

This information statement (the "Information Statement") has been prepared solely for the purpose of assisting prospective purchasers in making an investment decision with respect to the products described herein. This Information Statement constitutes an offering of these products only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such products. No securities commission or similar authority in Canada has in any way passed upon the merits of the products offered hereunder and any representation to the contrary is an offence. The products offered under this Information Statement have not been, and will not be, registered under the "United States Securities Act of 1933", as amended or any state securities law and, subject to certain exemptions, may not be offered or sold in the United States or to U.S. persons or other non-residents of Canada. Capitalized terms which are not otherwise defined herein are defined under "Definitions".



NATIONAL BANK OF CANADA
NBC S&P/TSX Composite Low Volatility Index
with Low Point Deposit Notes (USD), Series 70

DEPOSIT NOTES INFORMATION STATEMENT DATED AUGUST 22, 2019

Before purchasing this product, prospective investors should determine whether this product corresponds to their investment objectives. The Bank has issued previous series which may have different terms and conditions. Please read this document and take it into consideration when making your decision.

OVERVIEW

The NBC S&P/TSX Composite Low Volatility Index with Low Point Deposit Notes (USD), Series 70 are issued by National Bank of Canada. The Principal Amount of your Deposit is fully guaranteed at maturity by the Bank. The Deposits aim to provide you with a return at maturity linked to the performance of the S&P/TSX Composite Low Volatility Index.

The Maturity Date of the Deposits is September 12, 2025 (assuming an Issuance Date on September 12, 2019). **The Deposits 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 the insolvency of the deposit taking financial institution.**

INVESTMENT HIGHLIGHTS

Issuer:	National Bank of Canada (long-term non bail-inable senior debt rated DBRS: AA (low) / S&P: A / Moody's: Aa3 / Fitch Ratings: A+).
Type of product:	Principal Protected Notes (the "Deposits"). Your Principal Amount is fully guaranteed at maturity by the Bank.
Issuance Date:	On or about September 12, 2019 but no later than October 15, 2019.
Final Valuation Date:	Assuming an Issuance Date on September 12, 2019, the Final Valuation Date will be on September 5, 2025.
Maturity Date:	Assuming an Issuance Date on September 12, 2019, the Maturity Date will be on September 12, 2025.
Minimum investment:	US\$1,000 (10 Deposits)
Price and Principal Amount:	US\$100 per Deposit
Description:	The Deposits aim to provide you with a return at maturity linked to the performance of a notional Reference Portfolio composed of one or more Reference Assets.
Reference Portfolio:	A Reference Portfolio composed of the S&P/TSX Composite Low Volatility Index (the "Reference Index").
Currency of the Deposits:	American dollars
Dividends and /or Distributions Reinvested:	No. The Reference Portfolio Return is a price return and will not take into account dividends and/or distributions paid by the issuers or constituents of the Reference Index.

