This Pricing Supplement (the "Pricing Supplement") together with the short form base shelf prospectus dated June 20, 2014, as amended or supplemented (the "Prospectus") and the Prospectus Supplement thereto dated June 23, 2014 as amended or supplemented (the "Prospectus Supplement") to which it relates, and each document incorporated by reference into such prospectus constitutes a public offering of securities only in the jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. No securities commission or similar regulatory authority has in any way passed upon the merits of securities offered hereunder and any representation to the contrary is an offence. The Note Securities to be issued hereunder have not been, and will not be, registered under the United States Securities Act of 1933, as amended and, subject to certain exemptions, may not be offered, sold or delivered, directly or indirectly, in the United States of America to or for the account or benefit of U.S. persons.

Pricing Supplement No. AC399 dated April 13, 2016
(to the short form base shelf prospectus dated June 20, 2014, as supplemented by the Prospectus Supplements dated February 6, 2015 and October 28, 2015 and by the Prospectus Supplement entitled NBC Auto Callable Note Securities (no direct currency exposure; price return) Program dated June 23, 2014)

NATIONAL BANK

NATIONAL BANK OF CANADA

NBC Auto Callable Note Securities (no direct currency exposure; price return) Program

NBC Auto Callable Note Securities (Maturity-Monitored Barrier) linked to the EURO STOXX 50® Index, due on May 12, 2021

(non principal protected note securities)

Maximum Can$12,000,000 (120,000 Note Securities)
No minimum amount of funds must be raised under this offering. This means that the Bank could complete this offering after raising only a small proportion of the offering amount set out above.

This Pricing Supplement supplements the short form base shelf prospectus dated June 20, 2014 relating to $3,500,000,000 Medium Term Notes of the Bank, as amended or supplemented, and the Prospectus Supplement dated June 23, 2014. If the information in this Pricing Supplement differs from the information contained in the Prospectus and/or the Prospectus Supplement, you should rely on the information in this Pricing Supplement. Holders should carefully read this Pricing Supplement, the Prospectus Supplement and the accompanying Prospectus to fully understand the information relating to the terms of the Note Securities and other considerations that are important to Holders. All three documents contain information Holders should consider when making their investment decision. The information contained in this Pricing Supplement and the accompanying Prospectus and Prospectus Supplement is current only as of the date of each.

The initial estimated value of the Note Securities as of the date of this Pricing Supplement is $91.00 per $100 in Principal Amount, which is less than the issue price. The initial estimated value is equal to 91.00% of the Principal Amount, being equivalent to a $1.80 annual discount over the term of the Note Securities. The actual value of the Note Securities at any time will reflect many factors, cannot be predicted with accuracy, and may be less than this amount. We describe our determination of the initial estimated value in more detail below.

The Note Securities differ from conventional debt and fixed income investments in that they do not provide Holders with a return or income stream prior to maturity and the repayment of their Principal Amount at maturity is not guaranteed. The Note Securities entail downside risk and are not designed to be alternatives to conventional debt and fixed income investments or money market instruments.

The Note Securities are non principal protected note securities and the Holder may receive a value that is less than the Principal Amount at maturity. The Note Securities will not pay any interest or other amount prior to maturity. **For greater certainty, throughout this Pricing Supplement, "maturity" wherever used herein, shall include Maturity Date, Call Date and Special Reimbursement Date.**

The Note Securities constitute direct, unsecured and unsubordinated debt obligations of the Bank ranking *pari passu* with all other present and future unsecured and unsubordinated indebtedness of the Bank. **The Note Securities will not constitute deposits that are insured under the *Canada Deposit Insurance Corporation Act* or any other deposit insurance regime designed to ensure the payment of all or a portion of a deposit upon insolvency of the deposit taking institution.**

Amounts paid to Holders will depend on the performance of the Reference Portfolio. Neither the Bank, its affiliates, the Agents, nor any other person or entity guarantees that Holders will receive an amount equal to their original investment in the Note Securities or guarantees that any return will be paid on the Note Securities on a Call Date or at maturity. Since the Note Securities are not protected and the Principal Amount will be at risk (other than the minimum Maturity Redemption Payment of 1% of the Principal Amount), it is possible that Holders could lose some or substantially all of their original investment in the Note Securities. See "Risk Factors" in the Prospectus Supplement and the Prospectus.

