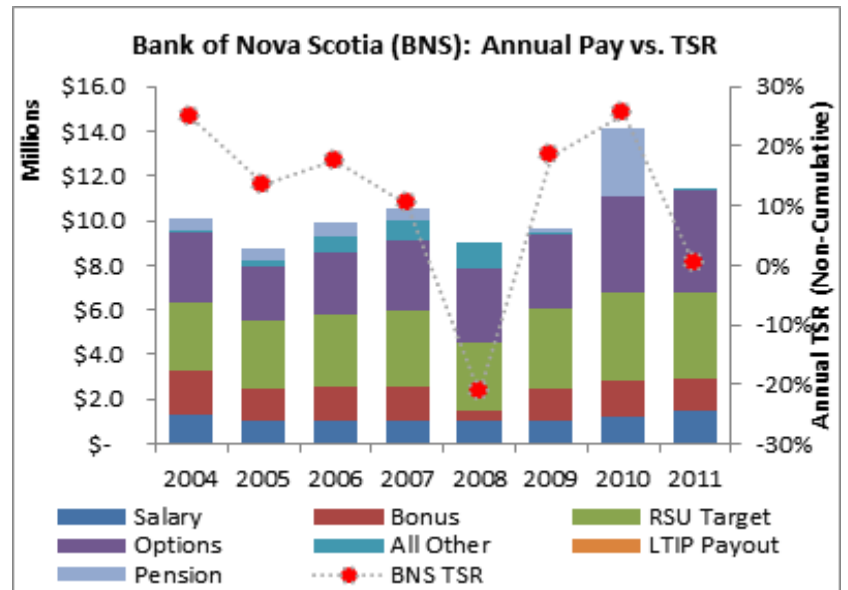
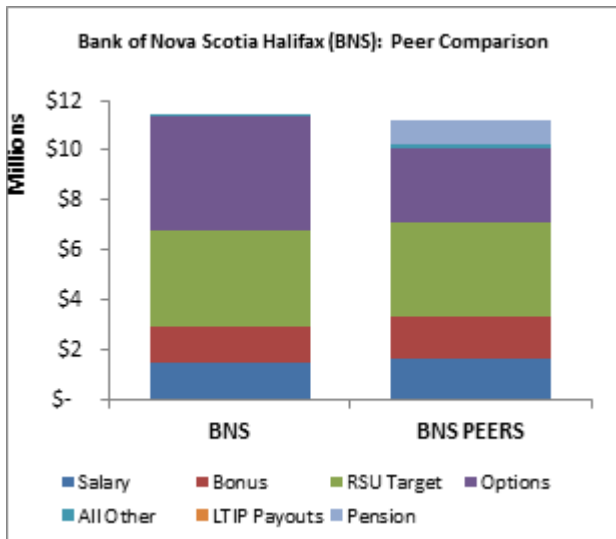


# Bank of Nova Scotia Halifax (BNS): 2004-2011 Pay for Performance

PAY FOR PERFORMANCE SCORE				
1 YEAR = 1	4 YEAR = 2	6 YEAR = 5	8 YEAR = 8	TOTAL: 16/24

Since 2004, BNS has achieved reasonably strong alignment between CEO pay and share performance both relative to its peers and on an absolute basis. **Although CEO pay does not change much year over year, every at-risk component appears to be adjusted by a small amount to reflect performance outcomes.**

In 2011, BNS was in the top three among its peers - large Canadian financial institutions - in TSR, ROE and ROA, while total CEO pay ranked fourth out of eight. In each of our long-term performance observations, TSR and CEO pay both moved in the same direction, resulting in an above-average Pay for Performance Score of 16.



COMPANY'S DISCLOSED PEER FIRMS	
TICKER	NAME
TSE:BMO	Bank of Montreal
TSE:CM	Canadian Imperial Bank of Commerce
TSE:RY	Royal Bank of Canada
TSE:TD	The Toronto-Dominion Bank
TSE:MFC	Manulife Financial Corporation
TSE:SLF	Sun Life Financial Inc.
TSE:PWF	Power Financial Corporation