Secondary Market:	The Market Maker intends to maintain until the Final Valuation Date, under normal market conditions, a daily secondary market for the Deposits. The Market Maker is under no obligation to facilitate or arrange a secondary market, and the Market Maker in its sole discretion, may stop maintaining a market for the Deposits at any time, without any prior notice to you. There can be no assurance that a secondary market will be available or that such market will be liquid or sustainable.
Not Eligible for CDIC coverage:	The Deposits will not constitute deposits that are insured under the <i>Canada Deposit Insurance Corporation Act</i> or any other deposit insurance regime designed to ensure the payment of all or a portion of a deposit upon the insolvency of the deposit taking financial institution.
Early Trading Charge:	If you sell your Deposits prior to maturity through the market maintained by the Market Maker, you will be subject to an early trading charge of US\$4.80 per Deposit, declining every 30 days by US\$0.40 to be US\$0.00 after 360 days from and including the Issuance Date.
Participation Factor:	100.00%
Low Point Valuation Dates:	Any Business Day during the Low Point Valuation Period (including the Issuance Date and the Low Point Valuation Period End Date) provided that if such day is not a Trading Day, it will be postponed to the next Trading Day.
Low Point Valuation Period:	The period starting on the Issuance Date and ending on the Low Point Valuation Period End Date.
Low Point Valuation Period End Date:	Assuming the Issuance Date is September 12, 2019, the Low Point Valuation Period End Date will be on March 12, 2020.
Certain Canadian Federal Income Tax Consequences:	Initial Holders who dispose of a Deposit should consult and rely on their own tax advisors with respect to their particular circumstances. See "Certain Canadian Federal Income Tax Considerations".
Fees and Expenses:	The Bank will pay to the Agent for payment by the Agent to those sale representatives whose clients purchase Deposits, a selling fee of up to US\$3.00 per Deposit sold under the offering.
Fundserv Code:	NBC26744
No Global Certificate issued to CDS:	Not issued by way of a single global certificate registered in the name of CDS. Instead, the Deposits will be registered in records maintained by or on behalf of the Bank in the names of the registered holders. The Bank will act as the transfer agent and registrar for the Deposits.
Eligibility for Investment:	Eligible for RRSPs, RRIFs, RESPs, RDSPs, DPSPs and TFSA's.
Risk Factors:	Prospective investors should carefully consider all of the information set forth in this Information Statement and, in particular, should evaluate the specific risk factors set forth under "Risk Factors" for a discussion of certain risks involved in evaluating an investment in the Deposits.
Availability of Information:	All information about the Deposits is available on request from your investment advisor or on the Bank's website at www.nbcstructuredolutions.ca where the following information will be provided: (a) the most recent bid price of the Deposits and the applicable early trading charge (if any); and (b) the last available measures on which the Variable Return is determined. The information made available on the Bank's website is provided for information purposes only.

PART A - CONDITIONS SPECIFIC TO THE INVESTMENT

1. RETURN OF YOUR DEPOSIT

Payment at maturity of your Deposits will be linked to the price performance of each Reference Asset included in the Reference Portfolio. The Deposits will have a principal amount of US\$100 each (the "Principal Amount"). The investment objective of your Deposits is to repay you on the Maturity Payment Date your Principal Amount and provide you with a Variable Return if the Reference Portfolio Return is positive on the Final Valuation Date.

Maturity Redemption Payment: means an amount per Deposit to which you are entitled on the Maturity Payment Date based on the performance of the Reference Portfolio which is equal to your Principal Amount x (1 + Variable Return).

Variable Return: means a percentage equal to the product of (i) the Reference Portfolio Return on the Final Valuation Date and (ii) the Participation Factor, subject to a minimum of zero.

Reference Portfolio Return: means the difference between the Reference Portfolio Final Level and the Reference Portfolio Initial Level, divided by 1,000.

Reference Portfolio Final Level: means the Reference Portfolio Level on the Final Valuation Date.

Reference Portfolio Initial Level: means the lowest Reference Portfolio Level observed on each of the Low Point Valuation Dates.

Investors should realize that even though the increase in the Reference Portfolio Level on the Final Valuation Date will be measured from the Reference Portfolio Initial Level, such increase will be compared to the Reference Portfolio Level of 1,000 to calculate the Reference Portfolio Return, and not the Reference Portfolio Initial Level, which could be less than 1,000. As a result, in the case where the Reference Portfolio Initial Level is less than 1,000, the Reference Portfolio Return will not be as significant as if the increase in the Reference Portfolio Level were compared to such Reference Portfolio Initial Level. See the examples under "Examples".

Reference Portfolio Level: means on any day, the level of the Reference Portfolio, which shall correspond to the Reference Portfolio Level on the Issuance Date (being 1,000), adjusted upward or downward by a proportion equal to the following formula: a number equal to the product of (i) 1,000 and (ii) one plus the sum of the Weighted Reference Asset Return of each Reference Asset comprising the Reference Portfolio.

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

Reference Asset Weight: means the weight of each Reference Asset comprising the Reference Portfolio.

Reference Asset Return: means for each Reference Asset contained in the Reference Portfolio and on any day, a number, which may be positive or negative, expressed as a percentage, calculated as follows:

$$(\text{Closing Level on such day} / \text{Closing Level on the Issuance Date}) - 1.$$

Closing Level: means, 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 table under "Reference Portfolio". If there is no closing price, no closing level or no official net asset value, as applicable, reported or published on that day, then the Closing Level will be the closing price, the closing level or the official net asset value, as applicable, on the immediately preceding day on which such closing price, closing level or official net asset value is reported or published by the applicable Price Source (except if this occurs on the Issuance Date, on any of the Low Point Valuation Dates or on the Final Valuation Date, in which case the closing price, the closing level or the official net asset value, as applicable, on the immediately following day on which such closing price, closing level or official net asset value is reported or published by the applicable Price Source will be used, subject to the provisions under "Extraordinary Events and Special Circumstances").

