactions, in which Dealers purchase the covered bonds in the open market after the distribution has been completed in order to cover Dealer short positions.

These stabilizing transactions and Dealer covering transactions may cause the price of the covered bonds to be higher than it would otherwise be. These transactions, if commenced, may be discontinued at any time.

The Dealers and their affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. In the ordinary course of their respective businesses, the Dealers and/or their affiliates have engaged, and may in the future engage, in commercial banking, investment banking, trust or investment management

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transactions with us and our affiliates for which they have received, and will in the future receive, customary compensation.

We will deliver the covered bonds against payment therefor in New York, New York on May [I], 2015 which is the fifth scheduled business day after the trade date. Under Rule 15c6-1 of the Securities Exchange Act of 1934, trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade covered bonds on any date prior to three business days before delivery will be required, by virtue of the fact that the covered bonds will initially settle in five business days (T + 5), to specify alternative settlement arrangements to prevent a failed settlement.

Selling Restrictions

General

Other than in the United States, no action has been or will be taken in any country or jurisdiction by the Bank, the Guarantor, the Dealers or the Bond Trustee that would permit a public offering of the covered bonds, or possession or distribution of any offering material in relation thereto, in such country or jurisdiction where action for that purpose is required and such action has not been taken. The Underwriting Agreement provides that each Dealer will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in each jurisdiction in which it purchases, offers, sells or delivers the covered bonds or has in its possession or distributes offering material.

United Kingdom

Each Dealer has represented and agreed and each further Dealer appointed under the Program will be required to represent and agree that:

- (a) in relation to any Covered Bonds which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Covered Bonds other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of such Covered Bonds would otherwise constitute a contravention of Section 19 of the FSMA 2000 by the Bank;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA 2000) received by it in connection with the issue or sale of any Covered Bonds in circumstances in which Section 21(1) of the FSMA 2000 does not apply to the Guarantor or, in the case of the Bank would not, if it was not an authorized person, apply to the Bank; and
- (c) it has complied and will comply with all applicable provisions of the FSMA 2000 with respect to anything done by it in relation to any Covered Bonds in, from or otherwise involving the United Kingdom.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **Relevant Member State**), each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **Relevant Implementation Date**) it has not made and will not make an offer of Covered Bonds which are the subject of the offering contemplated by this preliminary prospectus supplement as completed by the Final Terms Document or Pricing Supplement in relation thereto to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Covered Bonds to the public in that Relevant Member State:

(a) *Authorized institutions*: at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) *Fewer than 100 offerees*: at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Bank for any such offer; or

(c) *Other Exempt offers*: at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Covered Bonds referred to in (a) to (c) above shall require the Bank or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression “offer of Covered Bonds to the public” in relation to any Covered Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Covered Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Covered Bonds, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression **Prospectus Directive** means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State, and the expression **2010 Amending Directive** means Directive 2010/73/EU.

Canada

Covered Bonds may only be offered, sold or distributed by the Dealers on such basis and in such provinces of Canada as, in each case, are agreed with the Issuer and in compliance with any applicable securities laws of Canada or any province, to the extent applicable.

Hong Kong

Each Dealer has represented and agreed that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Covered Bonds other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Covered Bonds, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Covered Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Japan

The Covered Bonds have not been and will not be registered under the Financial Instruments and Exchange Act (Law No. 25 of 1948, as amended: the FIEA) and each Dealer has represented and agreed, and each further Dealer appointed under the Program will be required to represent and agree, that it will not offer or sell any Covered Bonds, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Singapore

This preliminary prospectus supplement has not been registered as a prospectus with the Monetary Authority of Singapore, and the Covered Bonds will be offered pursuant to exemptions under the Securities and Futures Act, Chapter 289 of Singapore (the Securities and Futures Act). Accordingly, the Covered Bonds may not be offered or sold or made the subject of an invitation for subscription or purchase nor may this preliminary prospectus supplement or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Covered Bonds be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor pursuant to Section 274 of the Securities and Futures Act, (b) to a relevant person under Section 275(1) of the Securities and Futures Act or to any person pursuant to Section 275(1A) of the Securities and Futures Act and in accordance with the conditions specified in Section 275 of the Securities and Futures Act, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Where the Covered Bonds are subscribed or purchased under Section 275 of the Securities and Futures Act by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the Securities and Futures Act)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor;

