

*This Prospectus Supplement together with the short form base shelf prospectus dated June 20, 2014, to which it relates, as amended or supplemented (the "Prospectus"), and each document incorporated by reference in the 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.*

## **Prospectus Supplement**

(to the short form base shelf prospectus dated June 20, 2014)

**June 23, 2014**



### **NATIONAL BANK OF CANADA**

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

##### **NBC Auto Callable Note Securities (No Barrier)**

##### **NBC Auto Callable Note Securities (Maturity-Monitored Barrier)**

##### **NBC Auto Callable Note Securities (Daily-Monitored Barrier)**

##### **NBC Auto Callable Note Securities (Buffered)**

##### **(non principal protected note securities)**

National Bank of Canada (the "Bank" or "we") may offer and sell NBC Auto Callable note securities (the "Note Securities") from time to time. We describe certain common terms and conditions of the Note Securities in this Prospectus Supplement and the Prospectus, although the applicable Pricing Supplement will identify terms and conditions that are unique to the Note Securities offered under that Pricing Supplement, including any change and addition to the terms described in this Prospectus Supplement.

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 the Principal Amount (as defined below) at maturity is not guaranteed. **The Note Securities are non principal protected note securities and Holders 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 Prospectus Supplement, "maturity" includes Maturity Date, Call Date and Special Reimbursement Date.**

Payment at maturity of Note Securities will be linked to the performance of equity securities, exchange-traded fund securities, publicly available indices or commodities, as specified in the applicable Pricing Supplement. The Note Securities will have a principal amount of \$100 each (the "Principal Amount"). Investors in the Note Securities will not participate in the appreciation of the underlying securities, indices or commodities and will not be the owners of, or have any rights to or interests in, such underlying securities, indices or commodities. Rather, the investment objective of the Note Securities is to provide Holders (i) if the Note Securities are automatically called by the Bank, which will occur if the Reference Portfolio Return is higher than the Call Threshold (as defined herein) on a Call Valuation Date, with a fixed positive return at the Call Date and an additional variable return if the Reference Portfolio Return is greater than such fixed positive return or (ii) if the Note Securities are not automatically called by the Bank on a Call Date, if the Reference Portfolio Return is higher than the Call Threshold on the Final Valuation Date, with a fixed positive return at the Maturity Payment Date and an additional variable return if the Reference Portfolio Return is greater than such fixed positive return. Any additional variable return will be limited to a percentage of the amount by which the Reference Portfolio Return exceeds such fixed positive return, as specified in the applicable Pricing

Supplement. This will result in a Holder receiving less than 100% of that excess amount. Moreover, certain types of NBC Auto Callable Note Securities contain barrier and buffer features as described herein.

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 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.**

**Prospective purchasers should take into account certain risks associated with an investment in the Note Securities, including a loss on their investment in the Note Securities. See “Risk Factors” in this Prospectus Supplement and in the Prospectus.**

The Note Securities are not suitable for all investors. See “Suitability of the Note Securities” for a description of the circumstances in which an investment in the Note Securities may be suitable.

Unless otherwise indicated in the applicable Pricing Supplement, the Note Securities offered pursuant to any particular Pricing Supplement shall constitute a separate series of Note Securities.

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”.

*NBC Auto Callable Note Securities* is a trademark of National Bank of Canada.

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### DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus Supplement is deemed to be incorporated by reference into the Prospectus solely for the purpose of our NBC Auto Callable Note Securities Program and the Note Securities issued hereunder. Other documents are also incorporated or deemed to be incorporated by reference into the Prospectus and reference should be made to the Prospectus for further details.

### CHANGE TO CAPITAL OF THE BANK

There have been no changes to the capital stock and those loans considered to be the capital of the Bank since the date of the most recently filed interim financial statements, except as may be disclosed in the documents incorporated or deemed to be incorporated by reference herein.

### ABOUT THIS PROSPECTUS SUPPLEMENT

This Prospectus Supplement supplements the short form base shelf prospectus dated June 20, 2014 relating to \$3,500,000,000 Medium Term Notes of the Bank. Holders should carefully read this Prospectus Supplement along with the accompanying Prospectus and Pricing Supplement 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 that Holders should consider when making their investment decision. The information contained in this Prospectus Supplement and the accompanying Prospectus and Pricing Supplement is current only as of the date of each. If the terms described in this Prospectus Supplement differ from or are inconsistent with those described in the Prospectus, the terms described in this Prospectus Supplement will prevail. If the terms described in the applicable Pricing Supplement differ from or are inconsistent with those described in this Prospectus Supplement and the Prospectus, the terms described in the Pricing Supplement will prevail.

### ELIGIBILITY FOR INVESTMENT

Based on the legislation in effect on the date of this Prospectus Supplement, unless otherwise specified in the applicable Pricing Supplement, the Note Securities would, if issued on the date of this Prospectus Supplement, be qualified investments under the *Income Tax Act* (Canada) (the “Act”) for trusts governed by registered retirement savings plans (“RRSPs”), registered retirement income funds (“RRIFs”), registered education savings plans (“RESPs”), registered disability savings plans (“RDSPs”), tax-free savings accounts (“TFSA”) and deferred profit sharing plans (“DPSPs”) (other than DPSPs to which contributions are made by the Bank, or a person or partnership

with which the Bank does not deal at arm's length within the meaning of the Act). If the Note Securities are "prohibited investments" (within the meaning of the Act) for a TFSA, RRSP or RRIF, the holder of the TFSA, or the annuitant of the RRSP or the RRIF (as the case may be) (the "Plan Holder") will be subject to a penalty tax as set out in the Act. The Note Securities will be "prohibited investments" (within the meaning of the Act) for a TFSA, RRSP or RRIF belonging to a Plan Holder who has a "significant interest" (as defined in the Act) in the Bank or who does not deal at arm's length with the Bank for the purposes of the Act. Investors should consult their own tax advisors in this regard.

## DEFINITIONS

In addition to the terms defined in the Prospectus, unless the context otherwise requires, terms not otherwise defined in this Prospectus Supplement will have the meaning ascribed thereto hereunder:

"**Act**" means the *Income Tax Act* (Canada).

"**Actualized NAV**" has the meaning ascribed thereto under "Description of the Note Securities – Reimbursement Under Special Circumstances and Payment" in the Prospectus.

"**Agents**" means National Bank Financial Inc. and the Independent Agent named in the applicable Pricing Supplement.

"**Bank**" means National Bank of Canada.

"**Barrier**" means the threshold, expressed as a percentage, specified in the applicable Pricing Supplement.

"**Barrier Measurement Period**" shall be the period from and including the Issuance Date to and including the Final Valuation Date, or as otherwise specified in the applicable Pricing Supplement.

"**Buffer**" means a percentage equivalent to the absolute value of the Barrier.

"**Business Day**" means any day, other than a Saturday or a Sunday or a day on which commercial banks in either Montreal or Toronto are required or authorized by law to remain closed. Unless otherwise mentioned, if any day on which an action is required to be taken specified in the applicable Pricing Supplement, this Prospectus Supplement or the Prospectus in respect of Note Securities falls on a day which is not a Business Day, such action will be postponed to the following Business Day.

"**Calculation Agent**" means the Bank.

"**Calculation Expert**" has the meaning ascribed to it under "Description of the Note Securities – Calculation Expert" in the Prospectus.

"**Call Date**" means one or more dates on which the Note Securities may be automatically called for redemption by the Bank as specified in the applicable Pricing Supplement.

"**Call Threshold**" means the threshold, expressed as a percentage, specified in the applicable Pricing Supplement. The Call Threshold may be positive or negative.

"**Call Valuation Date**" means the fifth Business Day preceding each Call Date, subject to postponement in certain circumstances as described in the Prospectus, unless otherwise provided in the applicable Pricing Supplement.

"**CDS**" means CDS Clearing and Depository Services Inc.

"**Closing Level**" shall be, on any day, the closing price, the closing level or the official net asset value as applicable and reported and/or published by the applicable Price Source as specified in the applicable Pricing Supplement. If there is no closing price, no closing level or no official net asset value, as applicable, reported on that day, then the

Closing Level will be the closing price, the closing level or the official net asset value, as applicable, on the immediately preceding day on which such closing price, closing level or official net asset value is reported or published by the applicable Price Source (except if this occurs on the Issuance Date, on a Call Valuation Date or on the Final Valuation Date, in which case the closing price, the closing level or the official net asset value, as applicable, on the immediately following day on which such closing price, closing level or official net asset value is reported or published by the applicable Price Source will be used, subject to adjustments in certain circumstances as described in the Prospectus including the provisions under “Description of the Note Securities – Extraordinary Events affecting Equity Linked Note Securities – Market Disruption Event” or “Description of the Note Securities – Extraordinary Events affecting Fund Linked Note Securities – Market Disruption Event” or “Description of the Note Securities – Extraordinary Events affecting Index Linked Note Securities – Market Disruption Event” or “Description of the Note Securities – Extraordinary Events affecting Commodity Linked Note Securities – Market Disruption Event”, as applicable).

“**DBRS**” means DBRS Limited.

“**Dealer Agreement**” means the dealer agreement between the Bank and the Agents, among others, dated June 20, 2014 as the same may be amended and supplemented from time to time.

“**DPSPs**” means deferred profit sharing plans as defined under the Act.

“**Events of Default**” has the meaning ascribed thereto under “Description of the Note Securities – Events of Default” in the Prospectus.

“**Exchange**” means, in the applicable case, the primary exchange or trading system on which the Reference Asset is listed from time to time, as determined by the Calculation Agent.

“**Final Level**” shall be the Closing Level on the Call Valuation Date and the Final Valuation Date.

“**Final Valuation Date**” means the fifth Business Day preceding the Maturity Date, subject to postponement under certain circumstances as described in the Prospectus, unless otherwise provided in the applicable Pricing Supplement.

“**First Delivery Date**” means the first date by which the commodity for a Futures Contract can be delivered in order for the terms of the Futures Contract to be fulfilled.

“**First Nearby Futures Contract**” means the Futures Contract with the closest settlement date.

“**First Notice Day**” means the first day on which notices of intent to deliver the commodity in order for the terms of the Futures Contract to be fulfilled are authorized.

“**Fixed Return**” means the positive return assigned on a given Call Valuation Date and the Final Valuation Date as specified in the applicable Pricing Supplement.

“**FundSERV**” means the facility maintained and operated by FundSERV Inc. for electronic communication with participating companies, including the receiving of orders, order match, contracting, registrations, settlement of orders, transmission of confirmation of purchases, and the redemption of investments or instruments.

“**Futures Contract**” means an exchange-traded futures contract which provides for the future purchase and sale of a specified type and quantity of a commodity at a Settlement Price for a specified settlement month in which the commodity is to be delivered by the seller.

“**Holder**” means an owner of record or beneficial owner of a Note Security.

“**Independent Agent**” means the independent agent identified in the applicable Pricing Supplement.

“**Initial Level**” shall be the Closing Level on the Issuance Date, or as otherwise specified in the applicable Pricing Supplement.

“**Issuance Date**” means the date of closing of an offering of Note Securities as set forth in the applicable Pricing Supplement.

“**Market Disruption Event**” has the meaning ascribed thereto under “Description of the Note Securities – Extraordinary Events affecting Equity Linked Note Securities – Market Disruption Event” or “Description of the Note Securities – Extraordinary Events affecting Index Linked Note Securities – Market Disruption Event” or “Description of the Note Securities – Extraordinary Events affecting Fund Linked Note Securities – Market Disruption Event” or “Description of the Note Securities – Extraordinary Events affecting Commodity Linked Note Securities – Market Disruption Event”, as applicable, in the Prospectus.

“**maturity**” wherever used herein, shall include Maturity Date, Call Date and Special Reimbursement Date.

“**Maturity Date**” means the date specified as such in the applicable Pricing Supplement.

“**Maturity Payment Date**” means the fifth Business Day immediately following the Call Valuation Date (if the Note Securities are automatically called for redemption by the Bank on a Call Date) or the Final Valuation Date, as the case may be, unless otherwise provided in the applicable Pricing Supplement.

“**Maturity Redemption Payment**” means the amount per Note Security to which Holders are entitled on a Call Date (if the Note Securities are automatically called for redemption by the Bank on a Call Date) or on the Maturity Date based on the performance of the Reference Portfolio and calculated as described under “Description of the Note Securities – Maturity Redemption Payment”.

“**Moody’s**” means Moody’s Investors Service, Inc.

“**Participation Factor**” means the participation rate in the excess Reference Portfolio Return above the Fixed Return that will be used to calculate the Variable Return, as specified in the applicable Pricing Supplement.

“**Price Source**” means the Exchange, or any other price source as specified in the applicable Pricing Supplement. If such price source is discontinued or otherwise unavailable, any other price source deemed reliable and appropriate by the Calculation Agent acting in good faith.

“**Pricing Supplement**” means the relevant pricing supplement to this Prospectus Supplement and the Prospectus.

“**Principal Amount**” means \$100 per Note Security.

“**Prospectus**” means the short form base shelf prospectus of the Bank dated June 20, 2014.

“**Prospectus Supplement**” means this prospectus supplement.

“**RDSPs**” means registered disability savings plans as defined under the Act.

“**Reference Assets**” means the equity securities, exchange-traded fund securities, indices or commodities contained in the Reference Portfolio as specified in the applicable Pricing Supplement, and “**Reference Asset**” means each of the Reference Assets.

“**Reference Asset Return**” means for each Reference Asset contained in the Reference Portfolio and on any day, a number, expressed as a percentage, calculated as follows:

(Closing Level / Initial Level) – 1

Investors should understand that the Reference Asset Return is a price return and will not take into account dividends and/or distributions paid by the issuers or constituents of the Reference Assets.

“**Reference Asset Weight**” means the weight of each Reference Asset contained in the Reference Portfolio as specified in the applicable Pricing Supplement.

“**Reference Portfolio**” means a notional portfolio composed of Reference Assets as specified in the applicable Pricing Supplement.

“**Reference Portfolio Return**” means on any day, the weighted average return of the Reference Assets calculated as the sum of the Weighted Reference Asset Return of each of the Reference Assets comprising the Reference Portfolio.

“**Reimbursement Under Special Circumstances**” has the meaning ascribed thereto under “Description of the Note Securities – Reimbursement Under Special Circumstances and Payment” in the Prospectus.

“**RESPs**” means registered education savings plans as defined under the Act.

“**RRIFs**” means registered retirement income funds as defined under the Act.

“**RRSPs**” means registered retirement savings plans as defined under the Act.

“**S&P**” means Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc.

“**Second Nearby Futures Contract**” means the Futures Contract with the second closest settlement date.

“**Settlement Price**” means the agreed upon price at which to purchase and sell a specified type and quantity of a commodity.

“**Special Reimbursement Date**” has the meaning ascribed thereto under “Description of the Note Securities – Reimbursement Under Special Circumstances and Payment” in the Prospectus.

“**TFSAs**” means tax-free savings accounts as defined under the Act.

“**Variable Return**” means 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 as specified in the applicable Pricing Supplement, 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 as specified in the applicable Pricing Supplement, 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.

“**Weighted Reference Asset Return**” means for each Reference Asset contained in the Reference Portfolio and on any day, the product of (i) the Reference Asset Return and (ii) the Reference Asset Weight.

“**\$**” means the relevant currency indicated in the applicable Pricing Supplement.

## **INVESTMENT STRATEGY SUPPORTING A PURCHASE OF THE NOTE SECURITIES**

### **NBC Auto Callable Note Securities (No Barrier)**

You should consider a purchase of the Note Securities of this type rather than alternative investments (including a direct purchase of the Reference Assets or exposure to them) 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.

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

### **NBC Auto Callable Note Securities (Maturity-Monitored Barrier)**

You should consider a purchase of the Note Securities of this type rather than alternative investments (including a direct purchase of the Reference Assets or exposure to them) 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.

### **NBC Auto Callable Note Securities (Daily-Monitored Barrier)**

You should consider a purchase of the Note Securities of this type rather than alternative investments (including a direct purchase of the Reference Assets or exposure to them) 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 all days during the Barrier Measurement Period. For greater certainty, on any day, the Reference Asset Returns are calculated using the Closing Level.



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

**NBC Auto Callable Note Securities (Buffered)**

You should consider a purchase of the Note Securities of this type rather than alternative investments (including a direct purchase of the Reference Assets or exposure to them) 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 (No Barrier)**

The Note Securities of this type 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 on the Final Valuation Date and is negative 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 Prospectus Supplement, the Prospectus and the applicable Pricing Supplement.

**NBC Auto Callable Note Securities (Maturity-Monitored Barrier)**

The Note Securities of this type 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 Prospectus Supplement, the Prospectus and the applicable Pricing Supplement.

**NBC Auto Callable Note Securities (Daily-Monitored Barrier)**

The Note Securities of this type 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 on the Final Valuation Date, is negative on the Final Valuation Date and the Reference Portfolio Return reaches or falls below the Barrier on any day during the Barrier Measurement Period, 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 Prospectus Supplement, the Prospectus and the applicable Pricing Supplement.

**NBC Auto Callable Note Securities (Buffered)**

The Note Securities of this type 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 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 even considering the Buffer;

- (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 Prospectus Supplement, the Prospectus and the applicable Pricing Supplement.

### **DESCRIPTION OF THE NOTE SECURITIES**

The following is a summary of the material attributes and characteristics of the Note Securities not otherwise specified in the Prospectus or the applicable Pricing Supplement, and is entirely qualified by and subject to the global certificate for the Note Securities, which contains the full text of such attributes and characteristics. The applicable Pricing Supplement in relation to any particular offering of Note Securities may specify other terms and conditions which will, to the extent so specified or to the extent inconsistent with the following conditions, replace or modify the following conditions for the purposes of such Note Securities.

#### **Types of Note Securities Offered**

There are four types of NBC Auto Callable Note Securities that may be offered hereunder:

- (i) NBC Auto Callable Note Securities (No Barrier);
- (ii) NBC Auto Callable Note Securities (Maturity-Monitored Barrier);
- (iii) NBC Auto Callable Note Securities (Daily-Monitored Barrier); and
- (iv) NBC Auto Callable Note Securities (Buffered).

The relevant type of Note Securities offered will be specified in the applicable Pricing Supplement. A description of the Maturity Redemption Payment under each type of NBC Auto Callable Note Securities is contained below under “Description of the Note Securities – Maturity Redemption Payment”.

#### **Reference Portfolio**

Payments at maturity of Note Securities will be linked to the performance of the Reference Portfolio which shall be composed of one or more Reference Assets. The exact composition of the Reference Portfolio will be specified in the applicable Pricing Supplement.

#### **Reference Assets**

The Reference Assets shall be equity securities, exchange-traded fund securities, in all cases listed and traded on a stock exchange or trading system, publicly available indices or commodities. The exact Reference Assets contained in the Reference Portfolio will be specified in the applicable Pricing Supplement.

Investors should understand that the Reference Asset Return is a price return and will not take into account dividends and/or distributions paid by the issuers or constituents of the Reference Assets.

The Reference Portfolio may be composed of several types of asset classes, being equity securities, exchange traded-fund securities, indices and commodities. As such, equity securities will constitute Reference Shares for the purpose of the Prospectus; securities of the exchange-traded funds will constitute the Reference Units and exchange-traded funds will constitute Reference Funds for the purpose of the Prospectus; indices will constitute Reference Indices for the purpose of the Prospectus; and commodities will constitute Reference Commodities for the purpose of the Prospectus.

Moreover, the Note Securities will be subject to the adjustment provisions under “Description of the Note Securities – Extraordinary Events affecting Equity Linked Note Securities” with respect to the Reference Assets in the form of Reference Shares and the risk factors applicable to Equity Linked Note Securities described in the Prospectus will be relevant to the Note Securities. In addition, the Note Securities will be subject to the adjustment provisions under “Description of the Note Securities – Extraordinary Events affecting Fund Linked Note Securities” with respect to the Reference Assets in the form of Reference Units and the risk factors applicable to Fund Linked Note Securities described in the Prospectus will be relevant to the Note Securities. Furthermore, the Note Securities will be subject to the adjustment provisions under “Description of the Note Securities – Extraordinary Events affecting Index Linked Note Securities” with respect to the Reference Assets in the form of Reference Indices and the risk factors applicable to Index Linked Note Securities described in the Prospectus will be relevant to the Note Securities. Lastly, the Note Securities will be subject to the adjustment provisions under “Description of the Note Securities – Extraordinary Events affecting Commodity Linked Note Securities” with respect to Reference Assets in the form of Reference Commodities and the risk factors applicable to Commodity Linked Note Securities described in the Prospectus will be relevant to such Note Securities.

**No Interest or Payment Prior to maturity**

The Note Securities will not pay any interest or any other amount prior to maturity. See “Description of the Note Securities – Reimbursement Under Special Circumstances and Payment” in the Prospectus.

## **Maturity Redemption Payment**

At the Maturity Payment Date, Holders will be entitled to receive a Maturity Redemption Payment that will depend on the performance of the Reference Portfolio over the term of the Note Securities.

### *NBC Auto Callable Note Securities (No Barrier)*

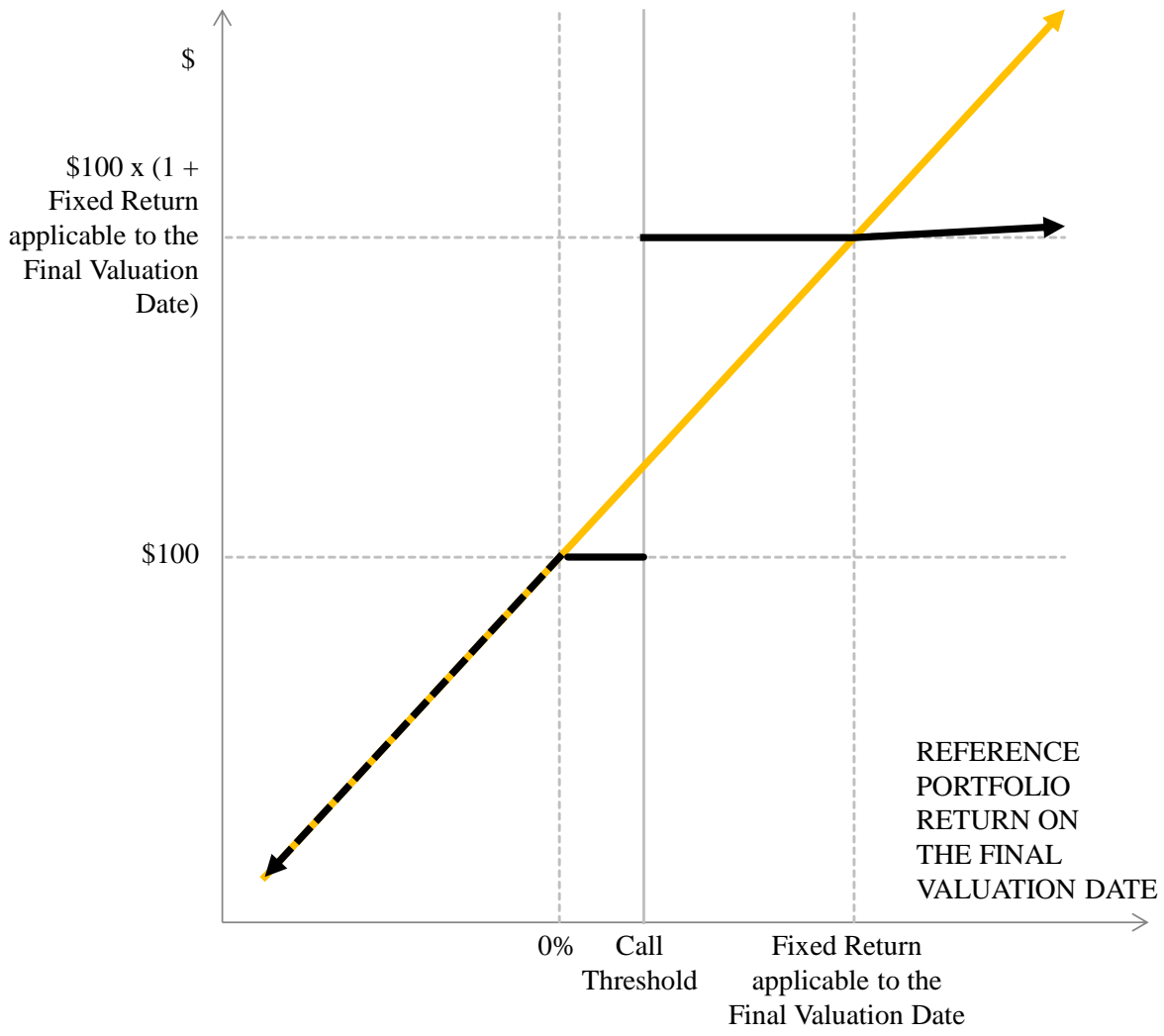
The Maturity Redemption Payment per Note Security for NBC Auto Callable Note Securities (No Barrier) will be as follows:

- (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  $\$100 \times [1 + \text{Fixed Return applicable to the given Call Valuation Date} + \text{Variable Return}]$ ; 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  $\$100 \times [1 + \text{Fixed Return applicable to the Final Valuation Date} + \text{Variable Return}]$ ; 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 is positive 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 equal to or lower than the Call Threshold and is nil or negative on the Final Valuation Date, the Maturity Redemption Payment will be equal to  $\$100 \times [1 + \text{Reference Portfolio Return}]$ .

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.

The Maturity Redemption Payment will be calculated using the formula set out above in this section. The following graph is based on the assumption the Note Securities have not been called on a Call Date and illustrates how the Maturity Redemption Payment is affected by the Reference Portfolio Return on the Final Valuation Date. This graph illustrates the relationship between the Reference Portfolio Return, the Call Threshold, a hypothetical Participation Factor and the Maturity Redemption Payment. The Participation Factor, as specified in the applicable Pricing Supplement, will impact the slope of the Maturity Redemption Payment when the Reference Portfolio Return is higher than the Fixed Return on the Final Valuation Date. This graph must be read with the features specified in the relevant Pricing Supplement. There can be no assurance that the Final Level for any Reference Asset will be higher than its Initial Level and there can be no assurance that the Reference Portfolio Return will be positive or higher than the Call Threshold on the Final Valuation Date.



- $\$100 \times (1 + \text{Reference Portfolio Return})$
- NBC Auto Callable Note Securities (No Barrier):  
Maturity Redemption Payment

See below under “Description of the Note Securities – Examples – NBC Auto Callable Note Securities (No Barrier)” for examples of how the Maturity Redemption Payment will be calculated.

*NBC Auto Callable Note Securities (Maturity-Monitored Barrier)*

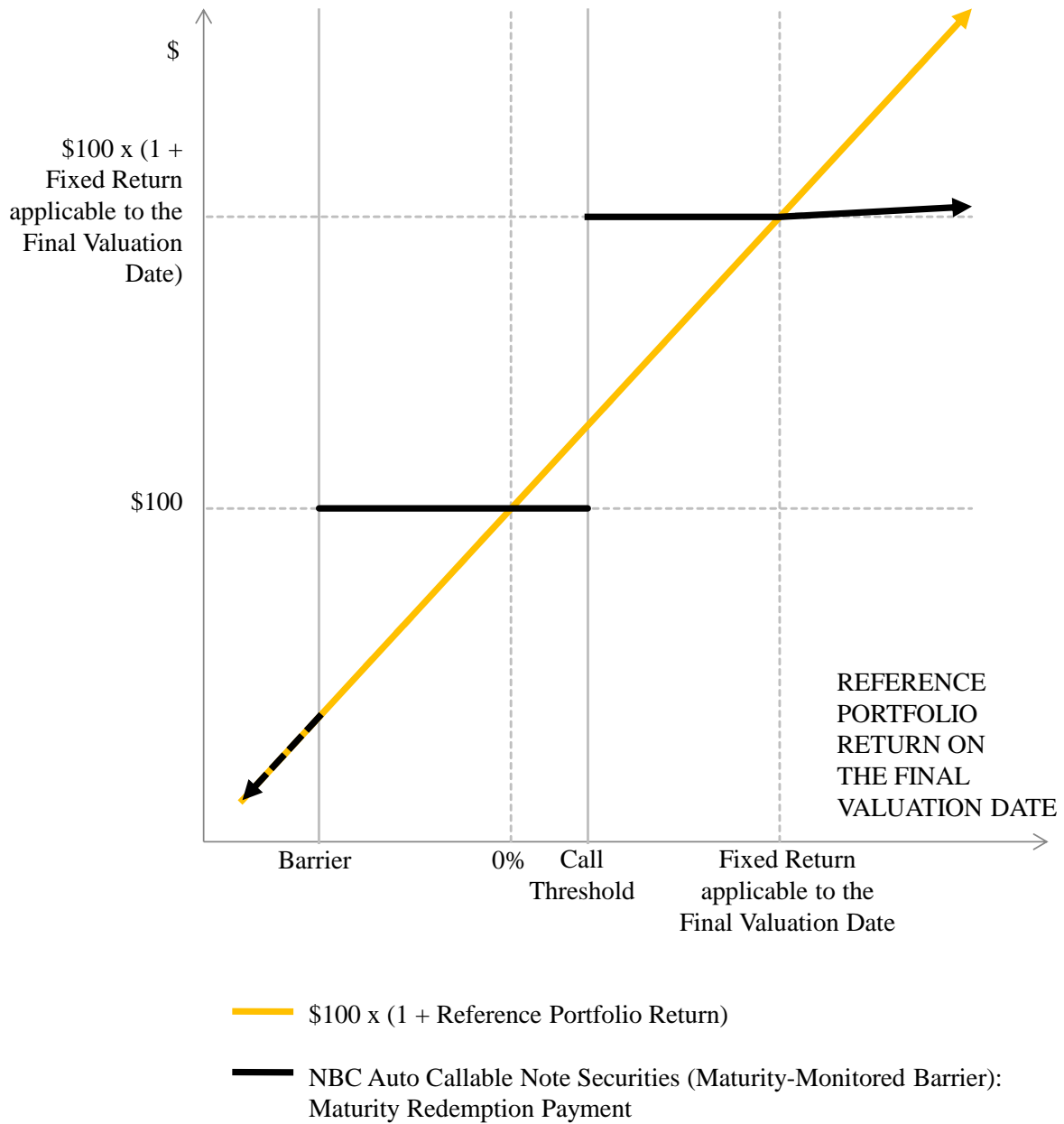
The Maturity Redemption Payment per Note Security for NBC Auto Callable Note Securities (Maturity-Monitored Barrier) will be as follows:

- (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  $\$100 \times [1 + \text{Fixed Return applicable to the given Call Valuation Date} + \text{Variable Return}]$ ; 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  $\$100 \times [1 + \text{Fixed Return applicable to the Final Valuation Date} + \text{Variable Return}]$ ; 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  $\$100 \times [1 + \text{Reference Portfolio Return}]$ .