The Reference Asset Return is a price return, and will not take into account dividends and/or distributions paid by the issuers or constituents of the Reference Asset. As of August 15, 2019, the dividends and/or distributions paid on account of all of the issuers or constituents of the Reference Asset in the Reference Portfolio represented an annual return of approximately 4.24%, representing an aggregate yield of approximately 25.44% over the term of the Deposits, assuming that the yield remains constant and the dividends and/or distributions are not reinvested.

Reference Portfolio:

Reference Asset name	Reference Asset ticker from Bloomberg	Price Source	Closing Level	Reference Asset type	Reference Asset Weight
S&P/TSX Composite Low Volatility Index	SPTXLVPR	S&P Dow Jones Indices LLC	Closing level	Index	100%

The Reference Portfolio is used solely as a notional reference for the purpose of calculating the Variable Return. No actual funds will be invested in the purchase of each Reference Asset. You will not be the owners of, nor have any rights or interests in or to, each Reference Asset and therefore, will not have recourse to each Reference Asset to satisfy amounts owing under the Deposits.

Public Information**Index Linked Deposits**

Investors should carefully read the following as the return of the Deposits offered under this Information Statement is linked to a portfolio including an index. All information relating to the Reference Index contained in this document is taken from and based solely upon publicly available information. That information reflects the policies of, and is subject to change by the Reference Index sponsor. The Reference Index sponsor has no obligation to continue to publish, and may discontinue publication of, the Reference Index at any time. Neither the Bank nor the Agent have independently verified the accuracy or completeness of any such information or assume any responsibility for the accuracy or completeness of such information.

NEITHER THE REFERENCE INDEX, ITS SPONSOR(S) OR THEIR AFFILIATES, NOR THEIR THIRD PARTY LICENSORS GUARANTEE THE ADEQUACY, ACCURACY, TIMELINESS OR COMPLETENESS OF THE REFERENCE INDEX OR ANY DATA INCLUDED THEREIN OR ANY COMMUNICATIONS, INCLUDING BUT NOT LIMITED TO, ORAL OR WRITTEN COMMUNICATIONS (INCLUDING ELECTRONIC COMMUNICATIONS) WITH RESPECT THERETO. THE REFERENCE INDEX, ITS SPONSOR(S) OR THEIR AFFILIATES AND THEIR THIRD PARTY LICENSORS SHALL NOT BE SUBJECT TO ANY DAMAGES OR LIABILITY FOR ANY ERRORS, OMISSIONS OR DELAYS THEREIN. THE REFERENCE INDEX MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE MARKS, THE REFERENCE INDEX OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT WHATSOEVER SHALL THE REFERENCE INDEX, ITS SPONSOR(S) OR THEIR AFFILIATES OR THEIR THIRD PARTY LICENSORS BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE OR CONSEQUENTIAL DAMAGES, INCLUDING BUT NOT LIMITED TO, LOSS OF PROFITS, TRADING LOSSES, LOST TIME OR GOODWILL, EVEN IF THEY HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, WHETHER IN CONTRACT, TORT, STRICT LIABILITY OR OTHERWISE.

You should independently investigate the Reference Index and its index sponsor and decide whether an investment in the Deposits is appropriate. You should take into account additional risk factors associated with the Deposits. See "Risk Factors".

2. SUITABILITY CONSIDERATIONS AND GUIDELINES

An investment in the Deposits is not suitable for all investors and even if suitable, investors should consider what part the Deposits should serve in an overall investment plan. The Deposits may be suitable for you if:

- you are seeking protection of your capital at maturity;
- you are seeking the potential for higher returns in a low interest rate environment;
- you have a long-term investment horizon and are prepared to hold the Deposits to maturity;
- you do not need or do not expect certainty of return and can accept seeing the value of your investment in the Deposits diminish over time due to inflation;
- you are looking to participate in the growth potential of a portfolio composed of the Reference Asset;
- you are prepared to assume the risks as described in the Risk Factors section;
- you are looking to diversify your portfolio across different sectors in the Canadian market through large market capitalization companies;
- in order to benefit from the Deposit structure and capital protection at maturity, you are prepared to waive the aggregate dividend and/or distribution yield provided by the issuers or constituents of the Reference Asset over the term of the Deposits to maturity, on the assumption that the dividend and/or distribution yield remains constant and that the dividends and/or distributions are not reinvested; and
- you are looking to benefit from locking in the lowest daily Reference Portfolio Level during the first six months.

