This Prospectus Supplement together with the short form base shelf prospectus dated July 4, 2016, 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 **July 25, 2016**
(to the short form base shelf prospectus dated July 4, 2016)

NATIONAL BANK OF CANADA

NBC Linear Note Securities Program

(non principal protected note securities)

National Bank of Canada (the "Bank" or "we") may offer and sell NBC Linear 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; repayment of the entire Principal Amount (as defined below) is not guaranteed. The Note Securities may provide Holders with return of capital payments prior to maturity. **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 prior to maturity.

Payment at maturity of Note Securities will be linked to the performance of a Reference Portfolio (as defined below) composed of equity securities, exchange-traded fund securities, publicly available indices or a combination thereof (the "Reference Assets"), as specified in the applicable Pricing Supplement. The Note Securities will have an initial principal amount of $100 each (the "Principal Amount"). The Reference Portfolio is a notional portfolio only in that the Reference Portfolio will be used solely as a reference to calculate the amounts payable on the Note Securities. The Reference Portfolio NAV (as defined below) will be calculated on each Business Day. The Reference Portfolio may be rebalanced from time to time, as specified in the relevant Pricing Supplement. Dividends and other distributions on the constituents making up the Reference Portfolio will be notionally reinvested in and accrue to the Reference Portfolio as set forth herein. Investors in the Note Securities will not be the owners of, or have any rights to or interests in, such underlying securities or indices that make up the Reference Portfolio. All actions referred to herein with respect to the constituents making up the Reference Portfolio, such as purchases, sales, borrowings and liquidations, etc., are notional actions only.

The investment objective of the Note Securities is to provide Holders with the Reference Portfolio NAV at maturity, in addition to any ROC Payments (if applicable), as specified in the applicable Pricing Supplement.

Each day following the Issuance Date, until the Final Valuation Date, the net value of the Reference Portfolio, referred to as the "**Reference Portfolio NAV**", will be calculated based on the performance of the Reference Assets, taking into account the following items:

- the daily change in the price or level of the Reference Assets;
- the weighting of each of the Reference Assets;
- any dividends and distributions amounts, if any, notionally paid on account of the Reference Assets (net of an amount equal to any withholding tax that would be applicable if such Reference Assets were held by a Canadian Investor, as defined below), which will accrue to and be notionally reinvested in the Reference Portfolio;
- to the extent the Reference Assets are not denominated in the currency of the Note Securities, the change in the exchange rate (subject, as applicable, to mitigation under hedging terms detailed herein);

- to the extent the Note Securities provide for ROC Payments, the amount or level of such ROC Payments; and
- the ongoing amounts that may be deducted by the Bank from the Reference Portfolio NAV, as specified in the applicable Pricing Supplement.

The sum of the value of each Reference Asset so calculated will make up the Reference Portfolio NAV. The value of each Reference Asset, referred to as the "**Reference Asset NAV**", will be calculated as set forth in more detail below.

The Note Securities are not redeemable prior to maturity, except by the Bank pursuant to a Reimbursement Under Special Circumstances. See "Description of the Note Securities – Reimbursement Under Special Circumstances and Payment" in the Prospectus.

The Note Securities 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.

There can be no assurance that the Note Securities will generate positive returns or avoid losses for Holders and Holders could lose some or substantially all of their investment in the Note Securities, other than any ROC Payments received. Holders will not receive any return at maturity on their original investment unless the increase in the Reference Portfolio NAV over the term of the Note Securities is greater than the applicable fees and expenses over the term of the Note Securities described herein and in the applicable Pricing Supplement. 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, the Note Securities are not suitable investments for a Holder if such Holder needs or expects to receive any return or a specific return on investment. The Note Securities are designed for investors with a specific investment horizon who are prepared to hold the Note Securities until maturity and are prepared to assume risks with respect to a return tied to the Reference Portfolio NAV.

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".

TABLE OF CONTENTS

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus Supplement is deemed to be incorporated by reference into the Prospectus solely for the purpose of our NBC Linear 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 July 4, 2016 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 above-mentioned 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 ("TFSAs") 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.

"**Business Day**" means any day, other than a Saturday or a Sunday or a day on which commercial banks in either Montreal, Toronto or Calgary 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.

"**Canadian Investor**" means a person who is a resident of Canada for the purposes of the Act and is entitled to claim the benefit of the *Canada – United States Income Tax Convention* or any other tax treaty, if applicable, as specified 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 or 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" as applicable).

"**Daily Maintenance Amount**" means an amount equal to the product of (i) the Reference Asset NAV of the previous Business Day and (ii) the sum of the Structuring Trailer Percentage, the Trailer Percentage and any other amount specified in the applicable Pricing Supplement to be included in the Daily Maintenance Amount, and (iii) the number of days elapsed since the previous Business Day divided by 365.

"**DBRS**" means DBRS Limited.

"**Dealer Agreement**" means the dealer agreement between the Bank and the Agents, among others, dated July 4, 2016 as the same may be amended and supplemented from time to time.

"**Distribution Amount**" means for a given dividend or other distribution paid by the issuer of a Reference Asset and on its ex-dividend date, the present value of the dividend amount or other distribution, minus an amount equal to any withholding taxes that would be applicable to such amount if the Reference Asset were held by a Canadian Investor (15% unless otherwise specified in the applicable Pricing Supplement), converted into the Reference Asset Currency if applicable. The present value is the value of the dividend amount or other distribution to be paid, discounted using the relevant Interest Rate plus 1% or as otherwise specified in the applicable Pricing Supplement and the number of days between the ex-dividend date and the payment date.

"Distribution Value" means for a given dividend or other distribution paid by the issuer of a Reference Asset and on its ex-dividend date, an amount denominated in the Note Securities Currency, calculated as follows:

Distribution Amount × Number of Reference Assets at the end of the previous Reference Asset Business Day × FX Rate (if applicable)

"**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 Valuation Date**" means the third Business Day preceding the Maturity Date, subject to postponement in certain circumstances as described in the Prospectus, unless otherwise provided in the applicable Pricing Supplement. If such a day is not a Reference Portfolio Business Day, it will be postponed to the next Reference Portfolio Business Day.

"**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.

"**FX Funding Rate**" means for a given Reference Asset, the Interest Rate for the Reference Asset Currency, plus a spread as defined in the Pricing Supplement.

"**FX Hedged**" means a given Reference Asset is denominated in a currency which is different from the Note Securities Currency where the Reference Asset Native NAV of the previous Reference Asset Business Day will not be exposed to currency fluctuations, although the Reference Asset Return Amount will be exposed to currency fluctuations.

"**FX Investment Amount**" means, for a given Reference Asset and a given Business Day, a number equal to the product of (i) the Reference Asset NAV of the previous Business Day; (ii) the FX Investment Rate of the previous Business Day, and (iii) the number of days elapsed since the previous Business Day divided by 365.

"**FX Investment Rate**" means the Interest Rate of the Note Securities Currency.

"**FX Funding Amount**" means, for a given Reference Asset and a given Business Day. a number equal to the product of (i) the Reference Asset Native NAV of the previous Business Day, (ii) the FX Funding Rate of the previous Business Day, (iii) the FX Rate on the given Business Day, and (iv) the number of days elapsed since the previous Business Day divided by 365.

"FX Rate" means, for a given currency, the 4.00PM BFIX mid level foreign exchange rate between the given currency and the Note Securities Currency or the Reference Asset Currency as applicable and as reported by Bloomberg, or as otherwise specified in the relevant Pricing Supplement.

"**FX Type**" means for a given Reference Asset, the notional hedge type as specified in the Pricing Supplement, being either FX Hedged or FX Unhedged or Not applicable, as described below under "Description of the Note Securities – Foreign Currencies".

"**FX Unhedged**" means a given Reference Asset is denominated in a currency which is different from the Note Securities Currency and will be exposed to currency fluctuations.

"**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.

"**Interest Rate**" means for a given currency, a rate as determined as follows or as defined in the applicable Pricing Supplement:

Currency	Bloomberg Ticker	Name
CAD	CAONREPO Index	Bank of Canada Overnight Repo
USD	FEDL01 Index	Federal Funds Effective Rate U
GBP	SONIO/N Index	SONIA O/N DEPOSIT RATES SWAP
CHF	TOISTOIS Index	Fixing Rate on CHF Tomnext Off
EUR	EONIA Index	Effective Overnight Index Aver
AUD	RBACOR Index	RBA Interbank Overnight Cash R
JPY	MUTSCALM Index	Bank of Japan Estimate Unsecur
HKD	H$ONWGHT Index	HKFEDBA Hong Kong Overnight In
NOK	NOWA Index	Norwegian Overnight Weighted A

"**Issuance Date**" means the date of closing of an offering of Note Securities as set forth in the applicable Pricing Supplement. If such a day is not a Reference Portfolio Business Day, it will be postponed to the next Reference Portfolio Business Day.

"**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 as applicable, in the Prospectus.

"**Maturity Date**" means the date specified in the applicable Pricing Supplement.

"**Maturity Payment Date**" means the fifth Business Day immediately following the Final Valuation Date, unless otherwise provided in the applicable Pricing Supplement.

"**Maturity Redemption Payment**" means the amount per Note Security to which Holders are entitled at maturity based on the Reference Portfolio Final NAV and calculated as described under "Description of the Note Securities – Maturity Redemption Payment".

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

“**Note Securities Currency**” means the currency of the Note Securities as described in the applicable Pricing Supplement.

“**Number of Reference Assets**” means for a given Reference Asset, on any day, the Reference Asset Native NAV divided by the applicable Closing Level.

“**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 July 4, 2016.

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

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

“**Rebalancing Dates**” means each Rebalancing Date as may be provided and as specified in the applicable Pricing Supplement, subject to postponement in certain circumstances as described in the Prospectus, unless otherwise provided in the applicable Pricing Supplement. If such a day is not a Reference Portfolio Business Day, it will be postponed to the next Reference Portfolio Business Day.

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

“**Reference Asset Business Day**” means for a given Reference Asset, a Business Day on which the applicable Closing Level for such Reference Asset is scheduled to be published for that day.

“**Reference Asset Currency**” means the currency in which the Reference Asset is denominated, as specified in the applicable Pricing Supplement.

“**Reference Asset FX Amount**” means on any day and for each Reference Asset, the amount (which may be positive or negative) included in the Reference Asset NAV Change resulting from the foreign exchange impacts as set forth herein.