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.

The Maturity Redemption Payment will be calculated using the formula set out above in this section. The following graph is based on the assumption the Note Securities have not been called on a Call Date and illustrates how the Maturity Redemption Payment is affected by the Reference Portfolio Return on the Final Valuation Date. This graph illustrates the relationship between the Reference Portfolio Return, the Call Threshold, the Barrier, a hypothetical Participation Factor and the Maturity Redemption Payment. The Participation Factor, as specified in the applicable Pricing Supplement, will impact the slope of the Maturity Redemption Payment when the Reference Portfolio Return is higher than the Fixed Return on the Final Valuation Date. This graph must be read with the features specified in the relevant Pricing Supplement. There can be no assurance that the Final Level for any Reference Asset will be higher than its Initial Level and there can be no assurance that the Reference Portfolio Return will be higher than the Call Threshold or higher than the Barrier on the Final Valuation Date.



See below under “Description of the Note Securities – Examples – NBC Auto Callable Note Securities (Maturity-Monitored Barrier)” for examples of how the Maturity Redemption Payment will be calculated.



*NBC Auto Callable Note Securities (Daily-Monitored Barrier)*

The Maturity Redemption Payment per Note Security for NBC Auto Callable Note Securities (Daily-Monitored Barrier) 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  $\$100 \times [1 + \text{Fixed Return applicable to the given Call Valuation Date} + \text{Variable Return}]$ ; 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  $\$100 \times [1 + \text{Fixed Return applicable to the Final Valuation Date} + \text{Variable Return}]$ ; 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 is positive 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 equal to or lower than the Call Threshold and is nil or negative on the Final Valuation Date and the Reference Portfolio Return never reaches or falls below the Barrier on any day during the Barrier Measurement Period, the Maturity Redemption Payment will be equal to \$100; or
- (v) if the Note Securities are not automatically called and the Reference Portfolio Return is equal to or lower than the Call Threshold and is nil or negative on the Final Valuation Date and the Reference Portfolio Return reaches or falls below the Barrier on any day during the Barrier Measurement Period, the Maturity Redemption Payment will be equal to  $\$100 \times [1 + \text{Reference Portfolio Return}]$ .

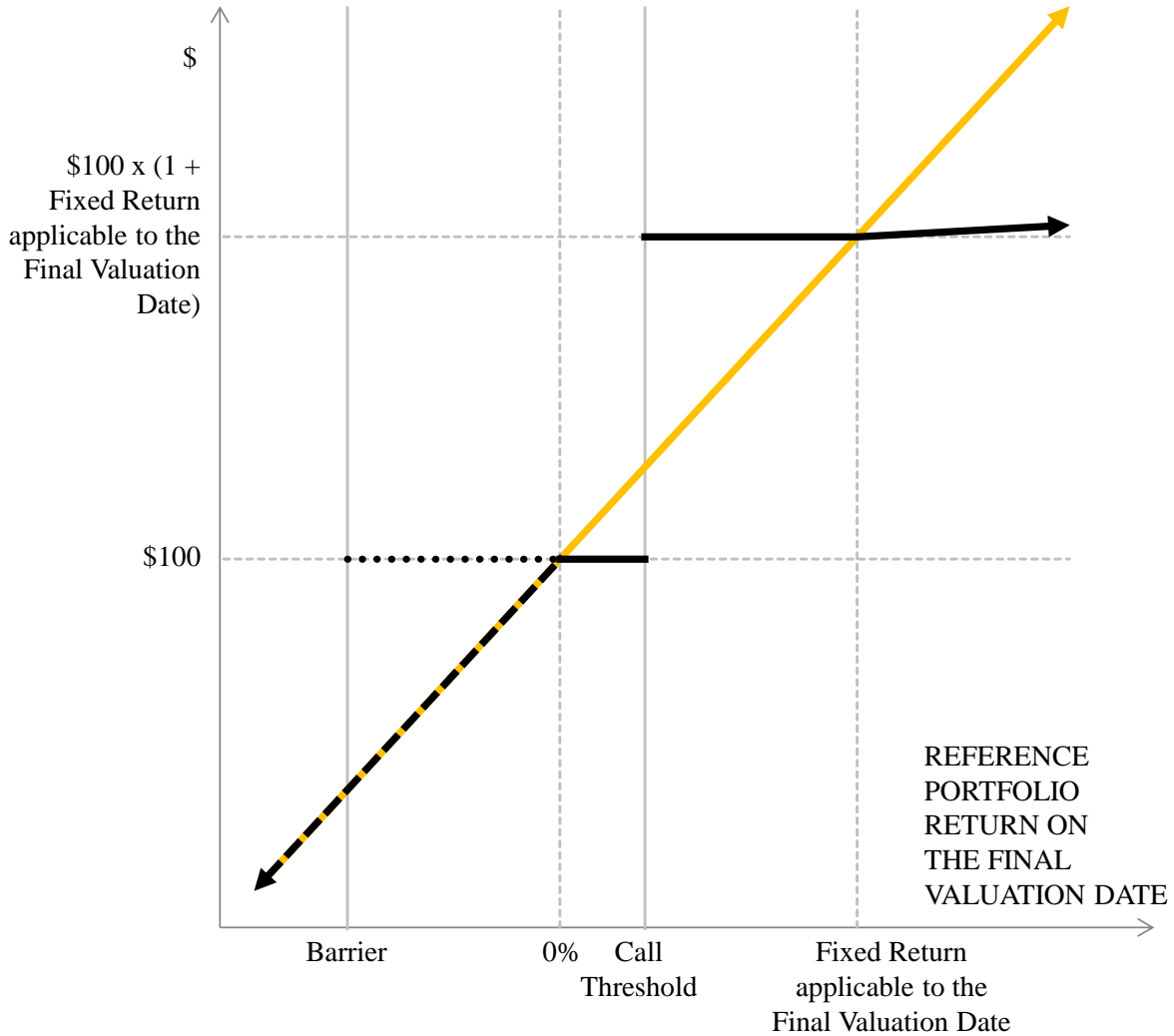
For greater certainty, for the purposes of determining if the Reference Portfolio Return has reached or fallen below the Barrier on any day, the Reference Asset Returns used to calculate the Reference Portfolio Return are calculated using the Closing Level of the Reference Assets.

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.

The Maturity Redemption Payment will be calculated using the formula set out above in this section. The following graph is based on the assumption the Note Securities have not been called on a Call Date and illustrates how the Maturity Redemption Payment is affected by the Reference Portfolio Return on the Final Valuation Date and during the Barrier Measurement Period. This graph illustrates the relationship between the Reference Portfolio Return, the Call Threshold, a hypothetical Participation Factor, the Maturity Redemption Payment and whether or not the Reference Portfolio Return reaches or falls below the Barrier on any day during the Barrier Measurement Period. The Participation Factor, as specified in the applicable Pricing Supplement, will impact the slope of the Maturity Redemption Payment when the Reference Portfolio Return is higher than the Fixed Return on the Final Valuation Date. This graph must be read with the features specified in the relevant Pricing Supplement. There can be no assurance that the Final Level for any Reference Asset will be higher than its Initial Level and there can be no

assurance that the Reference Portfolio Return will be positive or higher than the Call Threshold on the Final Valuation Date or that it will not reach or fall below the Barrier on any day during the Barrier Measurement Period.



- $\$100 \times (1 + \text{Reference Portfolio Return})$
- NBC Auto Callable Note Securities (Daily-Monitored Barrier):  
Maturity Redemption Payment
- ⋯** NBC Auto Callable Note Securities (Daily-Monitored Barrier):  
Maturity Redemption Payment, Barrier not breached on any day  
during the Barrier Measurement Period
- - -** NBC Auto Callable Note Securities (Daily-Monitored Barrier):  
Maturity Redemption Payment, Barrier breached on any day during  
the Barrier Measurement Period

**See below under “Description of the Note Securities – Examples – NBC Auto Callable Note Securities (Daily-Monitored Barrier)” for examples of how the Maturity Redemption Payment will be calculated.**

*NBC Auto Callable Note Securities (Buffered)*

The Maturity Redemption Payment per Note Security for NBC Auto Callable Note Securities (Buffered) will be as follows:

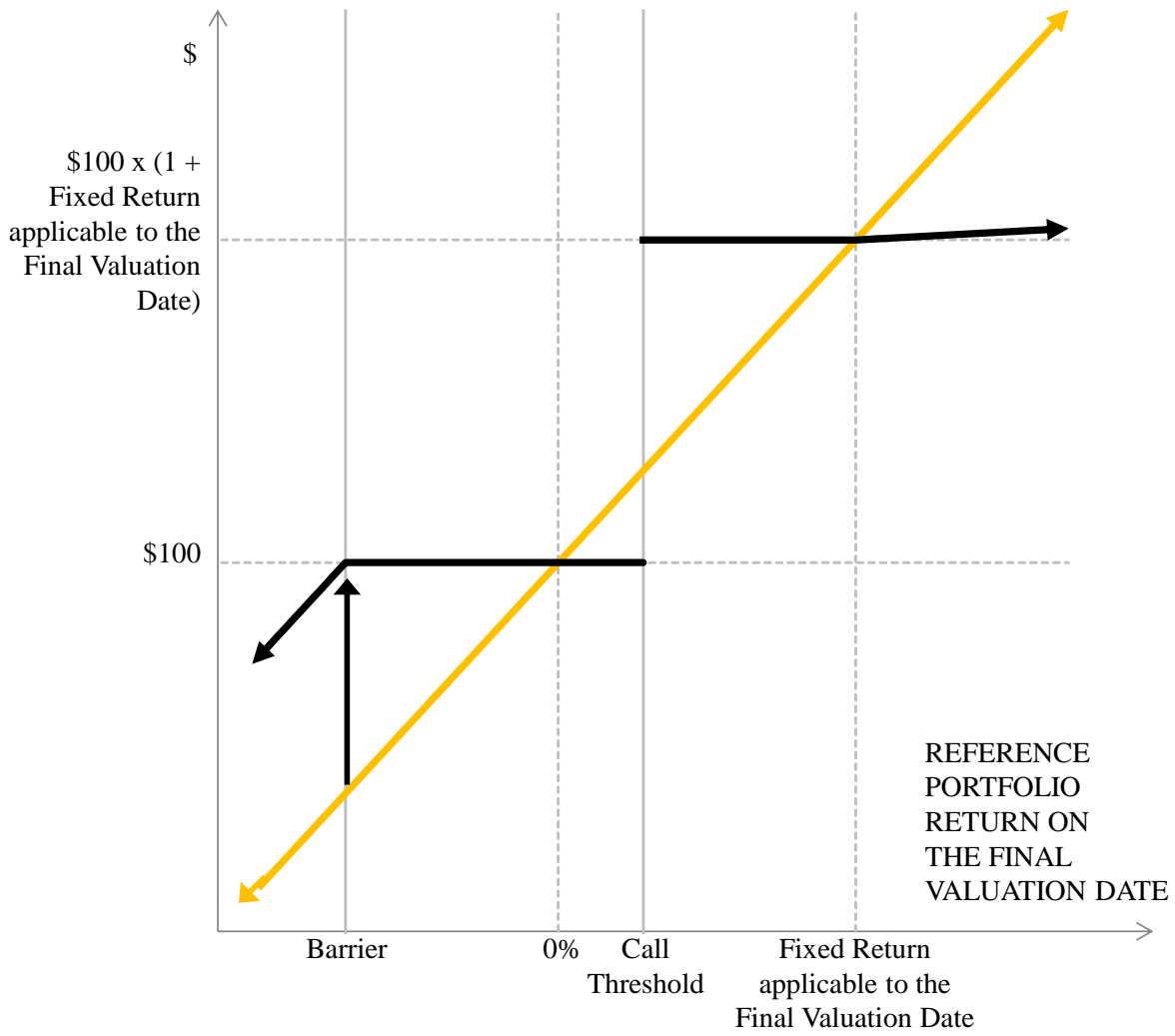
- (i) if the Reference Portfolio Return is higher than the Call Threshold on a Call Valuation Date, the Note Securities will be automatically called on the applicable Call Date and the Maturity Redemption Payment will be equal to  $\$100 \times [1 + \text{Fixed Return applicable to the given Call Valuation Date} + \text{Variable Return}]$ ; 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  $\$100 \times [1 + \text{Fixed Return applicable to the Final Valuation Date} + \text{Variable Return}]$ ; 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  $\$100 \times [1 + \text{Reference Portfolio Return} + \text{Buffer}]$ .

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 in the event that the Buffer is less than 1%.

The Maturity Redemption Payment will be calculated using the formula set out above in this section. The following graph is based on the assumption the Note Securities have not been called on a Call Date and illustrates how the Maturity Redemption Payment is affected by the Reference Portfolio Return on the Final Valuation Date. This graph illustrates the relationship between the Reference Portfolio Return, the Call Threshold, the Barrier, the Buffer, a hypothetical Participation Factor and the Maturity Redemption Payment. The Participation Factor, as specified in the applicable Pricing Supplement, will impact the slope of the Maturity Redemption Payment when the Reference Portfolio Return is higher than the Fixed Return on the Final Valuation Date. This graph must be read with the features specified in the relevant Pricing Supplement. There can be no assurance that the Final Level for any Reference Asset will be higher than its Initial Level and there can be no assurance that the Reference Portfolio Return will be higher than the Call Threshold or higher than the Barrier on the Final Valuation Date.

For greater certainty, the Barrier for NBC Auto Callable Note Securities (Buffered) is a maturity monitored Barrier.



- $\$100 \times (1 + \text{Reference Portfolio Return})$
- NBC Auto Callable Note Securities (Buffered):  
Maturity Redemption Payment
- ↑**  $\$100 \times \text{Buffer}$

See below under “Description of the Note Securities – Examples – NBC Auto Callable Note Securities (Buffered)” for examples of how the Maturity Redemption Payment will be calculated.

**Examples**

The following are hypothetical examples that illustrate how the Maturity Redemption Payment shall be calculated under different scenarios. These examples are included for illustration purposes only. The amounts, the time periods between each Call Date, and all other variables used in the following examples are hypothetical and are not forecasts or projections of the price performance of the Reference Assets, the Reference Portfolio or the performance of the Note Securities. No assurance can be given that the results shown in these examples will be achieved.

All of the examples assume a three year term and a Call Date at each anniversary of the Issuance Date (for a total of two Call Dates) prior to the Maturity Date and are based on a Reference Portfolio comprised of the following Reference Assets:

	<b>Initial Level</b>	<b>Reference Asset Weight</b>
<b>Reference Asset 1</b>	\$100.00	50%
<b>Reference Asset 2</b>	\$100.00	25%
<b>Reference Asset 3</b>	\$100.00	25%

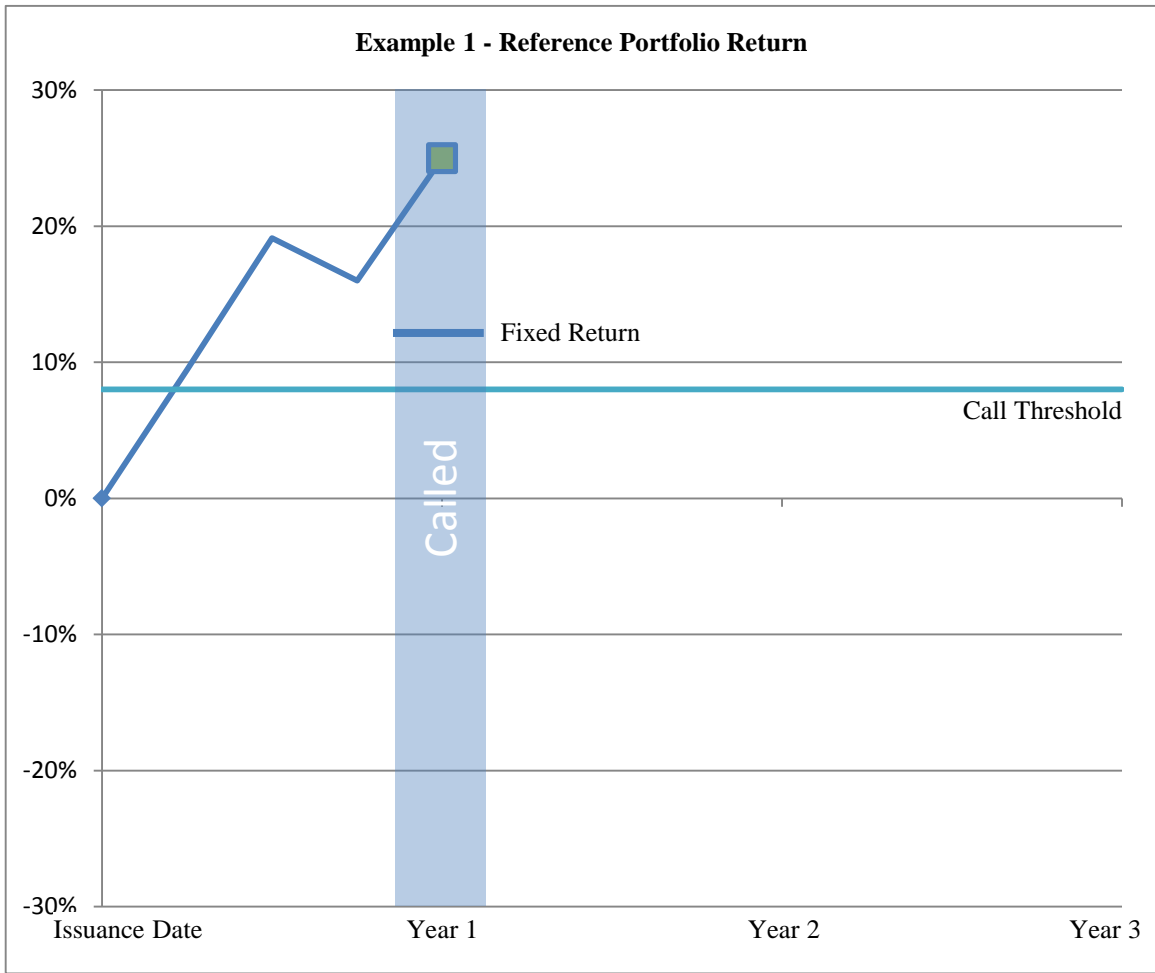
*NBC Auto Callable Note Securities (No Barrier)*

Each of the following hypothetical examples illustrates how the Maturity Redemption Payment is calculated using a Call Threshold of 8%, a Fixed Return of 12% on the Call Valuation Date (Year 1), a Fixed Return of 24% on the Call Valuation Date (Year 2), a Fixed Return of 36% on the Final Valuation Date (Year 3) and a Participation Factor of 10%. These features are solely hypothetical.

**Example 1:** The Reference Portfolio Return is higher than the Call Threshold on the Call Valuation Date (Year 1), the Note Securities are automatically called and the Reference Portfolio Return is higher than the Fixed Return.

Date	Reference Asset	Closing Level	Reference Asset Return	Weighted Reference Asset Return	Reference Portfolio Return	Fixed Return
Call Valuation Date (Year 1)	1	\$115.00	15.00%	7.50%	25.00%	12.00%
	2	\$130.00	30.00%	7.50%		
	3	\$140.00	40.00%	10.00%		
Call Valuation Date (Year 2)						
Final Valuation Date (Year 3)						

The Reference Portfolio Return is above the Call Threshold on at least one Call Valuation Date or on the Final Valuation Date	Yes, on Call Valuation Date (Year 1). The Note Securities are called automatically.
Reference Portfolio Return on Call Valuation Date (Year 1)	25.00%
Fixed Return applicable to the given Call Valuation Date or Final Valuation Date	12.00%
Reference Portfolio Return is greater than the Fixed Return	Yes
Variable Return	Participation Factor x [Reference Portfolio Return - Fixed Return]
	10% x [25.00% - 12.00%]
	1.30%
Reference Portfolio Return is equal to or below the Call Threshold but is positive (Yes/No)	N/A
Maturity Redemption Payment	$\$100 \times [1 + \text{Fixed Return} + \text{Variable Return}]$
	$\$100 \times [1 + 12.00\% + 1.30\%]$
	\$113.30
Note Securities return	13.30%
Annualized Compounded Return	13.30%



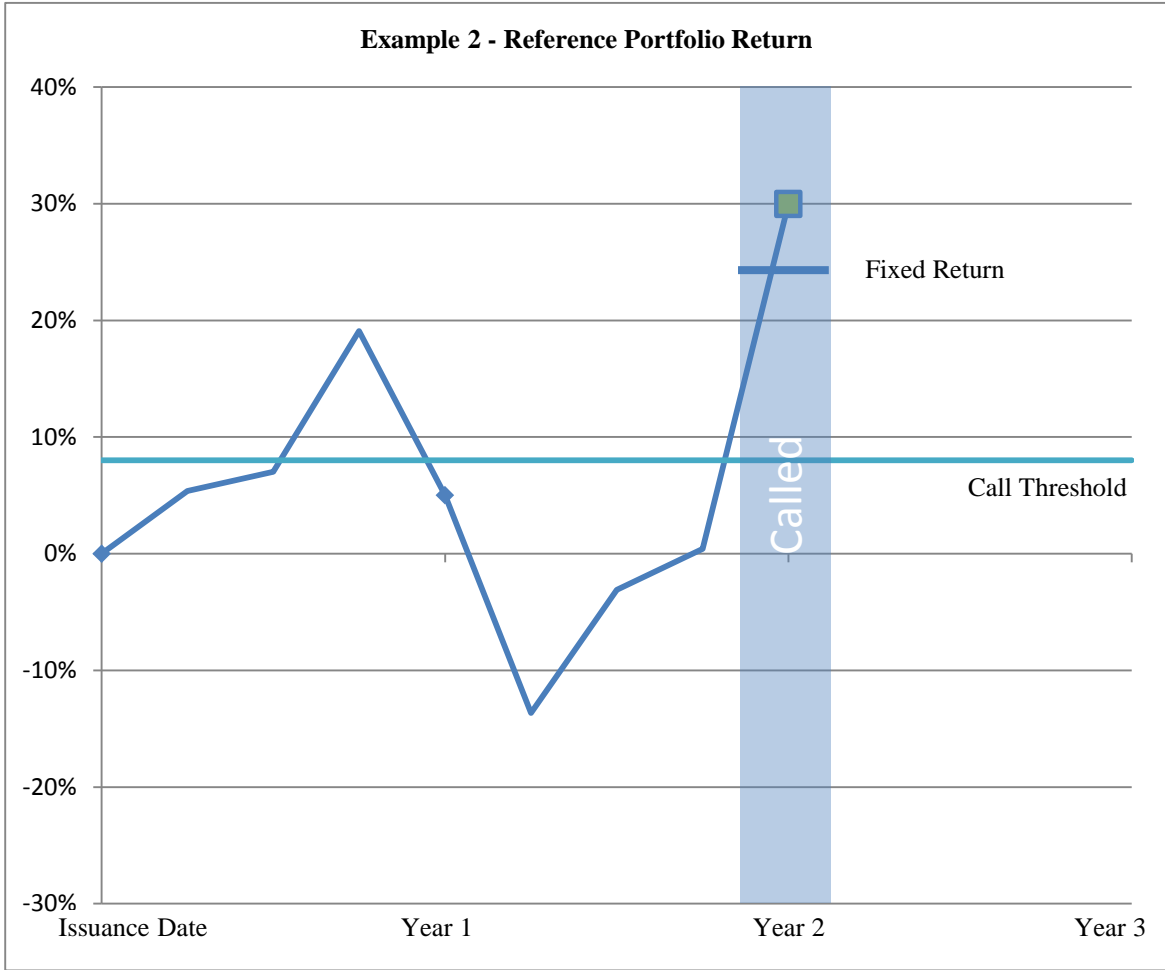
**Example 2:** The Reference Portfolio Return is higher than the Call Threshold on the Call Valuation Date (Year 2), the Note Securities are automatically called and the Reference Portfolio Return is higher than the Fixed Return.

Date	Reference Asset	Closing Level	Reference Asset Return	Weighted Reference Asset Return	Reference Portfolio Return	Fixed Return
Call Valuation Date (Year 1)	1	\$110.00	10.00%	5.00%	5.00%	12.00%
	2	\$110.00	10.00%	2.50%		
	3	\$90.00	-10.00%	-2.50%		
Call Valuation Date (Year 2)	1	\$140.00	40.00%	20.00%	30.00%	24.00%
	2	\$130.00	30.00%	7.50%		
	3	\$110.00	10.00%	2.50%		

Final Valuation Date (Year 3)

The Reference Portfolio Return is above the Call Threshold on at least one Call Valuation Date or on the Final Valuation Date	Yes, on Call Valuation Date (Year 2). The Note Securities are called automatically.
Reference Portfolio Return on Call Valuation Date (Year 2)	30.00%
Fixed Return applicable to the given Call Valuation Date or Final Valuation Date	24.00%
Reference Portfolio Return is greater than the Fixed Return	Yes
Variable Return	Participation Factor x [Reference Portfolio Return - Fixed Return]
	10% x [30.00% - 24.00%]
	0.60%
Reference Portfolio Return is equal to or below the Call Threshold but is positive (Yes/No)	N/A
Maturity Redemption Payment	$\$100 \times [1 + \text{Fixed Return} + \text{Variable Return}]$
	$\$100 \times [1 + 24.00\% + 0.60\%]$
	\$124.60
Note Securities return	24.60%
Annualized Compounded Return	11.62%



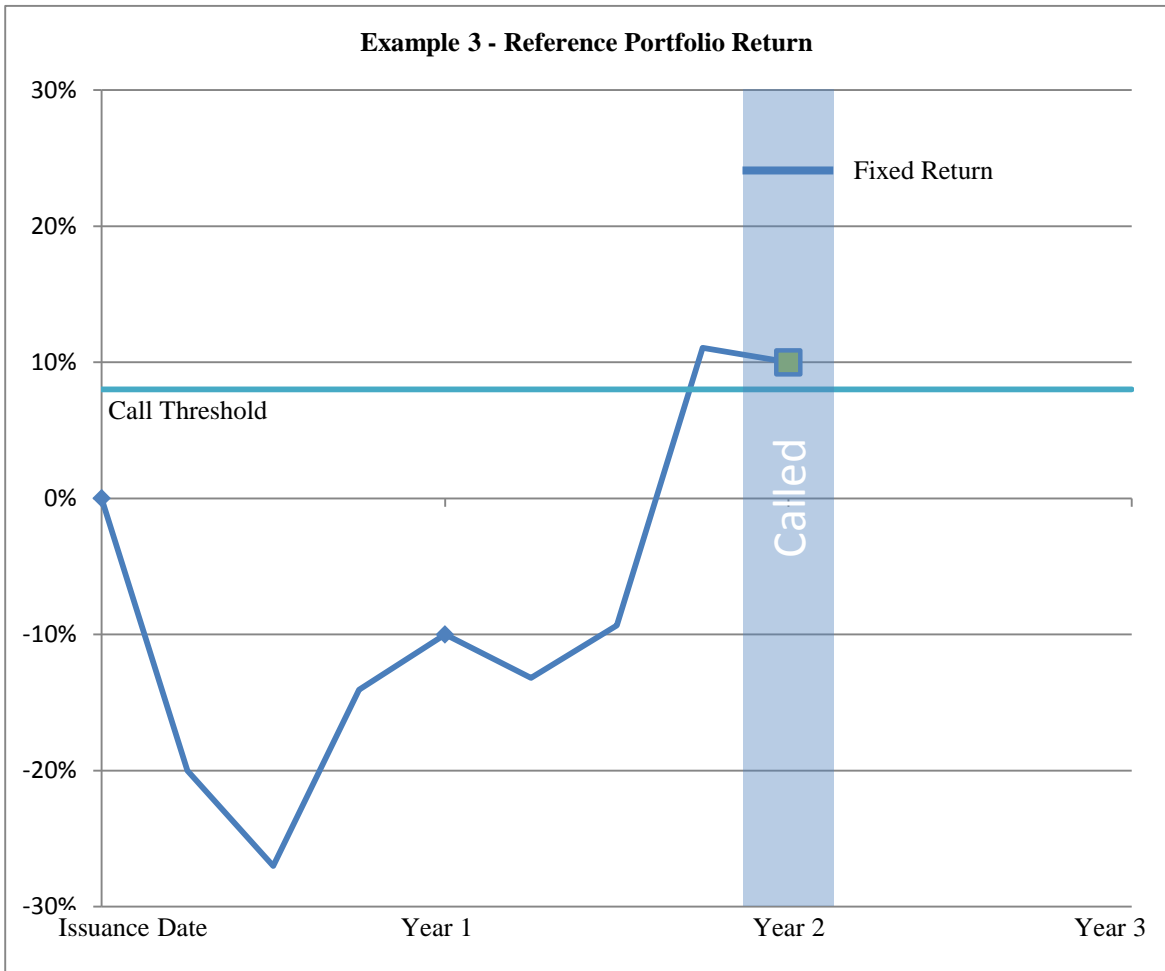


**Example 3:** The Reference Portfolio Return is higher than the Call Threshold on the Call Valuation Date (Year 2) and the Note Securities are automatically called but the Reference Portfolio Return is lower than the Fixed Return.