The Deposits have certain investment characteristics that differ from those of conventional fixed income investments in that they may not provide you with a return or income stream prior to maturity, or a return at maturity, calculated by reference to a fixed or floating rate of interest that is determinable prior to maturity. The return on the Deposits, unlike the return on many deposit liabilities of Canadian chartered banks, is uncertain in that if the Reference Portfolio does not generate a positive return, the Deposits will produce no return on your original investment. There is no assurance that the Reference Portfolio will be able to generate a positive return over the term of the Deposits to maturity. Therefore, there is no assurance that you will receive any amount at maturity other than repayment of your Principal Amount with the Bank. Your Principal Amount will be repaid only if the Deposits are held to maturity. Moreover, the value of your investment in the Deposits may diminish over time owing to inflation and other factors that adversely affect the present value of future payments. With the exception of a payment made upon a Reimbursement Under Special Circumstances, no payment will be made prior to the Maturity Date. You should take into account additional risk factors associated with this offering of Deposits. See "Risk Factors".

You should only reach a decision to invest in the Deposits after carefully considering, with your advisors, the suitability of this investment in light of your investment objectives and the information set out in this Information Statement, including the risk factors. The Bank, the Agent and the Market Maker make no recommendation as to the suitability of the Deposits for investment with respect to your particular circumstances. Neither the Bank nor any of its affiliates make any representation or express a view on the merits of each Reference Asset for the purposes of the investment.

3. EXAMPLES

The following are hypothetical examples that illustrate how the Maturity Redemption Payment shall be calculated under different scenarios. These examples are included for illustration purposes only. The amounts and all other variables used in the following examples are hypothetical and are not forecasts or projections of the Reference Asset Return of the Reference Asset, the Reference Portfolio or the performance of the Deposits. No assurance can be given that the results shown in these examples will be achieved.

(1) *Hypothetical example of a **positive** Variable Return*

The following table is based on the assumption that the Closing Level of the Reference Asset will increase during the 6-year term of the Deposits.

Reference Asset	Issuance Date	Low Point Valuation Date with lowest Reference Portfolio Level	Reference Portfolio Initial Level	Final Valuation Date	
	Closing Level	Closing Level		Reference Portfolio Final Level	Reference Portfolio Return
S&P/TSX Composite Low Volatility Index	406.51	321.23		480.00	
Reference Asset Return	N/A	-20.98%		18.08%	39.06%
Reference Portfolio Level	1,000.00	790.21	790.21	1,180.78	

Reference Portfolio Initial Level:	790.21
Reference Portfolio Final Level on the Final Valuation Date:	1,180.78
Reference Portfolio Return: $(1,180.78 - 790.21) / 1,000$	39.06%
Variable Return: $\text{MAX} [0\%, 100.00\% \times 39.06\%]$	39.06%
Maturity Redemption Payment: $\text{US}\$100 \times [1 + 39.06\%]$ =	US\$139.06
Annualized compounded return over the 6-year term	5.65%

In this example, the Reference Portfolio Return on the Final Valuation Date is 39.06%. The Variable Return would be 39.06% and the Maturity Redemption Payment payable on the Maturity Payment Date would be US\$139.06 (approximately 5.65% compounded annually over 6 years).

(2) Hypothetical example of a **smaller positive** Variable Return

The following table is based on the assumption that the Closing Level of the Reference Asset will decrease during the 6-year term of the Deposits, but the locked in Reference Portfolio Initial Level is below the Reference Portfolio Final Level.