“**Reference Asset Initial NAV**” means for each Reference Asset contained in the Reference Portfolio on the Issuance Date, a number calculated as the Reference Portfolio Initial NAV multiplied by the relevant Reference Asset Initial Weight, denominated in the Note Securities Currency.

“**Reference Asset Initial Weight**” means on the Issuance Date, for each Reference Asset contained in the Reference Portfolio, a number, expressed as a percentage, as defined in the applicable Pricing Supplement.

“**Reference Asset Native NAV**” means, on any day and for each Reference Asset, the Reference Asset NAV denominated in the Reference Asset Currency.

“**Reference Asset NAV**” means, on any day, for each Reference Asset, a number denominated in the Note Securities Currency equal to the sum of (i) the previous day Reference Asset NAV and (ii) the Reference Asset NAV Change.

"**Reference Asset NAV Change**" means on any day and for each Reference Asset, an amount calculated in the Note Securities Currency representing the daily change in the Reference Asset NAV. The amount is equal to (i) the Reference Asset Return Amount; plus (ii) the Reference Asset FX Amount (if applicable); minus (iii) the Reference Asset ROC Payment Amount (if applicable); minus (iv) Daily Maintenance Amount (if applicable), or as otherwise additionally specified in the applicable Pricing Supplement.

"**Reference Asset Return Amount**" means on any Business Day and for a given Reference Asset, the product of (i) the Reference Asset Native NAV of the previous Business Day, (ii) the Reference Asset Total Return, and (iii) the FX Rate (if applicable).

"**Reference Asset ROC Payment Amount**" means on any day and for each Reference Asset, the amount included in the Reference Asset NAV Change resulting from the ROC Payment component.

"**Reference Asset ROC Payment Percentage"** means the percentage of the Reference Asset NAV to pay as ROC Payments, if the Note Securities distributes Percentage ROC Payments.

"**Reference Asset Total Return"** means on any Business Day and for each Reference Asset, a percentage equal to (i) the sum of the Closing Level and the Distribution Amount, divided by (ii) the Closing Level of the previous Reference Asset Business Day, minus 1. The Reference Asset Total Return will be equal to zero on any day that is not a Reference Asset Business Day.

"**Reference Asset Weight**" means, on any day, for each Reference Asset contained in the Reference Portfolio, a number, expressed as a percentage, calculated as the Reference Asset NAV divided by the sum of the Reference Asset NAVs in the Reference Portfolio.

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

"**Reference Portfolio Business Day**" means a Business Day on which the applicable Closing Level for each of the Reference Assets included in the Reference Portfolio is scheduled to be published for that day.

"**Reference Portfolio Final NAV**" means the Reference Portfolio NAV on the Final Valuation Date.

"**Reference Portfolio Initial NAV**" means the Reference Portfolio NAV on the Issuance Date and is equal to the Principal Amount per Note Security minus the Up-front Selling Commission (if applicable) and the Up-front Structuring Amount (if applicable) and/or other up-front amount as specified in the applicable Pricing Supplement.

"**Reference Portfolio NAV**" means, on any day, the sum of each Reference Asset NAV contained in the portfolio, in addition to any unpaid, due ROC Payments (currently between their ROC Payment Valuation Date and ROC Payment Date).

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

"**Remaining Principal Amount**" means the difference between the Principal Amount and the sum of the ROC Payments, if any, paid during the term of the Note Securities.

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

"**ROC Payments**" means return of capital payments, the details of which will be specified in the applicable Pricing Supplement, consisting of partial repayments of the Principal Amount of the Note Securities.

"**ROC Payment Amount**" means on any ROC Payment Date, the amount to be paid as calculated considering the ROC Payment Type as specified in the Pricing Supplement, which will be deducted from the Reference Asset NAV Change.

"**ROC Payment Calculation Period**" means for a given ROC Payment Valuation Date, the period starting on the day after the preceding ROC Payment Valuation Date, or the Issuance Date for the first ROC Payment Calculation Period, and ending on the relevant ROC Payment Valuation Date.

"**ROC Payment Dates**" means each ROC Payment Dates provided in the applicable Pricing Supplement, subject to postponement in certain circumstances as described in the Prospectus, unless otherwise provided in the applicable Pricing Supplement.

"**ROC Payment Type**" means the ROC Payment type as specified in the applicable Pricing Supplement, and as described below under "Description of the Note Securities – ROC Payments".

"**ROC Payment Valuation Dates**" means the third Business Day preceding each ROC Payment Date, subject to postponement in certain circumstances as described in the Prospectus, unless otherwise provided in the applicable Pricing Supplement. If such a day is not a Reference Portfolio Business Day, it will be postponed to the next Reference Portfolio Business Day.

"**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.

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

"**Structuring Trailer Percentage**" means, if applicable, a percentage of the Reference Asset NAV that the Bank may retain as part of the consideration for the ongoing maintenance of the Note Securities. The Structuring Trailer Percentage will be paid out of the Daily Maintenance Amount and therefore will indirectly reduce the Reference Asset NAV. The Structuring Trailer Percentage, if any, will be specified in the applicable Pricing Supplement.

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

"**Trailer Percentage**" means, if applicable, a percentage of the Reference Asset NAV to be paid by the Bank to representatives, including representatives employed by the Agents, whose clients purchase Note Securities. The Trailer Percentage will be paid out of the Daily Maintenance Amount and therefore will indirectly reduce the Reference Asset NAV. The Trailer Percentage, if any, will be specified in the applicable Pricing Supplement.

"**Up-front Selling Commission**" means, if applicable, an amount that will be payable to the Agents for further payment to representatives, including representatives employed by the Agents, whose clients purchase Note Securities. The Reference Portfolio Initial NAV will reflect the payment of any Up-front Selling Commission paid to the Agents and will be specified in the applicable Pricing Supplement.

"**Up-front Structuring Amount**" means, if applicable, an amount that the Bank will retain from the gross proceeds of an offering of Note Securities as part of the consideration for the issuance of the Note Securities. The Reference Portfolio Initial NAV will reflect any Up-front Structuring Amount retained by the Bank and the Up-front Structuring Amount will be specified in the applicable Pricing Supplement.

"**$**" means Canadian dollars, unless otherwise indicated in the applicable Pricing Supplement.

INVESTMENT STRATEGY SUPPORTING A PURCHASE OF THE NOTE SECURITIES

You should consider a purchase of the Note Securities if you expect that the Reference Portfolio Final NAV and the sum of the ROC Payments paid over the term, if applicable, will be greater than the Principal Amount and thus generate a positive return.

You should consider a purchase of the Note Securities rather than alternative investment in the same asset class as the Reference Portfolio if you expect that the Note Securities will deliver a superior or comparable risk-adjusted return. If your expectations differ from this, you should consider alternative investments rather than an investment in the Note Securities.

You should consider a purchase of the Note Securities rather than a direct purchase of the Reference Assets (if such direct purchase is possible), if you want the transparency of a systematic rule-based investment strategy that is based on publicly available data and the convenience provided by automatic reinvestment of the Distribution Amount (if any), automatic rebalancing (if applicable), daily FX hedging (if applicable) and ROC Payments (if applicable). If you think these benefits do not merit the additional costs, if any, of investing in the Note Securities instead of a direct purchase of the Reference Assets, you should consider a direct purchase of the Reference Assets rather than an investment in the Note Securities.

Investment strategy supporting a purchase of the Notes Securities with respect to the FX Type

You should consider a purchase of the Note Securities where the Reference Assets are of an FX Unhedged Type if you expect that the Note Securities Currency will not appreciate against the Reference Asset Currency during the term of the Note Securities.

You should consider a purchase of the Note Securities where the Reference Assets are of an FX Hedged Type if you expect that the Note Securities Currency will appreciate against the Reference Asset Currency during the term of the Note Securities or if you want to partially reduce the risk that may arise due to currency fluctuations.

SUITABILITY OF THE NOTE SECURITIES FOR INVESTORS

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, other than the minimum Maturity Redemption Payment of 1% of the Principal Amount per Note Security and the sum of all ROC Payments, if any, and if the Reference Portfolio NAV is less than the Remaining Principal Amount on the Final Valuation Date, you will receive an amount which is less than your original principal investment over the term of the Note Securities;

(ii) in order for you to earn a return on your investment the Reference Portfolio NAV has to increase sufficiently to offset the Up-front Selling Commission, if applicable, and the Up-front Structuring Amount, if applicable, which reduce the Reference Portfolio NAV;

(iii) in order for you to earn a return on your investment, the Reference Asset Return Amount and the Reference Asset FX Amount of the Reference Assets have to increase sufficiently to offset the Daily Maintenance Amount reducing the Reference Asset NAV Change in order to increase the Reference Portfolio NAV;

(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.

Principal Amount

The Note Securities will have a principal amount of $100 per Note Security (the "**Principal Amount**").

Reference Portfolio

Purpose and Composition of the Reference Portfolio

The payment that you will receive at maturity from your Note Securities, and, if your Note Securities provide for ROC Payments, during the term of your Note Securities, will be linked to the performance of a reference portfolio (the "**Reference Portfolio**") which shall be composed of one or more Reference Assets which may consist of equity securities, exchange-traded fund securities, publicly available indices or a combination thereof. The exact composition of the Reference Portfolio will be specified in the applicable Pricing Supplement.

The Reference Portfolio is a notional portfolio only in that the Reference Portfolio will be used solely as a reference to calculate the amounts payable under the Note Securities. Investors in the Note Securities will not be the owners of, or have any rights to or interests in, such underlying securities or indices that make up the Reference Portfolio. All actions referred to herein with respect to the constituents making up the Reference Portfolio such as purchases, sales, borrowings and liquidations, etc. are notional actions only.

Initial Composition and Value of the Reference Portfolio

On the Issuance Date of the Note Securities, the Bank will compute, on a per Note Security basis, the initial value of the Reference Portfolio (the "**Reference Portfolio Initial NAV**"), which will correspond to the gross proceeds of the offering of Note Securities reduced by the up-front amount which will be set forth in the applicable Pricing Supplement. Such up-front amount may consist, as the case may be, of selling commissions (referred to as "**Up-front Selling Commissions**"), structuring retained amounts (referred to as "**Up-front Structuring Amount**") and/or such other up-front amount as is specified in such Pricing Supplement, divided by the number of Note Securities outstanding.

The Reference Portfolio Initial NAV will be used to notionally purchase the Reference Assets according to the initial weighting of each such Reference Asset specified in the Pricing Supplement (the "**Reference Asset Initial Weight**"). The value of such initial notional investment in each Reference Asset is referred to as the "**Reference Asset Initial NAV**".