The Note Securities are redeemable automatically on a Call Date depending on the performance of the Reference Portfolio. In addition, the Note Securities may be redeemed by the Bank pursuant to a Reimbursement Under Special Circumstances. See "Description of the Note Securities – Reimbursement Under Special Circumstances and Payment" in the Prospectus.

The Note Securities are not redeemable prior to the Maturity Date except on a Call Date, and except by the Bank pursuant to a Reimbursement Under Special Circumstances. See "Description of the Note Securities – Reimbursement Under Special Circumstances and Payment" in the Prospectus. The Note Securities will not be listed on any securities exchange or quotation system. National Bank Financial Inc. intends to maintain, under normal market conditions, a daily secondary market for the Note Securities. National Bank Financial Inc. may stop maintaining a market for the Note Securities at any time without any prior notice to Holders. There can be no assurance that a secondary market will develop or, if one develops, that it will be liquid. Moreover, Holders selling their Note Securities prior to maturity may be subject to certain fees. See "Secondary Market for the Note Securities" in the Prospectus Supplement.

The Reference Asset Return for the Reference Asset is a price return, and will not take into account dividends and/or distributions paid by the issuers or constituents of the Reference Asset. As of April 5, 2016, the dividends and/or distributions paid on account of all of the issuers or constituents of the Reference Asset in the Reference Portfolio represented an annual indicative yield of 4.23%, representing an aggregate yield of approximately 21.15% over the term of the Note Securities, assuming that the yield remains constant and the dividends and/or distributions are not reinvested.

National Bank Financial Inc. is an indirect wholly-owned subsidiary of the Bank. **As a result, the Bank is a "related-issuer" and a "connected issuer" of National Bank Financial Inc. within the meaning of the securities legislation of certain provinces of Canada.** See "Plan of Distribution" in the Prospectus Supplement and in the Prospectus.

Issuer:	National Bank of Canada
Note Securities Offered:	NBC Auto Callable Note Securities (Maturity-Monitored Barrier) linked to the EURO STOXX 50® Index, due on May 12, 2021
Principal Amount:	$100
Minimum Subscription:	$5,000 (50 Note Securities) and integral multiples of $100 (1 Note Security) in excess thereof.

Auto Callable type: Maturity-Monitored Barrier

Issuance Date: May 12, 2016

Maturity Date: May 12, 2021

Reference Portfolio:

Reference Asset name	Reference Asset ticker from Bloomberg	Price Source	Closing Level	Reference Asset type	Reference Asset Weight
EURO STOXX 50® Index	SX5E	STOXX Limited	Closing level	Index	100%

Moreover, the Note Securities constitute Index Linked Note Securities under the Prospectus.

Initial Level: Closing Level on the Issuance Date.

Currency: Canadian dollars

Maturity Redemption Payment: The Maturity Redemption Payment per Note Security will be as follows:

(i) if the Reference Portfolio Return is higher than the Call Threshold on a Call Valuation Date, the Note Securities will be automatically called on the applicable Call Date and the Maturity Redemption Payment will be equal to $100 x [1 + Fixed Return applicable to the given Call Valuation Date + Variable Return]; or

(ii) if the Note Securities are not automatically called and the Reference Portfolio Return is higher than the Call Threshold on the Final Valuation Date, the Maturity Redemption Payment will be equal to $100 x [1 + Fixed Return applicable to the Final Valuation Date + Variable Return]; or

(iii) if the Note Securities are not automatically called and the Reference Portfolio Return is equal to or lower than the Call Threshold but higher than the Barrier on the Final Valuation Date, the Maturity Redemption Payment will be equal to $100; or

(iv) if the Note Securities are not automatically called and the Reference Portfolio Return is lower than the Call Threshold and is equal to or lower than the Barrier on the Final Valuation Date, the Maturity Redemption Payment will be equal to $100 x [1 + Reference Portfolio Return].

Investors should understand from the foregoing that they will be entitled to a single payment under the Note Securities on either the Maturity Date or a Call Date. If the Note Securities are automatically called, the investment in the Note Securities will terminate as of the applicable Call Date and as such, Holders will receive the Maturity Redemption Payment applicable to such Call Date and not the Maturity Redemption Payment that they would have otherwise been entitled to on a subsequent Call Date or on the Maturity Date if the Note Securities had not been called.