Date	Reference Asset	Closing Level	Reference Asset Return	Weighted Reference Asset Return	Reference Portfolio Return	Fixed Return
Call Valuation Date (Year 1)	1	\$90.00	-10.00%	-5.00%	-10.00%	12.00%
	2	\$90.00	-10.00%	-2.50%		
	3	\$90.00	-10.00%	-2.50%		
Call Valuation Date (Year 2)	1	\$120.00	20.00%	10.00%	10.00%	24.00%
	2	\$110.00	10.00%	2.50%		
	3	\$90.00	-10.00%	-2.50%		

Final Valuation Date (Year 3)

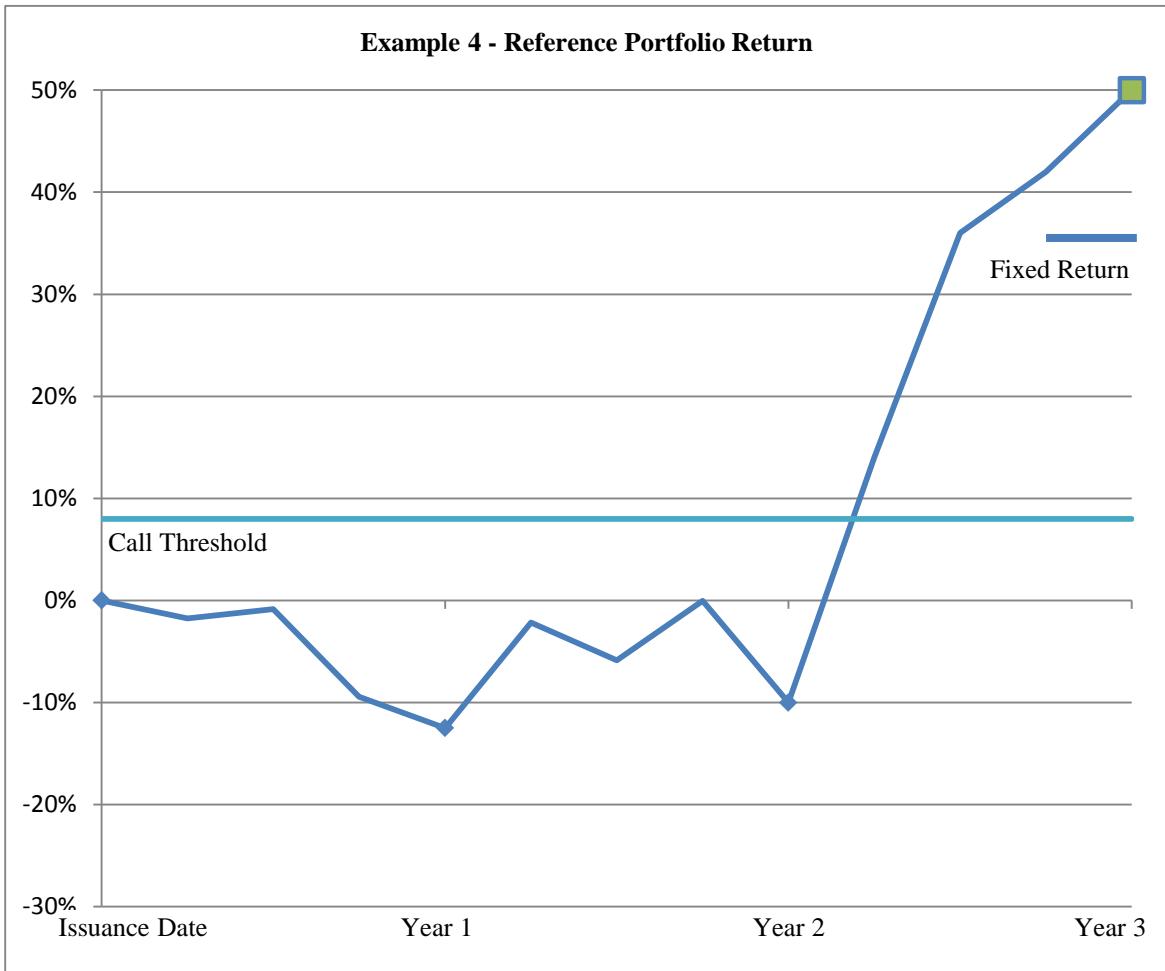
The Reference Portfolio Return is above the Call Threshold on at least one Call Valuation Date or on the Final Valuation Date	Yes, on Call Valuation Date (Year 2). The Note Securities are called automatically.
Reference Portfolio Return on Call Valuation Date (Year 2)	10.00%
Fixed Return applicable to the given Call Valuation Date or Final Valuation Date	24.00%
Reference Portfolio Return is greater than the Fixed Return	No
Variable Return	0%
Reference Portfolio Return is equal to or below the Call Threshold but is positive (Yes/No)	N/A
Maturity Redemption Payment	\$100 x [1 + Fixed Return]
	\$100 x [1 + 24.00%]
	\$124.00
Note Securities return	24.00%
Annualized Compounded Return	11.36%



**Example 4:** The Note Securities are not automatically called and on the Final Valuation Date (Year 3), the Reference Portfolio Return is higher than the Call Threshold and the Fixed Return.

Date	Reference Asset	Closing Level	Reference Asset Return	Weighted Reference Asset Return	Reference Portfolio Return	Fixed Return
Call Valuation Date (Year 1)	1	\$80.00	-20.00%	-10.00%		
	2	\$90.00	-10.00%	-2.50%	-12.50%	12.00%
	3	\$100.00	0.00%	0.00%		
Call Valuation Date (Year 2)	1	\$100.00	0.00%	0.00%		
	2	\$70.00	-30.00%	-7.50%	-10.00%	24.00%
	3	\$90.00	-10.00%	-2.50%		
Final Valuation Date (Year 3)	1	\$160.00	60.00%	30.00%	50.00%	36.00%
	2	\$130.00	30.00%	7.50%		
	3	\$150.00	50.00%	12.50%		

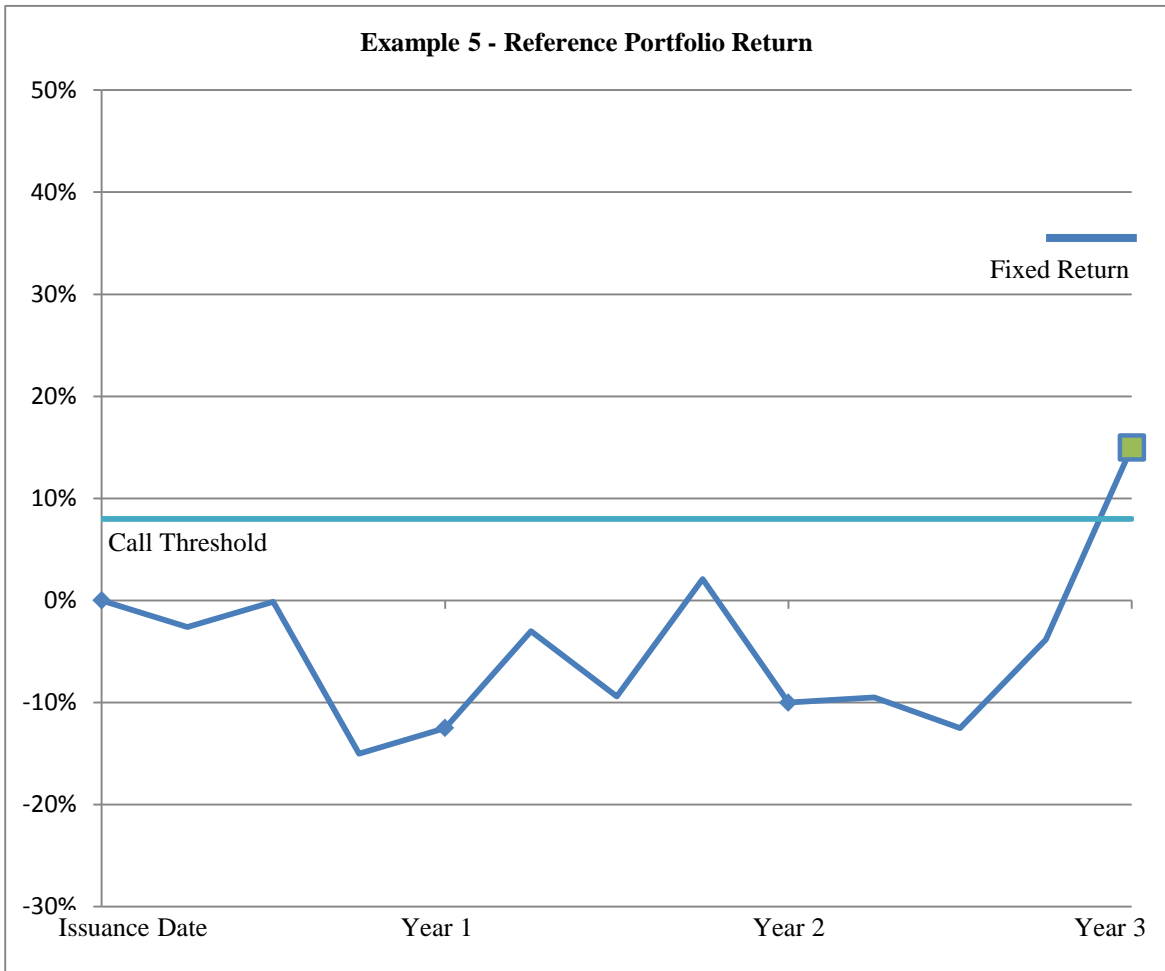
The Reference Portfolio Return is above the Call Threshold on at least one Call Valuation Date or on the Final Valuation Date	Yes, on the Final Valuation Date (Year 3).
Reference Portfolio Return on the Final Valuation Date (Year 3)	50.00%
Fixed Return applicable to the given Call Valuation Date or Final Valuation Date	36.00%
Reference Portfolio Return is greater than the Fixed Return	Yes
Variable Return	Participation Factor x [Reference Portfolio Return - Fixed Return]
	10% x [50.00% - 36.00%]
	1.40%
Reference Portfolio Return is equal to or below the Call Threshold but is positive (Yes/No)	N/A
Maturity Redemption Payment	\$100 x [1 + Fixed Return + Variable Return]
	\$100 x [1 + 36.00% + 1.40%]
	\$137.40
Note Securities return	37.40%
Annualized Compounded Return	11.17%



**Example 5:** The Note Securities are not automatically called and on the Final Valuation Date (Year 3), the Reference Portfolio Return is higher than the Call Threshold but lower than the Fixed Return.

<b>Date</b>	<b>Reference Asset</b>	<b>Closing Level</b>	<b>Reference Asset Return</b>	<b>Weighted Reference Asset Return</b>	<b>Reference Portfolio Return</b>	<b>Fixed Return</b>
Call Valuation Date (Year 1)	1	\$80.00	-20.00%	-10.00%	-12.50%	12.00%
	2	\$90.00	-10.00%	-2.50%		
	3	\$100.00	0.00%	0.00%		
Call Valuation Date (Year 2)	1	\$100.00	0.00%	0.00%	-10.00%	24.00%
	2	\$70.00	-30.00%	-7.50%		
	3	\$90.00	-10.00%	-2.50%		
Final Valuation Date (Year 3)	1	\$130.00	30.00%	15.00%	15.00%	36.00%
	2	\$90.00	-10.00%	-2.50%		
	3	\$110.00	10.00%	2.50%		

<b>The Reference Portfolio Return is above the Call Threshold on at least one Call Valuation Date or on the Final Valuation Date</b>	Yes, on the Final Valuation Date (Year 3).
<b>Reference Portfolio Return on the Final Valuation Date (Year 3)</b>	15.00%
<b>Fixed Return applicable to the given Call Valuation Date or Final Valuation Date</b>	36.00%
<b>Reference Portfolio Return is greater than the Fixed Return</b>	No
<b>Variable Return</b>	0%
<b>Reference Portfolio Return is equal to or below the Call Threshold but is positive (Yes/No)</b>	N/A
<b>Maturity Redemption Payment</b>	\$100 x [1 + Fixed Return]
	\$100 x [1 + 36.00%]
	\$136.00
<b>Note Securities return</b>	36.00%
<b>Annualized Compounded Return</b>	10.79%

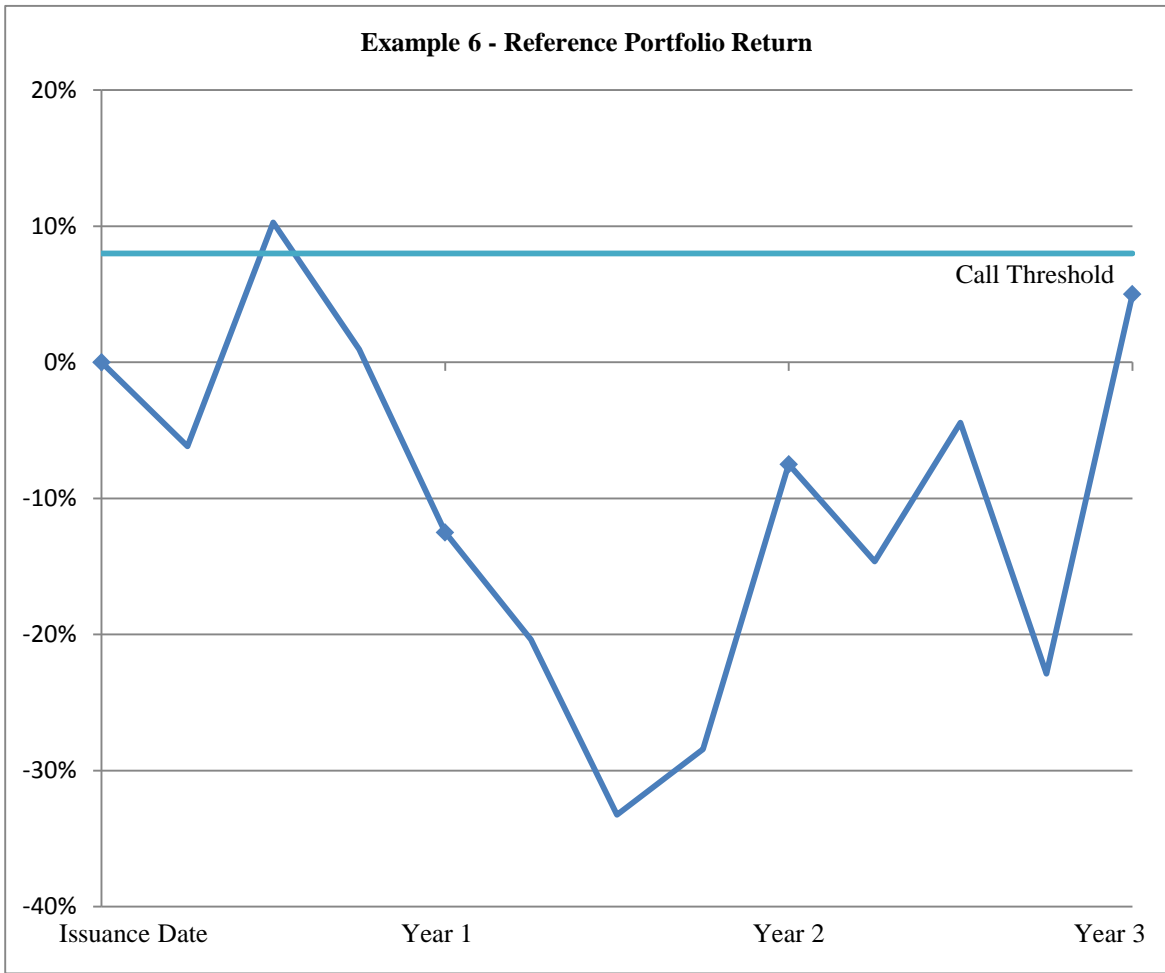


**Example 6:** The Note Securities are not automatically called and on the Final Valuation Date (Year 3), the Reference Portfolio Return is lower than the Call Threshold but is positive.

<b>Date</b>	<b>Reference Asset</b>	<b>Closing Level</b>	<b>Reference Asset Return</b>	<b>Weighted Reference Asset Return</b>	<b>Reference Portfolio Return</b>	<b>Fixed Return</b>
Call Valuation Date (Year 1)	1	\$80.00	-20.00%	-10.00%	-12.50%	12.00%
	2	\$90.00	-10.00%	-2.50%		
	3	\$100.00	0.00%	0.00%		
Call Valuation Date (Year 2)	1	\$90.00	-10.00%	-5.00%	-7.50%	24.00%
	2	\$100.00	0.00%	0.00%		
	3	\$90.00	-10.00%	-2.50%		
Final Valuation Date (Year 3)	1	\$110.00	10.00%	5.00%	5.00%	36.00%
	2	\$100.00	0.00%	0.00%		
	3	\$100.00	0.00%	0.00%		

<b>The Reference Portfolio Return is above the Call Threshold on at least one Call Valuation Date or on the Final Valuation Date</b>	No
<b>Reference Portfolio Return on the Final Valuation Date (Year 3)</b>	5.00%
<b>Fixed Return applicable to the given Call Valuation Date or Final Valuation Date</b>	N/A
<b>Reference Portfolio Return is greater than the Fixed Return</b>	N/A
<b>Variable Return</b>	N/A
<b>Reference Portfolio Return is equal to or below the Call Threshold but is positive (Yes/No)</b>	Yes
<b>Maturity Redemption Payment</b>	\$100.00
<b>Note Securities return</b>	0.00%
<b>Annualized Compounded Return</b>	0.00%

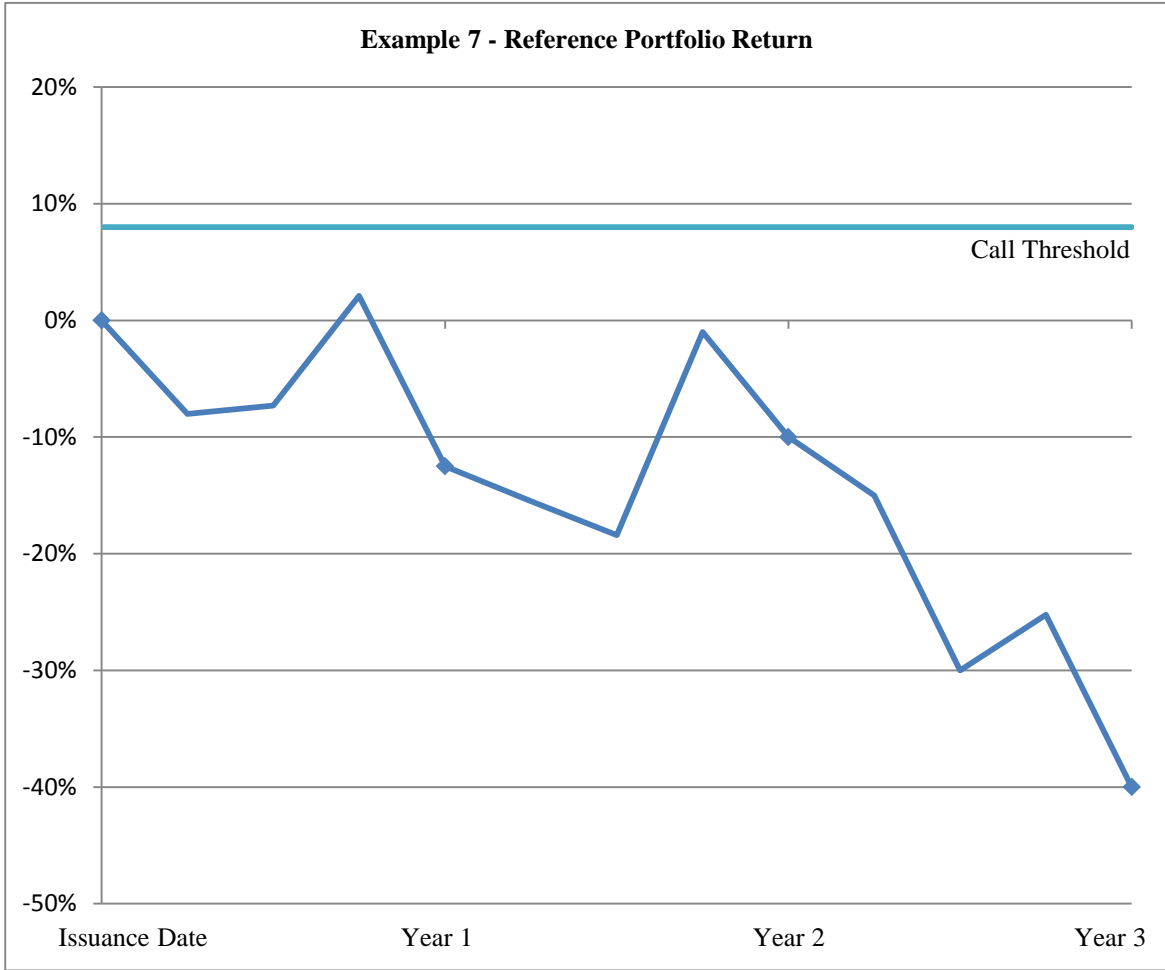




**Example 7:** The Note Securities are not automatically called and on the Final Valuation Date (Year 3), the Reference Portfolio Return is lower than the Call Threshold and is negative.

<b>Date</b>	<b>Reference Asset</b>	<b>Closing Level</b>	<b>Reference Asset Return</b>	<b>Weighted Reference Asset Return</b>	<b>Reference Portfolio Return</b>	<b>Fixed Return</b>
Call Valuation Date (Year 1)	1	\$80.00	-20.00%	-10.00%		
	2	\$90.00	-10.00%	-2.50%	-12.50%	12.00%
	3	\$100.00	0.00%	0.00%		
Call Valuation Date (Year 2)	1	\$100.00	0.00%	0.00%		
	2	\$70.00	-30.00%	-7.50%	-10.00%	24.00%
	3	\$90.00	-10.00%	-2.50%		
Final Valuation Date (Year 3)	1	\$65.00	-35.00%	-17.50%		
	2	\$60.00	-40.00%	-10.00%	-40.00%	36.00%
	3	\$50.00	-50.00%	-12.50%		

<b>The Reference Portfolio Return is above the Call Threshold on at least one Call Valuation Date or on the Final Valuation Date</b>	No
<b>Reference Portfolio Return on the Final Valuation Date (Year 3)</b>	-40.00%
<b>Fixed Return applicable to the given Call Valuation Date or Final Valuation Date</b>	N/A
<b>Reference Portfolio Return is greater than the Fixed Return</b>	N/A
<b>Variable Return</b>	N/A
<b>Reference Portfolio Return is equal to or below the Call Threshold but is positive (Yes/No)</b>	No
<b>Maturity Redemption Payment</b>	\$100 x [1 + Reference Portfolio Return]
	\$100 x [1 - 40.00%]
	\$60.00
<b>Note Securities return</b>	-40.00%
<b>Annualized Compounded Return</b>	-15.66%



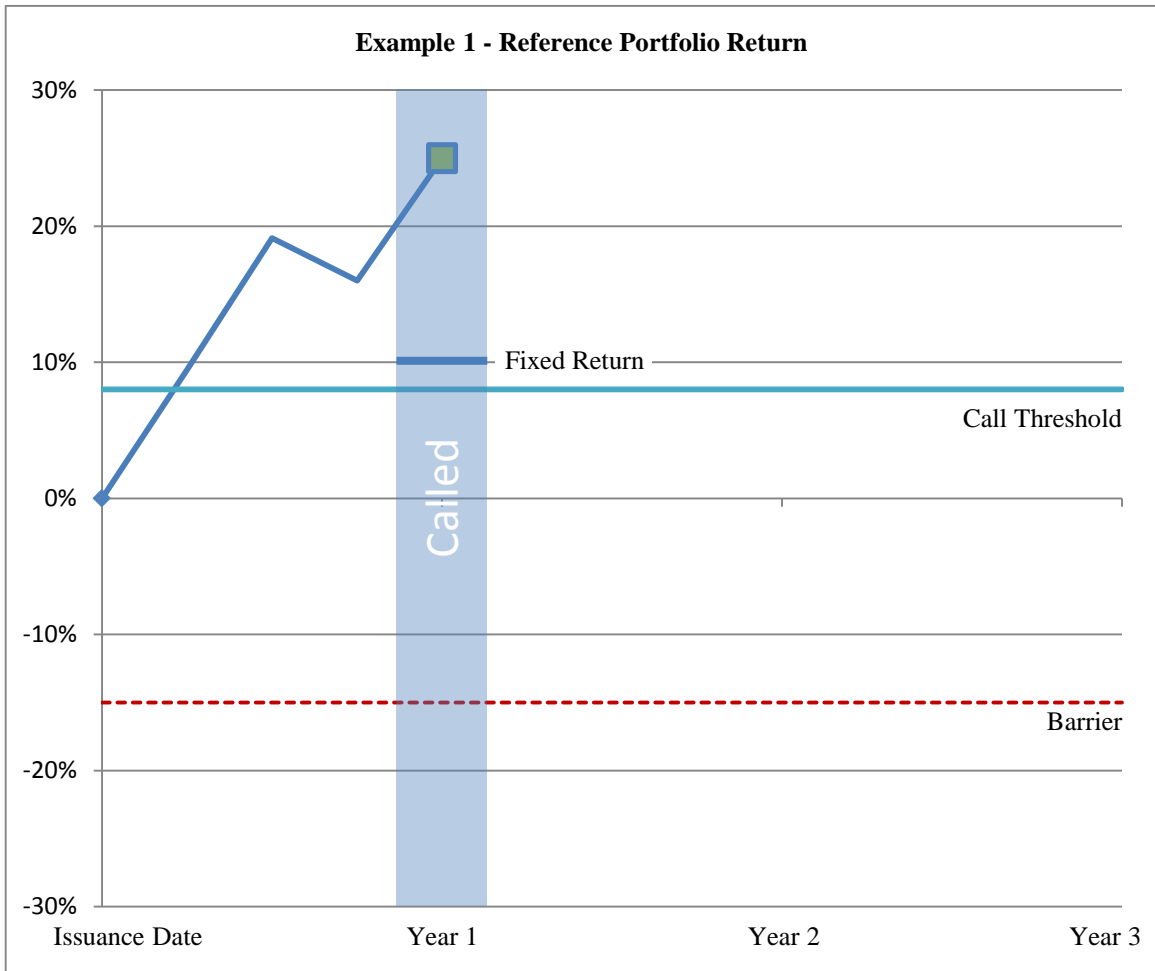
*NBC Auto Callable Note Securities (Maturity-Monitored Barrier)*

Each of the following hypothetical examples illustrates how the Maturity Redemption Payment is calculated using a Call Threshold of 8%, a Fixed Return of 10% on the Call Valuation Date (Year 1), a Fixed Return of 20% on the Call Valuation Date (Year 2), a Fixed Return of 30% on the Final Valuation Date (Year 3), a Participation Factor of 10% and a Barrier of -15%. These features are solely hypothetical.

**Example 1:** The Reference Portfolio Return is higher than the Call Threshold on the Call Valuation Date (Year 1), the Note Securities are automatically called and the Reference Portfolio Return is higher than the Fixed Return.