FY 2011 FINANCIAL PERFORMANCE RANKINGS						
#	PEER	TSR	PEER	ROE	PEER	ROA
1	TSE:TD	6.0%	TSE:CM	19.9%	<b>TSE:BNS</b>	<b>0.9%</b>
2	TSE:BMO	3.7%	<b>TSE:BNS</b>	<b>17.5%</b>	TSE:TD	0.8%
3	<b>TSE:BNS</b>	<b>1.9%</b>	TSE:PWF	15.9%	TSE:CM	0.8%
4	TSE:CM	1.2%	TSE:TD	13.1%	TSE:PWF	0.7%
5	TSE:RY	-6.7%	TSE:RY	12.5%	TSE:BMO	0.7%
6	TSE:PWF	-12.6%	TSE:BMO	12.4%	TSE:RY	0.6%
7	TSE:MFC	-34.5%	TSE:MFC	0.2%	TSE:MFC	0.0%
8	TSE:SLF	-36.4%	TSE:SLF	-2.3%	TSE:SLF	-0.1%

CEO COMPENSATION RANKINGS AGAINST COMPANY'S DISCLOSED PEER FIRMS										
	PEER	TOTAL PAY	PEER	SALARY	PEER	BONUS	PEER	TOTAL CASH	PEER	TOTAL EQUITY
1	TSE:RY	\$12,680,149	TSE:PWF	\$3,919,000	TSE:CM	\$3,404,000	TSE:CM	\$4,904,000	<b>TSE:BNS</b>	<b>\$8,477,746</b>
2	TSE:BMO	\$11,672,664	<b>TSE:BNS</b>	<b>\$1,500,000</b>	TSE:TD	\$1,960,000	TSE:PWF	\$3,919,000	TSE:RY	\$8,359,020
3	TSE:TD	\$11,426,077	TSE:TD	\$1,500,000	TSE:RY	\$1,750,000	TSE:TD	\$3,460,000	TSE:BMO	\$7,952,422
4	<b>TSE:BNS</b>	<b>\$11,378,942</b>	TSE:CM	\$1,500,000	TSE:MFC	\$1,584,435	TSE:RY	\$3,226,712	TSE:TD	\$7,860,381
5	TSE:CM	\$10,498,798	TSE:RY	\$1,476,712	<b>TSE:BNS</b>	<b>\$1,400,000</b>	<b>TSE:BNS</b>	<b>\$2,900,000</b>	TSE:SLF	\$7,517,528
6	TSE:SLF	\$10,022,637	TSE:SLF	\$1,086,090	TSE:BMO	\$1,150,000	TSE:MFC	\$2,570,985	TSE:MFC	\$6,351,742
7	TSE:PWF	\$9,888,697	TSE:BMO	\$1,026,250	TSE:SLF	\$500,000	TSE:BMO	\$2,176,250	TSE:CM	\$5,003,798
8	TSE:MFC	\$9,594,334	TSE:MFC	\$986,550	TSE:PWF	\$0	TSE:SLF	\$1,586,090	TSE:PWF	\$4,008,947
9										
10										
11										

# PAY FOR PERFORMANCE SCORING

For 2012, the Clarkson Centre for Board Effectiveness (CCBE), prepared a Pay for Performance report for each firm currently listed on the TSX 60 Index that has at least 8 years of historical compensation or share price data available. The CCBE's Performance Score measures how closely CEO pay and TSR are aligned over four different time horizons. Compensation data is gathered from the firm's public filings, and valued at the time of grant. Options are valued using the binomial tree fair value method, and PSUs are valued at the grant date value of the target payout. TSR is calculated using a 30-day average start and end date share price, and assumes the reinvestment of dividends.

CCBE collected pay and performance data for up to ten peer companies for each TSX 60 constituent. Peer companies were selected from each TSX 60 constituent's performance benchmarking peer group, as disclosed in its most recent Management Information Circular. If a performance peer group was not disclosed, the CCBE collected information on the disclosed constituents of the total pay benchmarking peer group. If a peer group had more than 10 constituents, we randomly selected ten from among the disclosed list.

Our Pay for Performance Score takes into account alignment between change in CEO pay and TSR in 1-, 4-, 6- and 8-year observations. CEO pay change is 'smoothed' to account for outlying years. For example, in our 8-year observation we calculate CEO pay change as the percent change of the sum of total CEO pay from 2004-2007 against the sum of total CEO pay from 2008-2011. This helps to normalize our longer observations for unusual events like CEO turnover and large one-time payouts. The Pay for Performance Score gives significantly more weight to longer-term observations than shorter ones.

1-YEAR SCORE	4-YEAR SCORE	6-YEAR SCORE	8-YEAR SCORE
A = 3	A = 4	A = 7	A = 10
B = 3	B = 3	B = 5	B = 8
C = 2	C = 2	C = 3	C = 5
D = 1	D = 1	D = 1	D = 3
E = 0	E = 0	E = 0	E = 0