Notwithstanding the foregoing, the Maturity Redemption Payment will be subject to a minimum of 1% of the Principal Amount.

Fixed Return:

Valuation Date	Call Threshold	Fixed Return	Fixed Return (Annually compounded)	Call Dates	Maturity Redemption Payment (if the Reference Portfolio Return is higher than the Call Threshold on the specified Valuation Date)
Call Valuation Date (Year 1): May 5, 2017	0.00%	10.00%	10.00%	May 12, 2017	$110.00 plus the amount attributable to the Variable Return, if any.
Call Valuation Date (Year 2): May 7, 2018	0.00%	15.00%	7.22%	May 14, 2018	$115.00 plus the amount attributable to the Variable Return, if any.
Call Valuation Date (Year 3): May 6, 2019	0.00%	20.00%	6.26%	May 13, 2019	$120.00 plus the amount attributable to the Variable Return, if any.
Call Valuation Date (Year 4): May 5, 2020	0.00%	25.00%	5.73%	May 12, 2020	$125.00 plus the amount attributable to the Variable Return, if any.
Final Valuation Date: May 5, 2021, subject to postponement under certain circumstances as described in the Prospectus.	0.00%	30.00%	5.38%	Maturity Date	$130.00 plus the amount attributable to the Variable Return, if any.

Variable Return: **On a given Call Valuation Date and the Final Valuation Date, a percentage calculated as follows:**

(i) Where the Reference Portfolio Return is less than or equal to the Fixed Return applicable to the given Call Valuation Date or Final Valuation Date, the Variable Return will be equal to 0%; or

(ii) Where the Reference Portfolio Return is greater than the Fixed Return applicable to the given Call Valuation Date or Final Valuation Date, the Variable Return will be equal to the product of (i) the Participation Factor and (ii) the amount by which the Reference Portfolio Return exceeds such Fixed Return.

Participation Factor: 5.00%

Call Dates: The dates indicated as such in the table above.

Call Valuation Dates:	The dates indicated as such in the table above.
Final Valuation Date:	The date indicated as such in the table above.
Call Threshold:	As set forth under the column entitled "Call Threshold" in the table above.
Barrier:	-20.00%
Selling commission:	$2.50 per Note Security (2.50% of the Principal Amount of each Note Security sold).
Agents:	National Bank Financial Inc. and Richardson GMP Limited. Richardson GMP Limited. will act as Independent Agent.
Independent Agent Fee:	Up to $0.15 per Note Security (up to 0.15% of the Principal Amount of each Note Security sold).
Early Trading Charge:	$3.60 per Note Security, declining every 15 days by $0.30 to be $0.00 after 180 days from and including the Issuance Date.
Initial Estimated Value:	The initial estimated value of the Note Securities is based on our internal valuation models, which may differ from those of other market participants, and which rely on subjective views of certain market conditions and certain assumptions about future events, which may prove to be incorrect. The Note Securities are debt securities of the Bank, the return on which is linked to the performance of the Reference Asset. In order to satisfy our payment obligations under the Note Securities, we may choose to enter into certain hedging arrangements (which may include call options, put options or other derivatives) on the Issuance Date with any counterparty, which may include one of our subsidiaries. The terms of these hedging arrangements, if any, would take into account a number of factors, including the Bank's creditworthiness, interest rate movements, the volatility of the Reference Asset, and the term to maturity of the Note Securities. These factors may also impact the initial estimated value of the Note Securities. The issue price of the Note Securities also reflects the selling commission, the independent agent fee, our expected profit (which may or may not be realized) for structuring the Note Securities and the estimated costs that may be incurred by us in creating, issuing, maintaining and hedging our obligations under the Note Securities. At any time, we may decide not to hedge or partially hedge our obligations under the Note Securities. The initial estimated value for the Note Securities on the date of this Pricing Supplement will therefore be less than their issue price. See "Risk Factors – The initial estimated value of the Note Securities is less than the issue price and will not reflect the secondary market price, if any" and "Risk Factors – The initial estimated value of the Note Securities is an estimate only, calculated as of the time the terms of the Note Securities were set" below. The Bank has adopted written policies and procedures for determining the fair value of Note Securities which include: (i) the methodologies used for valuing each type of component embedded in the Note Securities, (ii) the methods by which the Bank will review and test valuations to assess the quality of the prices obtained as well as the general functioning of the valuation process, and (iii) conflicts of interest. The Independent Agent did not participate in the preparation of, and review of the calculation of, the initial estimated value for the Note Securities.
Eligibility for Investment:	Eligible for RRSPs, RRIFs, RESPs, RDSPs, DPSPs and TFSAs. See "Eligibility for Investment" in the Prospectus Supplement and in the Prospectus.