Date	Reference Asset	Closing Level	Reference Asset Return	Weighted Reference Asset Return	Reference Portfolio Return	Fixed Return
Call Valuation Date (Year 1)	1	\$115.00	15.00%	7.50%	25.00%	10.00%
	2	\$130.00	30.00%	7.50%		
	3	\$140.00	40.00%	10.00%		
Call Valuation Date (Year 2)						
Final Valuation Date (Year 3)						

The Reference Portfolio Return is above the Call Threshold on at least one Call Valuation Date or on the Final Valuation Date	Yes, on Call Valuation Date (Year 1). The Note Securities are called automatically.
Reference Portfolio Return on Call Valuation Date (Year 1)	25.00%
Fixed Return applicable to the given Call Valuation Date or Final Valuation Date	10.00%
Reference Portfolio Return is greater than the Fixed Return	Yes
Variable Return	Participation Factor x [Reference Portfolio Return - Fixed Return]
	10% x [25.00% - 10.00%]
	1.50%
Barrier breached (Yes/No)	N/A
Maturity Redemption Payment	$\$100 \times [1 + \text{Fixed Return} + \text{Variable Return}]$
	$\$100 \times [1 + 10.00\% + 1.50\%]$
	\$111.50
Note Securities return	11.50%
Annualized Compounded Return	11.50%

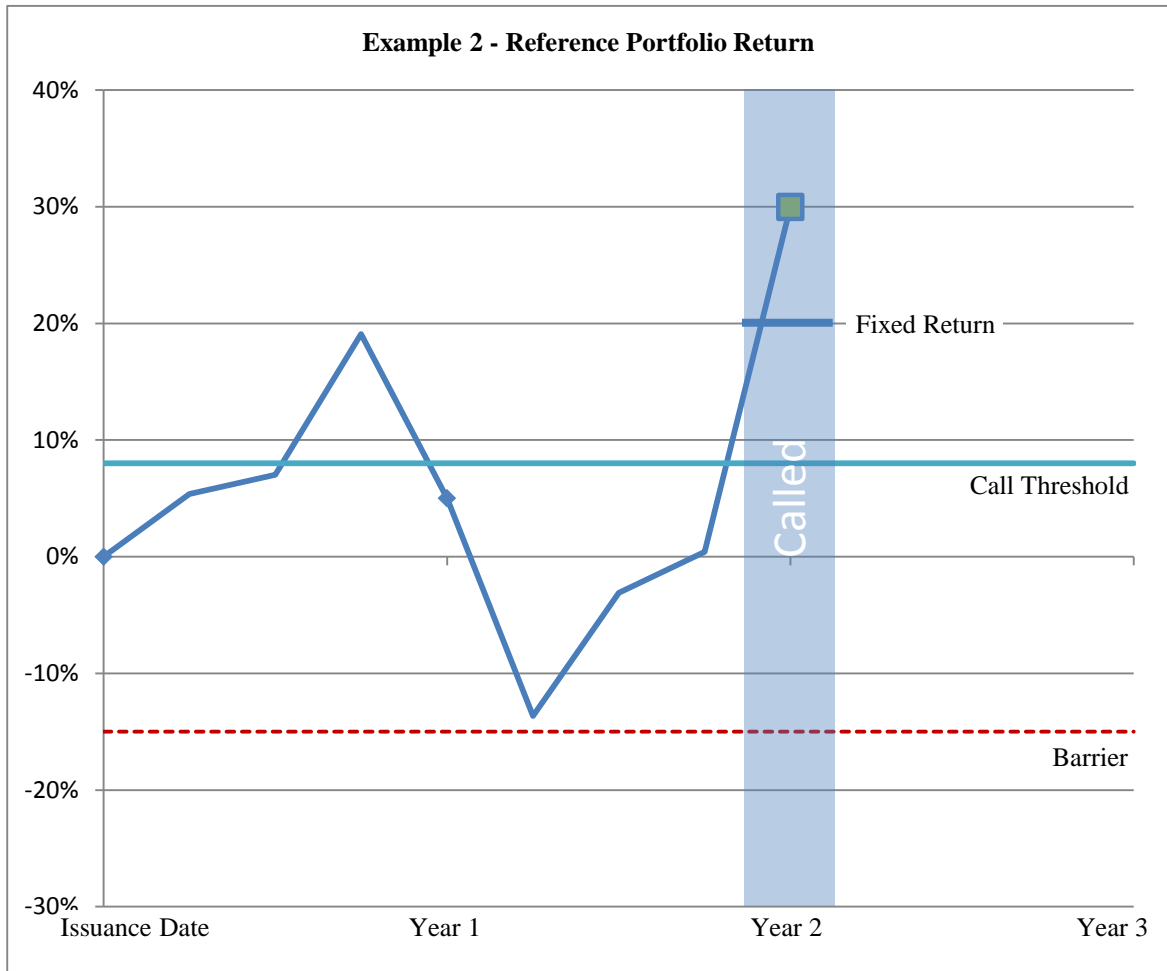


**Example 2:** The Reference Portfolio Return is higher than the Call Threshold on the Call Valuation Date (Year 2), the Note Securities are automatically called and the Reference Portfolio Return is higher than the Fixed Return.

Date	Reference Asset	Closing Level	Reference Asset Return	Weighted Reference Asset Return	Reference Portfolio Return	Fixed Return
Call Valuation Date (Year 1)	1	\$110.00	10.00%	5.00%	5.00%	10.00%
	2	\$110.00	10.00%	2.50%		
	3	\$90.00	-10.00%	-2.50%		
Call Valuation Date (Year 2)	1	\$140.00	40.00%	20.00%	30.00%	20.00%
	2	\$130.00	30.00%	7.50%		
	3	\$110.00	10.00%	2.50%		

Final Valuation Date (Year 3)

The Reference Portfolio Return is above the Call Threshold on at least one Call Valuation Date or on the Final Valuation Date	Yes, on Call Valuation Date (Year 2). The Note Securities are called automatically.
Reference Portfolio Return on Call Valuation Date (Year 2)	30.00%
Fixed Return applicable to the given Call Valuation Date or Final Valuation Date	20.00%
Reference Portfolio Return is greater than the Fixed Return	Yes
Variable Return	Participation Factor x [Reference Portfolio Return - Fixed Return]
	10% x [30.00% - 20.00%]
	1.00%
Barrier breached (Yes/No)	N/A
Maturity Redemption Payment	$\$100 \times [1 + \text{Fixed Return} + \text{Variable Return}]$
	$\$100 \times [1 + 20.00\% + 1.00\%]$
	\$121.00
Note Securities return	21.00%
Annualized Compounded Return	10.00%



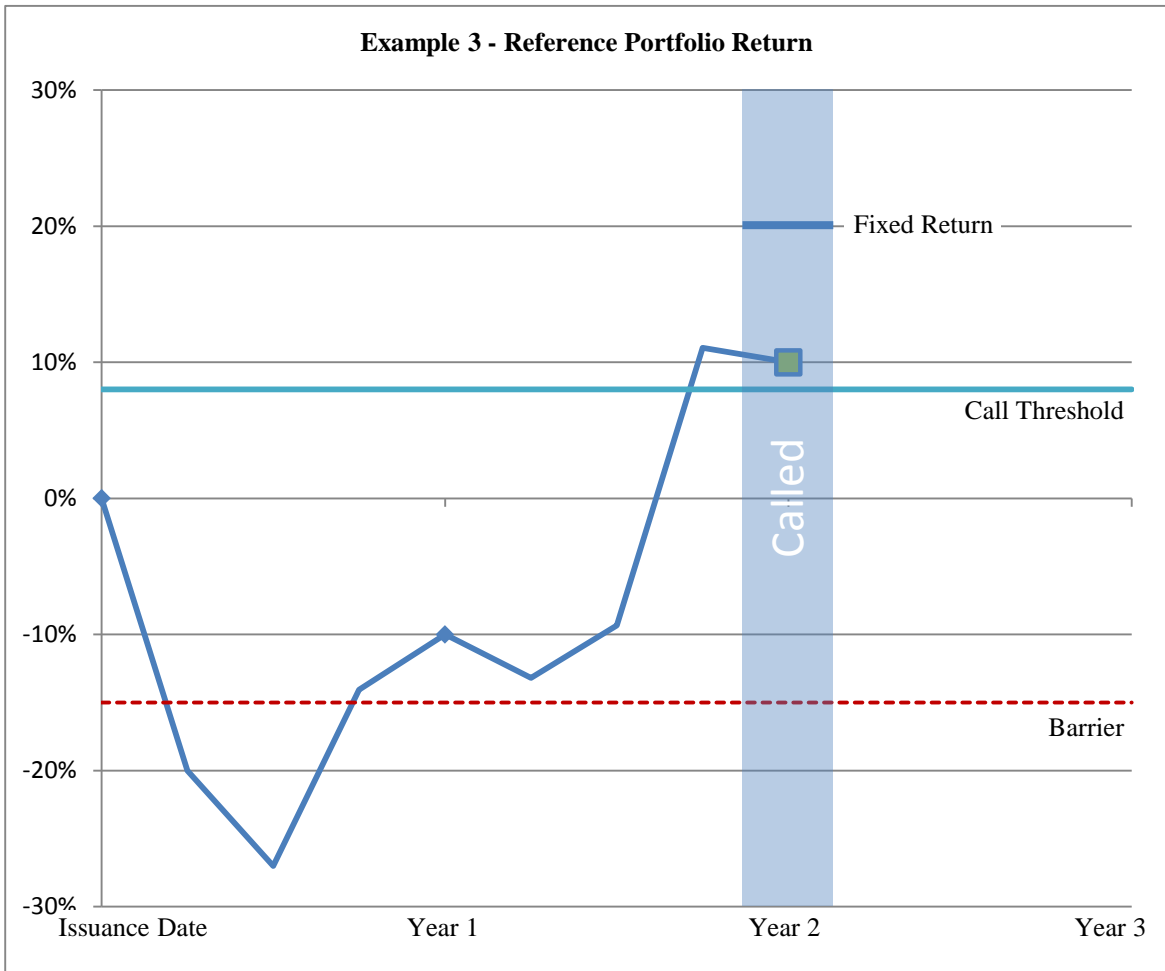
**Example 3:** The Reference Portfolio Return is higher than the Call Threshold on the Call Valuation Date (Year 2) and the Note Securities are automatically called but the Reference Portfolio Return is lower than the Fixed Return.

Date	Reference Asset	Closing Level	Reference Asset Return	Weighted Reference Asset Return	Reference Portfolio Return	Fixed Return
Call Valuation Date (Year 1)	1	\$90.00	-10.00%	-5.00%	-10.00%	10.00%
	2	\$90.00	-10.00%	-2.50%		
	3	\$90.00	-10.00%	-2.50%		
Call Valuation Date (Year 2)	1	\$120.00	20.00%	10.00%	10.00%	20.00%
	2	\$110.00	10.00%	2.50%		
	3	\$90.00	-10.00%	-2.50%		

Final Valuation Date (Year 3)

The Reference Portfolio Return is above the Call Threshold on at least one Call Valuation Date or on the Final Valuation Date	Yes, on Call Valuation Date (Year 2). The Note Securities are called automatically.
Reference Portfolio Return on Call Valuation Date (Year 2)	10.00%
Fixed Return applicable to the given Call Valuation Date or Final Valuation Date	20.00%
Reference Portfolio Return is greater than the Fixed Return	No
Variable Return	0%
Barrier breached (Yes/No)	N/A
Maturity Redemption Payment	\$100 x [1 + Fixed Return]
	\$100 x [1 + 20.00%]
	\$120.00
Note Securities return	20.00%
Annualized Compounded Return	9.54%

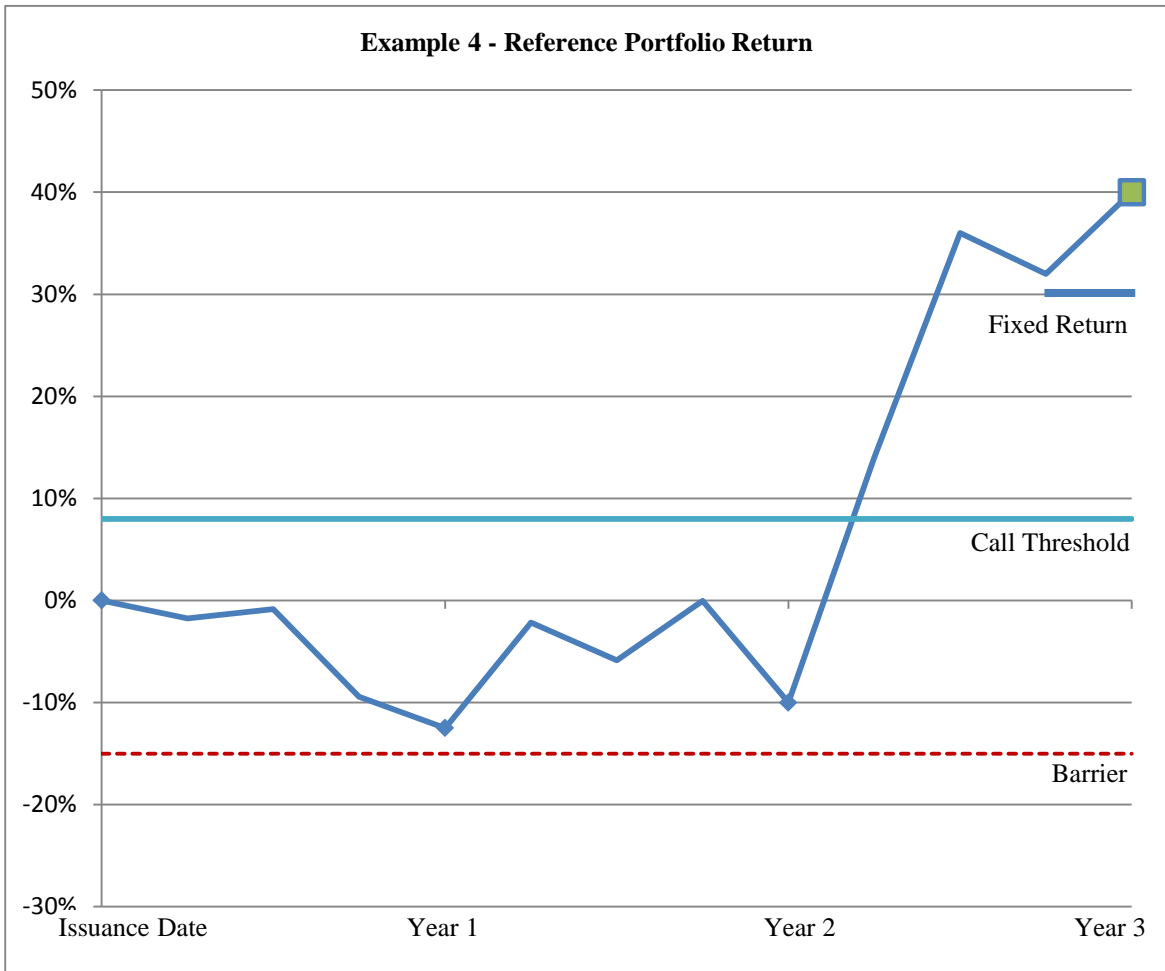




**Example 4:** The Note Securities are not automatically called and on the Final Valuation Date (Year 3), the Reference Portfolio Return is higher than the Call Threshold and the Fixed Return.

Date	Reference Asset	Closing Level	Reference Asset Return	Weighted Reference Asset Return	Reference Portfolio Return	Fixed Return
Call Valuation Date (Year 1)	1	\$80.00	-20.00%	-10.00%	-12.50%	10.00%
	2	\$90.00	-10.00%	-2.50%		
	3	\$100.00	0.00%	0.00%		
Call Valuation Date (Year 2)	1	\$100.00	0.00%	0.00%	-10.00%	20.00%
	2	\$70.00	-30.00%	-7.50%		
	3	\$90.00	-10.00%	-2.50%		
Final Valuation Date (Year 3)	1	\$160.00	60.00%	30.00%	40.00%	30.00%
	2	\$130.00	30.00%	7.50%		
	3	\$110.00	10.00%	2.50%		

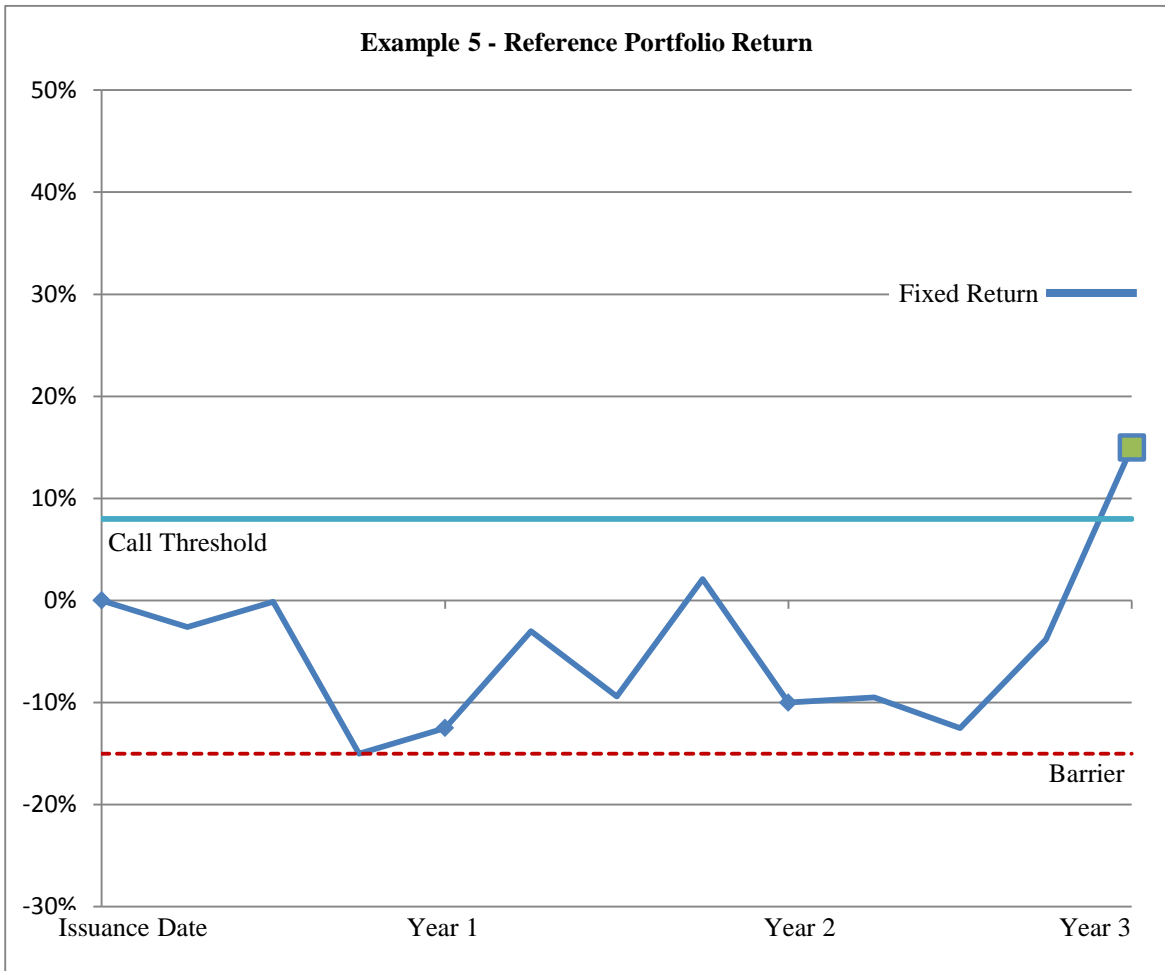
The Reference Portfolio Return is above the Call Threshold on at least one Call Valuation Date or on the Final Valuation Date	Yes, on the Final Valuation Date (Year 3).
Reference Portfolio Return on the Final Valuation Date (Year 3)	40.00%
Fixed Return applicable to the given Call Valuation Date or Final Valuation Date	30.00%
Reference Portfolio Return is greater than the Fixed Return	Yes
Variable Return	Participation Factor x [Reference Portfolio Return - Fixed Return]
	10% x [40.00% - 30.00%]
	1.00%
Barrier breached (Yes/No)	N/A
Maturity Redemption Payment	$\$100 \times [1 + \text{Fixed Return} + \text{Variable Return}]$
	$\$100 \times [1 + 30.00\% + 1.00\%]$
	\$131.00
Note Securities return	31.00%
Annualized Compounded Return	9.42%



**Example 5:** The Note Securities are not automatically called and on the Final Valuation Date (Year 3), the Reference Portfolio Return is higher than the Call Threshold but lower than the Fixed Return.

<b>Date</b>	<b>Reference Asset</b>	<b>Closing Level</b>	<b>Reference Asset Return</b>	<b>Weighted Reference Asset Return</b>	<b>Reference Portfolio Return</b>	<b>Fixed Return</b>
Call Valuation Date (Year 1)	1	\$80.00	-20.00%	-10.00%	-12.50%	10.00%
	2	\$90.00	-10.00%	-2.50%		
	3	\$100.00	0.00%	0.00%		
Call Valuation Date (Year 2)	1	\$100.00	0.00%	0.00%	-10.00%	20.00%
	2	\$70.00	-30.00%	-7.50%		
	3	\$90.00	-10.00%	-2.50%		
Final Valuation Date (Year 3)	1	\$130.00	30.00%	15.00%	15.00%	30.00%
	2	\$90.00	-10.00%	-2.50%		
	3	\$110.00	10.00%	2.50%		

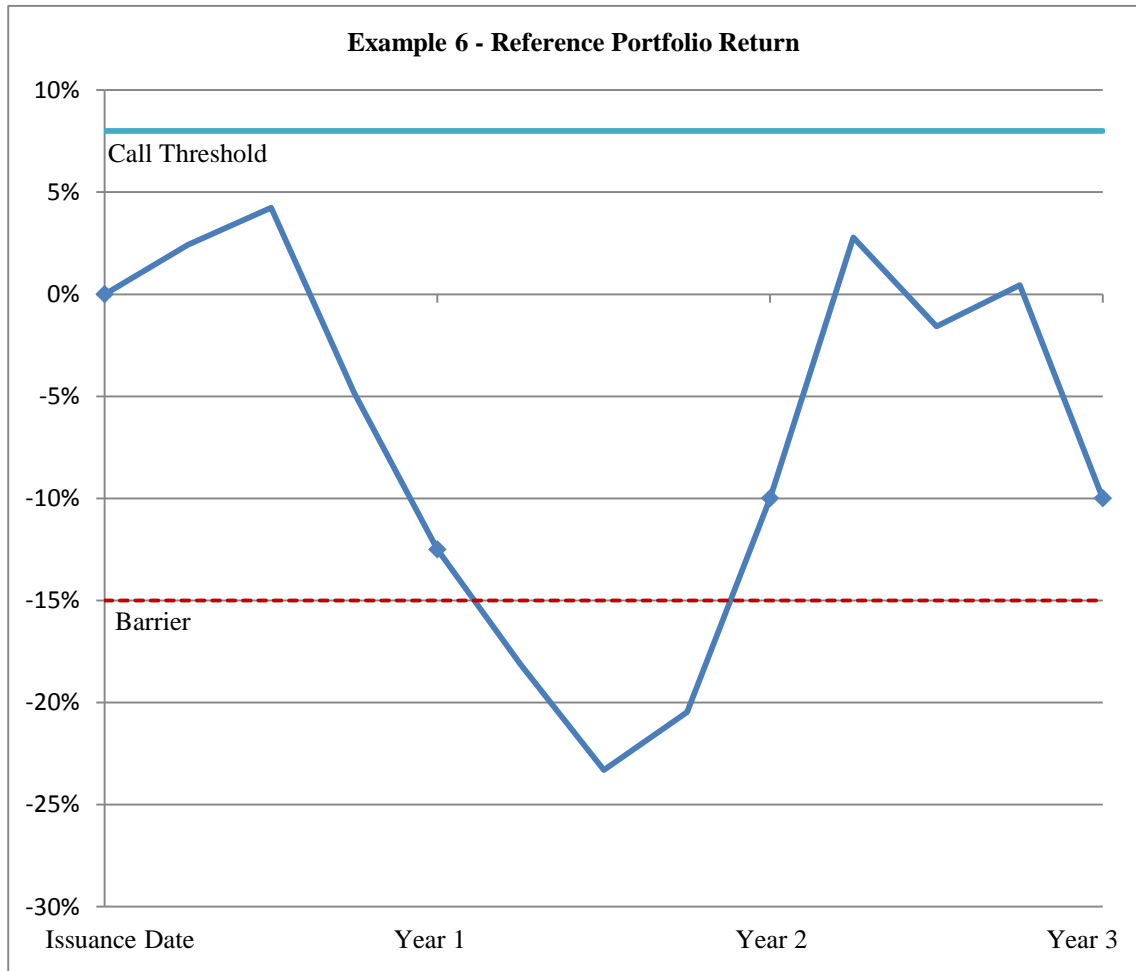
<b>The Reference Portfolio Return is above the Call Threshold on at least one Call Valuation Date or on the Final Valuation Date</b>	Yes, on the Final Valuation Date (Year 3).
<b>Reference Portfolio Return on the Final Valuation Date (Year 3)</b>	15.00%
<b>Fixed Return applicable to the given Call Valuation Date or Final Valuation Date</b>	30.00%
<b>Reference Portfolio Return is greater than the Fixed Return</b>	No
<b>Variable Return</b>	0%
<b>Barrier breached (Yes/No)</b>	N/A
<b>Maturity Redemption Payment</b>	\$100 x [1 + Fixed Return]
	\$100 x [1 + 30.00%]
	\$130.00
<b>Note Securities return</b>	30.00%
<b>Annualized Compounded Return</b>	9.14%



**Example 6:** The Note Securities are not automatically called and on the Final Valuation Date (Year 3), the Reference Portfolio Return is lower than the Call Threshold but higher than the Barrier.

<b>Date</b>	<b>Reference Asset</b>	<b>Closing Level</b>	<b>Reference Asset Return</b>	<b>Weighted Reference Asset Return</b>	<b>Reference Portfolio Return</b>	<b>Fixed Return</b>
Call Valuation Date (Year 1)	1	\$80.00	-20.00%	-10.00%		
	2	\$90.00	-10.00%	-2.50%	-12.50%	10.00%
	3	\$100.00	0.00%	0.00%		
Call Valuation Date (Year 2)	1	\$100.00	0.00%	0.00%		
	2	\$70.00	-30.00%	-7.50%	-10.00%	20.00%
	3	\$90.00	-10.00%	-2.50%		
Final Valuation Date (Year 3)	1	\$90.00	-10.00%	-5.00%		
	2	\$90.00	-10.00%	-2.50%	-10.00%	30.00%
	3	\$90.00	-10.00%	-2.50%		

<b>The Reference Portfolio Return is above the Call Threshold on at least one Call Valuation Date or on the Final Valuation Date</b>	No
<b>Reference Portfolio Return on the Final Valuation Date (Year 3)</b>	-10.00%
<b>Fixed Return applicable to the given Call Valuation Date or Final Valuation Date</b>	N/A
<b>Reference Portfolio Return is greater than the Fixed Return</b>	N/A
<b>Variable Return</b>	N/A
<b>Barrier breached (Yes/No)</b>	No
<b>Maturity Redemption Payment</b>	\$100.00
<b>Note Securities return</b>	0.00%
<b>Annualized Compounded Return</b>	0.00%

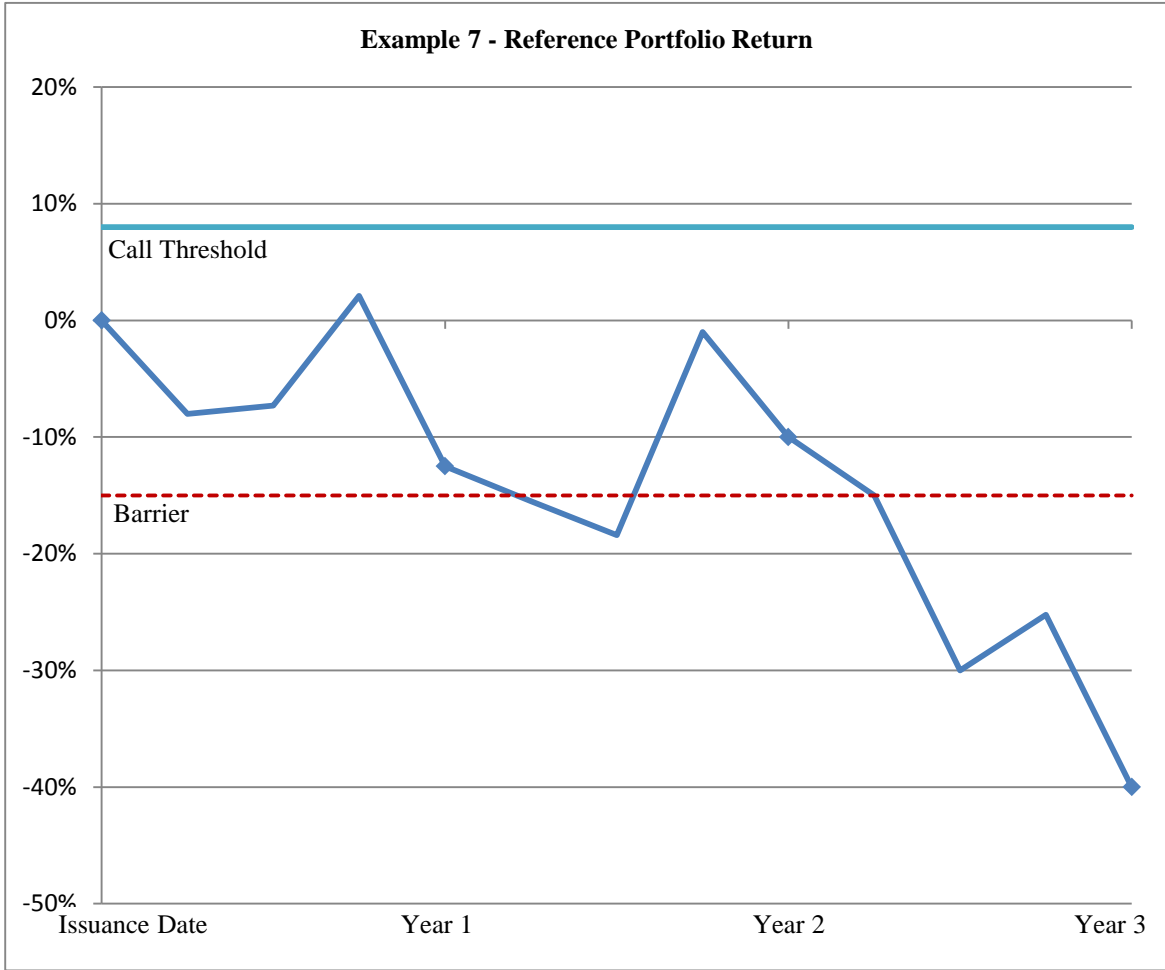


**Example 7:** The Note Securities are not automatically called and on the Final Valuation Date (Year 3), the Reference Portfolio Return is lower than the Call Threshold and the Barrier.