Subsequent Value and Composition of the Reference Portfolio

Each day following the Issuance Date, until the Final Valuation Date, the net value of the Reference Portfolio, referred to as the "**Reference Portfolio NAV**", will be calculated based on the performance of the Reference Assets, taking into account the following items:

- the daily change in the price or level of the Reference Assets;
- the weighting of each of the Reference Assets;
- any dividends and other distributions, if any, notionally paid on account of the Reference Assets (net of an amount equal to any withholding tax that would be applicable if such Reference Assets were held by a Canadian Investor), which will accrue to and be notionally reinvested in the Reference Portfolio;

- to the extent any of the Reference Assets are not denominated in the currency of the Note Securities, the change in the exchange rate (subject, as applicable, to mitigation under hedging terms detailed herein);
- to the extent the Note Securities provide for ROC Payments, the amount or level of such ROC Payments; and
- the ongoing amounts that may be deducted by the Bank from the Reference Portfolio NAV, as specified in the applicable Pricing Supplement.

The sum of the value of each Reference Asset so calculated will make up the Reference Portfolio NAV. The value of each Reference Asset, referred to as the "**Reference Asset NAV**", will be calculated as set forth in more detail below.

The Reference Portfolio may be rebalanced from time to time, as specified in the relevant Pricing Supplement. In such case, on each Rebalancing Date, Reference Assets will be notionally sold and/or purchased in order to ensure that their Reference Asset NAV corresponds to a percentage of the Reference Portfolio NAV equal to their Reference Asset Initial Weight. See "Description of the Note Securities - Rebalancing".

Calculation of the Reference Portfolio NAV

On the Issuance Date, the Reference Portfolio Initial NAV will be equal to the Principal Amount per Note Security minus any Up-front Selling Commission, Up-front Structuring Amount, and/or any other up-front amount as may be specified in the Pricing Supplement.

On each day thereafter, the Reference Portfolio NAV will fluctuate and be equal to the sum of the Reference Asset NAV of each Reference Asset contained in the Reference Portfolio plus an amount equal to any unpaid, due ROC Payments (for each day between their ROC Valuation Date and ROC Payment Date), all calculated in the currency of the Note Securities (the "**Note Securities Currency**").

On any Business Day during the term of the Note Securities, if the Reference Portfolio NAV becomes equal or less than 2% of the Principal Amount per Note Security, all Reference Assets contained in the Reference Portfolio will be notionally liquidated and the notional proceeds will be paid out under a Reimbursement Under Special Circumstances.

Calculation of the Reference Asset NAV

On any day (other than the Issuance Date), the Reference Asset NAV of a Reference Asset will be an amount denominated in the Note Securities Currency equal to the sum of (i) the Reference Asset NAV of the previous Business Day and (ii) the Reference Asset NAV Change.

The Reference Asset NAV Change is designed to calculate the daily change in the Reference Asset NAV taking into account the items set forth above under "*Subsequent Value and Composition of the Reference Portfolio*", including the change in the Closing Level of the Reference Asset, the dividends and other distributions, if any, notionally paid on account of the Reference Asset, the fluctuation in the exchange rate, if applicable, the notional amount added to or subtracted from the Reference Asset NAV from notionally hedging exchange rate fluctuations, if any such hedging is specified, the ROC Payments paid, if any, and the ongoing amounts deducted by the Bank, as specified in the applicable Pricing Supplement.

The Reference Asset NAV Change on any Business Day and for each Reference Asset will be an amount calculated in the Note Securities Currency equal to (i) the Reference Asset Return Amount; plus (ii) the Reference Asset FX Amount (if applicable); minus (iii) the Reference Asset ROC Payment Amount (if applicable); minus (iv) the Daily Maintenance Amount (if applicable), or as otherwise may be additionally defined in the pricing supplement.

The calculation of the Reference Asset NAV Change may be broken down in the following steps:

<u>Step 1: Calculate the Reference Asset Return Amount</u>

The Reference Asset Return Amount is the calculation in the Note Securities Currency of the total return of the Reference Asset, being the return representing both (i) the change of the Closing Level of the Reference Asset from the previous Reference Asset Business Day and (ii) the Distribution Amount. This calculation is done by calculating the total return of the Reference Asset in the Reference Asset Currency and converting it back into the Note Securities Currency using the FX Rate between the Note Securities Currency and the Reference Asset Currency. **As a result, fluctuations in exchange rates will impact the performance of the Reference Portfolio NAV and the Note Securities if the Reference Portfolio includes Reference Assets denominated in a currency other than the Note Securities Currency.** As the Reference Asset Return Amount is not known ahead of time, it will not be currency hedged.

More specifically, the Reference Asset Return Amount on any Business Day and for a given Reference Asset, will be equal to the product of (i) the Reference Asset Native NAV of the previous Business Day, (ii) the Reference Asset Total Return, and (iii) the FX Rate (if applicable).

The Reference Asset Total Return on any Business Day and for each Reference Asset will be a percentage equal to (i) the sum of the Closing Level and the Distribution Amount, divided by (ii) the Closing Level of the previous Reference Asset Business Day, minus 1. In this manner, the Distribution Amount in respect of a particular Reference Asset will be notionally re-invested in that Reference Asset and reflected in the Reference Asset NAV. The Reference Asset Total Return will be equal to zero on any day that is not a Reference Asset Business Day. See "Description of the Note Securities – Dividends and Distributions".

Step 2: Add the Reference Asset FX Amount

For a Reference Asset denominated in a currency other than the Note Securities Currency, the Reference Asset FX Amount captures the impact of exchange rate fluctuations on the Reference Asset NAV in the case of a Reference Asset that is not hedged, and the notional amount added to or subtracted from the Reference Asset NAV from hedging the exposure to exchange rate fluctuations in the case of a Reference Asset that is hedged. The relevant Pricing Supplement will specify whether any hedging is applicable to a given Reference Asset by specifying a "FX Type" to each Reference Asset, which will be one of the following: "Not applicable", "FX Unhedged" or "FX Hedged".

If the Reference Asset is denominated in the same currency as the Note Securities Currency, the FX Type will be "Not applicable", and the Reference Asset FX Amount will be zero.

If the Reference Asset is denominated in a different currency than the Note Securities Currency and the specified FX Type is "FX Unhedged", the Reference Asset FX Amount (which may be positive or negative) will reflect the impact of the foreign currency change on the Reference Asset NAV from the previous Business Day.

If the Reference Asset is denominated in a different currency than the Note Securities Currency and the specified FX Type is "FX Hedged", the Reference Asset FX Amount (which may be positive or negative) will reflect the net impact of maintaining a currency hedge. See "Description of the Note Securities - Foreign Currencies" for a detailed description of how the Reference Asset FX Amount will be calculated in such instances.

Step 3: subtract the Reference Asset ROC Payment Amount

The Note Securities may from time to time pay return of capital payments (the "**ROC Payments**"). Any ROC Payment will be paid out of the Reference Asset NAV, hence reducing the Reference Portfolio NAV and the Remaining Principal Amount. The Reference Asset NAV will be reduced by an amount equal to the ROC Payment attributable to the Reference Asset (the "**Reference Asset ROC Payment Amount**") by notionally liquidating an equivalent value of the Reference Asset. See "Description of the Note Securities - ROC Payments" for the types of ROC Payments that may be specified for the Reference Assets and the calculation of the Reference Asset ROC Payment Amount.

Step 4: subtract the Daily Maintenance Amount

The applicable Pricing Supplement will specify the amounts, if any, that will be deducted by the Bank during the term of the Note Securities, reducing the Reference Asset NAV through the Daily Maintenance Amount. Such amounts may consist of the Trailer Percentage or Structuring Trailer Percentage described under "Cost and Expenses" or other ongoing amounts specified in the Pricing Supplement, as the case may be.

The Daily Maintenance Amount will be an amount equal to the product of (i) the Reference Asset NAV of the previous Business Day and (ii) the sum of the Structuring Trailer Percentage and the Trailer Percentage and any other amount specified in the Pricing Supplement, and (iii) the number of days elapsed since the previous Business Day divided by 365.

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 a combination thereof. The exact Reference Assets contained in the Reference Portfolio will be specified in the applicable Pricing Supplement.

The Reference Portfolio may be composed of several types of asset classes, being equity securities, exchange traded-fund securities or indices. 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.

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.

Rebalancing

The Reference Assets contained in the Reference Portfolio may be rebalanced from time to time, if provided and as specified in the applicable Pricing Supplement. On each Rebalancing Date as specified in the applicable Pricing Supplement, Reference Assets will be notionally sold and/or purchased at the applicable Closing Level on the Rebalancing Date, such that each Reference Asset NAV (after rebalancing) will be equal to the Reference Portfolio NAV multiplied by the relevant Reference Asset Initial Weight. Rebalancings, if applicable, will be performed after the Reference Asset NAV has been modified by the Reference Asset NAV Change.

Dividends and other Distributions

From time to time, the issuers of the Reference Assets notionally contained in the Reference Portfolio may declare dividends or other distributions. The Distribution Amount for a relevant Reference Asset will be notionally re-invested in the Reference Asset on the ex-dividend date, reflected by its inclusion in the daily Reference Asset Total Return.

The Distribution Amount will not correspond to the amount of dividends or other distributions actually paid by the issuers of the Reference Asset, but rather it will correspond to the notional discounted present value of such payment declared as at the "ex-dividend date". More specifically, the Distribution Amount for a given dividend or other distribution paid by the issuer of a Reference Asset and on its ex-dividend date will be equal to the present value of the dividend amount or other distribution, minus an amount equal to any applicable withholding taxes that would be applicable if the Reference Assets were held by a Canadian Investor (15% unless otherwise specified in the applicable Pricing Supplement), and converted into the Reference Asset Currency if applicable, using the applicable FX Rate. The present value is the value of the dividend amount or other distribution to be paid, discounted using the relevant Interest Rate plus 1% or as otherwise specified in the applicable Pricing Supplement and the number of days between the ex-dividend date and the payment date.

Interest

The Note Securities will not pay any interest prior to maturity.

For any particular Note Security the amount, if any, by which of the Maturity Redemption Payment exceeds the Remaining Principal Amount, if any, paid at maturity will be on account of interest.

Foreign Currencies

Each Reference Asset in the Reference Portfolio will have an associated FX Type specified in the Pricing Supplement. If not otherwise described in the Pricing Supplement, the type will be as described below and will determine the calculation of the Reference Asset FX Amount. The Reference Asset FX Amount will affect the Reference Asset NAV Change on every Business Day.