FundSERV:	NBC3220
Timely Information on the Note Securities:	The Bank will seek to make available at www.nbcstructuredsolutions.ca, certain information regarding Note Securities.

REFERENCE ASSET

The following contains a brief description of the Reference Asset and tables illustrating the historical price performance and historical volatility of the Reference Asset.

See "Public Information – Index Linked Note Securities" in the Prospectus. All data and information below is sourced from Bloomberg and/or publicly available sources.

This information is derived solely from publicly available information and neither the Bank, the Agents, nor any of their respective affiliates make any assurances, representations or warranties as to the accuracy, reliability or completeness of such information.

EURO STOXX 50® Index

The EURO STOXX 50® Index is a capitalization-weighted index consisting of the shares of 50 major European companies from 12 Eurozone countries: Austria, Belgium, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain. The EURO STOXX 50® Index is licensed to financial institutions to serve as underlying for a wide range of investment products such as Exchange Traded Funds (ETF), Futures and Options and structured products worldwide.

Further information about the EURO STOXX 50® Index and its constituent issuers is available from STOXX Limited on its website at http://www.stoxx.com and information from this website is not incorporated by reference into this Pricing Supplement.

Historical Reference Asset Data

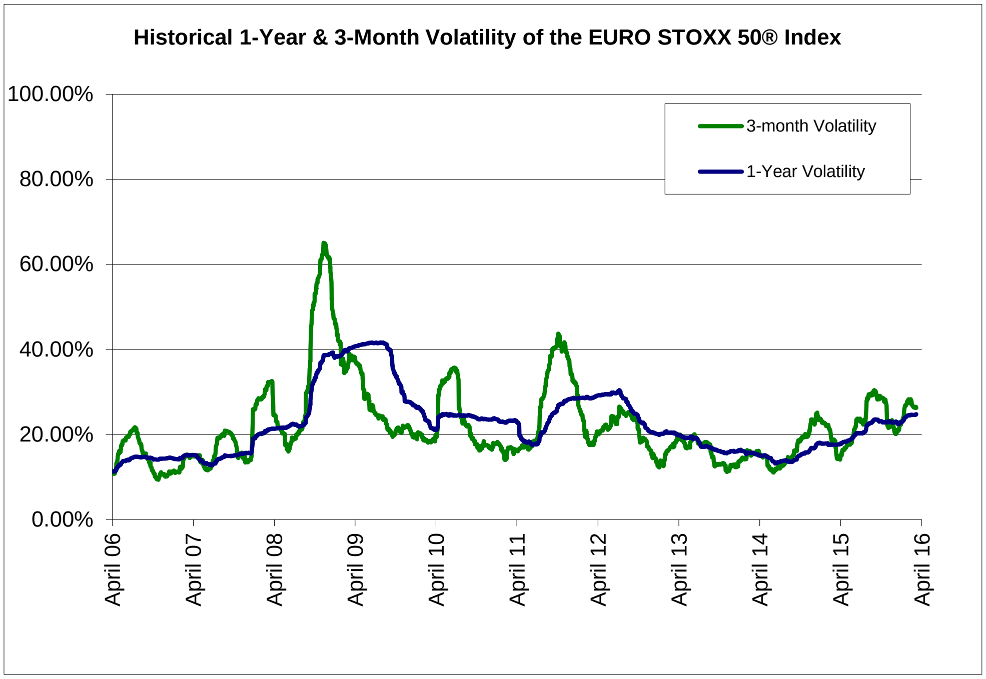
The following table shows the calendar year and year-to-date ("**YTD**") price performance of the Reference Asset which is included in the Reference Portfolio. The YTD price performance is as of April 5, 2016. **Historical performance is not a guarantee of future performance.** Each year is measured starting from the month of December of the previous year indicated. For example: the year 2015 below refers to the year as measured from December 31, 2014 to December 31, 2015.