<b>Date</b>	<b>Reference Asset</b>	<b>Closing Level</b>	<b>Reference Asset Return</b>	<b>Weighted Reference Asset Return</b>	<b>Reference Portfolio Return</b>	<b>Fixed Return</b>
Call Valuation Date (Year 1)	1	\$80.00	-20.00%	-10.00%		
	2	\$90.00	-10.00%	-2.50%	-12.50%	10.00%
	3	\$100.00	0.00%	0.00%		
Call Valuation Date (Year 2)	1	\$100.00	0.00%	0.00%		
	2	\$70.00	-30.00%	-7.50%	-10.00%	20.00%
	3	\$90.00	-10.00%	-2.50%		
Final Valuation Date (Year 3)	1	\$65.00	-35.00%	-17.50%		
	2	\$60.00	-40.00%	-10.00%	-40.00%	30.00%
	3	\$50.00	-50.00%	-12.50%		

<b>The Reference Portfolio Return is above the Call Threshold on at least one Call Valuation Date or on the Final Valuation Date</b>	No
<b>Reference Portfolio Return on the Final Valuation Date (Year 3)</b>	-40.00%
<b>Fixed Return applicable to the given Call Valuation Date or Final Valuation Date</b>	N/A
<b>Reference Portfolio Return is greater than the Fixed Return</b>	N/A
<b>Variable Return</b>	N/A
<b>Barrier breached (Yes/No)</b>	Yes
<b>Maturity Redemption Payment</b>	\$100 x [1 + Reference Portfolio Return]
	\$100 x [1 - 40.00%]
	\$60.00
<b>Note Securities return</b>	-40.00%
<b>Annualized Compounded Return</b>	-15.66%





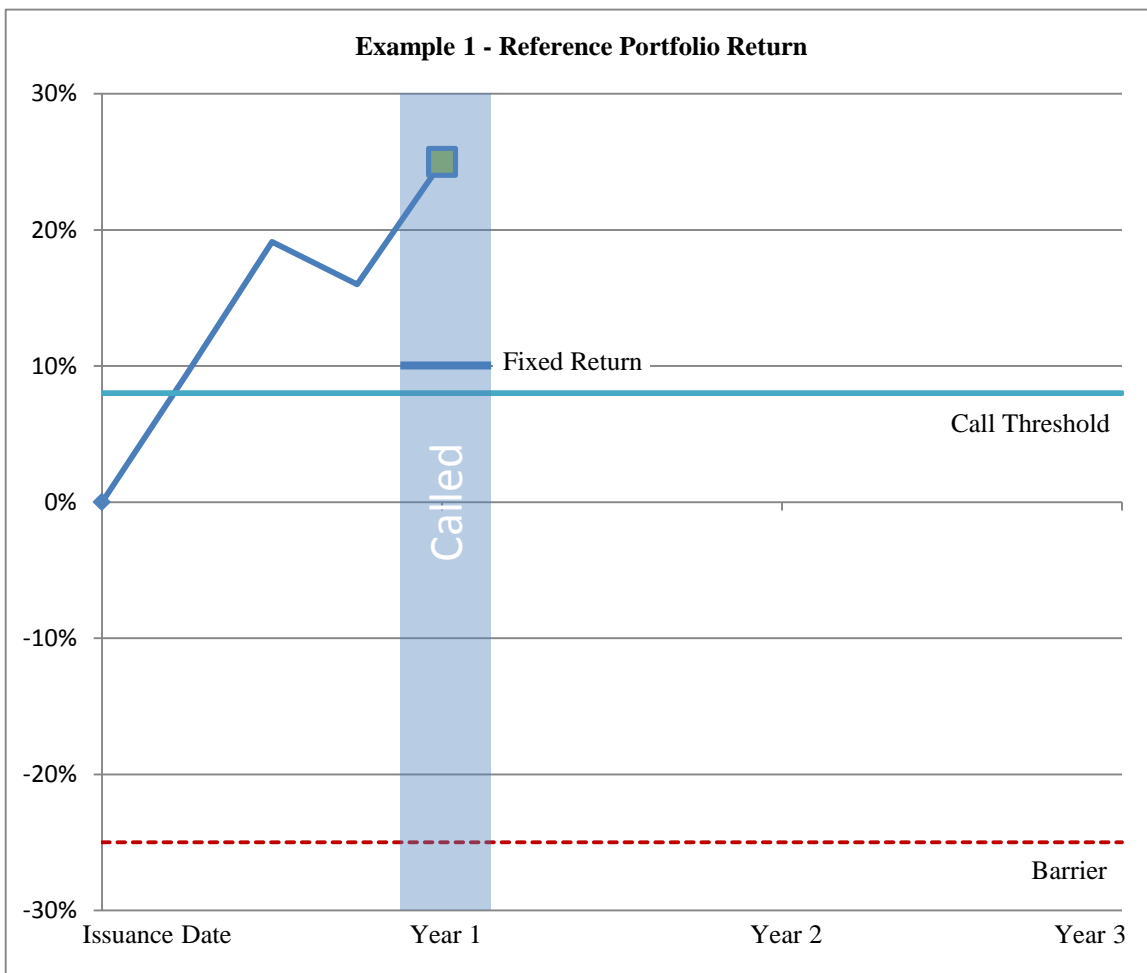
*NBC Auto Callable Note Securities (Daily-Monitored Barrier)*

Each of the following hypothetical examples illustrates how the Maturity Redemption Payment is calculated using a Call Threshold of 8%, Fixed Return of 10% on the Call Valuation Date (Year 1), a Fixed Return of 20% on the Call Valuation Date (Year 2), a Fixed Return of 30% on the Final Valuation Date (Year 3), a Participation Factor of 10% and a Barrier of -25%. These features are solely hypothetical.

**Example 1:** The Reference Portfolio Return is higher than the Call Threshold on the Call Valuation Date (Year 1), the Note Securities are automatically called and the Reference Portfolio Return is higher than the Fixed Return.

Date	Reference Asset	Closing Level	Reference Asset Return	Weighted Reference Asset Return	Reference Portfolio Return	Fixed Return
Call Valuation Date (Year 1)	1	\$115.00	15.00%	7.50%	25.00%	10.00%
	2	\$130.00	30.00%	7.50%		
	3	\$140.00	40.00%	10.00%		
Call Valuation Date (Year 2)						
Final Valuation Date (Year 3)						

The Reference Portfolio Return is above the Call Threshold on at least one Call Valuation Date or on the Final Valuation Date	Yes, on Call Valuation Date (Year 1). The Note Securities are called automatically.
Reference Portfolio Return on Call Valuation Date (Year 1)	25.00%
Fixed Return applicable to the given Call Valuation Date or Final Valuation Date	10.00%
Reference Portfolio Return is greater than the Fixed Return	Yes
Variable Return	Participation Factor x [Reference Portfolio Return - Fixed Return]
	10% x [25.00% - 10.00%]
	1.50%
Reference Portfolio Return is equal to or below the Call Threshold but is positive (Yes/No)	N/A
Barrier breached on any day during the Barrier Measurement Period (Yes/No)	N/A
Maturity Redemption Payment	$\$100 \times [1 + \text{Fixed Return} + \text{Variable Return}]$
	$\$100 \times [1 + 10.00\% + 1.50\%]$
	\$111.50
Note Securities return	11.50%
Annualized Compounded Return	11.50%

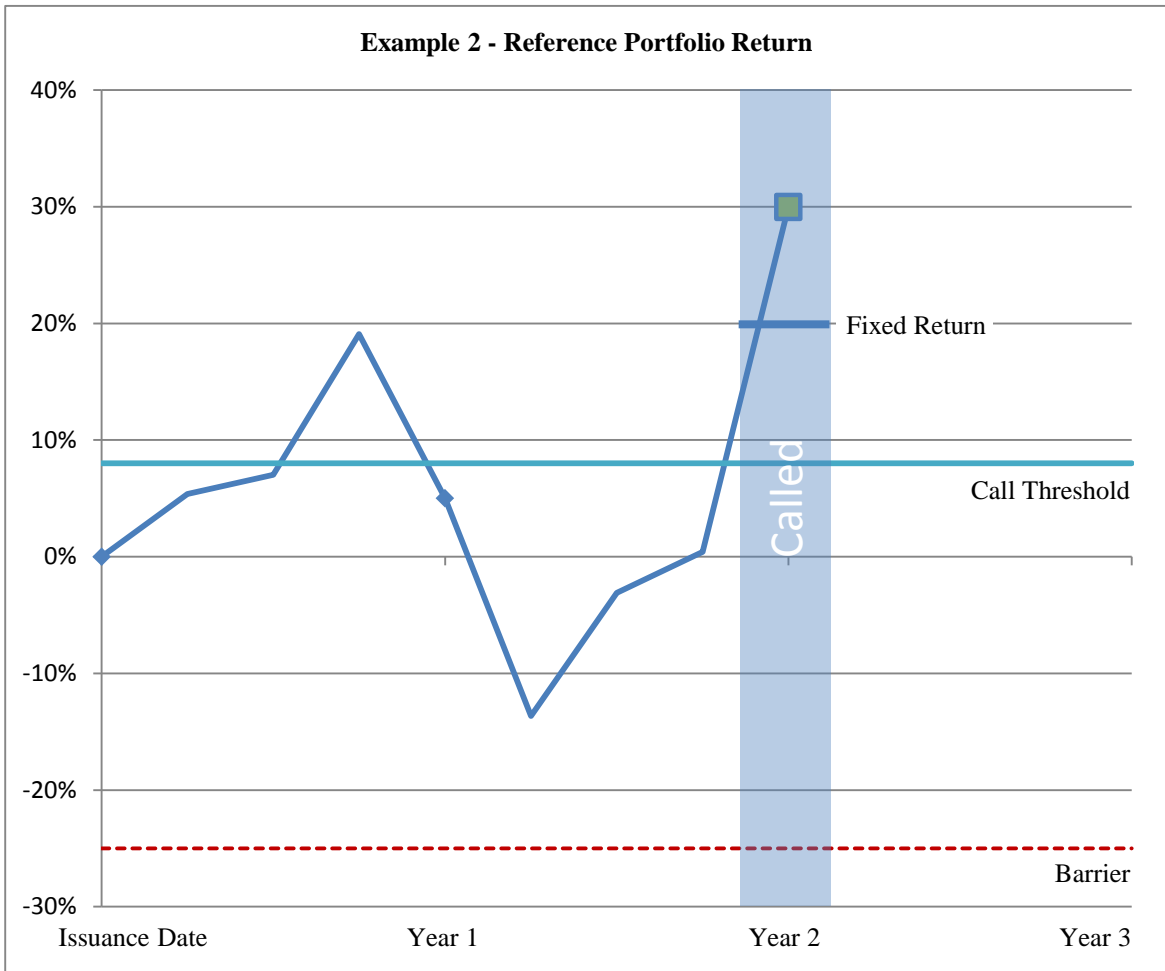


**Example 2:** The Reference Portfolio Return is higher than the Call Threshold on the Call Valuation Date (Year 2), the Note Securities are automatically called and the Reference Portfolio Return is higher than the Fixed Return.

Date	Reference Asset	Closing Level	Reference Asset Return	Weighted Reference Asset Return	Reference Portfolio Return	Fixed Return
Call Valuation Date (Year 1)	1	\$110.00	10.00%	5.00%	5.00%	10.00%
	2	\$110.00	10.00%	2.50%		
	3	\$90.00	-10.00%	-2.50%		
Call Valuation Date (Year 2)	1	\$140.00	40.00%	20.00%	30.00%	20.00%
	2	\$130.00	30.00%	7.50%		
	3	\$110.00	10.00%	2.50%		

Final Valuation Date (Year 3)

The Reference Portfolio Return is above the Call Threshold on at least one Call Valuation Date or on the Final Valuation Date	Yes, on Call Valuation Date (Year 2). The Note Securities are called automatically.
Reference Portfolio Return on Call Valuation Date (Year 2)	30.00%
Fixed Return applicable to the given Call Valuation Date or Final Valuation Date	20.00%
Reference Portfolio Return is greater than the Fixed Return	Yes
Variable Return	Participation Factor x [Reference Portfolio Return - Fixed Return]
	10% x [30.00% - 20.00%]
	1.00%
Reference Portfolio Return is equal to or below the Call Threshold but is positive (Yes/No)	N/A
Barrier breached on any day during the Barrier Measurement Period (Yes/No)	N/A
Maturity Redemption Payment	$\$100 \times [1 + \text{Fixed Return} + \text{Variable Return}]$
	$\$100 \times [1 + 20.00\% + 1.00\%]$
	\$121.00
Note Securities return	21.00%
Annualized Compounded Return	10.00%

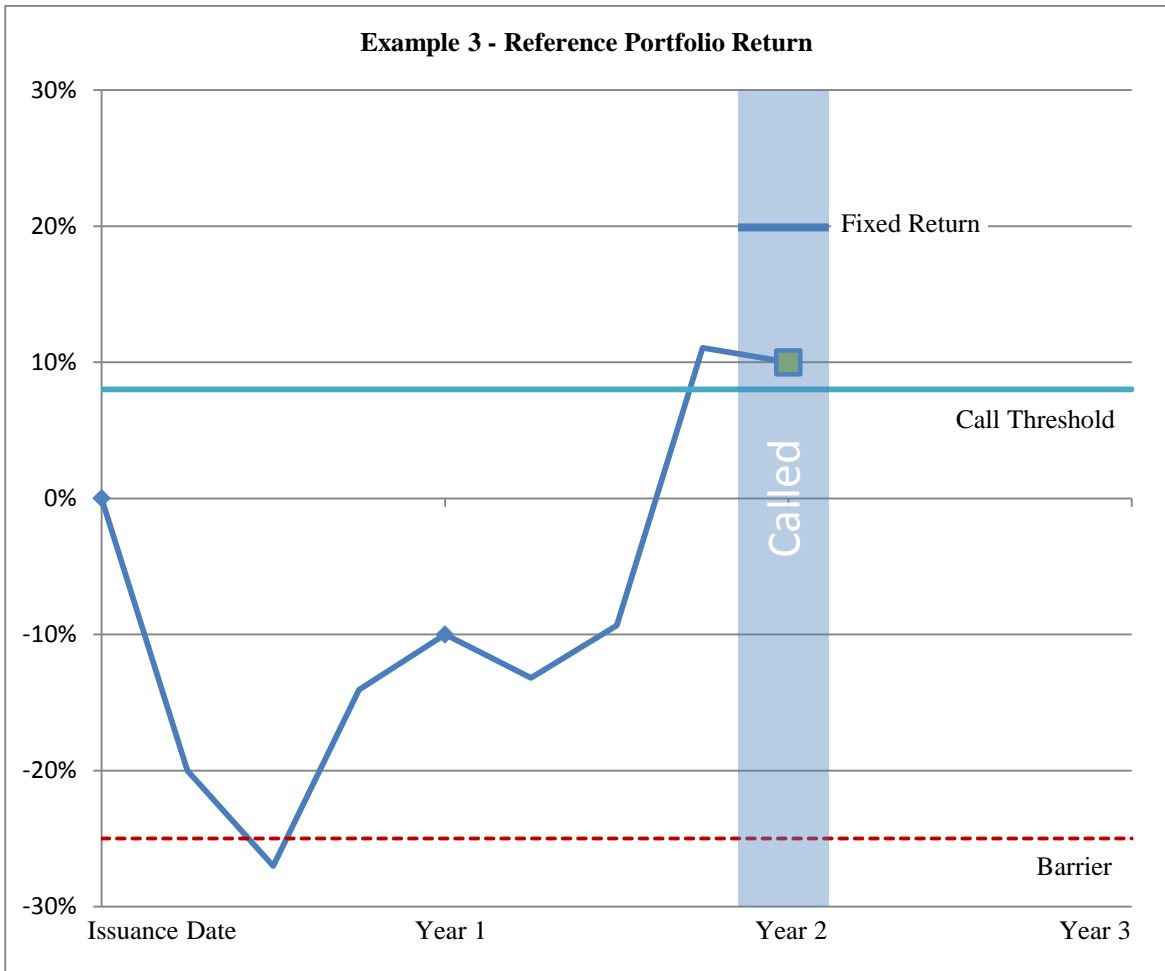


**Example 3:** The Reference Portfolio Return is higher than the Call Threshold on the Call Valuation Date (Year 2) and the Note Securities are automatically called but the Reference Portfolio Return is lower than the Fixed Return. The Maturity Redemption Payment will not be impacted by the fact that the Reference Portfolio Return falls below the Barrier on any day during the Barrier Measurement Period.

Date	Reference Asset	Closing Level	Reference Asset Return	Weighted Reference Asset Return	Reference Portfolio Return	Fixed Return
Call Valuation Date (Year 1)	1	\$90.00	-10.00%	-5.00%	-10.00%	10.00%
	2	\$90.00	-10.00%	-2.50%		
	3	\$90.00	-10.00%	-2.50%		
Call Valuation Date (Year 2)	1	\$120.00	20.00%	10.00%	10.00%	20.00%
	2	\$110.00	10.00%	2.50%		
	3	\$90.00	-10.00%	-2.50%		

Final Valuation Date (Year 3)

The Reference Portfolio Return is above the Call Threshold on at least one Call Valuation Date or on the Final Valuation Date	Yes, on Call Valuation Date (Year 2). The Note Securities are called automatically.
Reference Portfolio Return on Call Valuation Date (Year 2)	10.00%
Fixed Return applicable to the given Call Valuation Date or Final Valuation Date	20.00%
Reference Portfolio Return is greater than the Fixed Return	No
Variable Return	0%
Reference Portfolio Return is equal to or below the Call Threshold but is positive (Yes/No)	N/A
Barrier breached on any day during the Barrier Measurement Period (Yes/No)	N/A
Maturity Redemption Payment	\$100 x [1 + Fixed Return]
	\$100 x [1 + 20.00%]
	\$120.00
Note Securities return	20.00%
Annualized Compounded Return	9.54%

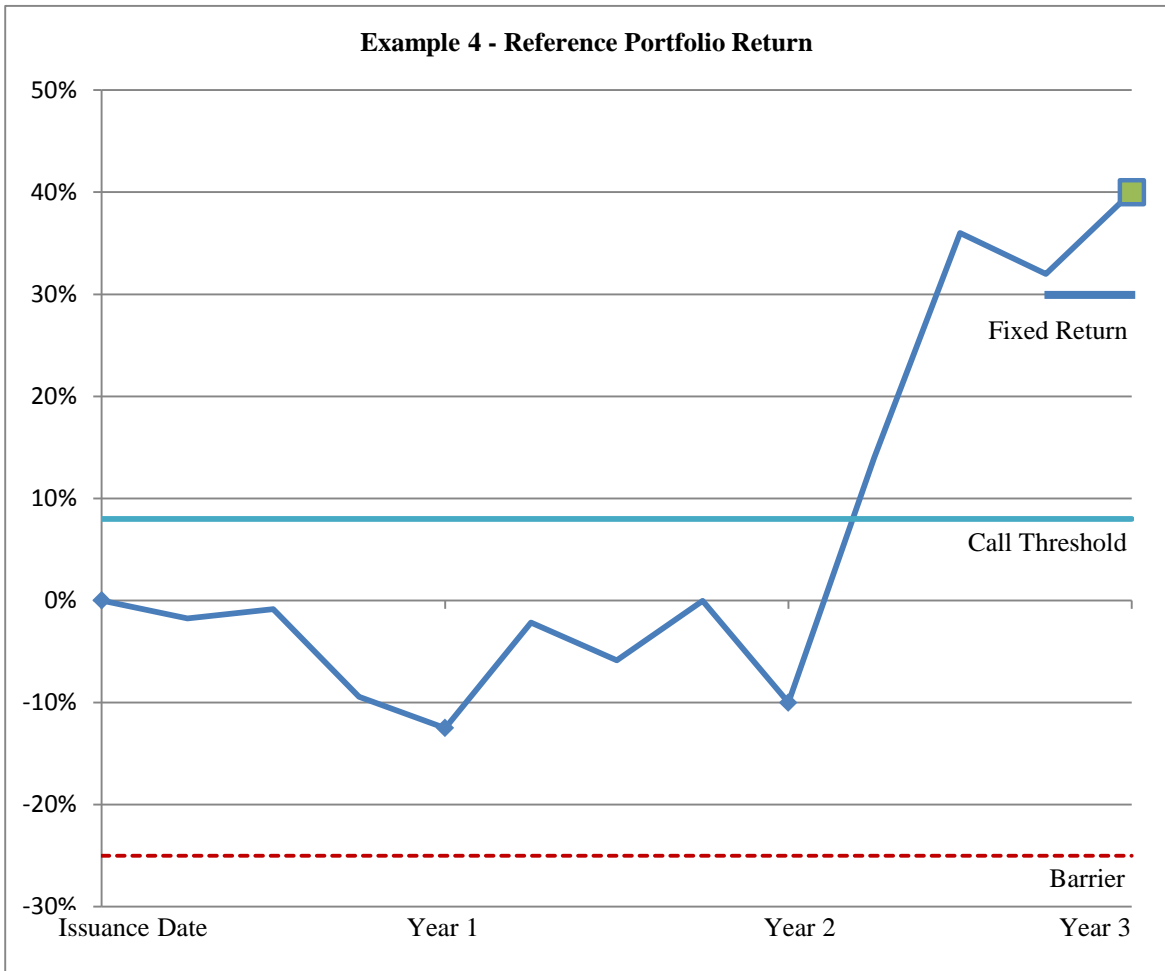


**Example 4:** The Note Securities are not automatically called and on the Final Valuation Date (Year 3), the Reference Portfolio Return is higher than the Call Threshold and the Fixed Return.

Date	Reference Asset	Closing Level	Reference Asset Return	Weighted Reference Asset Return	Reference Portfolio Return	Fixed Return
Call Valuation Date (Year 1)	1	\$80.00	-20.00%	-10.00%		
	2	\$90.00	-10.00%	-2.50%	-12.50%	10.00%
	3	\$100.00	0.00%	0.00%		
Call Valuation Date (Year 2)	1	\$100.00	0.00%	0.00%		
	2	\$70.00	-30.00%	-7.50%	-10.00%	20.00%
	3	\$90.00	-10.00%	-2.50%		
Final Valuation Date (Year 3)	1	\$160.00	60.00%	30.00%	40.00%	30.00%
	2	\$130.00	30.00%	7.50%		
	3	\$110.00	10.00%	2.50%		

The Reference Portfolio Return is above the Call Threshold on at least one Call Valuation Date or on the Final Valuation Date	Yes, on the Final Valuation Date (Year 3).
Reference Portfolio Return on the Final Valuation Date (Year 3)	40.00%
Fixed Return applicable to the given Call Valuation Date or Final Valuation Date	30.00%
Reference Portfolio Return is greater than the Fixed Return	Yes
Variable Return	Participation Factor x [Reference Portfolio Return - Fixed Return]
	10% x [40.00% - 30.00%]
	1.00%
Reference Portfolio Return is equal to or below the Call Threshold but is positive (Yes/No)	N/A
Barrier breached on any day during the Barrier Measurement Period (Yes/No)	N/A
Maturity Redemption Payment	\$100 x [1 + Fixed Return + Variable Return]
	\$100 x [1 + 30.00% + 1.00%]
	\$131.00
Note Securities return	31.00%
Annualized Compounded Return	9.42%

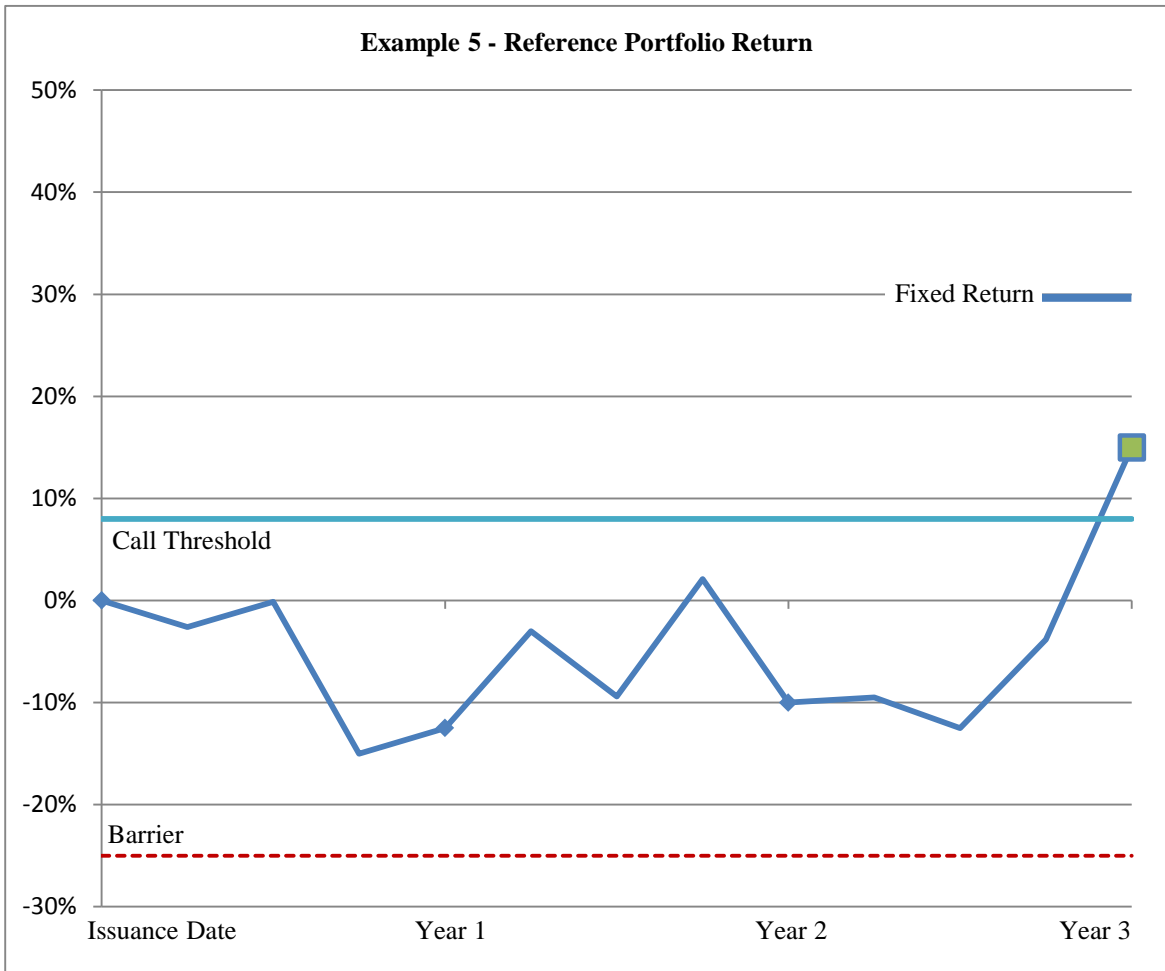




**Example 5:** The Note Securities are not automatically called and on the Final Valuation Date (Year 3), the Reference Portfolio Return is higher than the Call Threshold but lower than the Fixed Return.