For greater certainty, the Reference Asset FX Amount measures the effect from any foreign exchange fluctuation or notional hedging transaction on the Reference Asset NAV of the previous Business Day, while the Reference Asset Return Amount captures the effect from foreign exchange fluctuations on the Reference Asset Total Return. The total effect from foreign exchange fluctuations or notional hedging transactions on the Reference Asset NAV is captured by the Reference Asset FX Amount and the Reference Asset Return Amount.

The FX Types are: (i) “Not applicable”, where the Reference Asset is denominated in the same currency as the Note Securities Currency, (ii) “FX Unhedged”, where the Reference Asset is denominated in a different currency from the Note Securities Currency and no notional hedging mechanism is put in place, and (iii) “FX Hedged”, where the Reference Asset is denominated in a different currency from the Note Securities Currency, and a notional hedging mechanism is put in place.

The Reference Asset FX Amount, which will be used in the calculation of the Reference Asset NAV Change (see Step 2 above under “*Calculation of the Reference Asset NAV*”), is equal to the following (on any Business Day):

(i) ***Not applicable:*** If the Reference Asset is denominated in the same currency as the Note Securities, a number equal to 0.

(ii) ***FX Unhedged type:*** If the Reference Asset is FX Unhedged, a number (which may be positive or negative) equal to (A) the Reference Asset Native NAV of the previous Business Day multiplied by (B) the difference between (x) the FX Rate on the Business Day for which the Reference Asset FX Amount is being calculated and (y) the FX Rate of the previous Business Day. This represents the change in value of the Reference Asset NAV of the previous Business Day due to the foreign exchange change.

(iii) ***FX Hedged type:*** If the Reference Asset is FX Hedged, a number (which may be positive or negative) equal to the difference between the FX Investment Amount and the FX Funding Amount.

This number represents the daily payment (which may be positive or negative) of maintaining a notional currency hedge. The Bank will notionally invest an amount equal to Reference Asset NAV (denominated in the Note Securities Currency) on the previous Business Day thereby notionally receiving a payment (the FX Investment Amount), and simultaneously notionally borrow an amount equal to the Reference Asset Native NAV (denominated in the Reference Asset Currency) on the previous Business Day thereby incurring a notional payment (the FX Funding Amount). The net notional payment, which may be positive or negative, will be the difference between the FX Investment Amount (denominated in the Note Securities Currency) and the FX Funding Amount (converted into the Note Securities Currency).

Through this process, the Reference Asset NAV (denominated in the Note Securities Currency) of the previous day will be locked in until the next Business Day, whereupon the process will re-occur. The Reference Asset Return Amount of the current Business Day is not notionally hedged as it is not known beforehand, and therefore cannot be included. Therefore, foreign exchange fluctuations will affect the Reference Asset Return Amount even if the Reference Asset is FX Hedged.

The “**FX Investment Amount**” means a number equal to the product of (i) the Reference Asset NAV of the previous Business Day and (ii) the FX Investment Rate of the previous Business Day, and (iii) the number of days elapsed since the previous Business Day divided by 365.

The “**FX Funding Amount**” means a number equal to the product of (i) the Reference Asset Native NAV of the previous Business Day, (ii) the FX Funding Rate of the previous Business Day, (iii) the current FX Rate, and (iv) the number of days elapsed since the previous Business Day divided by 365.

ROC Payments

Under the terms of the Note Securities, ROC Payments may be payable to Holders. If so, Holders will be entitled to ROC Payments on the ROC Payment Dates, calculated according to the ROC Payment Type as described below or as otherwise defined in the applicable Pricing Supplement. Such payments will be paid in Note Securities Currency by deducting them from the Reference Asset NAV, according to the amounts specified below depending on the applicable ROC Payment type. All relevant information for the ROC Payments, including the ROC Payment Type and the ROC Payment Dates, will be specified in the applicable Pricing Supplement.

In the event (i) the Reference Portfolio NAV is less than the relevant ROC Payment plus 2% of the Principal Amount per Note Security or (ii) that the sum of all ROC Payments paid during the term of the Note Securities plus the relevant ROC Payment exceeds 99% of the Principal Amount per Note Security; the relevant ROC Payment will not be paid. There is no guarantee that the performance of the Reference Portfolio will be able to achieve the ROC Payments.

ROC Payment Types

The types of ROC Payments that may apply in respect of the Note Securities and which will be specified in the applicable Pricing Supplement are set forth in the table below, together with the associated ROC Payment Amount and Reference Asset ROC Payment Amount. The ROC Payment Amount corresponds to the ROC Payment that will be made to holders of Note Securities. The Reference Asset ROC Payment corresponds to the same amount broken down per Reference Asset and will be used in the calculation of the Reference Asset NAV Change (see Step 3 above under “Calculation of the Reference Asset NAV”) to reflect the payment of the ROC Payment Amount, thereby reducing the Reference Asset NAV of the relevant Reference Asset.

Type of ROC Payment	**ROC Payment Amount (paid on each ROC Payment Date; valued on each ROC Payment Valuation Date)**	**Reference Asset ROC Payment Amount (for each Reference Asset, and the calculation of the Reference Asset NAV Change)**
None	Zero	Zero
Fixed	Fixed dollar amount per Note Security, as specified in the Pricing Supplement.	An amount equal to the product of (i) the ROC Payment Amount and (ii) the Reference Asset Weight on the applicable ROC Payment Valuation Date.
Percentage	An amount corresponding to a specified percentage of each Reference Asset NAV, as specified in the Pricing Supplement (the Reference Asset ROC Payment Percentage). ROC Payment Amount per Note Security will equal the sum of the amounts representing the Reference Asset ROC Payment Percentages of all the Reference Assets).	An amount equal to the Reference Asset NAV multiplied by the Reference Asset ROC Payment Percentage.
Equivalent	Amount equal to the sum of the Distribution Values of all the Reference Assets for the relevant ROC Payment Calculation Period. The Distribution Values to be included will be those with an ex-dividend date within the relevant ROC Payment Calculation Period. The Distribution Value means for a given dividend or other distribution paid by the issuer of a Reference Asset and on its ex-dividend date, an amount denominated in the Note Securities Currency equal to the Distribution Amount, multiplied by the Number of Reference Assets at the end of the previous Reference Asset Business Day and multiplied by the FX Rate. If the Reference Asset is removed from the Reference Portfolio, the ROC Payment Calculation Period for that Reference Asset will end on the date at which the Reference Asset is removed. If a Reference Asset is added to the Reference Portfolio, the ROC Payment Calculation Period for that Reference Asset will start on the date at which the Reference Asset is added.	An amount equal to the product of (i) the ROC Payment Amount and (ii) the Reference Asset Weight on the applicable ROC Payment Valuation Date.
Other	As specified in the Pricing Supplement	As specified in the Pricing Supplement

In the event the Reference Asset ROC Payment Amount for a given Reference Asset is greater than the Reference Asset NAV on the applicable ROC Payment Valuation Date, for the purposes of calculating the Reference Asset NAV Change and the Reference Portfolio NAV, the Reference Asset ROC Payment Amount for such Reference Asset will be adjusted to equal the Reference Asset NAV and the "uncovered" ROC Payment Amount (representing the difference between the otherwise applicable Reference Asset ROC Payment Amount and the Reference Asset NAV) will be added to the Reference Asset ROC Payment Amount of the other Reference Assets on a pro rata basis until it is fully absorbed by the Reference Asset NAV of such other Reference Assets. The Reference Asset ROC Payment Amount means on any ROC Payment Valuation Date and for each Reference Asset, the amount of the ROC Payment equal to the notional value resulting from the notional liquidation of the relevant Reference Asset (and of all the Reference Assets on a pro rata basis in the case of a Reference Asset ROC Payment Amount exceeding the Reference Asset NAV).

Maturity Redemption Payment

The Maturity Redemption Payment per Note Security will be equal to the Reference Portfolio Final NAV. For any particular Note Security, the amount, if any, by which the Maturity Redemption Payment exceeds the Remaining Principal Amount will be on account of interest. Notwithstanding the foregoing, the Maturity Redemption Payment will be subject to a minimum of 1% of the Principal Amount.

Examples

The following are hypothetical examples that illustrate how the Reference Portfolio NAV is calculated and how it is impacted under different scenarios including different features. These examples are included for illustration purposes only. The amounts used are hypothetical and are not forecasts or projections of the 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. Additionally, for the purpose of assisting comprehension and for illustration only, these examples include segregated steps where figures are rounded. Actual calculation of the Reference Portfolio NAV will not include rounded figures at each step and results may differ from the examples.

In these examples, RA is an abbreviation for Reference Asset.

The following Reference Portfolio will be used for all following examples.

Reference Asset	A	B
Reference Asset Initial Weight	75.00%	25.00%
Reference Asset Currency	USD	USD

It is assumed that the following market events will occur.

Reference Asset	A		B	
	Closing Level	Distribution Amount	Closing Level	Distribution Amount
Issuance Date	USD 20.00	n/a	USD 30.00	n/a
Day 1	USD 19.50	USD 0.00	USD 27.75	USD 0.75
Day 2	USD 19.695	USD 0.00	USD 28.50	USD 0.00

There is a ROC Payment Valuation Date on the first day for each example, and a ROC Payment Date on the second day for each example (if shown).

Example 1 (FX Type: Not applicable; ROC Payment Type: Fixed; Note Securities Currency: USD)

The following applies to the hypothetical Note Security.

Note Securities Currency	USD
Up-front Selling Commission	USD 2.50
Up-front Structuring Amount	USD 1.50

On the Issuance Date

Calculate the Reference Portfolio Initial NAV.

Reference Portfolio Initial NAV	USD 100.00 - Up-front Selling Commission - Up-front Structuring Amount
	USD 100.00 - USD 2.50 - USD 1.50
	USD 96.00

Calculate the Reference Asset Initial NAV (denominated in the Note Securities Currency).

Reference Asset	A	B
Reference Asset Initial NAV	Reference Portfolio Initial NAV × Reference Asset Initial Weight	
	USD 96.00 × 75.00%	USD 96.00 × 25.00%
	USD 72.00	USD 24.00

Calculate the Reference Asset Native NAV (denominated in the Reference Asset Currency).

Reference Asset	A	B
Reference Asset Initial NAV	USD 72.00	USD 24.00
FX Rate	N/A	N/A
Reference Asset Native NAV	Reference Asset Initial NAV / FX Rate	
	USD 72.00	USD 24.00

On Day 1 (and on each Business Day thereafter until the Final Valuation Date).