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the Securities and Futures Act) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the Covered Bonds pursuant to an offer under Section 275 of the Securities and Futures Act except:

(i) to an institutional investor or to a relevant person defined in Section 275(2) of the Securities and Futures Act or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the Securities and Futures Act; or

(ii) where no consideration is or will be given for the transfer; or

(iii) where the transfer is by operation of law; or

(iv) pursuant to Section 276(7) of the Securities and Futures Act or Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

THE BANK'S CANADIAN RESIDENTIAL MORTGAGE PORTFOLIO

As at October 31, 2014 the Bank's Canadian residential mortgage loans portfolio totaled \$168.1 billion and consisted of approximately 924,793 loans. The Bank's uninsured residential mortgage loans portfolio (the "**conventional mortgage portfolio**") totaled \$80.3 billion and consisted of approximately 452,176 loans as at October 31, 2014. For the years ended December 31, 2009, 2010, 2011, 2012, 2013 and 2014, the conventional mortgage portfolio's percentage of non-performing loans (more than 90 days past due) was 0.03%, 0.04%, 0.02%, 0.03%, 0.03% and 0.02% and its percentage of delinquent loans (more than 30 days past due) was 0.23%, 0.27%, 0.21%, 0.19%, 0.21% and 0.13% respectively. For a description of the Bank's loan classifications see Note 3 to the Bank's consolidated financial statements included in its 2014 Annual Report.

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THE PORTFOLIO

The statistical and other information contained herein has been compiled by reference to the Loans in the Portfolio securing the covered bonds as of March 31, 2015 (the “**cut-off date**”). The noon exchange rate of Canadian dollars into U.S. dollars on the cut-off date was CDN\$1 = U.S.\$0.7885. Columns stating percentage amounts may not add to 100% due to rounding.

The Loans in the Portfolio are selected on the basis of the seller's Eligibility Criteria set forth in the Mortgage Sale Agreement. The material aspects of such Eligibility Criteria are described under “*Summary of the Principal Documents—Mortgage Sale Agreement—Eligibility Criteria*” in the accompanying prospectus. As of the cut-off date, all Loans in the Portfolio complied with the Eligibility Criteria. One significant indicator of borrower credit quality is arrears and losses. The information presented below under “*Loss Information*” reflects the arrears and losses experience of the Portfolio as at the dates indicated. Any material change to the Eligibility Criteria, which could lead to arrears and losses deviating from the historical experience presented in the table under “*Loss Information*,” will be reported by the Guarantor on periodic reports filed with the SEC on Form 10-D. It is not expected that the characteristics of the Portfolio as of the closing date will differ materially from the characteristics of the Portfolio as of the cut-off date.

The Portfolio was drawn up as at the cut-off date and comprised 94,520 Loans having an aggregate current balance of \$16,042,368,140 as at that date. The Bank originated the Loans in the Portfolio between January 2005 and January 2015.

75,368 Loans in the Portfolio (or 79.35% of the aggregate current balance of the Loans as of the cut-off date) were fixed rate Loans. The remaining 19,152 Loans in the Portfolio (or 20.65% of the aggregate current balance of the Loans as of the cut-off date) were standard variable rate Loans, as described below.

In the prior three years, there have been no repurchases or replacement of Loans in the Portfolio as a result of breaches of representations or warranties and no demands for repurchase or replacement of any Loan.

No Loan in the Portfolio failed to meet the Bank’s Lending Criteria.

The Bank most recently filed a Form ABS-15G on February 13, 2015. The Bank’s Central Index Key is 0000009631.

As of the cut-off date, the Bank's standard five-year variable rate for existing and new borrowers was 3.65% (rate for “open” loans) and 2.85% (rate for “closed” loans) per annum.

Review of the Portfolio

The Bank has performed a review of the Loans in the Portfolio and a review of the disclosure regarding the Loans in this preliminary prospectus supplement and the accompanying prospectus required by Item 1111 of Regulation AB (such disclosure, the “**Rule 193 Information**”). This review was designed and effected to provide the Bank with reasonable assurance that the Rule 193 Information is accurate in all material respects.