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	YTD
EURO STOXX 50® Index	15.12%	6.79%	-44.37%	21.14%	-5.81%	-17.05%	13.79%	17.95%	1.20%	3.85%	-11.54%

The following table shows the price performance of the Reference Asset included in the Reference Portfolio from the period beginning on April 5, 2006 and ending on April 5, 2016. The performance for periods that are less than one year is cumulative and is not annualized, and the performance for periods of one year or more is annualized. **Historical performance is not a guarantee of future performance.**

	1 month	3 months	6 months	1 year	2 years	3 years	4 years	5 years	10 years
EURO STOXX 50® Index	-4.84%	-9.05%	-9.40%	-22.20%	-5.41%	3.79%	4.84%	-0.41%	-2.86%

The following is a chart illustrating the historical 1-Year and 3-Month volatility of the Reference Asset from the period beginning on April 5, 2006 and ending on April 5, 2016. **Historical volatility is not a guarantee of future volatility.**



Volatility is the term used to describe the magnitude and frequency of the changes in a security's value over a given time period. A higher volatility means that a security's value can potentially be spread out over a larger range of values. This means that the price of the security can change dramatically over a short time period in either direction. A lower volatility means that a security's value does not fluctuate dramatically, but changes in value at a steady pace over a period of time.

INVESTMENT STRATEGY SUPPORTING A PURCHASE OF THE NOTE SECURITIES

NBC Auto Callable Note Securities (Maturity-Monitored Barrier)

You should consider a purchase of the Note Securities rather than alternative investments (including a direct purchase of the Reference Asset or exposure to it) if you expect that:

(i) the Reference Portfolio Return will be higher than the Call Threshold on at least one Call Valuation Date or on the Final Valuation Date; and

(ii) the first time the Reference Portfolio Return is higher than the Call Threshold on any Call Valuation Date or the Final Valuation Date, the Reference Portfolio Return will not be higher than the Fixed Return applicable to the given Call Valuation Date or Final Valuation Date, as the case may be; or

(iii) if the Reference Portfolio Return is equal to or lower than the Call Threshold on every Call Valuation Date and on the Final Valuation Date, the Reference Portfolio Return will be higher than the Barrier on the Final Valuation Date.

If your expectations of the Reference Portfolio Return differ from these, you should consider alternative investments rather than an investment in the Note Securities.

SUITABILITY OF THE NOTE SECURITIES FOR INVESTORS

NBC Auto Callable Note Securities (Maturity-Monitored Barrier)

The Note Securities are not suitable for all investors. In determining whether the Note Securities are a suitable investment for you please consider that:

(i) the Note Securities provide no protection for your original principal investment and if the Reference Portfolio Return is equal to or lower than the Call Threshold on every Call Valuation Date and is equal to or lower than the Barrier on the Final Valuation Date, you will receive an amount which is less than your original principal investment at the Maturity Payment Date;

(ii) your Note Securities will be redeemed automatically prior to the Maturity Date if on any Call Valuation Date the Reference Portfolio Return is higher than the Call Threshold;

(iii) any positive Reference Portfolio Return in excess of the Fixed Return on either a Call Valuation Date or the Final Valuation Date will be multiplied by a Participation Factor which will result in a Holder receiving less than 100% of that excess amount, as the case may be;

(iv) your investment strategy should be consistent with the investment features of the Note Securities;

(v) your investment time horizon should correspond with the term of the Note Securities; and

(vi) your investment will be subject to the risk factors summarized in the section "Risk Factors" in this Pricing Supplement, the Prospectus Supplement and the Prospectus.

RISK FACTORS

In addition to the risk factors set forth in the Prospectus and the Prospectus Supplement entitled NBC Auto Callable Note Securities (no direct currency exposure; price return) Program dated June 23, 2014, the risk factors below should be taken into account in connection with an investment in the Note Securities.

The initial estimated value of the Note Securities is less than the issue price and will not reflect the secondary market price, if any – The initial estimated value set forth on the cover page of this Pricing Supplement does not represent a minimum price at which the Bank, National Bank Financial Inc. or any of the Bank's other affiliates would be willing to purchase the Note Securities in any secondary market (if any exists) at any time. If you attempt to sell the Note Securities prior to maturity, their market value may be lower than the issue price and lower than the initial estimated value. This is due to, among other things, changes in the Closing Level of the Reference Asset and the inclusion in the issue price of the selling commission and independent agent fee, our expected profit (which may or may not be realized) for structuring the Note Securities and the estimated costs that may be incurred by us in creating, issuing, maintaining and hedging our obligations under the Note Securities. At any time, we may decide not to hedge or partially hedge our obligations under the Note Securities. Various market and economic factors over the term of the Note Securities will impact the price at which you may be able to sell the Note Securities in any secondary market and will affect the value of the Note Securities in complex and unpredictable ways. Assuming no change in market conditions or any other relevant factors, the price, if any, at which you may be able to sell your Note Securities prior to maturity will likely be less than your original purchase price. The Note Securities are not designed to be short-term trading instruments. Accordingly, you should be able and willing to hold your Note Securities to maturity.