Reference Asset	Issuance Date	Low Point Valuation Date with lowest Reference Portfolio Level	Reference Portfolio Initial Level	Final Valuation Date	
	Closing Level	Closing Level		Reference Portfolio Final Level	Reference Portfolio Return
S&P/TSX Composite Low Volatility Index	406.51	397.93		402.13	
Reference Asset Return	N/A	-2.11%		-1.08%	1.03%
Reference Portfolio Level	1,000.00	978.89	978.89	989.23	

Reference Portfolio Initial Level:	978.89
Reference Portfolio Final Level on the Final Valuation Date:	989.23
Reference Portfolio Return: $(989.23 - 978.89) / 1,000$	1.03%
Variable Return: $\text{MAX} [0\%, 100.00\% \times 1.03\%]$	1.03%
Maturity Redemption Payment: $\text{US}\$100 \times [1 + 1.03\%] =$	US\$101.03
Annualized compounded return over the 6-year term	0.17%

In this example, the Reference Portfolio Return on the Final Valuation Date is 1.03%. The Variable Return would be 1.03% and the Maturity Redemption Payment payable on the Maturity Payment Date would be US\$101.03 (approximately 0.17% compounded annually over 6 years).

(3) Hypothetical example of a **nil** Variable Return

The following table is based on the assumption that the Closing Level of the Reference Asset will decrease during the 6-year term of the Deposits.

Reference Asset	Issuance Date	Low Point Valuation Date with lowest Reference Portfolio Level	Reference Portfolio Initial Level	Final Valuation Date	
	Closing Level	Closing Level		Reference Portfolio Final Level	Reference Portfolio Return
S&P/TSX Composite Low Volatility Index	406.51	406.51		330.25	
Reference Asset Return	N/A	0.00%		-18.76%	-18.76%
Reference Portfolio Level	1,000.00	1,000.00	1,000.00	812.40	

Reference Portfolio Initial Level:	1,000.00
Reference Portfolio Final Level on the Final Valuation Date:	812.40
Reference Portfolio Return: $(812.40 - 1,000.00) / 1,000$	-18.76%
Variable Return: $\text{MAX} [0\%, 100.00\% \times -18.76\%]$	0.00%
Maturity Redemption Payment: $\text{US}\$100 \times [1 + 0.00\%] =$	US\$100.00
Annualized compounded return over the 6-year term	0.00%

In this example, the Reference Portfolio Return on the Final Valuation Date is -18.76%. The Variable Return would be nil and the Maturity Redemption Payment payable on the Maturity Payment Date would be US\$100 because the Deposits are principal protected at maturity.

4. RISK FACTORS

An investment in the Deposits involves certain risks. You should, in consultation with your own financial and legal advisers, carefully consider, among other matters, the following discussion of risks, before deciding whether an investment in the Deposits is suitable. The Deposits are not a suitable investment for a prospective purchaser who does not understand their terms or the risks involved in holding the Deposits.

Bank's creditworthiness. The Deposits 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. Because the obligation to make payments to Holders of the Deposits is incumbent upon the Bank, the likelihood that such Holders will receive the Maturity Redemption Payment and any other payment under the Deposits will be dependent upon the financial health and creditworthiness of the Bank.

We refer you to the risks described in the Bank's Annual Report for the year ended October 31, 2018 and the Bank's report to shareholders for the second quarter of 2019. These analyses discuss, among other things, known material trends and events, and risks or uncertainties, that are reasonably expected to have a material effect on the Bank's business, financial condition, results of operations and hence, on its general creditworthiness.

Real or anticipated changes in credit ratings of the Bank may affect the market value of the Deposits. In addition, real or anticipated changes in credit ratings can affect the cost at which the Bank can transact or obtain funding, and thereby affect the Bank's liquidity, business, financial condition or results of operations.

Investors could make no return in the Deposits. There can be no assurance that the Deposits or the underlying interest will achieve any performance. The fluctuations in the price or level of the underlying interest are unpredictable and will be influenced by factors that are beyond the control of the Bank. As a result, the value of the Deposits will fluctuate. Historical performance levels of the underlying interest should not be considered as any indication of the future performance thereof.

Risks relating to unsecured nature of the Deposits. The Deposits will not be secured by any of the assets of the Bank. Therefore, holders of secured and unsubordinated indebtedness of the Bank would have a claim on the assets securing such indebtedness that ranks prior to your claim on such assets and would have a claim that ranks *pari passu* with the claim of Holders of Deposits on such assets to the extent that such security did not satisfy such secured indebtedness.