<b>Date</b>	<b>Reference Asset</b>	<b>Closing Level</b>	<b>Reference Asset Return</b>	<b>Weighted Reference Asset Return</b>	<b>Reference Portfolio Return</b>	<b>Fixed Return</b>
Call Valuation Date (Year 1)	1	\$80.00	-20.00%	-10.00%		
	2	\$90.00	-10.00%	-2.50%	-12.50%	10.00%
	3	\$100.00	0.00%	0.00%		
Call Valuation Date (Year 2)	1	\$100.00	0.00%	0.00%		
	2	\$70.00	-30.00%	-7.50%	-10.00%	20.00%
	3	\$90.00	-10.00%	-2.50%		
Final Valuation Date (Year 3)	1	\$130.00	30.00%	15.00%	15.00%	30.00%
	2	\$90.00	-10.00%	-2.50%		
	3	\$110.00	10.00%	2.50%		

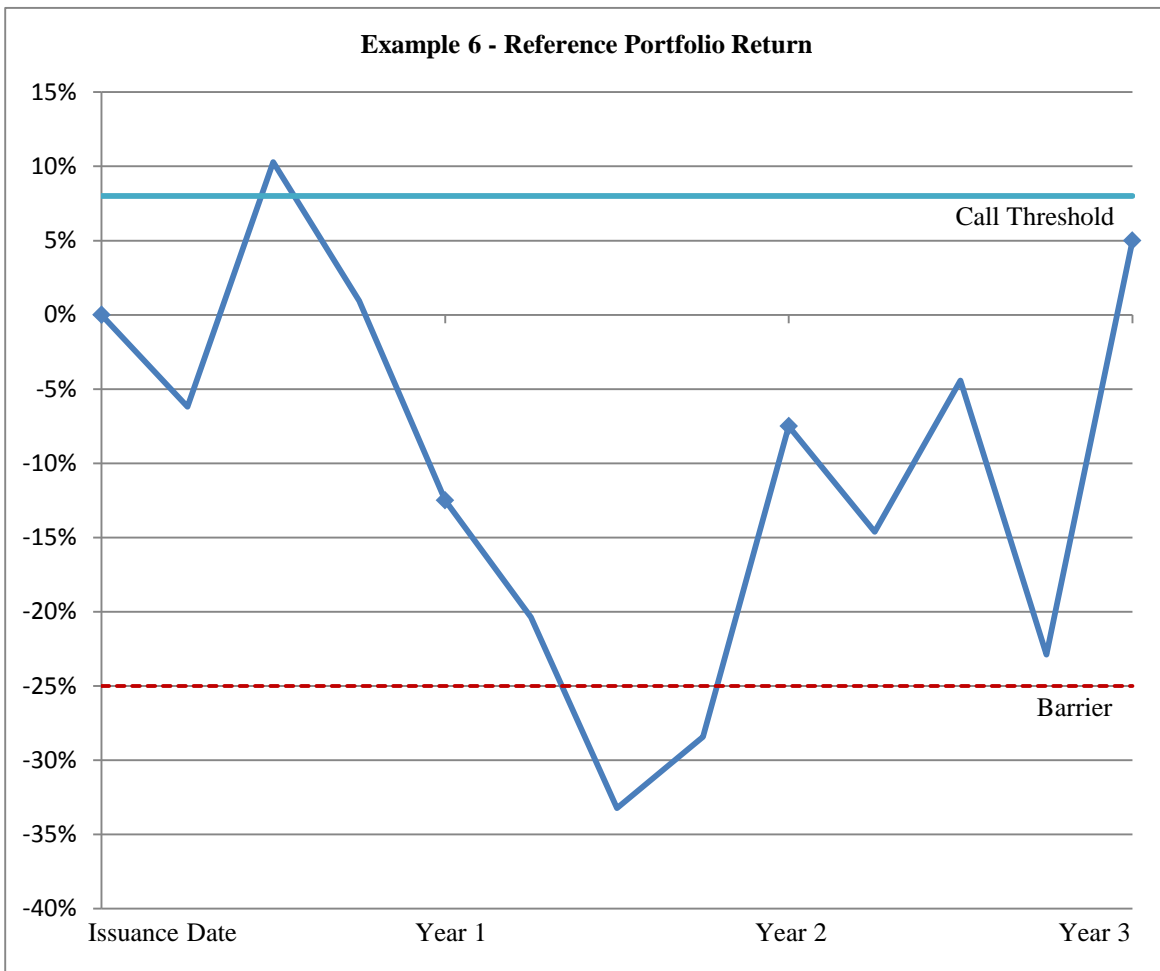
<b>The Reference Portfolio Return is above the Call Threshold on at least one Call Valuation Date or on the Final Valuation Date</b>	Yes, on the Final Valuation Date (Year 3).
<b>Reference Portfolio Return on the Final Valuation Date (Year 3)</b>	15.00%
<b>Fixed Return applicable to the given Call Valuation Date or Final Valuation Date</b>	30.00%
<b>Reference Portfolio Return is greater than the Fixed Return</b>	No
<b>Variable Return</b>	0%
<b>Reference Portfolio Return is equal to or below the Call Threshold but is positive (Yes/No)</b>	N/A
<b>Barrier breached on any day during the Barrier Measurement Period (Yes/No)</b>	N/A
<b>Maturity Redemption Payment</b>	\$100 x [1 + Fixed Return]
	\$100 x [1 + 30.00%]
	\$130.00
<b>Note Securities return</b>	30.00%
<b>Annualized Compounded Return</b>	9.14%



**Example 6:** The Note Securities are not automatically called and on the Final Valuation Date (Year 3), the Reference Portfolio Return is lower than the Call Threshold but is positive.

<b>Date</b>	<b>Reference Asset</b>	<b>Closing Level</b>	<b>Reference Asset Return</b>	<b>Weighted Reference Asset Return</b>	<b>Reference Portfolio Return</b>	<b>Fixed Return</b>
Call Valuation Date (Year 1)	1	\$80.00	-20.00%	-10.00%		
	2	\$90.00	-10.00%	-2.50%	-12.50%	10.00%
	3	\$100.00	0.00%	0.00%		
Call Valuation Date (Year 2)	1	\$90.00	-10.00%	-5.00%		
	2	\$100.00	0.00%	0.00%	-7.50%	20.00%
	3	\$90.00	-10.00%	-2.50%		
Final Valuation Date (Year 3)	1	\$110.00	10.00%	5.00%		
	2	\$100.00	0.00%	0.00%	5.00%	30.00%
	3	\$100.00	0.00%	0.00%		

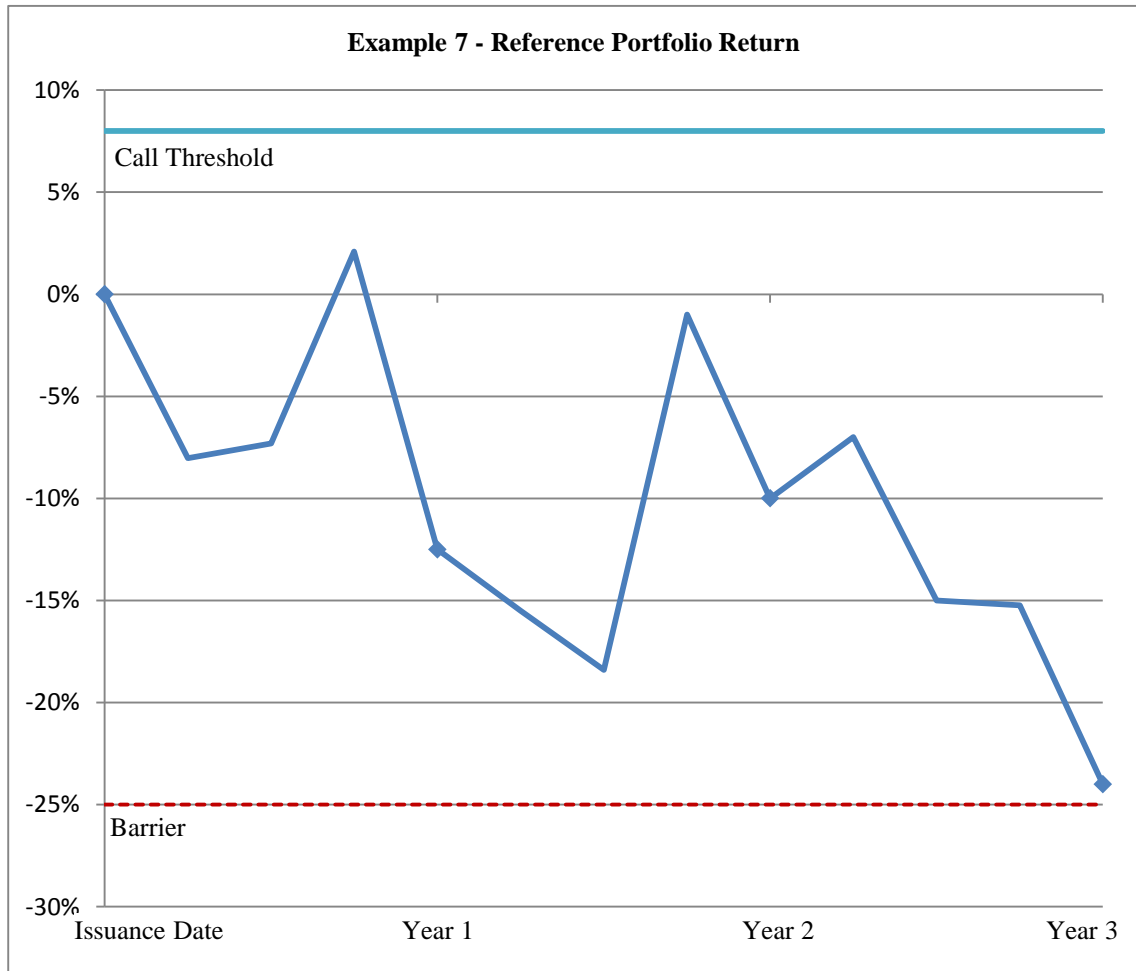
<b>The Reference Portfolio Return is above the Call Threshold on at least one Call Valuation Date or on the Final Valuation Date</b>	No
<b>Reference Portfolio Return on the Final Valuation Date (Year 3)</b>	5.00%
<b>Fixed Return applicable to the given Call Valuation Date or Final Valuation Date</b>	N/A
<b>Reference Portfolio Return is greater than the Fixed Return</b>	N/A
<b>Variable Return</b>	N/A
<b>Reference Portfolio Return is equal to or below the Call Threshold but is positive (Yes/No)</b>	Yes
<b>Barrier breached on any day during the Barrier Measurement Period (Yes/No)</b>	N/A
<b>Maturity Redemption Payment</b>	\$100.00
<b>Note Securities return</b>	0.00%
<b>Annualized Compounded Return</b>	0.00%



**Example 7:** The Note Securities are not automatically called and the Reference Portfolio Return is lower than the Call Threshold and is negative on the Final Valuation Date (Year 3) and the Reference Portfolio Return never reaches, or falls below, the Barrier on any day during the Barrier Measurement Period.

<b>Date</b>	<b>Reference Asset</b>	<b>Closing Level</b>	<b>Reference Asset Return</b>	<b>Weighted Reference Asset Return</b>	<b>Reference Portfolio Return</b>	<b>Fixed Return</b>
Call Valuation Date (Year 1)	1	\$80.00	-20.00%	-10.00%		
	2	\$90.00	-10.00%	-2.50%	-12.50%	10.00%
	3	\$100.00	0.00%	0.00%		
Call Valuation Date (Year 2)	1	\$100.00	0.00%	0.00%		
	2	\$70.00	-30.00%	-7.50%	-10.00%	20.00%
	3	\$90.00	-10.00%	-2.50%		
Final Valuation Date (Year 3)	1	\$77.00	-23.00%	-11.50%		
	2	\$65.00	-35.00%	-8.75%	-24.00%	30.00%
	3	\$85.00	-15.00%	-3.75%		

The Reference Portfolio Return is above the Call Threshold on at least one Call Valuation Date or on the Final Valuation Date	No
Reference Portfolio Return on the Final Valuation Date (Year 3)	-24.00%
Fixed Return applicable to the given Call Valuation Date or Final Valuation Date	N/A
Reference Portfolio Return is greater than the Fixed Return	N/A
Variable Return	N/A
Reference Portfolio Return is equal to or below the Call Threshold but is positive (Yes/No)	No
Barrier breached on any day during the Barrier Measurement Period (Yes/No)	No
Maturity Redemption Payment	\$100.00
Note Securities return	0.00%
Annualized Compounded Return	0.00%

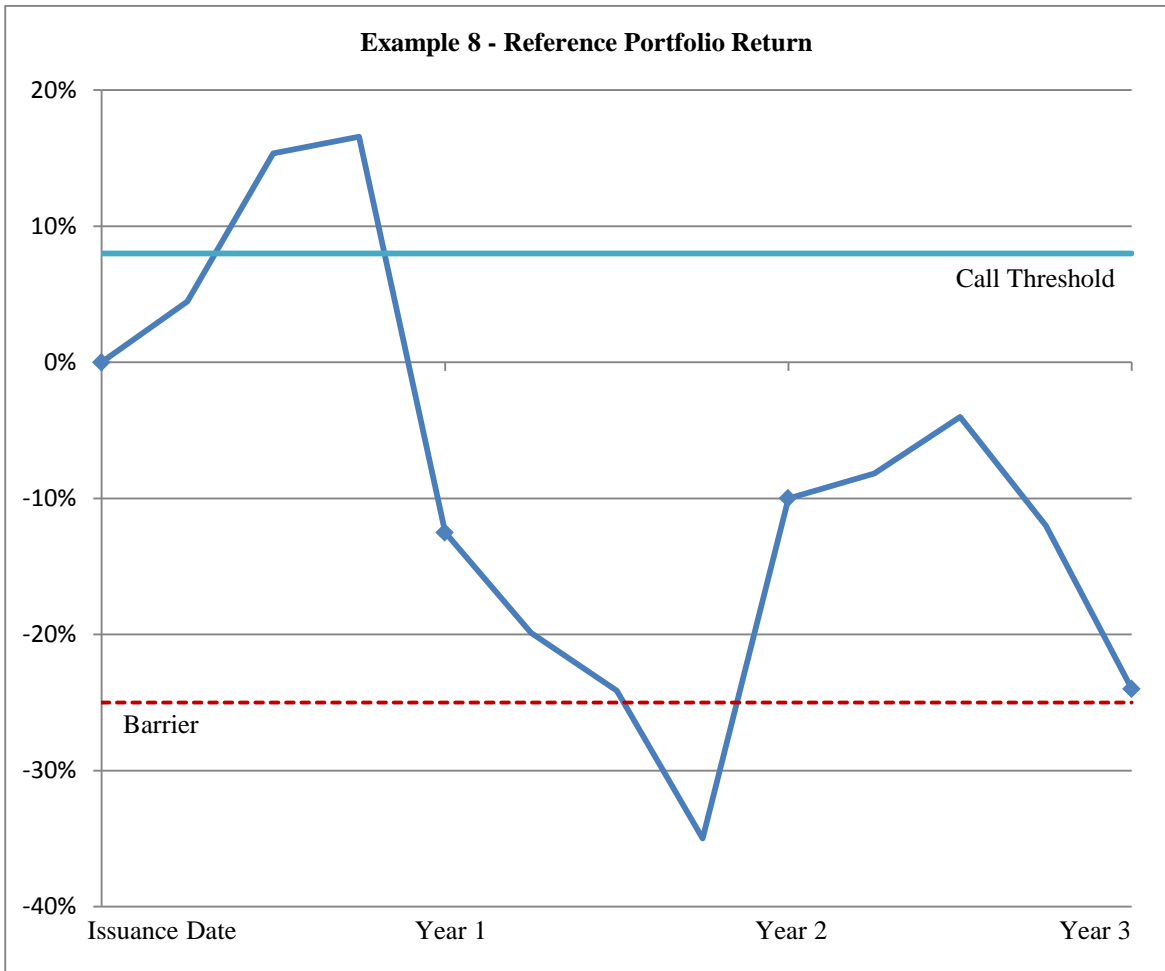


**Example 8:** The Note Securities are not automatically called and the Reference Portfolio Return is lower than the Call Threshold and is negative on the Final Valuation Date (Year 3) and the Reference Portfolio Return reaches, or falls below, the Barrier on any day during the Barrier Measurement Period.

Date	Reference Asset	Closing Level	Reference Asset Return	Weighted Reference Asset Return	Reference Portfolio Return	Fixed Return
Call Valuation Date (Year 1)	1	\$80.00	-20.00%	-10.00%	-12.50%	10.00%
	2	\$90.00	-10.00%	-2.50%		
	3	\$100.00	0.00%	0.00%		
Call Valuation Date (Year 2)	1	\$100.00	0.00%	0.00%	-10.00%	20.00%
	2	\$70.00	-30.00%	-7.50%		
	3	\$90.00	-10.00%	-2.50%		
Final Valuation Date (Year 3)	1	\$77.00	-23.00%	-11.50%	-24.00%	30.00%
	2	\$65.00	-35.00%	-8.75%		
	3	\$85.00	-15.00%	-3.75%		

The Reference Portfolio Return is above the Call Threshold on at least one Call Valuation Date or on the Final Valuation Date	No
Reference Portfolio Return on the Final Valuation Date (Year 3)	-24.00%
Fixed Return applicable to the given Call Valuation Date or Final Valuation Date	N/A
Reference Portfolio Return is greater than the Fixed Return	N/A
Variable Return	N/A
Reference Portfolio Return is equal to or below the Call Threshold but is positive (Yes/No)	No
Barrier breached on any day during the Barrier Measurement Period (Yes/No)	Yes
Maturity Redemption Payment	$\$100 \times [1 + \text{Reference Portfolio Return}]$
	$\$100 \times [1 - 24.00\%]$
	\$76.00
Note Securities return	-24.00%
Annualized Compounded Return	-8.74%

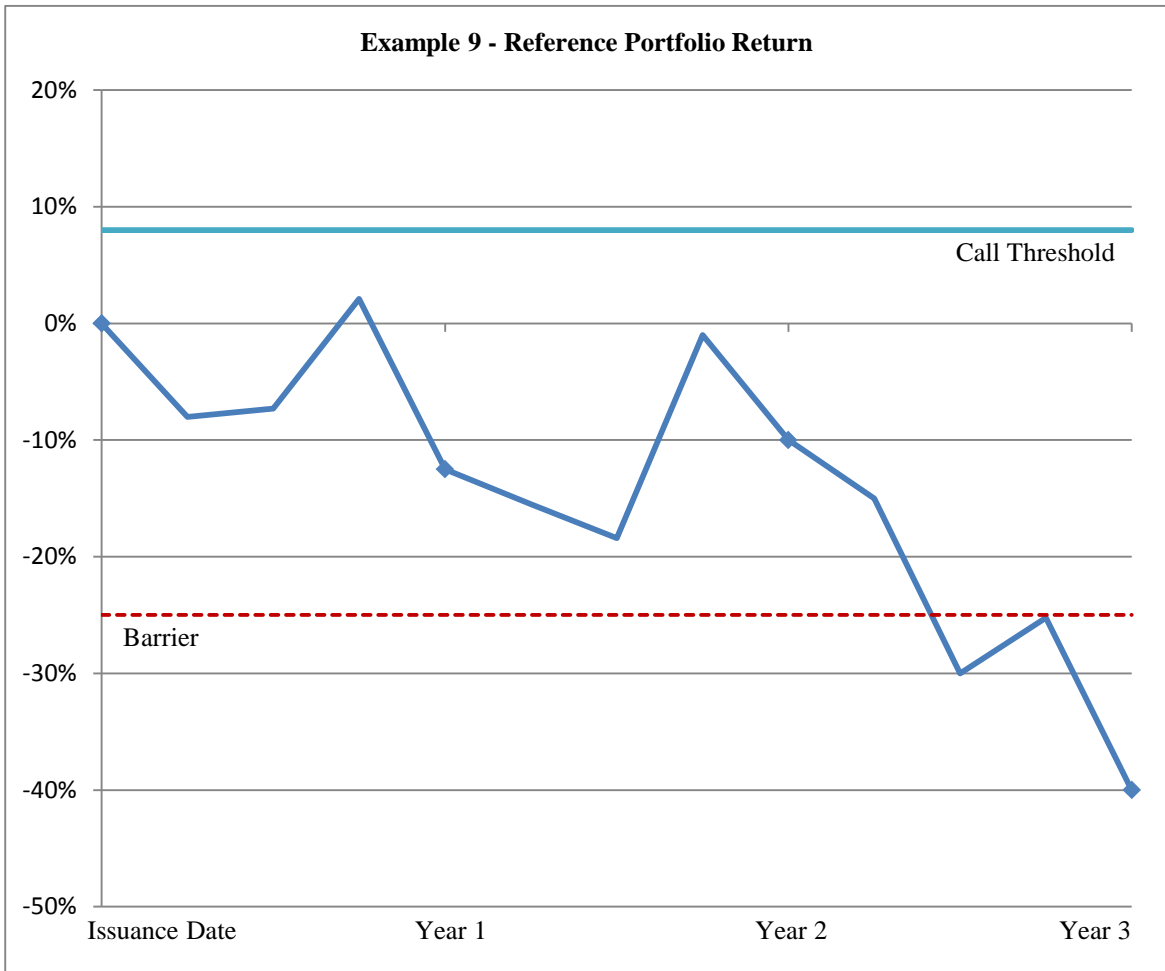




**Example 9:** The Note Securities are not automatically called and the Reference Portfolio Return is lower than the Call Threshold and is negative on the Final Valuation Date (Year 3) and the Reference Portfolio Return reaches, or falls below, the Barrier on any day during the Barrier Measurement Period.

<b>Date</b>	<b>Reference Asset</b>	<b>Closing Level</b>	<b>Reference Asset Return</b>	<b>Weighted Reference Asset Return</b>	<b>Reference Portfolio Return</b>	<b>Fixed Return</b>
Call Valuation Date (Year 1)	1	\$80.00	-20.00%	-10.00%		
	2	\$90.00	-10.00%	-2.50%	-12.50%	10.00%
	3	\$100.00	0.00%	0.00%		
Call Valuation Date (Year 2)	1	\$100.00	0.00%	0.00%		
	2	\$70.00	-30.00%	-7.50%	-10.00%	20.00%
	3	\$90.00	-10.00%	-2.50%		
Final Valuation Date (Year 3)	1	\$65.00	-35.00%	-17.50%		
	2	\$60.00	-40.00%	-10.00%	-40.00%	30.00%
	3	\$50.00	-50.00%	-12.50%		

The Reference Portfolio Return is above the Call Threshold on at least one Call Valuation Date or on the Final Valuation Date	No
Reference Portfolio Return on the Final Valuation Date (Year 3)	-40.00%
Fixed Return applicable to the given Call Valuation Date or Final Valuation Date	N/A
Reference Portfolio Return is greater than the Fixed Return	N/A
Variable Return	N/A
Reference Portfolio Return is equal to or below the Call Threshold but is positive (Yes/No)	No
Barrier breached on any day during the Barrier Measurement Period (Yes/No)	Yes
Maturity Redemption Payment	$\$100 \times [1 + \text{Reference Portfolio Return}]$
	$\$100 \times [1 - 40.00\%]$
	\$60.00
Note Securities return	-40.00%
Annualized Compounded Return	-15.66%



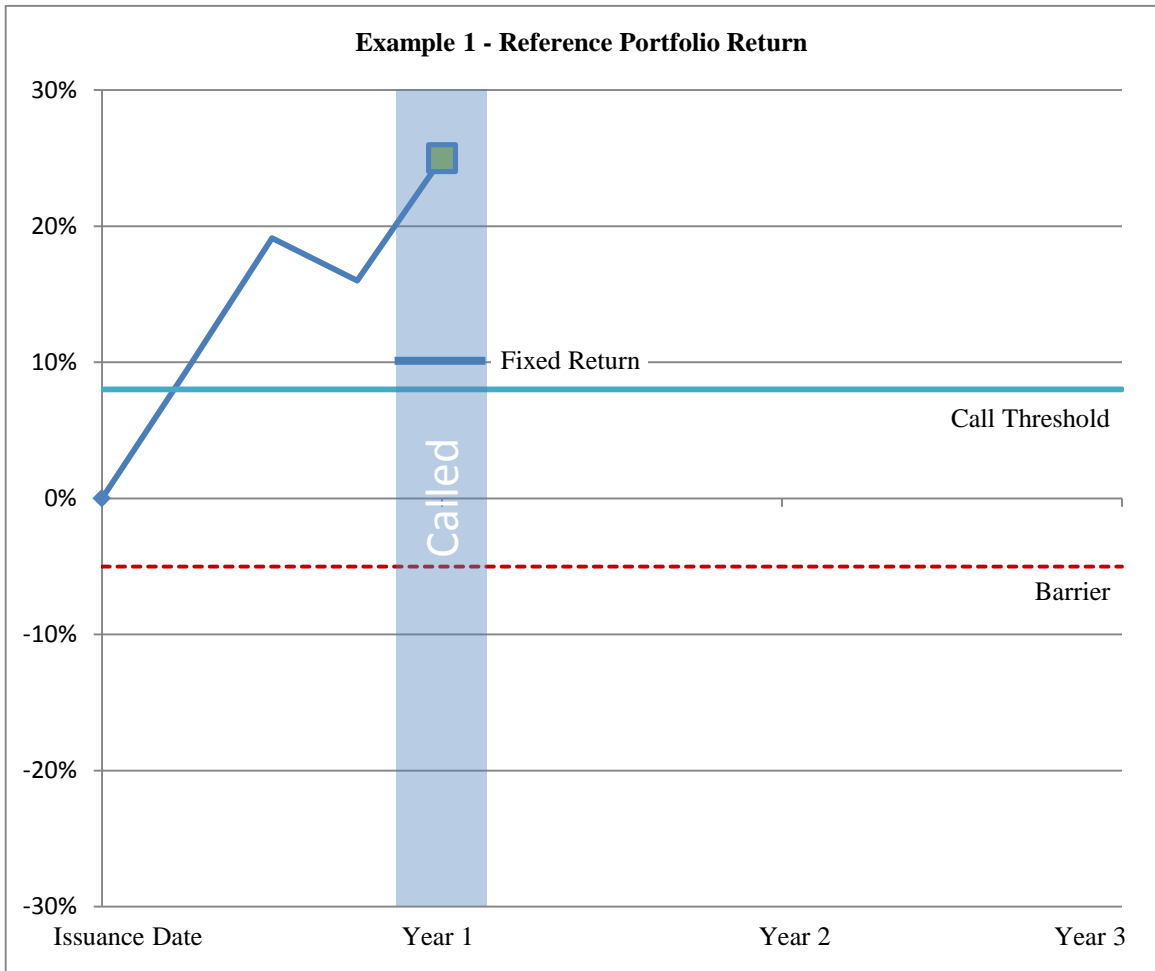
*NBC Auto Callable Note Securities (Buffered)*

Each of the following hypothetical examples illustrates how the Maturity Redemption Payment is calculated using a Call Threshold of 8%, a Fixed Return of 10% on the Call Valuation Date (Year 1), a Fixed Return of 20% on the Call Valuation Date (Year 2), a Fixed Return of 30% on the Final Valuation Date (Year 3), a Participation Factor of 10%, a Barrier of -5% and a Buffer of 5%. These features are solely hypothetical.

**Example 1:** The Reference Portfolio Return is higher than the Call Threshold on the Call Valuation Date (Year 1), the Note Securities are automatically called and the Reference Portfolio Return is higher than the Fixed Return.

Date	Reference Asset	Closing Level	Reference Asset Return	Weighted Reference Asset Return	Reference Portfolio Return	Fixed Return
Call Valuation Date (Year 1)	1	\$115.00	15.00%	7.50%	25.00%	10.00%
	2	\$130.00	30.00%	7.50%		
	3	\$140.00	40.00%	10.00%		
Call Valuation Date (Year 2)						
Final Valuation Date (Year 3)						

The Reference Portfolio Return is above the Call Threshold on at least one Call Valuation Date or on the Final Valuation Date	Yes, on Call Valuation Date (Year 1). The Note Securities are called automatically.
Reference Portfolio Return on Call Valuation Date (Year 1)	25.00%
Fixed Return applicable to the given Call Valuation Date or Final Valuation Date	10.00%
Reference Portfolio Return is greater than the Fixed Return	Yes
Variable Return	Participation Factor x [Reference Portfolio Return - Fixed Return]
	10% x [25.00% - 10.00%]
	1.50%
Barrier breached (Yes/No)	N/A
Maturity Redemption Payment	$\$100 \times [1 + \text{Fixed Return} + \text{Variable Return}]$
	$\$100 \times [1 + 10.00\% + 1.50\%]$
	\$111.50
Note Securities return	11.50%
Annualized Compounded Return	11.50%

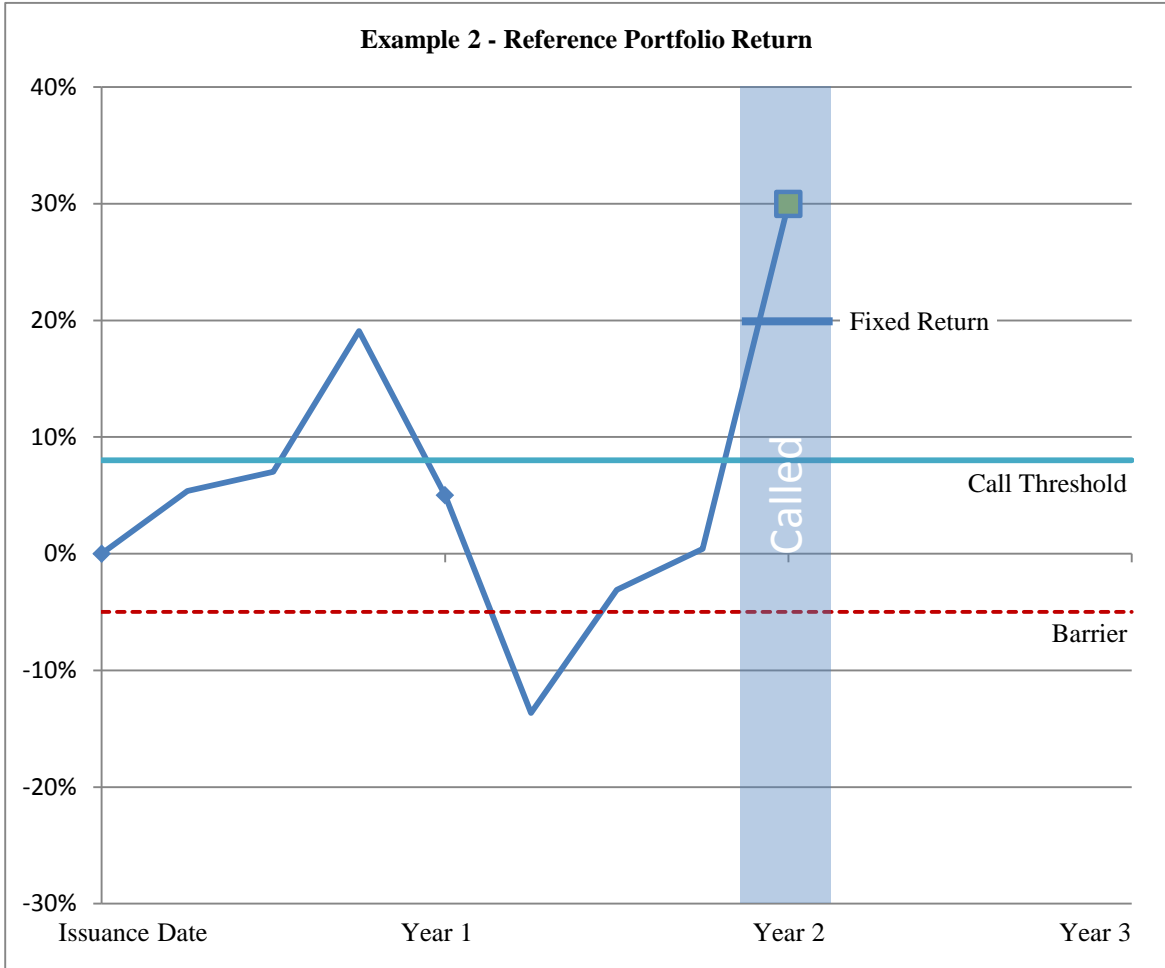


**Example 2:** The Reference Portfolio Return is higher than the Call Threshold on the Call Valuation Date (Year 2), the Note Securities are automatically called and the Reference Portfolio Return is higher than the Fixed Return.