Calculate the Reference Asset NAV Change. This is done by calculating the four components of the Reference Asset NAV Change.

1. Reference Asset Return Amount
2. Reference Asset FX Amount
3. Reference Asset ROC Payment Amount
4. Daily Maintenance Amount

Reference Asset	A	B	
RA Return Amount	(USD 1.8000)	(USD 1.2000)	**1**
RA FX Amount	USD 0.0000	USD 0.0000	**2**
RA ROC Payment Amount	USD 0.7500	USD 0.2500	**3**
Daily Maintenance Amount	USD 0.0030	USD 0.0010	**4**
RA NAV Change	RA Return Amount + RA FX Amount - RA ROC Payment Amount - Daily Maintenance Amount		
	(USD 1.8000) + USD 0.0000 - USD 0.7500 - USD 0.0030	(USD 1.2000) + USD 0.0000 - USD 0.2500 - USD 0.0010	
	(USD 2.5530)	(USD 1.4510)	

Calculate the Reference Asset NAV

Reference Asset	A	B
RA NAV_{T-1}	USD 72.0000	USD 24.0000
RA NAV Change	(USD 2.5530)	(USD 1.4510)
RA NAV	RA NAV_{T-1} + RA NAV Change	
	USD 72.0000 + (USD 2.5530)	USD 24.0000 + (USD 1.4510)
	USD 69.4470	USD 22.5490

Calculate the Reference Asset Weight.

Reference Asset	A	B
Reference Asset Weight	Reference Asset NAV / Sum of Reference Asset NAVs	
	USD 69.4470 / USD 91.9960	USD 22.5490 / USD 91.9960
	75.49%	24.51%

Calculate the Reference Portfolio NAV.

Reference Portfolio NAV	Sum of Reference Asset NAVs + any unpaid, due ROC Payments
	USD 69.4470 + USD 22.5490 + USD 1.0000
	USD 92.9960

This process is repeated on every Business Day until the Final Valuation Date, using the new Reference Asset Weights and Reference Asset NAVs. In this manner, the Reference Portfolio NAV is updated every day.

ANNEX 1

This annex shows the details of how to calculate the component steps of the Reference Asset NAV Change.

Step 1 – Reference Asset Return Amount

In order to calculate the Reference Asset Return Amount, we first need the Reference Asset Total Return.

Calculate Reference Asset Total Return

Reference Asset	A	B
Closing Level$_{T-1}$	USD 20.00	USD 30.00
Closing Level	USD 19.50	USD 27.75
Distribution Amount	USD 0.00	USD 0.75
Reference Asset Total Return	(Closing Level + Distribution Amount) / Closing Level$_{T-1}$	
	(USD 19.50 + USD 0.00) / USD 20.00 – 1	(USD 27.75 + USD 0.75) / USD 30.00 - 1
	-2.50%	-5.00%

Calculate Reference Asset Return Amount

Reference Asset	A	B	
RA Native NAV$_{T-1}$	USD 72.0000	USD 24.0000	
RA Total Return	-2.50%	-5.00%	
FX Rate	N/A	N/A	
RA Return Amount	RA Native NAV $_{T-1}$ x RA Total Return x FX Rate		
	USD 72.0000 x -2.50%	USD 24.0000 x -5.00%	
	(USD 1.8000)	(USD 1.2000)	**1**

Step 2 – Reference Asset FX Amount

The FX Type of the Reference Asset A and B is **Not Applicable**, as both they and the Note Securities are denominated in American Dollars. Therefore the Reference Asset FX Amount is equal to zero.

Reference Asset	A	B	
FX Type	Not Applicable	Not Applicable	
RA FX Amount	USD 0.00	USD 0.00	**2**

Step 3 – Reference Asset ROC Payment Amount

The Note Security's ROC Payment Type is **Fixed**. The ROC Payment is apportioned according to each Reference Asset Weight.

Calculate Reference Asset ROC Payment Amount (Fixed)

Reference Asset	A	B	
RA ROC Payment Amount	ROC Payment (USD 1.00) x Reference Asset Weight$_{T-1}$		
	USD 1.0000 × 75.0000%	USD 1.0000 × 25.0000%	
	USD 0.7500	USD 0.2500	**3**

Step 4 – Daily Maintenance Amount

Applicable Daily Maintenance Amount percentages.

Structuring Trailer Percentage	0.50%
Trailer Percentage	1.00%

Calculate the Daily Maintenance Amount

Reference Asset	A	B	
Daily Maintenance Amount	RA NAV_{T-1} x (Structuring Trailer Percentage + Trailer Percentage) x days / 365		
	USD 72.0000 x (0.50% + 1.00%) x 1/365	USD 24.0000 x (0.50% + 1.00%) x 1/365	
	USD 0.0030	USD 0.0010	4

Example 2 (FX Type: FX Unhedged; ROC Payment Type: Percentage; Note Securities Currency: CAD)

The following applies to the hypothetical Note Security.

Note Securities Currency	CAD
Up-front Selling Commission	$2.50
Up-front Structuring Amount	$1.50

On the Issuance Date

Calculate the Reference Portfolio Initial NAV.

Reference Portfolio Initial NAV	$100.00 - Up-front Selling Commission - Up-front Structuring Amount
	$100.00 - $2.50 - $1.50
	$96.00

Calculate the Reference Asset Initial NAV (denominated in the Note Securities Currency).

Reference Asset	A	B
Reference Asset Initial NAV	Reference Portfolio Initial NAV × Reference Asset Initial Weight	
	$96.00 × 75.00%	$96.00 × 25.00%
	$72.00	$24.00

Calculate the Reference Asset Native NAV (denominated in the Reference Asset Currency).

Reference Asset	A	B
Reference Asset Initial NAV	$72.00	$24.00
FX Rate	1.20 CAD/USD	1.20 CAD/USD
Reference Asset Native NAV	Reference Asset Initial NAV / FX Rate	
	$72.00 / 1.20 CAD/USD	$24.00 / 1.20 CAD/USD
	USD 60.00	USD 20.00

On Day 1

Calculate the Reference Asset NAV Change. This is done by calculating the four components of the Reference Asset NAV Change.

1. Reference Asset Return Amount
2. Reference Asset FX Amount
3. Reference Asset ROC Payment Amount
4. Daily Maintenance Amount

Reference Asset	A	B	
RA Return Amount	($1.7250)	($1.1500)	1
RA FX Amount	($3.0000)	($1.0000)	2
RA ROC Payment Amount	$0.7200	$0.4800	3
Daily Maintenance Amount	$0.0030	$0.0010	4
RA NAV Change	RA Return Amount + RA FX Amount - RA ROC Payment Amount - Daily Maintenance Amount		
	($1.7250) + ($3.0000) - $0.7200 - $0.0030	($1.1500) + ($1.0000) - $0.4800 - $0.0010	
	($5.4480)	($2.6310)	

Calculate the Reference Asset NAV

Reference Asset	A	B
RA NAV_{T-1}	$72.0000	$24.0000
RA NAV Change	($5.4480)	($2.6310)
RA NAV	RA NAV_{T-1} + RA NAV Change	
	$72.0000 + ($5.4480)	$24.0000 + ($2.6310)
	$66.5520	$21.3690

Calculate the Reference Asset Weight.

Reference Asset	A	B
Reference Asset Weight	Reference Asset NAV / Sum of Reference Asset NAVs	
	$66.5520 / $87.9210	$21.3690 / $87.9210
	75.70%	24.30%

Calculate the Reference Portfolio NAV.

Reference Portfolio NAV	Sum of Reference Asset NAVs + any unpaid, due ROC Payments
	$66.5520 + $21.3690 + $1.2000
	$89.1210

Calculate the Reference Asset Native NAV (denominated in the Reference Asset Currency).

Reference Asset	A	B
Reference Asset NAV	$66.5520	$21.3690
FX Rate	1.15 CAD/USD	1.15 CAD/USD
Reference Asset Native NAV	Reference Asset NAV / FX Rate	
	$66.5520 / 1.15 CAD/USD	$21.3690 / 1.15 CAD/USD
	USD 57.8713	USD 18.5818

This process is repeated on every Business Day until the Final Valuation Date, using the new Reference Asset Weights and Reference Asset NAVs. In this manner, the Reference Portfolio NAV is updated every day.

ANNEX 1

This annex shows the details of how to calculate the component steps of the Reference Asset NAV Change.

Step 1 – Reference Asset Return Amount

In order to calculate the Reference Asset Return Amount, we first need the Reference Asset Total Return.

Calculate Reference Asset Total Return

Reference Asset	A	B
Closing Level$_{T-1}$	USD 20.00	USD 30.00
Closing Level	USD 19.50	USD 27.75
Distribution Amount	USD 0.00	USD 0.75
Reference Asset Total Return	(Closing Level + Distribution Amount) / Closing Level$_{T-1}$	
	(USD 19.50 + USD 0.00) / USD 20.00 - 1	(USD 27.75 + USD 0.75) / USD 30.00 - 1
	-2.50%	-5.00%

Calculate Reference Asset Return Amount

Reference Asset	A	B	
RA Native NAV$_{T-1}$	USD 60.0000	USD 20.0000	
RA Total Return	-2.50%	-5.00%	
FX Rate	1.15 CAD/USD	1.15 CAD/USD	
RA Return Amount	RA Native NAV $_{T-1}$ x RA Total Return x FX Rate		
	USD 60.0000 x -2.50% x 1.15 CAD/USD	USD 20.0000 x -5.00% x 1.15 CAD/USD	
	($1.7250)	($1.1500)	**1**

Step 2 – Reference Asset FX Amount

The FX Type of the Reference Asset A and B is FX Unhedged. As a result, the Reference Asset NAV of the previous Business Day is exposed to fluctuations in the Reference Asset Currency. The Reference Asset FX Amount is the resulting impact on the Reference Asset NAV.

Calculate Reference Asset FX Amount

Reference Asset	A	B	
FX Type	Unhedged	Unhedged	
RA FX Amount	RA Native NAV × (FX Rate - FX Rate$_{T-1}$)		
	USD 60.00 × (1.15 CAD/USD - 1.20 CAD/USD)	USD 20.00 × (1.15 CAD/USD - 1.20 CAD/USD)	
	($3.0000)	($1.0000)	**2**

Step 3 – Reference Asset ROC Payment Amount

The Note Security's ROC Payment Type is **Percentage**.