The Deposits could be redeemed prior to maturity under a Reimbursement Under Special Circumstances. Upon the occurrence of a Special Circumstance, the Bank may redeem the Deposits pursuant to a Reimbursement Under Special Circumstances. Under such circumstances, the investor may not be able to participate fully in the return of the underlying interest that might have occurred up to the payment date pursuant to a Reimbursement Under Special Circumstances.

Reliance on the Calculation Agent. The Bank will be the Calculation Agent for the Deposits. The Calculation Agent will be solely responsible for the determination and calculation of the Maturity Redemption Payment, including, the Actualized NAV and any other determinations and calculations with respect to any payment in connection with the Deposits, as well as for determining whether a Market Disruption Event in respect of a Reference Asset has occurred and for making certain other determinations with regard to the Deposits. All determinations and calculations made by the Calculation Agent will be at the sole discretion of the Calculation Agent and will, in the absence of manifest error, be conclusive for all purposes and binding upon the Holders. As such, investors in the Deposits will rely on and be exposed to the determinations of the Calculation Agent. The Calculation Agent will carry out its duties and functions in good faith and using its reasonable judgment.

Conflicts of interest may affect the Calculation Agent. The Bank will be the Calculation Agent. The Calculation Agent may have economic interests adverse to those of the Holders, including with respect to certain determinations that the Calculation Agent must make in determining the amounts payable under the terms of the Deposits and in making certain other determinations with regard to the Deposits. However, the Calculation Agent will carry out its duties and functions in good faith and using its reasonable judgment.

Moreover, as noted above, the Bank and/or its affiliates expect to engage in trading activities related to the underlying interests that are not for the account of Holders or on their behalf. These trading activities may present a conflict between the Holders' interest in the Deposits and the interests of the Bank and/or its affiliates will have in their proprietary accounts in facilitating transactions, including block trades and options and other derivatives transactions, for their customers and in accounts under their management. These trading activities, if they influence the price or the level of the underlying interests, could be adverse to the interests of the Holders. Moreover, subsidiaries of the Bank, including NBF, may have published, and in the future are likely to publish, research reports with respect to the underlying interests. This research may be modified from time to time without notice and may express opinions or provide recommendations that are inconsistent with purchasing or holding the Deposits. Any of these activities by the Bank, NBF and/or other affiliates thereof may affect the market price and/or the level of the underlying interest and, therefore, the market value of the Deposits.

Hedging transactions may affect the underlying interests. As described under "Related Matters - Use of Proceeds and Hedging", the Bank and/or its affiliates may hedge the Bank's obligations under the particular Deposits by doing one or a combination of the following: purchasing or selling the underlying interest (or constituents thereof) and/or futures or options on the underlying interest (or constituents thereof), or other derivative instruments with returns linked or related to changes in the performance of the underlying interest (or constituents thereof), and the Bank and/or its affiliates are likely to adjust these hedges by, among other things, purchasing or selling the underlying interest (or constituents thereof) and/or futures, options, or other derivative instruments with returns linked or related to changes in the performance of the underlying interest (or constituents thereof), from time to time. Any of these hedging activities may, but are not expected

to, impact the market price and/or the level of the underlying interest (or constituents thereof), and, therefore, increase or decrease the market value of the particular Deposits. It is possible that the Bank and/or its affiliates could receive substantial returns from these hedging activities while the market value of the particular Deposits declines. The Bank may benefit from the difference between the amount it is obligated to pay under the particular Deposits, net of related expenses, and the returns it may generate in hedging such obligation. The Bank and/or its affiliates may also engage in trading in the underlying interest (or constituents thereof) and other investments relating to the underlying interest (or constituents thereof) on a regular basis as part of their general broker-dealer and other businesses, for proprietary accounts, for other accounts under management or to facilitate transactions for customers. Any of these activities, among others, could impact the market price and/or the level of the underlying interest (or constituents thereof) and, therefore, may increase or decrease the market value of the Deposits. The Bank and/or its affiliates may also issue or underwrite other securities or financial or derivative instruments with returns linked or related to changes in the performance of the underlying interest (or constituents thereof). By introducing competing products into the marketplace in this manner, the Bank and/or its affiliates could adversely affect the market value of the Deposits.