Date	Reference Asset	Closing Level	Reference Asset Return	Weighted Reference Asset Return	Reference Portfolio Return	Fixed Return
Call Valuation Date (Year 1)	1	\$110.00	10.00%	5.00%	5.00%	10.00%
	2	\$110.00	10.00%	2.50%		
	3	\$90.00	-10.00%	-2.50%		
Call Valuation Date (Year 2)	1	\$140.00	40.00%	20.00%	30.00%	20.00%
	2	\$130.00	30.00%	7.50%		
	3	\$110.00	10.00%	2.50%		

Final Valuation Date (Year 3)

The Reference Portfolio Return is above the Call Threshold on at least one Call Valuation Date or on the Final Valuation Date	Yes, on Call Valuation Date (Year 2). The Note Securities are called automatically.
Reference Portfolio Return on Call Valuation Date (Year 2)	30.00%
Fixed Return applicable to the given Call Valuation Date or Final Valuation Date	20.00%
Reference Portfolio Return is greater than the Fixed Return	Yes
Variable Return	Participation Factor x [Reference Portfolio Return - Fixed Return]
	10% x [30.00% - 20.00%]
	1.00%
Barrier breached (Yes/No)	N/A
Maturity Redemption Payment	\$100 x [1 + Fixed Return + Variable Return]
	\$100 x [1 + 20.00% + 1.00%]
	\$121.00
Note Securities return	21.00%
Annualized Compounded Return	10.00%



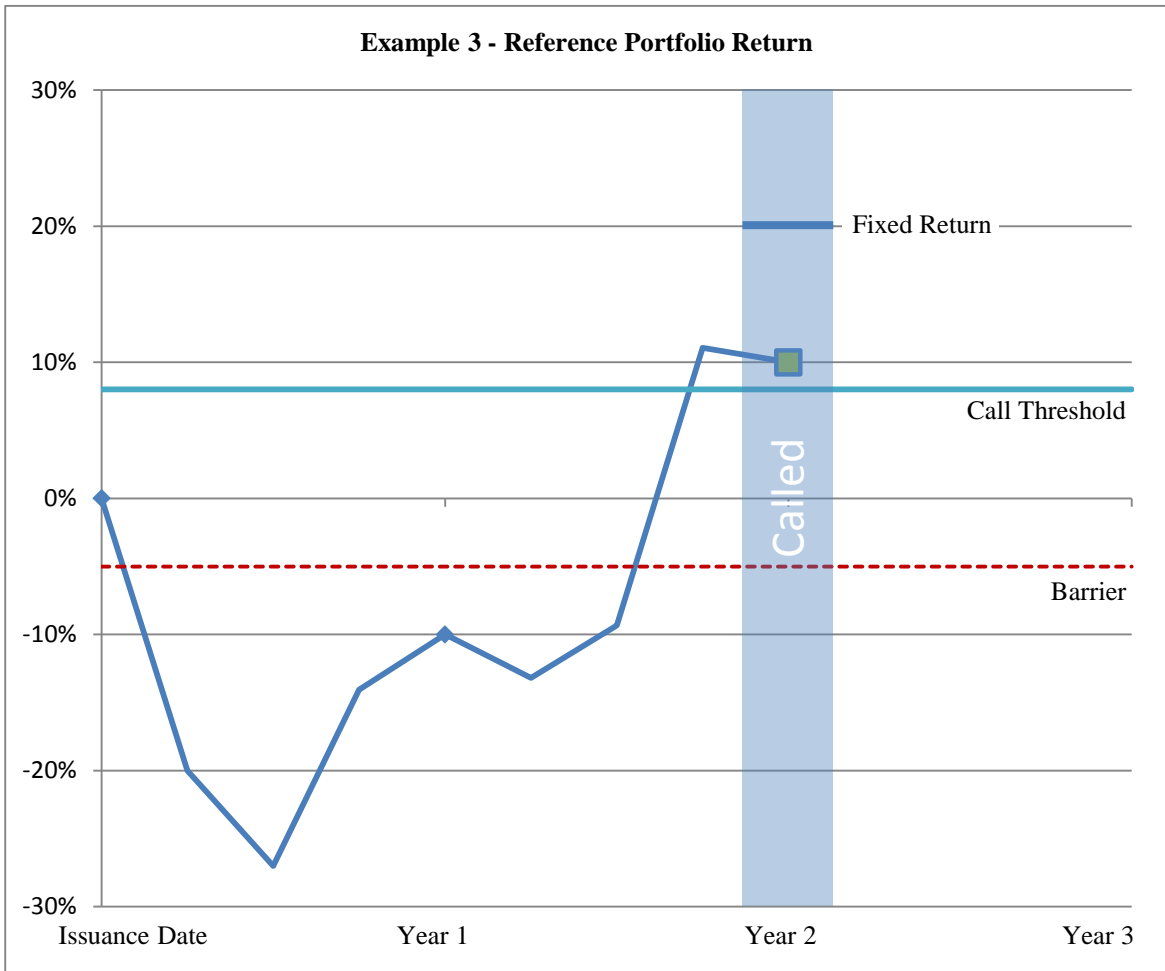
**Example 3:** The Reference Portfolio Return is higher than the Call Threshold on the Call Valuation Date (Year 2) and the Note Securities are automatically called but the Reference Portfolio Return is lower than the Fixed Return.

Date	Reference Asset	Closing Level	Reference Asset Return	Weighted Reference Asset Return	Reference Portfolio Return	Fixed Return
Call Valuation Date (Year 1)	1	\$90.00	-10.00%	-5.00%	-10.00%	10.00%
	2	\$90.00	-10.00%	-2.50%		
	3	\$90.00	-10.00%	-2.50%		
Call Valuation Date (Year 2)	1	\$120.00	20.00%	10.00%	10.00%	20.00%
	2	\$110.00	10.00%	2.50%		
	3	\$90.00	-10.00%	-2.50%		

Final Valuation Date (Year 3)

The Reference Portfolio Return is above the Call Threshold on at least one Call Valuation Date or on the Final Valuation Date	Yes, on Call Valuation Date (Year 2). The Note Securities are called automatically.
Reference Portfolio Return on Call Valuation Date (Year 2)	10.00%
Fixed Return applicable to the given Call Valuation Date or Final Valuation Date	20.00%
Reference Portfolio Return is greater than the Fixed Return	No
Variable Return	0%
Barrier breached (Yes/No)	N/A
Maturity Redemption Payment	\$100 x [1 + Fixed Return]
	\$100 x [1 + 20.00%]
	\$120.00
Note Securities return	20.00%
Annualized Compounded Return	9.54%

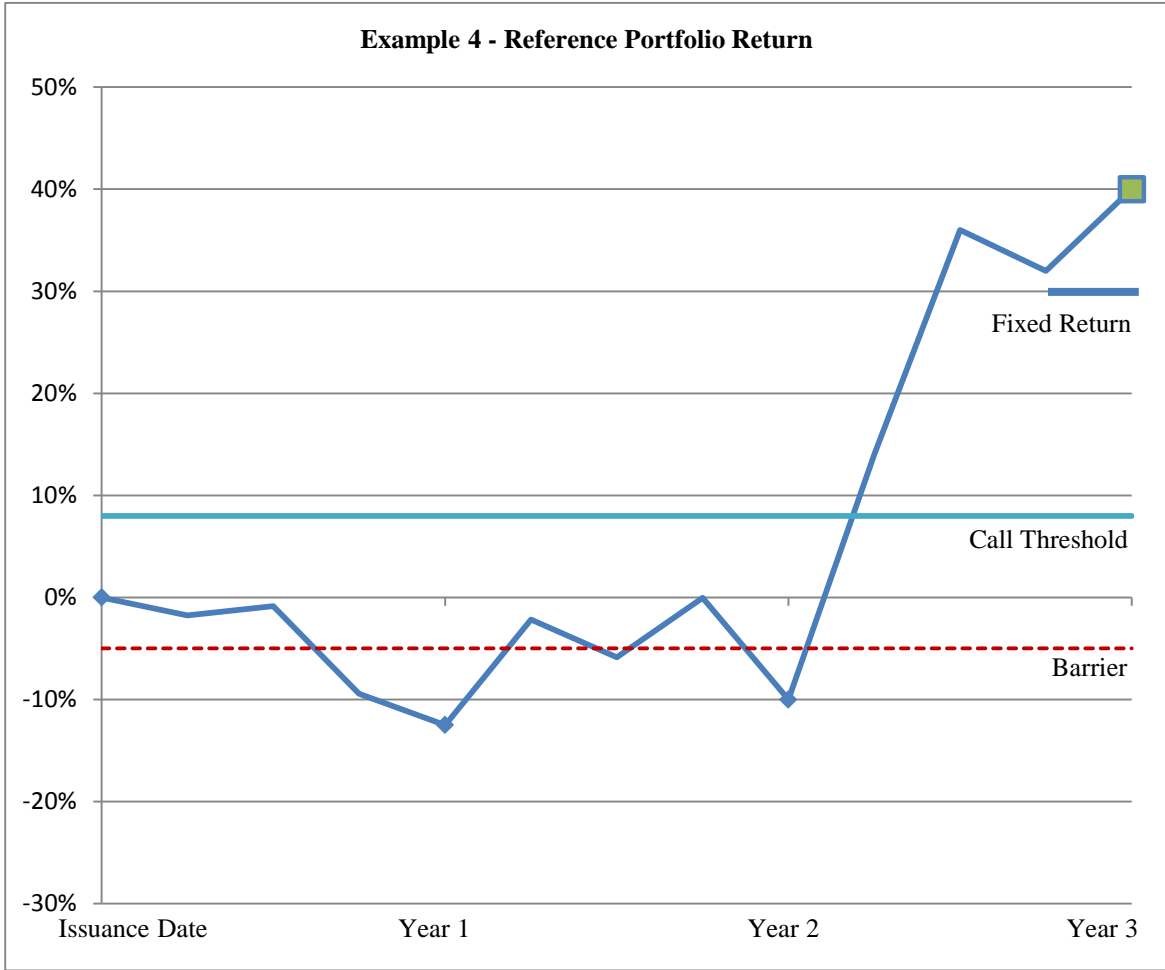




**Example 4:** The Note Securities are not automatically called and on the Final Valuation Date (Year 3), the Reference Portfolio Return is higher than the Call Threshold and the Fixed Return.

Date	Reference Asset	Closing Level	Reference Asset Return	Weighted Reference Asset Return	Reference Portfolio Return	Fixed Return
Call Valuation Date (Year 1)	1	\$80.00	-20.00%	-10.00%		
	2	\$90.00	-10.00%	-2.50%	-12.50%	10.00%
	3	\$100.00	0.00%	0.00%		
Call Valuation Date (Year 2)	1	\$100.00	0.00%	0.00%		
	2	\$70.00	-30.00%	-7.50%	-10.00%	20.00%
	3	\$90.00	-10.00%	-2.50%		
Final Valuation Date (Year 3)	1	\$160.00	60.00%	30.00%	40.00%	30.00%
	2	\$130.00	30.00%	7.50%		
	3	\$110.00	10.00%	2.50%		

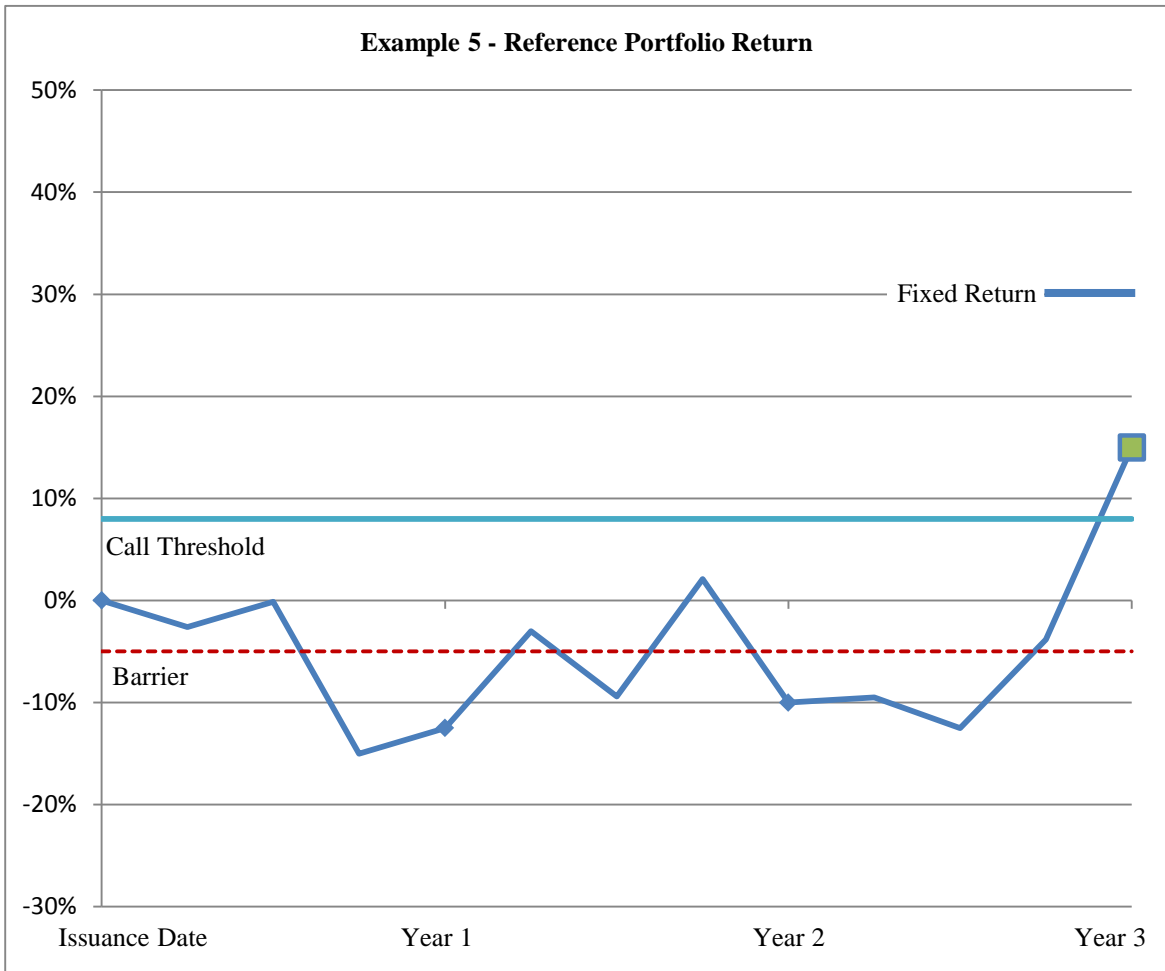
The Reference Portfolio Return is above the Call Threshold on at least one Call Valuation Date or on the Final Valuation Date	Yes, on the Final Valuation Date (Year 3).
Reference Portfolio Return on the Final Valuation Date (Year 3)	40.00%
Fixed Return applicable to the given Call Valuation Date or Final Valuation Date	30.00%
Reference Portfolio Return is greater than the Fixed Return	Yes
Variable Return	Participation Factor x [Reference Portfolio Return - Fixed Return]
	10% x [40.00% - 30.00%]
	1.00%
Barrier breached (Yes/No)	N/A
Maturity Redemption Payment	\$100 x [1 + Fixed Return + Variable Return]
	\$100 x [1 + 30.00% + 1.00%]
	\$131.00
Note Securities return	31.00%
Annualized Compounded Return	9.42%



**Example 5:** The Note Securities are not automatically called and on the Final Valuation Date (Year 3), the Reference Portfolio Return is higher than the Call Threshold but lower than the Fixed Return.

<b>Date</b>	<b>Reference Asset</b>	<b>Closing Level</b>	<b>Reference Asset Return</b>	<b>Weighted Reference Asset Return</b>	<b>Reference Portfolio Return</b>	<b>Fixed Return</b>
Call Valuation Date (Year 1)	1	\$80.00	-20.00%	-10.00%	-12.50%	10.00%
	2	\$90.00	-10.00%	-2.50%		
	3	\$100.00	0.00%	0.00%		
Call Valuation Date (Year 2)	1	\$100.00	0.00%	0.00%	-10.00%	20.00%
	2	\$70.00	-30.00%	-7.50%		
	3	\$90.00	-10.00%	-2.50%		
Final Valuation Date (Year 3)	1	\$130.00	30.00%	15.00%	15.00%	30.00%
	2	\$90.00	-10.00%	-2.50%		
	3	\$110.00	10.00%	2.50%		

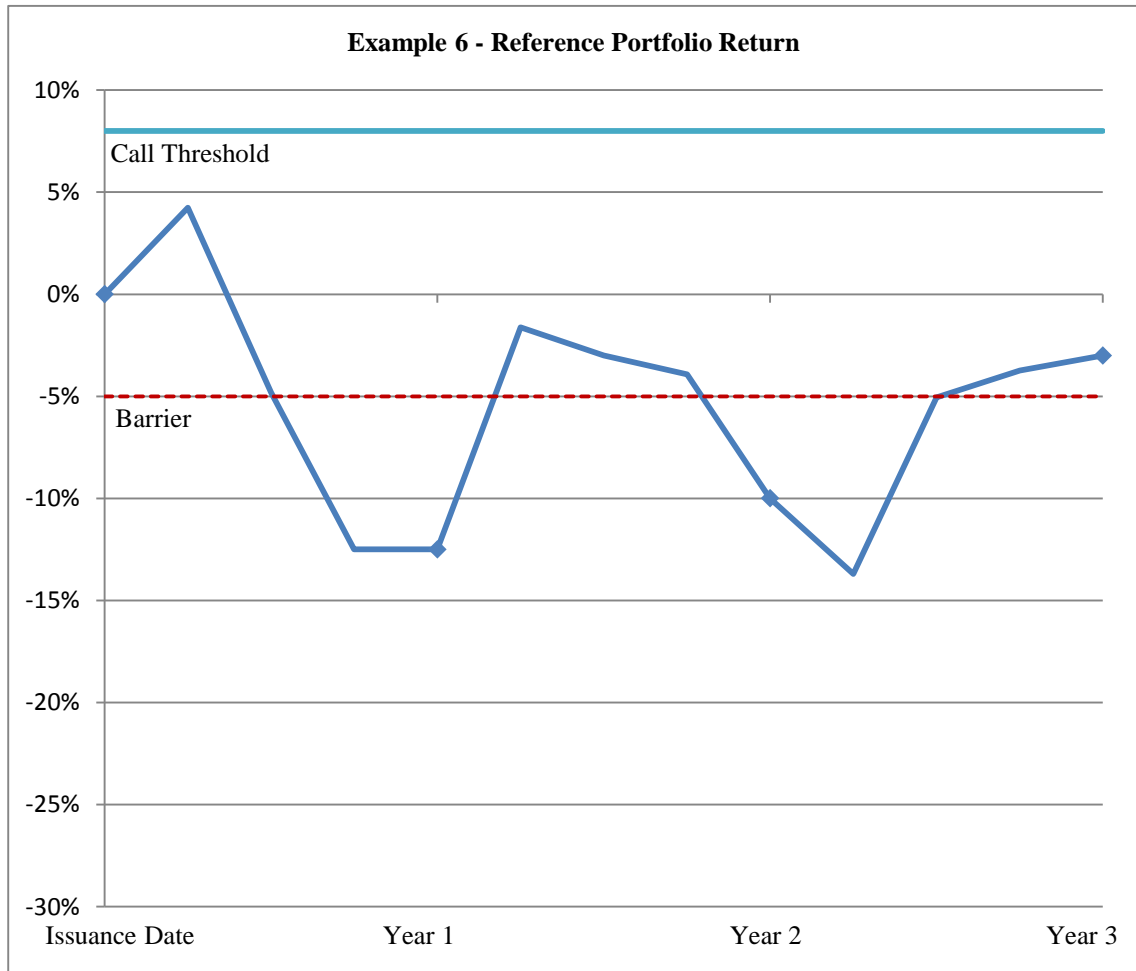
<b>The Reference Portfolio Return is above the Call Threshold on at least one Call Valuation Date or on the Final Valuation Date</b>	Yes, on the Final Valuation Date (Year 3).
<b>Reference Portfolio Return on the Final Valuation Date (Year 3)</b>	15.00%
<b>Fixed Return applicable to the given Call Valuation Date or Final Valuation Date</b>	30.00%
<b>Reference Portfolio Return is greater than the Fixed Return</b>	No
<b>Variable Return</b>	0%
<b>Barrier breached (Yes/No)</b>	N/A
<b>Maturity Redemption Payment</b>	\$100 x [1 + Fixed Return]
	\$100 x [1 + 30.00%]
	\$130.00
<b>Note Securities return</b>	30.00%
<b>Annualized Compounded Return</b>	9.14%



**Example 6:** The Note Securities are not automatically called and on the Final Valuation Date (Year 3), the Reference Portfolio Return is lower than the Call Threshold but higher than the Barrier.

<b>Date</b>	<b>Reference Asset</b>	<b>Closing Level</b>	<b>Reference Asset Return</b>	<b>Weighted Reference Asset Return</b>	<b>Reference Portfolio Return</b>	<b>Fixed Return</b>
Call Valuation Date (Year 1)	1	\$80.00	-20.00%	-10.00%		
	2	\$90.00	-10.00%	-2.50%	-12.50%	10.00%
	3	\$100.00	0.00%	0.00%		
Call Valuation Date (Year 2)	1	\$100.00	0.00%	0.00%		
	2	\$70.00	-30.00%	-7.50%	-10.00%	20.00%
	3	\$90.00	-10.00%	-2.50%		
Final Valuation Date (Year 3)	1	\$107.00	7.00%	3.50%		
	2	\$84.00	-16.00%	-4.00%	-3.00%	30.00%
	3	\$90.00	-10.00%	-2.50%		

<b>The Reference Portfolio Return is above the Call Threshold on at least one Call Valuation Date or on the Final Valuation Date</b>	No
<b>Reference Portfolio Return on the Final Valuation Date (Year 3)</b>	-3.00%
<b>Fixed Return applicable to the given Call Valuation Date or Final Valuation Date</b>	N/A
<b>Reference Portfolio Return is greater than the Fixed Return</b>	N/A
<b>Variable Return</b>	N/A
<b>Barrier breached (Yes/No)</b>	No
<b>Maturity Redemption Payment</b>	\$100.00
<b>Note Securities return</b>	0.00%
<b>Annualized Compounded Return</b>	0.00%

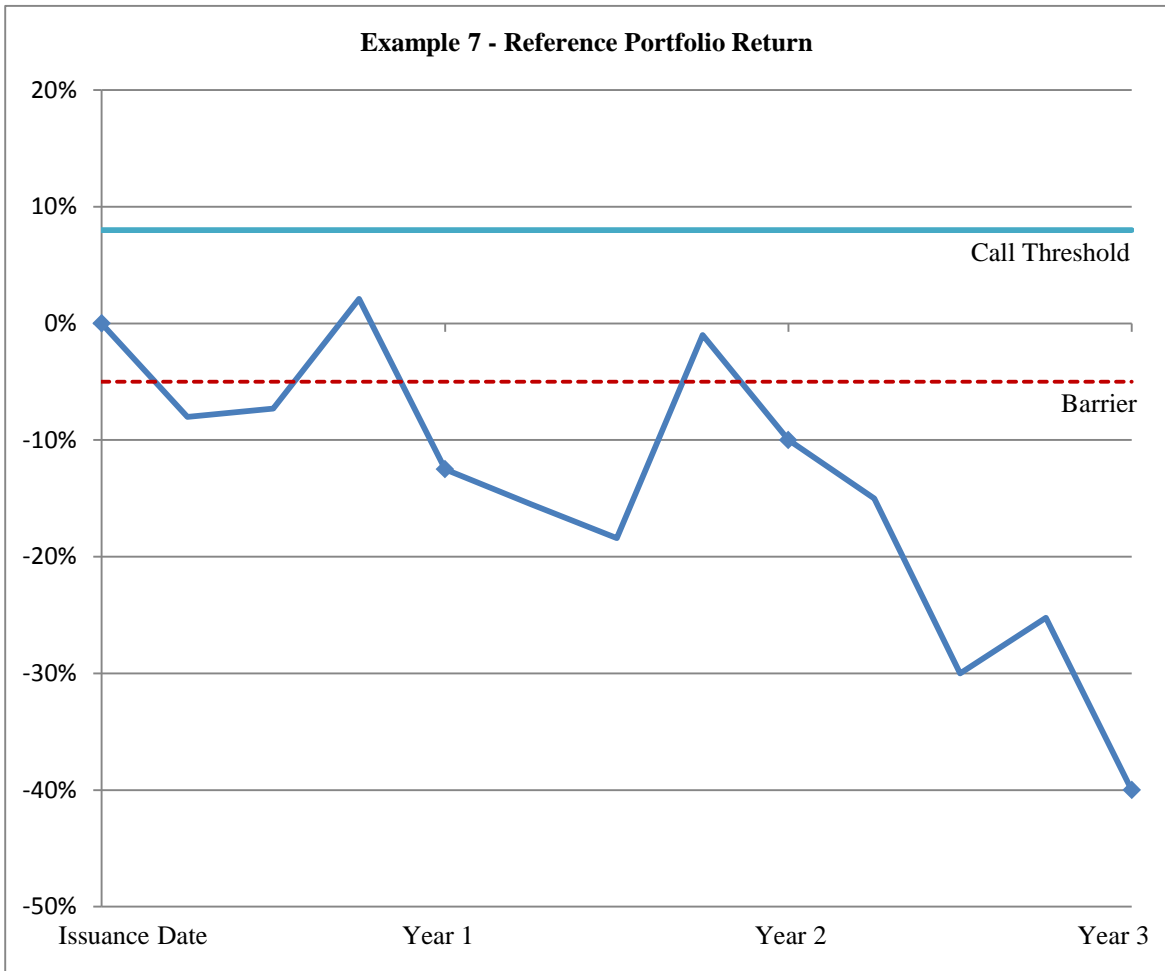


**Example 7:** The Note Securities are not automatically called and on the Final Valuation Date (Year 3), the Reference Portfolio Return is lower than the Call Threshold and the Barrier.

Date	Reference Asset	Closing Level	Reference Asset Return	Weighted Reference Asset Return	Reference Portfolio Return	Fixed Return
Call Valuation Date (Year 1)	1	\$80.00	-20.00%	-10.00%		
	2	\$90.00	-10.00%	-2.50%	-12.50%	10.00%
	3	\$100.00	0.00%	0.00%		
Call Valuation Date (Year 2)	1	\$100.00	0.00%	0.00%		
	2	\$70.00	-30.00%	-7.50%	-10.00%	20.00%
	3	\$90.00	-10.00%	-2.50%		
Final Valuation Date (Year 3)	1	\$65.00	-35.00%	-17.50%		
	2	\$60.00	-40.00%	-10.00%	-40.00%	30.00%
	3	\$50.00	-50.00%	-12.50%		

The Reference Portfolio Return is above the Call Threshold on at least one Call Valuation Date or on the Final Valuation Date	No
Reference Portfolio Return on the Final Valuation Date (Year 3)	-40.00%
Fixed Return applicable to the given Call Valuation Date or Final Valuation Date	N/A
Reference Portfolio Return is greater than the Fixed Return	N/A
Variable Return	N/A
Barrier breached (Yes/No)	Yes
Maturity Redemption Payment	$\$100 \times [1 + \text{Reference Portfolio Return} + \text{Buffer}]$
	$\$100 \times [1 - 40.00\% + 5.00\%]$
	\$65.00
Note Securities return	-35.00%
Annualized Compounded Return	-13.38%





### **Extraordinary Events and Reimbursement Under Special Circumstances**

The Initial Level, the Barrier and the Buffer may be adjusted, the determination of the Final Level may be postponed, the Reference Asset may be changed and the Note Securities may be redeemed prior to the Maturity Date or a Call Date in certain circumstances. See “Description of the Note Securities – Extraordinary Events affecting Equity Linked Note Securities”, “Description of the Note Securities – Extraordinary Events affecting Fund Linked Note Securities”, “Description of the Note Securities – Extraordinary Events affecting Index Linked Note Securities”, “Description of the Note Securities – Extraordinary Events affecting Commodity Linked Note Securities” or “Description of the Note Securities – Reimbursement Under Special Circumstances and Payment”, as applicable, in the Prospectus. The term “Valuation Date” contained in those sections of the Prospectus shall include both the Call Valuation Date and the Final Valuation Date, as applicable.

### **Payment of the Maturity Redemption Payment**

Subject to certain exceptions and unless otherwise provided in the relevant Pricing Supplement, the Bank will be required to make available to the Holders of record no later than 10:00 a.m. (Montreal time) on the Maturity Payment Date, funds in an amount sufficient to pay the Maturity Redemption Payment. Unless otherwise provided in the applicable Pricing Supplement, the Maturity Payment Date will be the fifth Business Day immediately following the Call Valuation Date or the Final Valuation Date, as the case may be. Unless otherwise provided in the applicable Pricing Supplement, the Call Valuation Date or the Final Valuation Date will be the fifth Business Day immediately prior to the Call Date or the Maturity Date, as the case may be, provided that it may be postponed if there is a Market Disruption Event on such date, up to a maximum of five Business Days.

