Province of Nova Scotia
Rating Aa2, A+, NR

OVERVIEW
Located on the Atlantic coast, Nova Scotia consists of a mainland peninsula and Cape Breton Island. It has a land area of 55,284 sq km (0.6% of the national total) and a population of 0.94m (July 2010). Real GDP for 2009 was C$28.9bn, with an income per capita of C$32,608.

TOP BOOKRUNNERS

<table>
<thead>
<tr>
<th>Rank</th>
<th>Lead Manager</th>
<th>Amount $m</th>
<th>No of Issues</th>
<th>% Share</th>
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<tr>
<td>1</td>
<td>TD Securities Inc</td>
<td>830</td>
<td>4</td>
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<tr>
<td>2</td>
<td>Scotia Capital</td>
<td>419</td>
<td>3</td>
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<td>BofA Merrill Lynch</td>
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<tr>
<td>4</td>
<td>CIBC World Markets</td>
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<td>5</td>
<td>RBC</td>
<td>170</td>
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<td>Total</td>
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<td>1,853</td>
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<td>100</td>
</tr>
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Source: Dealogic (March 18, 2010 to March 15, 2011)

RECENT DEALS

Pricing date  | October 7, 2010
Value         | C$300m
Maturity date | June 1, 2041
Coupon        | 4.7%
Bookrunners   | CIBC World Markets, RBC Capital Markets, TD Securities Inc, Scotia Capital

Pricing date  | July 13, 2010
Value         | $750m
Maturity date | July 21, 2015
Coupon        | 2.375%
Spread to benchmark | 60.25bp over USTs
Bookrunners   | TD Securities Inc, Scotia Capital, Bank of America Merrill Lynch

Pricing date  | June 11, 2010
Value         | C$400m
Maturity date | November 25, 2019
Coupon        | 4.15%
Spread to benchmark | 68bp over GOCs
Bookrunners   | CIBC World Markets, RBC Capital Markets, TD Securities Inc, Scotia Capital

Source: Dealogic

GROSS BOND ISSUANCE

Data to March 1, 2011. Source: Ministry of Finance

OUTSTANDING ISSUANCE BY CURRENCY

Data to March 1, 2011. Source: Ministry of Finance

ISSUANCE BY TYPE (2010/11)

Data to March 1, 2011. Source: Ministry of Finance

MATUREITY PROFILE

Data to March 1, 2011. Source: Ministry of Finance

KEY OFFICIALS

Graham Steele
Minister of finance
Margaret Macdonald
Deputy minister of finance

KEY RECENT RATING AGENCY COMMENTARY

DBRS
A, stable
Nova Scotia is well-positioned as a regional service center for the Atlantic provinces, with the service sector accounting for approximately 77% of real GDP in 2009. The province benefits from a sizeable component of public administration, defence and finance activities, which provides an element of diversification superior to its Atlantic peers.

At the time of DBRS’s last rating review, the government’s four-year fiscal plan marked a notable deviation from the previous intention to return to a balanced budget by 2010-11 and pointed to greater erosion in the province’s financial profile than originally expected by DBRS, even though the downturn experienced by Nova Scotia was relatively mild in relation to that experienced by other provinces.

DBRS believes that the slower plan to restore fiscal balance and further debt accumulation amidst the still-uncertain global economic environment have materially reduced the positive momentum in Nova Scotia’s credit profile. Nonetheless, the province retains considerable flexibility within its rating, thanks in part to meaningful liquidity on hand and a concerted effort to reduce the debt burden from the early 2000s to 2007-08, leaving it well-positioned to withstand a slower-than-expected recovery.
Canadian provinces

Financing supranationals and agencies

NET BORROWING/LENDING

PROJECTED GROSS BORROWING

KEY RECENT RATING AGENCY COMMENTARY

Standard & Poor’s
A+, stable outlook

Strengths
- Conservative debt management practices
- Revenue support from federal government transfers
- Robust budgetary performance in recent years despite deterioration

Weaknesses
- Relatively large deficits in the near term
- Relatively high net tax-supported and unfunded liabilities
- Increased capital spending requirements in the near term

The stable outlook reflects S&P’s expectation that Nova Scotia’s revenue and spending initiatives will strengthen operating surpluses and lead to balanced after-capital results in the next five years. More robust economic growth should take hold in 2011, resulting in stronger employment growth and declines in the unemployment rate. S&P expects debt burdens to level off in fiscal 2011 and for cash and temporary investments to remain close to fiscal 2010 levels.

A return of after-capital surpluses (or near balance), a declining debt burden, and strengthening liquidity could lead to a positive outlook or upgrade. Conversely, S&P believes that continuing substantial after-capital deficits and unexpected deterioration in the province’s debt burden or liquidity levels could put downward pressure on the ratings.

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