Calculate Reference Asset ROC Payment Amount

Reference Asset	A	B	
RA ROC Payment Percentage	1.00%	2.00%	
RA ROC Payment Amount	Reference Asset NAV$_{T-1}$ x RA ROC Payment Percentage		
	\$72.0000 × 1.00%	\$24.0000 × 2.00%	
	\$0.7200	\$0.4800	3

The total ROC Payment is \$1.20.

Step 4 – Daily Maintenance Amount

Applicable Daily Maintenance Amount percentages.

StructuringTrailer Percentage	0.50%
Trailer Percentage	1.00%

Calculate the Daily Maintenance Amount

Reference Asset	A	B	
Daily Maintenance Amount	RA NAV$_{T-1}$ x (Structuring Trailer Percentage + Trailer Percentage) x days / 365		
	\$72.00 x (0.50% + 1.00%) x 1/365	\$24.00 x (0.50% + 1.00%) x 1/365	
	\$0.0030	\$0.0010	4

On Day 2 (and on each Business Day thereafter until the Final Valuation Date).

Calculate the Reference Asset NAV Change. This is done by calculating the four components of the Reference Asset NAV Change.

1. Reference Asset Return Amount
2. Reference Asset FX Amount
3. Reference Asset ROC Payment Amount
4. Daily Maintenance Amount

Reference Asset	A	B	
RA Return Amount	$0.6829	$0.5926	1
RA FX Amount	$1.7361	$0.5575	2
RA ROC Payment Amount	$0.0000	$0.0000	3
Daily Maintenance Amount	$0.0027	$0.0009	4
RA NAV Change	RA Return Amount + RA FX Amount - RA ROC Payment Amount - Daily Maintenance Amount		
	$0.6829 + $1.7361 - $0.0000 - $0.0027	$0.5926 + $0.5575 - $0.0000 - $0.0009	
	$2.4163	$1.1492	

Calculate the Reference Asset NAV

Reference Asset	A	B
RA NAV_{T-1}	$66.5520	$21.3690
RA NAV Change	$2.4163	$1.1492
RA NAV	RA NAV_{T-1} + RA NAV Change	
	$66.5520 + $2.4163	$21.3690 + $1.1492
	$68.9683	$22.5182

Calculate the Reference Asset Weight.

Reference Asset	A	B
Reference Asset Weight	Reference Asset NAV / Sum of Reference Asset NAVs	
	$68.9683 / $91.4865	$22.5182 / $91.4865
	75.39%	24.61%

Calculate the Reference Portfolio NAV.

Reference Portfolio NAV	Sum of Reference Asset NAVs + any unpaid, due ROC Payments
	$68.9683 + $22.5182 + $0
	$91.4865

Calculate the Reference Asset Native NAV (denominated in the Reference Asset Currency).

Reference Asset	A	B
Reference Asset NAV	$68.9683	$22.5182
FX Rate	1.18 CAD/USD	1.18 CAD/USD
Reference Asset Native NAV	Reference Asset NAV / FX Rate	
	$68.9683 / 1.18 CAD/USD	$22.5182 / 1.18 CAD/USD
	USD 58.4477	USD 19.0832

This process is repeated on every Business Day until the Final Valuation Date, using the new Reference Asset Weights and Reference Asset NAVs. In this manner, the Reference Portfolio NAV is updated every day.

ANNEX 1

This annex shows the details of how to calculate the component steps of the Reference Asset NAV Change.

Step 1 – Reference Asset Return Amount

In order to calculate the Reference Asset Return Amount, we first need the Reference Asset Total Return.

Calculate Reference Asset Total Return

Reference Asset	A	B
Closing Level$_{T-1}$	USD 19.50	USD 27.75
Closing Level	USD 19.695	USD 28.50
Distribution Amount	USD 0.00	USD 0.00
Reference Asset Total Return	(Closing Level + Distribution Amount) / Closing Level$_{T-1}$	
	(USD 19.695 + USD 0.00) / USD 19.50 - 1	(USD 28.50 + USD 0.00) / USD 27.75 - 1
	1.00%	2.70%

Calculate Reference Asset Return Amount

Reference Asset	A	B
RA Native NAV$_{T-1}$	USD 57.8713	USD 18.5818
RA Total Return	1.00%	2.70%
FX Rate	1.18 CAD/USD	1.18 CAD/USD
RA Return Amount	RA Native NAV $_{T-1}$ x RA Total Return x FX Rate	
	USD 57.8713 x 1.00% x 1.18 CAD/USD	USD 18.5818 x 2.70% x 1.18 CAD/USD
	$0.6829	$0.5926

1

Step 2 – Reference Asset FX Amount

The Reference Asset's FX Type is FX Unhedged. As a result, the Reference Asset NAV of the previous Business Day is exposed to fluctuations in the Reference Asset Currency. The Reference Asset FX Amount is the resulting impact on the Reference Asset NAV.

Calculate Reference Asset FX Amount

Reference Asset	A	B
FX Type	Unhedged	Unhedged
RA FX Amount	RA Native NAV $_{T-1}$ × (FX Rate - FX Rate$_{T-1}$)	
	USD 57.8713 × (1.18 CAD/USD - 1.15 CAD/USD)	USD 18.5818 × (1.18 CAD/USD - 1.15 CAD/USD)
	$1.7361	$0.5575

2

Step 3 – Reference Asset ROC Payment Amount

There is no ROC Payment Valuation Date on this day, so this step is not relevant.

Step 4 – Daily Maintenance Amount

Applicable Daily Maintenance Amount percentages.

Structuring Trailer Percentage	0.50%
Trailer Percentage	1.00%

Calculate the Daily Maintenance Amount

Reference Asset	A	B
Daily Maintenance Amount	RA NAV_{T-1} x (Structuring Trailer Percentage + Trailer Percentage) x days / 365	
	\$66.5520 x (0.50% + 1.00%) x 1/365	\$21.3690 x (0.50% + 1.00%) x 1/365
	\$0.0027	\$0.0009

4

Example 3 (FX Type: FX Hedged; ROC Payment Type: Equivalent; Note Securities Currency: CAD)

The following applies to the hypothetical Note Security.

Note Securities currency	CAD
Up-front Selling Commission	$2.50
Up-front Structuring Amount	$1.50

On the Issuance Date

Calculate the Reference Portfolio Initial NAV.

Reference Portfolio Initial NAV	$100.00 - Up-front Selling Commission - Up-front Structuring Amount
	$100.00 - $2.50 - $1.50
	$96.00

Calculate the Reference Asset Initial NAV (denominated in the Note Securities Currency).

Reference Asset	A	B
Reference Asset Initial NAV	Reference Portfolio Initial NAV × Reference Asset Initial Weight	
	$96.00 × 75.00%	$96.00 × 25.00%
	$72.00	$24.00

Calculate the Reference Asset Native NAV (denominated in the Reference Asset Currency).

Reference Asset	A	B
Reference Asset Initial NAV	$72.00	$24.00
FX Rate	1.20 CAD/USD	1.20 CAD/USD
Reference Asset Native NAV	Reference Asset Initial NAV / FX Rate	
	$72.00 / 1.20 CAD/USD	$24.00 / 1.20 CAD/USD
	USD 60.00	USD 20.00

On Day 1

Calculate the Reference Asset NAV Change. This is done by calculating the four components of the Reference Asset NAV Change.

1. Reference Asset Return Amount
2. Reference Asset FX Amount
3. Reference Asset ROC Payment Amount
4. Daily Maintenance Amount

Reference Asset	A	B	
RA Return Amount	($1.7250)	($1.1500)	1
RA FX Amount	$0.0001	$0.0000	2
RA ROC Payment Amount	$0.4313	$0.1438	3
Daily Maintenance Amount	$0.0030	$0.0010	4
RA NAV Change	RA Return Amount + RA FX Amount - RA ROC Payment Amount - Daily Maintenance Amount		
	($1.7250) + $0.0001 - $0.4313 - $0.0030	($1.1500) - $0.0000 - $0.1438 - $0.0010	
	($2.1592)	($1.2948)	

Calculate the Reference Asset NAV

Reference Asset	A	B
RA NAV_{T-1}	$72.0000	$24.0000
RA NAV Change	($2.1592)	($1.2948)
RA NAV	RA NAV_{T-1} + RA NAV Change	
	$72.0000 + ($2.1592)	$24.0000 + ($1.2948)
	$69.8408	$22.7052

Calculate the Reference Asset Weight.

Reference Asset	A	B
Reference Asset Weight	Reference Asset NAV / Sum of Reference Asset NAVs	
	$69.8408 / $92.5462	$22.7052 / $92.5462
	75.47%	24.53%

Calculate the Reference Portfolio NAV.

Reference Portfolio NAV	Sum of Reference Asset NAVs + any unpaid, due ROC Payments
	$69.8408 + $22.7052 + $0.5750
	$93.1210

Calculate the Reference Asset Native NAV (denominated in the Reference Asset Currency).

Reference Asset	A	B
Reference Asset NAV	$69.8408	$22.7052
FX Rate	1.15 CAD/USD	1.15 CAD/USD
Reference Asset Native NAV	Reference Asset NAV / FX Rate	
	$69.8408 / 1.15 CAD/USD	$22.7052 / 1.15 CAD/USD
	USD 60.7312	USD 19.7437

This process is repeated on every Business Day until the Final Valuation Date, using the new Reference Asset Weights and Reference Asset NAVs. In this manner, the Reference Portfolio NAV is updated every day.

ANNEX 1

This annex shows the details of how to calculate the component steps of the Reference Asset NAV Change.

Step 1 – Reference Asset Return Amount

In order to calculate the Reference Asset Return Amount, we first need the Reference Asset Total Return.

Calculate Reference Asset Total Return

Reference Asset	A	B
Closing Level$_{T-1}$	USD 20.00	USD 30.00
Closing Level	USD 19.50	USD 27.75
Distribution Amount	USD 0.00	USD 0.75
Reference Asset Total Return	(Closing Level + Distribution Amount) / Closing Level$_{T-1}$	
	(USD 19.50 + USD 0.00) / USD 20.00 - 1	(USD 27.75 + USD 0.75) / USD 30.00 - 1
	-2.50%	-5.00%

Calculate Reference Asset Return Amount

Reference Asset	A	B	
RA Native NAV$_{T-1}$	USD 60.0000	USD 20.0000	
RA Total Return	-2.50%	-5.00%	
FX Rate	1.15 CAD/USD	1.15 CAD/USD	
RA Return Amount	RA Native NAV $_{T-1}$ x RA Total Return x FX Rate		
	USD 60.0000 x -2.50% x 1.15 CAD/USD	USD 20.0000 x -5.00% x 1.15 CAD/USD	
	($1.7250)	($1.1500)	1

Step 2 – Reference Asset FX Amount

In these examples, each Reference Asset's FX Type is FX Hedged. As a result, the Reference Asset NAV is protected against fluctuations in the Reference Asset Currency. The Reference Asset FX Amount is the net amount from maintaining a notional currency hedge.