The Maturity Redemption Payment, or, as the case may be, the amount payable under a Reimbursement under Special Circumstances, will be paid through CDS as set forth under “Description of the Notes – Depository – CDS Procedures” in the Prospectus.

### **Early Redemption**

The Note Securities are not retractable at the option of the Holders prior to maturity.

The Note Securities are not redeemable by the Bank prior to the Maturity Date except on a Call Date and except for a Reimbursement Under Special Circumstances. See “Description of Note Securities – Reimbursement Under Special Circumstances and Payment” in the Prospectus.

### **Global Certificate**

A global certificate for the full amount of the issue of Note Securities will be issued by the Bank in registered form to CDS. Subject to limited exceptions, certificates evidencing the Note Securities will not be available to Holders and registration of ownership of the Note Securities will be made only through the book-entry system of CDS. See “Description of the Note Securities – Depository” in the Prospectus.

### **Credit Rating**

The Note Securities have not been rated by any rating agencies. The long-term deposits of the Bank are, at the date of this Prospectus Supplement, rated AA (low) by DBRS, A by S&P and Aa3 by Moody's. There can be no assurance that, if the Note Securities were specifically rated by these agencies, they would have the same ratings as the long-term deposits of the Bank. A credit rating is not a recommendation to buy, sell or hold investments, and may be subject to revision or withdrawal at any time by the relevant rating agency.

### **Timely Information on the Note Securities**

The Bank will seek to make available at [www.fpsgroup.ca](http://www.fpsgroup.ca), certain information regarding the Note Securities, including the daily Reference Portfolio Return, the Call Threshold, the Barrier (if any), the Call Dates, the applicable

early trading charge (if any) and, if applicable, whether or not the Reference Portfolio Return has reached or fallen below the Barrier. Moreover, the Bank will also endeavour to post the last available bid price on the preceding Business Day with adequate caution on the reliability and use of this information. The information made available at [www.fpsgroup.ca](http://www.fpsgroup.ca) as aforementioned will not be incorporated by reference into this Prospectus Supplement or the Prospectus.

### **FUNDSERV**

If specified in the applicable Pricing Supplement, Note Securities may be purchased using the order entry system of the FundSERV network. See “FundSERV” in the Prospectus. If applicable, the FundSERV network order code for the Note Securities will be specified in the applicable Pricing Supplement. Subscriptions will be received subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice.

A purchaser of Note Securities using the FundSERV network, who delivers the purchase price for the Note Securities prior to the Issuance Date, will receive from the Bank interest on the funds so delivered in the form of additional Note Securities (or fractions thereof). The number of additional Note Security(ies) for a purchaser will be equal to the dollar amount of interest that would accrue on the funds delivered at a rate of 0.25% per annum from and including the first Business Day after such funds are received by National Bank Financial Inc. to but excluding the Issuance Date, divided by the purchase price of a Note Security (that is, the Principal Amount as specified in the applicable Pricing Supplement). For the avoidance of doubt, such interest will not be payable in cash. No interest will be paid on account of funds deposited through the use of the FundSERV network if subscriptions are rejected or not fully allotted. See the Prospectus for a description of the mechanics and restrictions involved in the use of the FundSERV network for the purchase and sale of Note Securities.

### **FEES AND EXPENSES**

A selling commission may be payable from the gross proceeds of any offering of Note Securities to the Agents for further payment to representatives, including representatives employed by the Agents, whose clients purchase Note Securities. The amount of the selling commission will be specified in the applicable Pricing Supplement.

For greater certainty, the pricing of the Note Securities will factor in any selling commission paid to the Agents and the Bank’s cost of hedging its obligations under the Note Securities.

The Bank will pay to the Independent Agent, out of its own funds, a one-time fee of a percentage of the Principal Amount of an offering of Note Securities for acting as independent agent. The amount of the agent’s fee will be specified in the applicable Pricing Supplement.

Holders wishing to sell their Note Securities on the secondary market may be subject to an early trading charge as specified in the applicable Pricing Supplement. See “Secondary Market for the Note Securities” in this Prospectus Supplement and “Use of Proceeds and Hedging” in the Prospectus.

### **SECONDARY MARKET FOR THE NOTE SECURITIES**

The Note Securities will not be listed on any securities exchange or quotation system. National Bank Financial Inc. intends to maintain until the Final Valuation Date (or until a Call Valuation Date, if the Note Securities are automatically called (i.e., redeemed) prior to the Maturity Date), under normal market conditions, a daily secondary market for the Note Securities. If the price or the level of a Reference Asset is not published or, in an applicable case, if trading in a Reference Asset is disrupted or suspended, or if any other Market Disruption Event occurs, National Bank Financial Inc. will generally deem that normal market conditions do not exist.

National Bank Financial Inc. may, in its sole discretion, 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.

In addition, any sale of Note Securities facilitated by National Bank Financial Inc. may be subject to an early trading charge, deductible from the sale proceeds of the Note Securities. Any such charge will be specified in the applicable Pricing Supplement. Holders should be aware that any valuation price for the Note Securities appearing in a Holder's periodic investment account statement, as well as any bid price quoted to the Holder to sell Note Securities, will be before the application of the applicable early trading charge. The early trading charges will apply even in respect of the sale of Note Securities purchased by Holders on the secondary market. For greater certainty, the Note Securities sold other than through the secondary market maintained by National Bank Financial Inc. will not be subject to such early trading charge. Note Securities may in certain circumstances be transferable through CDS participants. This will be the case in particular for Note Securities held by clients of the same brokerage firm.

The pricing of the Note Securities will factor in any selling commission described under "Fees and Expenses" and the Bank's cost of hedging its obligations under the Note Securities. As a result, assuming no change in market conditions and any other relevant factors highlighted herein that may affect the price of the Note Securities on the secondary market, the price on the secondary market will likely be lower than the original issue price when taking such fees and costs into consideration. This effect is expected to be greater if the Note Securities are sold earlier in the term of the Note Securities. It is expected that the early trading charge, if any, will correspond to such discount from the original issue price.

There will not be any secondary market for the Note Securities other than the market described above. Investors who cannot accept that the secondary market is limited in this way or who must have access to a secondary market at all times should not invest in the Note Securities. See "Secondary Market for the Note Securities" in the Prospectus and "Risk Factors – There is no assurance of a secondary market and any developing secondary market may be illiquid or offer prices which may be at discount from the Maturity Redemption Payment that would be payable if the Note Securities were maturing on such day".

Similar factors to those which may impact the value of zero coupon bonds and options will have an impact on the price of the Note Securities. Such factors include (i) the price or level of each of the Reference Assets; (ii) the volatility of each of the underlying interests (i.e. the Reference Assets); (iii) interest rates; (iv) the time remaining to the next Call Valuation Dates and the Final Valuation Date; (v) the dividends paid (on the Reference Assets or the constituents of the Reference Assets); and (vi) the Bank's credit rating. The effect of any one factor may be offset or magnified by the effect of another factor. See "Risk Factors – Investors must be comfortable with the risk of loss assumed relative to the maturity payout and confident about the performance of the Reference Assets comprising the Reference Portfolio" for more details on the economic equivalent exposure of an investment in the Note Securities.

The table below serves to illustrate, in an easy to read format, the impact of each factor generally on the Note Securities on the Issuance Date. Investors are cautioned that the information in the table is provided as of the Issuance Date and in respect of each factor taken separately, as with the passage of time, the effect of any one factor may be offset or magnified by the effect of another. Moreover, it is possible that under certain limited circumstances a particular factor may have the opposite effect with the passage of time.

<b>Factors affecting the price of the Note Securities</b>	
<b>Change in Factor</b>	<b>Note Securities</b>
Increase in Reference Portfolio Return	↑
Increase in the Reference Portfolio volatility	↓
Increase in interest rates	↓
Decrease in time remaining to Call Valuation Dates / Final Valuation Date	↑
Increase in Reference Portfolio dividend yield	↓
Increase in Bank's credit rating	↑

## PLAN OF DISTRIBUTION

The Agents will be conditionally offering the Note Securities subject to prior sale on a best efforts basis, if, as and when issued by the Bank and accepted by the Agents in accordance with the terms and conditions contained in the Dealer Agreement and subject to the approval of certain legal matters by Fasken Martineau DuMoulin LLP, on behalf of the Bank, and McMillan LLP, on behalf of the Agents.

National Bank Financial Inc. will perform due diligence in connection with the offering of the Note Securities and will participate in the structuring and pricing of such offering. In connection with such offering, no benefit will be received by National Bank Financial Inc. other than its portion of the selling commission, if any. The Independent Agent will perform due diligence in connection with the offering of Note Securities but will not participate in the structuring or the pricing of such offering. The Bank will pay to the Independent Agent out of its own funds a one-time fee for acting as independent agent under the offering. See "Fees and Expenses".

## RISK FACTORS

In addition to the risks described under "Risk Factors" in the Prospectus, including, without limitation, the sections therein entitled "Certain Risk Factors related to the Equity Linked Note Securities", "Certain Risk Factors related to the Fund Linked Note Securities", "Certain Risk Factors related to the Index Linked Note Securities" and "Certain Risk Factors related to the Commodity Linked Note Securities", as applicable, below are additional risks relating to an investment in the Note Securities. Purchasers are urged to read the following information about these risks, together with the other information in this Prospectus Supplement and the Prospectus, before investing in the Note Securities.  **Holders who are not prepared to accept the risks described below and the risks described in the Prospectus should not invest in the Note Securities.**

### *The Note Securities are not suitable for all investors*

An investor should reach a decision to invest in the Note Securities after carefully considering, in conjunction with his or her advisors, the suitability of the Note Securities in light of his or her investment objectives and the other information set out in the applicable Pricing Supplement, this Prospectus Supplement and in the Prospectus.

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 (other than a minimum of 1% and, with respect to the NBC Auto Callable Note Securities (Buffered), the applicable Buffer amount if greater than 1%). The return on the Note Securities cannot be determined prior to maturity. The Note Securities will be called for redemption prior to the Maturity Date if the Reference Portfolio Return is higher than the Call Threshold on the pre-determined Call Valuation Dates. Any additional variable return will be limited to a percentage of the amount by which the Reference Portfolio Return exceeds the Fixed Return, as specified in the applicable Pricing Supplement. The Note Securities are not principal protected. Holders may suffer a loss on their investment as the Note Securities may return less than and possibly substantially less than the principal amount invested. There can be no assurance that the Note Securities will show any positive return. Accordingly, the Note Securities are suitable for investors who can withstand a loss of substantially all of their investment. Moreover, the value of an investment in the Note Securities may diminish over time owing to inflation and other factors that adversely affect the present value of future payments. Accordingly, an investment in the Note Securities may result in a lower return when compared to other investment alternatives. The Note Securities are designed for investors who are prepared to hold the Note Securities until the Maturity Date and are prepared to assume risks with respect to a return tied to the Reference Portfolio Return (which is a price return). Prospective purchasers should take into account certain risks associated with an investment in the Note Securities which are described under "Risk Factors" in this Prospectus Supplement and under "Risk Factors" in the Prospectus, as well as any additional risks described in the applicable Pricing Supplement.

### *The Note Securities are subject to an automatic call feature*

The Note Securities are subject to an automatic call feature and will be automatically redeemed by the Bank prior to the Maturity Date if the Reference Portfolio Return is higher than the Call Threshold on any given Call Valuation

Date. If called by the Bank, the difference between the Reference Portfolio Return at the Call Valuation Date and the Reference Portfolio Return at the Final Valuation Date (and, in the case of NBC Auto Callable Note Securities (Daily-Monitored Barrier), during the Barrier Measurement Period) may be significant. If the Note Securities are called by the Bank, Holders will not be entitled to receive any further consideration or payment than they would have otherwise been entitled to receive if the Note Securities had not been called by the Bank.

***An investment in the Note Securities may result in a loss***

The Note Securities do not guarantee any return of your Principal Amount, as a result, an investor could lose up to 99% of their investment in the Note Securities, subject to the Buffer amount with respect to the NBC Auto Callable Note Securities (Buffered).

For NBC Auto Callable Note Securities (No Barrier), if the Note Securities are not automatically called on a Call Date and the Reference Portfolio Return is equal to or lower than the Call Threshold and negative on the Final Valuation Date, you will be entitled to a Maturity Redemption Payment that is less than the Principal Amount of the Note Securities. Accordingly, you may lose up to 99% of your investment in the Note Securities.

For NBC Auto Callable Note Securities (Maturity-Monitored Barrier), if the Note Securities are not automatically called on a Call Date and the Reference Portfolio Return is at or below the Barrier on the Final Valuation Date, you will be entitled to a Maturity Redemption Payment that is less than the Principal Amount of the Note Securities. Accordingly, you may lose up to 99% of your investment in the Note Securities.

For NBC Auto Callable Note Securities (Daily-Monitored Barrier), if the Note Securities are not automatically called on a Call Date and the Reference Portfolio Return is equal to or lower than the Call Threshold and negative on the Final Valuation Date and the Reference Portfolio Return reaches or falls below the Barrier on any day during the Barrier Measurement Period, you will be entitled to a Maturity Redemption Payment that is less than the Principal Amount of the Note Securities. Accordingly, you may lose up to 99% of your investment in the Note Securities.

For NBC Auto Callable Note Securities (Buffered), if the Note Securities are not automatically called on a Call Date and the Reference Portfolio Return is below the Barrier on the Final Valuation Date, you will be entitled to a Maturity Redemption Payment that is less than the Principal Amount of the Note Securities. Accordingly, you may lose up to 99% of your investment in the Note Securities, subject to the Buffer amount.

***Investors must be comfortable with the risk of loss assumed relative to the maturity payout and confident about the performance of the Reference Assets comprising the Reference Portfolio***

By investing in the Note Securities, investors are assuming the risk of losing their investment in the Note Securities. Investors must be comfortable with the risk/reward offered by the Note Securities. Investors in the Note Securities will need to be confident about the prospects of the Reference Assets comprising the Reference Portfolio. Investors will need to carefully review and assess all relevant information about the Reference Assets comprising the Reference Portfolio and, as the case may be, the issuers of the Reference Assets, to determine the likelihood of the Reference Portfolio Return reaching or falling below the levels that will trigger a loss under the terms of the Note Securities. In this regard, factors impacting the price of the Reference Assets comprising the Reference Portfolio will be relevant, and investors should carefully review the risks and uncertainties identified by the issuers of the Reference Assets comprising the Reference Portfolio (and/or the issuers of assets comprising an index or fund constituting the Reference Assets) in their public disclosure. For example, where an issuer of an equity security that constitutes a Reference Asset of the Reference Portfolio faces the imminent resolution of a pending material but undetermined event (for example a material acquisition, material litigation or a material regulatory approval), the unfavourable resolution of such event may trigger an immediate and substantial decrease in the price of such security. Moreover, volatility (including market expectations of future volatility) in the price or level of the Reference Assets will be of utmost importance. Generally, the greater the volatility, the greater the chances that the Reference Portfolio Return will reach a level that may trigger a loss under the Note Securities. Volatility may be impacted by a number of factors, including actual or anticipated interrelated political, economic, financial and other factors that can affect the capital and financial markets generally and the markets on which the Reference Asset is (or the constituents thereof are) traded, and by various circumstances that can influence the value of a particular security

or asset, including actual or anticipated issuer-specific events. Volatility may change unpredictably and in unforeseeable ways. Historical levels of volatility are not a guarantee of future levels.

***An investor will not be entitled to the benefit of any changes in the Closing Level for any Reference Asset included in the Reference Portfolio prior to the Call Valuation Date or the Final Valuation Date***

The Maturity Redemption Payment is linked to the value of the Reference Portfolio as of the applicable Call Valuation Date and Final Valuation Date. An investor will not be entitled to the benefit of any change in the Closing Level of any Reference Asset included in the Reference Portfolio during the term of the Note Securities prior to the applicable Call Valuation Date or the Final Valuation Date.

***The return on the Note Securities does not reflect the full performance of the Reference Portfolio that could be realized if investors held the Reference Assets directly***

The return on the Note Securities will not reflect the return that could be realized if a Holder actually owned the Reference Assets included in the Reference Portfolio and held such investment for a similar period, since (i) any positive Reference Portfolio Return in excess of the Fixed Return as calculated 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 and (ii) provided the Call Threshold is above 0%, the Maturity Redemption Payment will be equal to \$100 where the positive Reference Portfolio Return is equal to or lower than the Call Threshold, which will result in a Holder not receiving any return despite a positive Reference Portfolio Return. Therefore, the Maturity Redemption Payment payable on either the Call Dates or on the Maturity Date may be less than the corresponding Reference Portfolio Return on the applicable Call Valuation Date or Final Valuation Date and the difference between such corresponding Reference Portfolio Return and such Maturity Redemption Payment may be significant.

Investors should understand that the Maturity Redemption Payment is calculated using the Reference Portfolio Return and that the Reference Portfolio Return is based on the price return of the Reference Assets and will not take into account dividends and/or distributions paid by the issuers or constituents of the Reference Assets.

In addition, if there is more than one Reference Asset in the Reference Portfolio, the Reference Asset Return of one or more Reference Assets could increase over the term of the Note Securities, but be offset by decreases in the Reference Asset Return of other Reference Assets. Moreover, if the Reference Asset Weight for each Reference Asset is not equal, the Reference Assets having greater Reference Asset Weights will have a greater impact on the Reference Portfolio Return, and therefore the Maturity Redemption Payment, than the Reference Assets having lower Reference Asset Weights.

***The market value of the Note Securities may decrease at an accelerated rate if and when the Reference Portfolio Return approaches and falls below the Barrier, if applicable***

For NBC Auto Callable Note Securities (Maturity-Monitored Barrier), when the Reference Portfolio Return on any day decreases to a return near the Barrier, the market value of the Note Securities may decrease at a greater rate than the market value of the Reference Portfolio to reflect the fact that you may receive a value that is less than the Principal Amount of each of your Note Securities on the Final Valuation Date. All other factors remaining constant, the longer the term of your Note Securities, the more likely it will be that the Reference Portfolio Return may fall to a level that is less than the Barrier on the Final Valuation Date.

For NBC Auto Callable Note Securities (Daily-Monitored Barrier), when the Reference Portfolio Return on any day decreases to a return near the Barrier, without having previously breached it (regardless of the fact of whether the Reference Portfolio Return is positive or negative on the Final Valuation Date), the market value of the Note Securities may decrease at a greater rate than the market value of the Reference Portfolio. If the Reference Portfolio Return falls to a level that is equal to or below the Barrier, we expect that the market value of the Note Securities will decrease, to reflect the fact that you may receive a value that is less than the Principal Amount of each of your Note Securities on the Final Valuation Date. All other factors remaining constant, the longer the term of your Note Securities, the more likely it will be that the Reference Portfolio Return may fall, on any day, to a level that is less than the Barrier.

***The market value of the Note Securities may decrease at an accelerated rate if and when the Reference Portfolio Return approaches and falls below the Call Threshold***

When the Reference Portfolio Return on any day decreases to a return near or below the Call Threshold, the market value of the Note Securities may decrease at a greater rate than the market value of the Reference Portfolio especially if near a Call Valuation Date or the Final Valuation Date. If the Reference Portfolio Return falls to a level that is near or below the Call Threshold, especially near a Call Valuation Date or the Final Valuation Date, we expect the market value of the Note Securities will decrease to reflect the fact that the Note Securities may not be called, or mature, at a positive return.

***There is no assurance of the existence of a secondary market and any developing secondary market may be illiquid or offer prices which may be at a discount from the Maturity Redemption Payment that would be payable if the Note Securities were maturing on such day***

Investors should be willing to hold their Note Securities until the Maturity Date. There may be little or no secondary market for the Note Securities. The Note Securities will not be listed on any stock exchange. There is no assurance that a secondary market will develop.

Despite the fact that National Bank Financial Inc. intends to maintain a daily secondary market for the Note Securities, there can be no assurance that a secondary market will develop, and if one develops, it is not possible to predict how the Note Securities will trade in the secondary market or whether such market will be liquid. If the secondary market for the Note Securities is limited, there may be fewer buyers when an investor decides to sell his or her Note Securities prior to the Maturity Date, affecting the bid price that such a Holder will receive. Moreover, National Bank Financial Inc. reserves the right not to maintain such a secondary market in the future in its sole discretion, without providing prior notice to Holders. National Bank Financial Inc. is a wholly-owned subsidiary of the Bank. Under the Note Securities, the interests of the Holders and the Bank may be different. National Bank Financial Inc. will carry out its market making activities in good faith and in accordance with applicable regulations governing its business. Furthermore, the sale of Note Securities using the FundSERV network is not like standard over-the-counter markets for debt instruments maintained by registered dealers and carries certain restrictions, including selling procedures that require the initiation of an irrevocable sale order at a bid price that will not be known prior to placing such sale order. See “FundSERV – Sale of Note Securities using the FundSERV network” in the Prospectus.

The price at which a Holder will be able to sell the Note Securities prior to a Call Date or the Final Valuation Date may be at a discount, which could be substantial, from the Maturity Redemption Payment that would be payable if the Note Securities were callable or maturing on such day, based upon one or more factors. The value of the Note Securities in the secondary market will be affected by a number of complex and inter related factors, including supply and demand for the Note Securities; inventory positions with National Bank Financial Inc.; interest rates in the market; the time remaining to the maturity of the Note Securities; the creditworthiness of the Bank; economic, financial, political, regulatory, judicial or other events that affect the price or the level of the Reference Assets or factors that affect financial markets generally. The effect of any one factor may be offset or magnified by the effect of another factor.

Similar factors to those which may impact the value of zero coupon bonds and options will have an impact on the price of the Note Securities. Such factors include (i) the price or the level of each of the Reference Assets; (ii) the volatility of each of the underlying interests (i.e. the Reference Assets); (iii) interest rates; (iv) the time remaining to the Call Valuation Date and the Final Valuation Date; (v) the dividends paid (on the Reference Assets or the constituents of the Reference Assets); and (vi) the Bank’s credit rating. The effect of any one factor may be offset or magnified by the effect of another factor.

While the Maturity Redemption Payment is based on the full Principal Amount of the Note Securities, the pricing of the Note Securities will factor in any selling commission described under “Fees and Expenses” and the Bank’s cost of hedging its obligations under the Note Securities. As a result, assuming no change in market conditions and any other relevant factors highlighted herein that may affect the price on the secondary market, the price on the secondary market will likely be lower than the original issue price to take such fees and costs into consideration.



This effect is expected to be greater if the Note Securities are sold earlier in the term of the Note Securities. It is expected that the early trading charge, if any, will correspond to such discount from the original issue price.

There will not be any secondary market for the Note Securities other than the market described above. Investors who cannot accept that the secondary market is limited in this way or who must have access to a secondary market at all times should not invest in the Note Securities.

### *Taxation*

Counsel to the Bank and the Agents understand that the Canada Revenue Agency is currently reviewing its administrative policies and assessing practices with regard to instruments such as the Note Securities. There can be no assurance that the Canada Revenue Agency's administrative policies and assessing practices will not be subject to adverse development, change or qualification, including with respect to the tax characterization of amounts received on the disposition of Note Securities prior to maturity. Any change in or development of new administrative policies and assessing practices respecting instruments such as the Note Securities could result in the tax considerations described under "Certain Canadian Federal Income Tax Considerations" being materially different in certain respects. Holders should refer to "Certain Canadian Federal Income Tax Considerations" below and should read it carefully. **Holders should consult and rely on their own tax advisor about their own tax situation.**

### **CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

In the opinion of Fasken Martineau DuMoulin LLP, counsel to the Bank, and McMillan LLP, counsel to the Agents, the following is a fair summary as of the date hereof of the principal Canadian federal income tax consequences generally applicable to an initial purchaser of the Note Securities offered pursuant to this Prospectus Supplement who is an individual (other than a trust), who acquires the Note Securities on the Issuance Date and who, at all applicable times, for purposes of the Act, is, or is deemed to be, a resident of Canada, deals at arm's length and is not affiliated with the Bank, and acquires and holds the Note Securities as capital property (a "Noteholder"). **For greater certainty, this summary does not apply to a holder who acquires the Note Securities on the secondary market. Such holders should consult and rely on their own tax advisors as to the overall consequences of their acquisition, ownership and disposition of Note Securities having regard to their particular circumstances.**

The Note Securities will generally be regarded as capital property of a Noteholder who acquires and holds the Note Securities as investments unless the Noteholder holds the Note Securities in the course of carrying on a business or has acquired the Note Securities in a transaction or series of transactions considered to be an adventure in the nature of trade. The determination of whether the Note Securities are held as capital property for the purposes of the Act will take into account, among other factors, whether the Note Securities are acquired with the intention or secondary intention of selling them prior to the Maturity Date. Certain Noteholders whose Note Securities might not otherwise qualify as capital property may, in certain circumstances, treat such Note Securities and all of the Noteholder's other Canadian securities as capital property by making an irrevocable election provided by subsection 39(4) of the Act.

This summary is based upon the current provisions of the Act and the regulations thereunder in force on the date hereof, all specific proposals to amend the Act or the regulations publicly announced by or on behalf of the federal Minister of Finance prior to the date hereof (the "Proposals") and counsel's understanding of certain published administrative policies and assessing practices of the Canada Revenue Agency ("CRA"). Except for the Proposals, this summary does not take into account or anticipate any changes (including retroactive changes) in the law or the administrative policies and assessing practices of the CRA, whether by judicial, regulatory, administrative or legislative action, nor does it take into account tax laws of any province or territory of Canada, or of any jurisdiction outside Canada. Provisions of provincial income tax legislation vary from province to province in Canada and may differ from federal income tax legislation.

This summary is based on the following assumptions:

- (i) the Maturity Redemption Payment cannot be determined prior to any Call Valuation Dates or the Final Valuation Date of the particular Note Securities, and

- (ii) it cannot be determined whether the Fixed Return will equal or exceed the Reference Portfolio Return on the Call Valuation Dates or the Final Valuation Date of the particular Note Securities.

**This summary is of a general nature only and is not intended to constitute, nor should it be relied upon or construed as, tax advice to any particular Noteholder nor is it exhaustive of all possible Canadian federal income tax considerations. For purposes of this summary, it is assumed that a Noteholder will neither undertake nor arrange a transaction in respect of the Note Securities primarily for the purpose of obtaining a tax benefit. Noteholders should consult and rely on their own tax advisors as to the overall consequences of their acquisition, ownership and disposition of Note Securities having regard to their particular circumstances.**

#### **Interest Prior to Issuance Date**

A Noteholder will be required to include in computing income for a taxation year any interest on the funds delivered prior to the Issuance Date received or receivable by such Noteholder in that taxation year (depending upon the method regularly followed by the Noteholder in computing income) except to the extent that such amount was included in the Noteholder's income for a preceding taxation year.

#### **Accrual of Interest**

No interest is stipulated to be payable in respect of the Note Securities. In certain circumstances, provisions of the Act can deem interest to accrue on a "prescribed debt obligation" (as defined for purposes of the Act). Counsels' understanding is that the CRA takes the administrative position that instruments similar to the Note Securities constitute "prescribed debt obligations". Based in part on an understanding of the CRA's current administrative policies and assessing practices, no amount would be deemed to accrue under these provisions and as a consequence, there should be no deemed accrual of interest on the Note Securities prior to the Maturity Redemption Payment or Actualized NAV becoming calculable.

#### **Payment at the Maturity Payment Date or on Special Reimbursement Date**

The amount of the excess of the Maturity Redemption Payment or the Actualized NAV, as the case may be, over the Principal Amount of a Note Security that is payable to a Noteholder, will generally be included in the Noteholder's income in the taxation year in which the Call Valuation Date, the Final Valuation Date or the Special Reimbursement Date of the Note Securities occurs. On a disposition of a Note Security resulting from the payment by the Bank at maturity or on a redemption of the Note Security by or on behalf of the Bank at another date, as the case may be, a Noteholder will realize a capital loss to the extent that a payment received at such time is less than the Noteholder's adjusted cost base of the Note Security. The income tax considerations associated with the realization of a capital loss are described below.

#### **Disposition of Note Securities**

It is unclear whether amounts received or deemed to be received by a Noteholder on a disposition or deemed disposition of a Note Security, other than a disposition resulting from a payment by or on behalf of the Bank, will be considered as giving rise to a capital gain or a capital loss, or to ordinary income or loss. 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 will 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" above. **Noteholders who dispose of a Note Security prior to the Maturity Date, particularly those who dispose of a Note Security shortly prior to the Maturity Date or a Call Date, 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 may give rise to alternative minimum tax under the Act.

### **Foreign Currency**

If the Note Securities are denominated in a currency other than Canadian dollars, all amounts relating to the acquisition, holding or disposition of the Note Securities must be converted into Canadian dollars, for purposes of the Act, based on the relevant exchange rate quoted by the Bank of Canada at noon on the relevant day or such other rate or rates of exchange acceptable to the Minister of National Revenue. A Noteholder may realize a capital gain or capital loss by virtue of exchange rate fluctuations if the Note Securities are denominated in a currency other than Canadian dollars and any amounts required to be included in computing the Noteholder's income for a taxation year may also be affected by fluctuations in the relevant exchange rate.

### **CRA Review**

Counsel to the Bank and the Agents understand that the CRA is currently reviewing its administrative policies and assessing practices with regard to prescribed debt obligations, including considering the relevance of the existence of a secondary market for such obligations in determining whether there is a deemed accrual of any amount of interest, bonus or premium on such obligations. There can be no assurance that the CRA's administrative policies and assessing practices will not be subject to adverse development, change or qualification relevant to the Note Securities. See "Risk Factors - Taxation".