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One aspect of the review consisted of a comparison of the statistical information contained in Annex A and Annex B hereto to statistical information relating to all of the Loans in the Portfolio contained in the Bank's data files. The data files are electronic records maintained by the Bank. For this comparison, the data files from the Bank's loan servicing system, including relevant data elements, were extracted from the Bank's information repository system. No material exceptions were found between the statistical information contained in Annex A and Annex B and the data files extracted from the Bank's system.

A second aspect of the review consisted of a sampling of physical loan files. In accordance with CMHC requirements, in January 2014, a third party at the request of the Bank completed a comparison of certain Loan characteristics as required by the CMHC Guide, such as amount financed, current balance, location of the property and property valuation, in a sampling of 652 randomly selected Loan files, to the applicable information in the data files. No material exceptions were found between the Loan files and the data extracted from the Bank's system.

The Bank has developed procedures for monitoring and managing the Loans in its Covered Bond Portfolio. For example, on a periodic basis, the Bank performs a review of the Loans in its Covered Bond Portfolio to ensure such Loans continue to be Eligible Loans. As a result of a review, a selection of Loans may be sold by the Guarantor to the Bank, including Loans that have ceased to be Eligible Loans or Loans that are at least 90 days past due or subject to foreclosure. Sales of Eligible Loans by the Guarantor that are at least 90 days past due or subject to foreclosure are done on a voluntary basis and the Guarantor is under no obligation to continue such sales or notify investors of any discontinuance of such sales. The Bank is under no obligation to purchase such loans. As well, additional Eligible Loans may be added to the Covered Bond Portfolio to increase the value of Loans in the Covered Bond Portfolio. Typically, these periodic sales are immaterial to the Covered Bond Portfolio's overall performance. Any addition to or subtraction of Loans from the Covered Bond Portfolio is reflected in the next monthly Investor Report and incorporated by reference herein.

On January 22, 2015, approximately \$6.65 billion of additional Eligible Loans were added to the Covered Bond Portfolio. That addition of new Loans is reflected in the monthly Investor Reports beginning with the period ended January 29, 2015. The next pool audit required by the CMHC Guide is scheduled to be performed prior to July 1, 2015. No separate sample of Loan files for the additional Loans added to the Covered Bond Portfolio on January 22, 2015 has been conducted to date.

A third aspect of the review consisted of a review of the Rule 193 Information related to descriptions of the transaction documents in this preliminary prospectus supplement and the accompanying prospectus. For this part of the review, the Bank and its legal counsel reviewed the Rule 193 Information consisting of descriptions of portions of the transaction documents and compared that Rule 193 Information to the related transaction documents. The Bank and its legal counsel also reviewed the Rule 193 Information consisting of descriptions of legal and regulatory provisions that may materially affect the performance of the Loans or payments on the covered bonds.

In addition to the elements of the review of the Rule 193 Information that were specifically conducted for purposes of this transaction as described above, with respect to Rule 193 Information relating to credit approvals and exceptions to

credit policies, the Bank has observed the regular, ongoing application of its internal control procedures. These include audits, quality assurance reviews and portfolio level analyses following origination to assess compliance with the Bank's underwriting policies. These audits, quality assurance reviews and portfolio level analyses are reviewed by a policy review committee as well as group risk management and other partners on a regular basis.

All Rule 193 Information consisting of textual disclosures of factual information and not otherwise described above was reviewed and approved by the Bank.

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After undertaking the elements of the review described above, the Bank has found and concluded that it has reasonable assurance that the Rule 193 Information in this preliminary prospectus supplement and the accompanying prospectus is accurate in all material respects.

The review of disclosure relating to the description of the transaction documents and legal and regulatory matters and the reviews of statistical information and certain Loans characteristics were performed with the assistance of third parties engaged by the Bank. The Bank determined the nature, extent and timing of the review and the level of assistance provided by the third parties and by the Bank. The Bank has ultimate authority and control over, and assumes all responsibility for, the review and the findings and conclusions of the review. The Bank attributes all findings and conclusions of the review to itself.