Get the market Interest Rates of the previous Business Day.

Interest rate USD	1.00%
Interest rate CAD	2.00%

Calculate Reference Asset FX Amount

Reference Asset	A	B
FX Type	Hedged	Hedged
FX Investment Amount	RA NAV$_{T-1}$ × Interest Rate$_{\text{Note Securities Currency, T-1}}$ × days/365	
	$72.0000 × 2.00% × (1/365)	$24.0000 × 2.00% × (1/365)
	$0.0039	$0.0013
FX Funding Amount	RA Native NAV$_{T-1}$ × (Interest Rate$_{\text{RA Currency, T-1}}$ + 1.00%) × FX Rate × days/365	
	USD 60.0000 × (1.00% + 1.00%) × 1.15 CAD/USD × (1/365)	USD 20.0000 × (1.00% + 1.00%) × 1.15 CAD/USD × (1/365)
	$0.0038	$0.0013
RA FX Amount	FX Investment Amount - FX Funding Amount	

	$0.0039 - $0.0038	$0.0013 - $0.0013	
	$0.0001	$0.0000	2

Step 3 – Reference Asset ROC Payment Amount

The Note Security's ROC Payment Type is **Equivalent**. The payment is attributed according to the Reference Asset Weight.

Calculate the Distribution Values

Reference Asset	A	B
Distribution Amount	USD 0.00	USD 0.75
RA Native NAV$_{T-1}$	USD 60.0000	USD 20.0000
Closing Level$_{T-1}$	USD 20.00	USD 30.00
FX Rate	1.15 CAD/USD	1.15 CAD/USD
Number of Reference Assets$_{T-1}$	(RA Native NAV$_{T-1}$ / Closing Level$_{T-1}$)	
	USD 60.0000 / USD 20.00	USD 20.0000 / USD 30.00
	3.00	0.6667
Distribution Value	Distribution Amount × Number of Reference Assets $_{T-1}$ × FX Rate	
	$0.00	USD 0.75 × 0.6667 × 1.15 CAD/USD
		$0.5750

Calculate Reference Asset ROC Payment Amount (Equivalent type)

Reference Asset	A	B	
RA ROC Payment Amount	Sum of Distribution Values received during the ROC Payment Calculation Period x Reference Asset Weight$_{T-1}$		
	$0.5750 x 75.00%	$0.5750 x 25.00%	
	$0.4313	$0.1438	3

Step 4 – Daily Maintenance Amount

Applicable Daily Maintenance Amount percentages.

Structuring Trailer Percentage	0.50%
Trailer Percentage	1.00%

Calculate the Daily Maintenance Amount

Reference Asset	A	B	
Daily Maintenance Amount	RA NAV$_{T-1}$ x (Structuring Trailer Percentage + Trailer Percentage) x days / 365		
	$72.0000 x (0.50% + 1.00%) x 1/365	$24.0000 x (0.50% + 1.00%) x 1/365	
	$0.0030	$0.0010	4

On Day 2 (and on each Business Day thereafter until the Final Valuation Date).

Calculate the Reference Asset NAV Change. This is done by calculating the four components of the Reference Asset NAV Change.

1. Reference Asset Return Amount
2. Reference Asset FX Amount
3. Reference Asset ROC Payment Amount
4. Daily Maintenance Amount

Reference Asset	A	B	
RA Return Amount	$0.7166	$0.6297	1
RA FX Amount	($0.0001)	($0.0001)	2
RA ROC Payment Amount	$0.0000	$0.0000	3
Daily Maintenance Amount	$0.0029	$0.0009	4
RA NAV Change	RA Return Amount + RA FX Amount - RA ROC Payment Amount - Daily Maintenance Amount		
	$0.7166 + ($0.0001) - $0.0000 - $0.0029	$0.6297 + ($0.0001) - $0.0000 - $0.0009	
	$0.7136	$0.6287	

Calculate the Reference Asset NAV

Reference Asset	A	B
RA NAV_{T-1}	$69.8408	$22.7052
RA NAV Change	$0.7136	$0.6287
RA NAV	RA NAV_{T-1} + RA NAV Change	
	$69.8408 + $0.7136	$22.7052 + $0.6287
	$70.5544	$23.3339

Calculate the Reference Asset Weight.

Reference Asset	A	B
Reference Asset Weight	Reference Asset NAV / Sum of Reference Asset NAVs	
	$70.5544 / $93.8883	$23.3339 / $93.8883
	75.15%	24.85%

Calculate the Reference Portfolio NAV.

Reference Portfolio NAV	Sum of Reference Asset NAVs + any unpaid, due ROC Payments
	$70.5544 + $23.3339
	$93.8883

Calculate the Reference Asset Native NAV (denominated in the Reference Asset Currency).

Reference Asset	A	B
Reference Asset NAV	$70.5544	$23.3339
FX Rate	1.18 CAD/USD	1.18 CAD/USD
Reference Asset Native NAV	Reference Asset NAV / FX Rate	
	$70.5544 / 1.18 CAD/USD	$23.3339 / 1.18 CAD/USD
	USD 59.7919	USD 19.7745

This process is repeated on every Business Day until the Final Valuation Date, using the new Reference Asset Weights and Reference Asset NAVs. In this manner, the Reference Portfolio NAV is updated every day.

ANNEX 1

This annex shows the details of how to calculate the component steps of the Reference Asset NAV Change.

Step 1 – Reference Asset Return Amount

In order to calculate the Reference Asset Return Amount, we first need the Reference Asset Total Return.

Calculate the Reference Asset Total Return

Reference Asset	A	B
Closing Level$_{T-1}$	USD 19.50	USD 27.75
Closing Level	USD 19.695	USD 28.50
Distribution Amount	USD 0.00	USD 0.00
Reference Asset Total Return	(Closing Level + Distribution Amount) / Closing Level$_{T-1}$	
	(USD 19.695 + USD 0.00) / USD 19.50 - 1	(USD 28.50 + USD 0.00) / USD 27.75 - 1
	1.00%	2.70%

Calculate the Reference Asset Return Amount

Reference Asset	A	B
RA Native NAV$_{T-1}$	USD 60.7312	USD 19.7437
RA Total Return	1.00%	2.70%
FX Rate	1.18 CAD/USD	1.18 CAD/USD
RA Return Amount	RA Native NAV $_{T-1}$ x RA Total Return x FX Rate	
	USD 60.7312 x 1.00% x 1.18 CAD/USD	USD 19.7437 x 2.70% x 1.18 CAD/USD
	$0.7166	$0.6297

1

Step 2 – Reference Asset FX Amount

In these examples, each Reference Asset's FX Type is FX Hedged. As a result, the Reference Asset NAV is protected against fluctuations in the Reference Asset Currency. The Reference Asset FX Amount is the net amount from maintaining a notional currency hedge.

Get the market Interest Rates of the previous Business Day.

Interest rate USD	1.00%
Interest rate CAD	2.00%

Calculate the Reference Asset FX Amount

Reference Asset	A	B	
FX Type	Hedged	Hedged	
FX Investment Amount	RA NAV$_{T-1}$ × Interest Rate$_{\text{Note Securities Currency, T-1}}$ × days/365		
	$69.8408 × 2.00% × (1/365)	$22.7052 × 2.00% × (1/365)	
	$0.0038	$0.0012	
FX Funding Amount	RA Native NAV$_{T-1}$ × (Interest Rate$_{\text{RA Currency, T-1}}$ + 1.00%) × FX Rate × days/365		
	USD 60.7312 × (1.00% + 1.00%) × 1.18 CAD/USD × (1/365)	USD 19.7437 × (1.00% + 1.00%) × 1.18 CAD/USD × (1/365)	
	$0.0039	$0.0013	
RA FX Amount	FX Investment Amount - FX Funding Amount		
	$0.0038 - $0.0039	$0.0012 - $0.0013	
	($0.0001)	($0.0001)	2

Step 3 – Reference Asset ROC Payment Amount

There is no ROC Payment Valuation Date on this day, so this step is not relevant.

Step 4 – Daily Maintenance Amount

Applicable Daily Maintenance Amount percentages.

Structuring Trailer Percentage	0.50%
Trailer Percentage	1.00%

Calculate the Daily Maintenance Amount

Reference Asset	A	B	
Daily Mainteance Amount	RA NAV$_{T-1}$ x (Structuring Trailer Percentage + Trailer Percentage) x days / 365		
	$69.8408 x (0.50% + 1.00%) x 1/365	$22.7052 x (0.50% + 1.00%) x 1/365	
	$0.0029	$0.0009	4

Extraordinary Events and Reimbursement Under Special Circumstances

The Reference Asset Initial NAV may be adjusted, the determination of the Closing Level may be postponed, a Reference Asset may be changed and the Note Securities may be redeemed prior to maturity 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” or “Description of the Note Securities – Reimbursement Under Special Circumstances and Payment”, as applicable, in the Prospectus.

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 third Business Day immediately following the Final Valuation Date, and the Final Valuation Date will be the third Business Day immediately prior to the Maturity Date, 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.

Payment of the ROC Payments

If the Note Securities provide for ROC Payments, the Bank will be required to make available to the Holders of record on the applicable ROC Payment Dates, funds in an amount sufficient to pay the applicable ROC Payment. ROC Payment Dates and ROC Payments will be specified in the applicable Pricing Supplement.

Early Redemption

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

Except for a Reimbursement Under Special Circumstances, the Note Securities are not redeemable by the Bank prior to the Maturity Date. 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.nbcstructuredsolutions.ca, certain information regarding the Note Securities, including the daily Reference Asset NAV, the daily Reference Portfolio NAV, the applicable early trading charge (if any), the total ROC Payments made (if any) and, for Fixed ROC Payment Type Note Securities, the remaining ROC Payments to be paid in the term of the Note Securities. 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.nbcstructuredsolutions.ca as aforementioned is provided for information purposes only and 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 to facilitate order flow and payments for the Note Securities.

COSTS AND EXPENSES

Up-front Selling Commission

An up-front selling commission per Note Security may be payable to the Agents for further payment to representatives, including representatives employed by the Agents, whose clients purchase Note Securities. The amount of the up-front selling commission will be specified in the applicable Pricing Supplement. For greater certainty, the Reference Portfolio Initial NAV will reflect the payment of any up-front selling commission paid to the Agents.