The initial estimated value of the Note Securities is an estimate only, calculated as of the time the terms of the Note Securities were set – The initial estimated value of the Note Securities is based on the value of the Bank's obligation to make the payments on the Note Securities. The Bank's estimate is based on internal models and on a variety of assumptions, including expectations as to dividends, interest rates and volatility of the Reference Asset, and the expected term of the Note Securities. These assumptions are based on certain forecasts about future events, which may prove to be incorrect. Other entities may value the Note Securities or similar securities at a price that is significantly different. The value of the Note Securities at any time after the date of the Pricing Supplement will vary based on many factors, including changes in market conditions, and cannot be predicted with accuracy. As a result, the actual value you would receive if you sold the Note Securities in the secondary market, if any, should be expected to differ materially from the initial estimated value of the Note Securities.

USE OF THE REFERENCE ASSET

EURO STOXX 50® Index

STOXX and its licensors have no relationship to the Bank, other than the licensing of the EURO STOXX 50® Index and the related trademarks for use in connection with the Note Securities.

STOXX and its licensors do <u>not</u>:

- Sponsor, endorse, sell or promote the Note Securities.
- Recommend that any person invest in the Note Securities or any other securities.
- Have any responsibility or liability for or make any decisions about the timing, amount or pricing of Note Securities.
- Have any responsibility or liability for the administration, management or marketing of the Note Securities.
- Consider the needs of the Note Securities or the owners of the Note Securities in determining, composing or calculating the EURO STOXX 50® Index or have any obligation to do so.

STOXX and its licensors will not have any liability in connection with the Note Securities. Specifically,

- STOXX and its licensors do not make any warranty, express or implied and disclaim any and all warranty about:
  - The results to be obtained by the Note Securities, the owner of the Note Securities or any other person in connection with the use of the EURO STOXX 50® Index and the data included in the EURO STOXX 50® Index;
  - The accuracy or completeness of the EURO STOXX 50® Index and its data;
  - The merchantability and the fitness for a particular purpose or use of the EURO STOXX 50® Index and its data;
- STOXX will have no liability for any errors, omissions or interruptions in the EURO STOXX 50® Index or its data;
- Under no circumstances will STOXX or its licensors be liable for any lost profits or indirect, punitive, special or consequential damages or losses, even if STOXX or its licensors knows that they might occur.

The licensing agreement between the Bank and STOXX is solely for their benefit and not for the benefit of the owners of the Note Securities or any other third parties.

Prospective investors should independently investigate the Reference Asset and decide whether an investment in the Note Securities is appropriate.

DOCUMENTS INCORPORATED BY REFERENCE

In addition to this Pricing Supplement, the following documents are specifically incorporated by reference into, and form an integral part of, the Prospectus as of the date of this Pricing Supplement:

(i) the Audited Consolidated Financial Statements for the year ended October 31, 2015, which include comparative consolidated financial statements of the Bank for the year ended October 31, 2014, together with the Management's Discussion and Analysis, as contained in the Bank's Annual Report for the year ended October 31, 2015;

(ii) the Independent Auditor's Report, issued to the shareholders of the Bank on the consolidated financial statements as at October 31, 2015 and 2014 and for the years then ended;

(iii) the Bank's Annual Information Form dated December 1, 2015;

(iv) the unaudited interim condensed consolidated financial statements of the Bank for the quarter ended January 31, 2016, which include comparative unaudited interim condensed consolidated financial statements of the Bank for the quarter ended January 31, 2015, together with the Management's Discussion and Analysis as contained in the Bank's Report to Shareholders for the First Quarter 2016, and the Bank's earnings coverage ratio for the 3-month period ended January 31, 2016; and

(v) the Management Proxy Circular dated February 19, 2016 in connection with the Bank's annual meeting of shareholders to be held on April 15, 2016.