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Annex A

Unless otherwise noted, the following tables set forth statistical information with respect to the Loans in the Portfolio as of the cut-off date for the periods indicated:

Overall Portfolio Statistics

	94,520
Number of Loans in the Portfolio	
	86.28%
· The Percentage of STEP Loans	
· The Percentage of Loans Other Than STEP Loans	13.72%
	\$16,042,368,140
Cut-off Date Balance	
	81.28%
· The Percentage of STEP Loans	
· The Percentage of Loans Other Than STEP Loans	18.72%
Average Loan Size	\$169,725
Number of Primary Borrowers	82,294
Number of Properties	83,900
Weighted Average Current Indexed LTV of Loans in the Portfolio ⁽¹⁾	52.91%
Weighted Average of Original LTV of Loans in the Portfolio ⁽¹⁾	65.68%
Weighted Average of Authorized LTV of Loans in the Portfolio ⁽²⁾	80.92%
	29.21 months
Weighted Average Seasoning of Loans in the Portfolio	
Weighted Average Mortgage Rate of Loans in the Portfolio	3.06%
Weighted Average Original Term of Loans in the Portfolio	54.54 months
Weighted Average Remaining Term of Loans in the Portfolio	25.33 months
Weighted Average Maturity of Outstanding Covered Bonds	52.29 months

⁽¹⁾ With respect to STEP loans, the Current LTV and Original LTV do not include amounts drawn in respect of (i) Other STEP Products, or (ii) Additional STEP Loans which are not yet included in the cover pool, which in each case are secured by the same property.

⁽²⁾ With respect to STEP loans, the Authorized LTV includes amounts drawn or available to be drawn in respect of Other STEP products and subsequent STEP Loans, which in each case are or will be secured by the same property.

Portfolio Delinquency Distribution ⁽¹⁾

Aging Summary	Number of Loans	Percentage	Principal Balance (\$)	Percentage
Current and Less Than 30 Days Past Due	94,385	99.86%	16,014,703,524	99.83%
30 to 59 Days Past Due	115	0.12%	24,163,295	0.15%
60 to 89 Days Past Due	20	0.02%	3,501,321	0.02%
90 or More Days Past Due	-	0.00%	-	0.00%
Total	94,520	100.00%	16,042,368,140	100.00%

⁽¹⁾ The Bank currently reviews the Loans in its Covered Bond Portfolio, on a periodic basis, to ensure such Loans continue to be Eligible Loans. As a result of a review, a selection of Loans may be sold by the Guarantor to the Bank, including Loans that have ceased to be Eligible Loans or Loans that are at least 90 days past due or subject to foreclosure. Sales of Eligible Loans by the Guarantor that are at least 90 days past due or subject to foreclosure are done on a voluntary basis and the Guarantor is under no obligation to continue such sales or notify investors of any discontinuance of such sales. The Bank is under no obligation to purchase such loans. The sale of Loans by the Guarantor that were at least 90 days past due or subject to foreclosure reflected herein were immaterial to the Covered Bond Portfolio's overall performance. Refer to Notes 13 and 14 of the Bank's Form 40-F for the fiscal year ended October 31, 2014 for details on impaired loans and the Bank's residential mortgage portfolio.

Portfolio Provincial Distribution

Province	Number of Loans	Percentage	Principal Balance (\$)	Percentage
Alberta	10,084	10.67%	1,979,915,291	12.34%
British Columbia	12,187	12.89%	2,800,639,177	17.46%
Manitoba	2,370	2.51%	305,535,155	1.90%
New Brunswick	2,305	2.44%	211,809,215	1.32%
Newfoundland	2,186	2.31%	261,935,849	1.63%
Northwest Territories	19	0.02%	2,748,652	0.02%
Nova Scotia	3,527	3.73%	382,305,358	2.38%
Nunavut	-	0.00%	-	0.00%
Ontario	47,595	50.35%	8,197,894,331	51.10%
Prince Edward Island	579	0.61%	56,515,190	0.35%
Quebec	10,882	11.51%	1,381,076,158	8.61%
Saskatchewan	2,548	2.70%	414,947,065	2.59%
Yukon	238	0.25%	47,046,700	