Trailer Percentage

The Bank may pay a Trailer Percentage to representatives, including representatives employed by the Agents, whose clients purchase Note Securities, in an amount equal to the percentage of the Reference Asset NAV as specified in the applicable Pricing Supplement. For greater certainty, the Trailer Percentage will accrue daily and be paid monthly in arrears. The Trailer Percentage will be paid out of the Daily Maintenance Amount and therefore will indirectly reduce the Reference Asset NAV.

Independent Agent Fee

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.

Up-front Structuring Amount

An Up-front Structuring Amount per Note Security may be retained by the Bank from the gross proceeds of an offering as part of the consideration for the issuance of the Note Securities. The amount of the Up-front Structuring Amount will be specified in the applicable Pricing Supplement. For greater certainty, the Reference Portfolio Initial NAV will reflect any Up-front Structuring Amount retained by the Bank.

Structuring Trailer Percentage

A Structuring Trailer Percentage may be retained by the Bank as part of the consideration for the ongoing maintenance of the Note Securities. The percentage of the Structuring Trailer Percentage will be specified in the applicable Pricing Supplement. The Structuring Trailer Percentage will be paid out of the Daily Maintenance Amount and therefore will indirectly reduce the Reference Asset NAV.

FX Funding Amount spread

The FX Funding Amount will be calculated using the relevant interest rate, plus a spread as specified in the applicable Pricing Supplement. The FX Funding Amount will be partially or completely offset by the FX Investment Amount.

As a result, taking into account the Up-front Selling Commission and the Up-front Structuring Amount on the Note Securities, the Reference Portfolio Initial NAV will be less than the Principal Amount of the Note Securities on the Issuance Date.

Cost related to the Distribution Amount

The Distribution Amount will not correspond to the amount of dividends or other distributions actually paid by the issuers of the Reference Asset, but rather it will correspond to the notional discounted present value of such payment declared as at the "ex-dividend date". More specifically, the Distribution Amount for a given dividend or other distribution paid by the issuer of a Reference Asset and on its ex-dividend date will be equal to the present value of the dividend amount or other distribution, minus an amount equal to any applicable withholding taxes that would be applicable if the Reference Assets were held by a Canadian Investor (15% unless otherwise specified in the applicable Pricing Supplement), and converted into the Reference Asset Currency if applicable, using the applicable FX Rate. The present value is the value of the dividend amount or other distribution to be paid, discounted using the relevant Interest Rate plus 1% or as otherwise specified in the applicable Pricing Supplement and the number of days between the ex-dividend date and the payment date.

The return on the Note Securities is different from the return that investors may receive if investors held the Reference Assets directly. See "Risk Factors -*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*" in this Prospectus Supplement.

Holders wishing to sell their Note Securities on the secondary market, if any, 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, 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.

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. 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".

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 Up-front Selling Commission, if any and its portion of the Trailer Percentage as applicable. 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 "Costs 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" and "Certain Risk Factors related to the Index Linked Note Securities, as applicable, and the risks described under "Risk Factors" in the applicable Pricing Supplement, 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 and the applicable Pricing Supplement 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; repayment of the entire Principal Amount is not guaranteed. The Note Securities may provide Holders with return of capital payment prior to maturity. The Note Securities are not 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 prior to maturity. 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 the Remaining Principal Amount. 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 to maturity and are prepared to assume risks with respect to a return tied to the Reference Portfolio. 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.

An investment in the Note Securities may result in a loss

The Note Securities are not principal protected and Holders may receive an amount that is less than the Remaining Principal Amount at maturity. Notwithstanding the foregoing, the Maturity Redemption Payment will be subject to a minimum of 1% of the Principal Amount per Note Security.

If the Reference Portfolio NAV is less than the Principal Amount on the Final Valuation Date, you may be entitled to an amount that is less than your original principal investment over the term of the Note Securities.

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. 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.

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

If there is more than one Reference Asset in the Reference Portfolio, the Reference Asset NAV of one or more Reference Assets could increase over the term of the Note Securities, but be offset by decreases in the Reference Asset NAV 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 Final NAV, and therefore the Maturity Redemption Payment and on any ROC Payments, than the Reference Assets having lower Reference Asset Weights. Moreover, the effect of the FX Type and Daily Maintenance Amount will also impact the Reference Portfolio Final NAV such that the performance that could be realized by the investors would be different than if the Reference Assets were held directly.

Also, if the Reference Assets were held directly by a Canadian resident investor, such an investor may, in certain circumstances, be entitled to claim a foreign tax credit in respect of withholding taxes applicable to dividends or other distributions received on such Reference Assets. Canadian resident investors who acquire the Note Securities will not be entitled to claim a foreign tax credit in respect of any reduction to the Dividend Amount attributable to applicable withholding taxes.

ROC Payments may not be guaranteed and may be subject to fluctuations

If the Note Securities have an Equivalent ROC Payment Type, the amount of each ROC Payment received is not fixed and will depend on the dividends and other distributions paid by the issuers of the Reference Assets. In addition, only dividends or other distributions falling within a ROC Payment Calculation Period will be counted towards the calculation of the ROC Payment for the applicable ROC Payment Date. Accordingly, if the day after the ex-dividend date for a dividend or other distribution by a Reference Asset falls outside this period, it will not be reflected in the calculation of the ROC Payments made to Holders for the applicable ROC Payment Date.

If the Note Securities have an Equivalent ROC Payment Type, an increase in the withholding tax rate that would generally be applicable to the dividends or other distributions paid to a Canadian Investor who holds the Reference Assets will result in a reduction in the Distribution Amount and therefore the amount of each ROC Payment.

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 to maturity. 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 use of the FundSERV network to facilitate order flow and payments for Note Securities 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.

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.

An investment in the Note Securities is not actively managed

The Note Securities are governed by the pre-determined rules described in the Prospectus, this Prospectus Supplement and the Pricing Supplement. There will be no active management of the Reference Portfolio to enhance returns beyond those described in such documents. In contrast, an actively managed investment may potentially respond more directly and appropriately to immediate market, political, financial or other factors than the Note Securities. This may result in the Note Securities having a return which is less than that of an investment based on, or linked to, assets that are actively managed.

Currency Risk

For each Reference Asset, if the Reference Asset is FX Unhedged, foreign currency fluctuations will impact the Reference Asset NAV and the Reference Asset Total Return, and thus the Reference Portfolio NAV.

A Reference Asset, even if FX Hedged, is not perfectly and totally hedged

For each Reference Asset, if the Reference Asset is FX Hedged, although the Reference Asset NAV of the previous Business Day will be notionally hedged, foreign currency fluctuations will still impact the Reference Asset Total Return.

This is because the Reference Asset Return Amount is not known when selecting the notional amount to notionally hedge, and therefore cannot be included. Therefore, currency fluctuation will affect the Reference Asset Return Amount even if the Reference Asset is a FX Hedged type Reference Asset.

Certain features in the calculation of the Distribution Amount may impact the Reference Asset Total Return

The Distribution Amount is the present value of notional dividends and other distributions to be paid in the future. Therefore, such amount will be less than the actual dividends or other distributions but it will form part of the Reference Asset Total Return earlier than the date on which such dividends or other distributions are actually paid. The discount rate used to calculate the Distribution Amount will be the Interest Rate plus 1%, or as otherwise specified in the applicable Pricing Supplement.

Taxation

Counsel to the Bank and the Agents understand that the Canada Revenue Agency ("CRA") had been reviewing its administrative policies and assessing practices with regard to prescribed debt obligations in determining whether there is a deemed accrual of any amount of interest, bonus or premium on such obligations. The federal budget delivered on March 22, 2016 contained a number of measures (the "Budget Proposals") that will impact certain income tax considerations associated with an investment in notes linked to the performance of a reference asset such as the Note Securities. Pursuant to the Budget Proposals, and as explained in greater detail below under "Certain Canadian Federal Income Tax Considerations", gains realized on the transfer of Note Securities after September 2016, may be included in a Holder's income as interest, rather than capital gains. 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. 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.**

Foreign Tax Laws

In computing the Distribution Amount, an amount equal to the amount of any withholding tax that would notionally be applicable if the Reference Assets were held by a Canadian Investor is deducted from the amount of any dividends or distributions paid by the issuer of a Reference Asset for the purposes of computing the Reference Asset NAV Change. Currently the withholding tax rate applicable to a Canadian Investor in the U.S. and most other jurisdictions with which Canada has a treaty is 15%, however a different percentage may be specified in the applicable Pricing Supplement. An increase in the withholding tax rate that would generally be applicable to the dividends or other distributions paid to a Canadian Investor who holds the Reference Assets will result in a reduction in the Distribution Amount and would generally reduce the Reference Portfolio NAV and the Reference Portfolio Final NAV or, in the case of Note Securities that have a Equivalent ROC Payment Type, the amount of each ROC Payment.

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 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 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.

ROC Payments

Any ROC Payment received in respect of the Note Securities will reduce both the Principal Amount and the Noteholder's adjusted cost base of the Note Securities but will not be included in the Noteholder's income when received.

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, and except as set out in the Budget Proposals and discussed below with respect of the transfer of Note Securities after September 2016, 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 maturity 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 Remaining 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 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

Disposition prior to October 1, 2016

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

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

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

Disposition on or after October 1, 2016

Assuming the Budget Proposals are enacted, amounts received or deemed to be received by a Noteholder on a transfer of a Note Security on or after October 1, 2016 that exceed the outstanding principal amount of the Note Security (where appropriate, converted into Canadian dollars using the exchange rate prevailing at the time of the transfer), will be deemed to give rise to interest income to the extent of such excess and included in the income of the Noteholder.

In addition, amounts received or deemed to be received by a Noteholder on such a transfer of a Note Security on or after October 1, 2016 should generally give rise to a capital gain (or capital loss) to the Noteholder to the extent such amounts, net of amounts included in the income of the Noteholder as interest (including deemed interest described above) and any reasonable costs of disposition, exceed (or is less than) the Noteholder's adjusted cost base of the Note Securities.

Noteholders who dispose of a Note Security on or after October 1, 2016 should consult and rely on their own tax advisors with respect to their particular circumstances.

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

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

Foreign Currency

If the Note Securities are denominated in a currency other than Canadian dollars, except as set out above respecting the Budget Proposals when a Note Security is transferred after September 2016, 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 had, prior to the release of the Budget Proposals, been 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".