MARKETING MATERIALS

Any template version of "marketing materials" (as defined in *National Instrument 41-101 – General Prospectus Requirements*) filed with the securities regulatory authorities in each of the provinces of Canada in connection with this offering after the date or filing hereof but prior to the termination of the distribution of the Note Securities under this Pricing Supplement (including any amendments to, or an amended version of, the marketing materials) is deemed to be incorporated by reference herein. Any such marketing materials are not part of this Pricing Supplement to the extent that the contents of the marketing materials have been modified or superseded by a statement contained in an amendment to this Pricing Supplement.

RECENT DEVELOPMENTS

The federal budget delivered on March 22, 2016 contains a number of measures (the "Budget Proposals") that will impact certain income tax considerations associated with an investment in notes linked to the performance of a reference asset such as the Note Securities. Pursuant to the proposed measures, the return on the Note Securities will retain the same character whether it is earned at maturity or results from a sale on a secondary market or other disposition. This means that it will not be possible for investors in the Note Securities to realize a capital gain on the disposition of the Note Securities prior to maturity, and any return generated by such disposition will be treated as interest income. The Budget Proposals will apply to all linked notes (including the Note Securities) that are sold by a holder after September 2016, irrespective of the date on which they were issued.

The foregoing is not intended as a recommendation to take any particular action with respect to the Note Securities and is not intended to constitute, nor should it be relied upon or construed as, tax advice nor is it exhaustive of all possible Canadian federal income tax considerations in relation to an investment in the Note Securities. Investors are strongly urged to consult their tax advisors as to the overall consequences of the Budget Proposals announced in the 2016 federal budget and the acquisition, ownership and disposition of Note Securities, having regard to their particular circumstances.

CERTAIN FEDERAL INCOME TAX CONSIDERATIONS

Subsection "Certain Federal Income Tax Considerations − Disposition of Note Securities" in the Prospectus Supplement is removed in its entirety and replaced by the following:

Disposition of Note Securities

Disposition prior to October 1, 2016

It is unclear whether any gain (if any) realized by a Noteholder on a disposition or deemed disposition of a Note Security prior to October 1, 2016, assuming the Budget Proposals are enacted, other than a disposition resulting from a payment by or on behalf of the Bank, will be considered to give rise to a capital gain or to ordinary income. The CRA has not expressed any opinion on this issue. Generally, an amount received or deemed to be received by a Noteholder on such disposition or deemed disposition of a Note Security should give rise to a capital gain (or a capital loss) to the Noteholder to the extent such amount, net of amounts included in income as interest and any reasonable costs of disposition, exceeds (or is less than) the Noteholder's adjusted cost base of the Note Security. The tax consequences described in this paragraph may differ if the Noteholder disposes of a Note Security to the Bank or to an entity on behalf of the Bank. See "Payment at the Maturity Payment Date or on Special Reimbursement Date". **However, in light of the measures announced as part of the March 22, 2016 federal budget, Noteholders who dispose of a Note Security prior to October 1, 2016, should consult and rely on their own tax advisors with respect to their particular circumstances.**

One half of any capital gain realized will constitute a taxable capital gain that must be included in the calculation of the Noteholder's income. One half of any capital loss incurred will constitute an allowable capital loss that is deductible against taxable capital gains of the Noteholder, subject to and in accordance with the provisions of the Act.

Capital gains realized by an individual or certain trusts may give rise to alternative minimum tax under the Act.

Disposition on or after October 1, 2016

Assuming the Budget Proposals are enacted, amounts received or deemed to be received by a Noteholder on a disposition or deemed disposition of a Note Security on or after October 1, 2016 that exceed the outstanding principal amount of the Note Security, will be deemed to give rise to interest income to the extent of such excess.

Where the adjusted cost base to a Noteholder of a Note Security is greater than the amount received or deemed to be received by a Noteholder on a disposition or deemed disposition of a Note Security on or after October 1, 2016, the Noteholder will be considered as realizing a capital loss to the extent such amount, net of all amounts included in income as interest (including any accrued interest, if any) and any reasonable cost of disposition, is less than the Noteholder's adjusted cost base of the Note Security.

One half of any capital loss incurred will constitute an allowable capital loss that is deductible against taxable capital gains of the Noteholder, subject to and in accordance with the provisions of the Act.