The Final Valuation Date or any of the Low Point Valuation Dates or the date on which the Maturity Redemption Payment is payable may be postponed if a Market Disruption Event occurs on the given date. The determination of the price or return of the Reference Asset may be postponed if the Calculation Agent determines that a Market Disruption Event has occurred or is continuing on the Final Valuation Date or any of the Low Point Valuation Dates. If such a postponement occurs, the Calculation Agent will only be able to calculate the price or return of the Reference Asset on the first Business Day immediately after that day on which no Market Disruption Event occurs or is continuing. In no event, however, will the Final Valuation Date (or Low Point Valuation Date, as applicable) be postponed by more than five Business Days due to a Market Disruption Event. As a result, the date on which the Maturity Redemption Payment for the Deposits is due, and/or one of the dates on which the Reference Portfolio Level is measured for the purpose of determining the Reference Portfolio Initial Level, could also be postponed, although not by more than five Business Days due to a Market Disruption Event, and up to a maximum of 10 Business Days when combining any postponement due to the Final Valuation Date (or Low Point Valuation Date, as applicable) not being a Trading Day. If the Final Valuation Date (or Low Point Valuation Date, as applicable) is postponed to the last possible day, but a Market Disruption Event occurs or is continuing on that day, that day will nevertheless be the Final Valuation Date (or Low Point Valuation Date, as applicable). In such an event, the Calculation Agent will make a good faith estimate of the price or return of the Reference Asset that would have prevailed in the absence of the Market Disruption Event.

The Reference Asset Return will not reflect the full appreciation in the Reference Asset when including dividends and other distributions. The Reference Asset Return is a price return and will not reflect the payment of dividends and other distributions on the constituents of the Reference Asset. Therefore, the yield based on the methodology for calculating the Reference Asset Return will not be the same as the yield which may be produced if the constituents of the Reference Asset were purchased directly and held for the same period.

In the case where the Reference Portfolio Initial Level is less than 1,000, the Reference Portfolio Return will not be as significant as if the increase in the Reference Portfolio Level were compared to such Reference Portfolio Initial Level. Investors should realize that even though the increase in the Reference Portfolio Level on the Final Valuation Date will be measured from the Reference Portfolio Initial Level, such increase will be compared to the initial Reference Portfolio Level of 1,000 to calculate the Reference Portfolio Return, and not the Reference Portfolio Initial Level, which could be less than 1,000. As a result, in the case where the Reference Portfolio Initial Level is less than 1,000, the Reference Portfolio Return will not be as significant as if the increase in the Reference Portfolio Level were compared to such Reference Portfolio Initial Level. See the examples under "Examples".

The return on the Deposits may not reflect the full performance of the Reference Portfolio that could be realized if investors held the Reference Asset directly. The return on the Deposits will not reflect the return that could be realized if a Holder actually owned the constituents of the Reference Asset included in the Reference Portfolio and held such investment for a similar period. Any positive Reference Portfolio Return as calculated on the Final Valuation Date will be multiplied by a Participation Factor which will result in a Holder receiving less than the full return of the Reference Portfolio if the Participation Factor is less than 100%. Therefore, the Maturity Redemption Payment may be less than the corresponding Reference Portfolio Return on the Final Valuation Date and the difference between the corresponding Reference Portfolio Return and the Maturity Redemption Payment may be significant.

Holders have no ownership interest in the underlying interest or the constituents thereof. An investment in the Deposits does not constitute an investment in the underlying interest or the constituents thereof. A Holder will not be a beneficial owner of the underlying interest or constituents thereof during the term of the Deposits and therefore will not be entitled to any recourse to the underlying interest or the constituents thereof to satisfy amounts owing under the particular Deposits or to acquire constituents of the underlying interest or constituents thereof by virtue of their ownership of the particular Deposits. Moreover, Holders will not be entitled to any voting rights or to other control rights that holders of constituents comprising the underlying interest may have.

Concentration risk. The Deposits are linked only to the underlying interests. Deposits linked to underlying interests are linked only to such underlying interests. As a result, an investment in the Deposits may offer less diversification than an investment in other underlying interests, and may, as a result, be subject to greater volatility.

Deferred payment. If the payment of the full amount of the Maturity Redemption Payment of the Deposits when due would result in payment of "interest", as defined in *Criminal Code* (Canada), at a "criminal rate" (defined as an effective annual rate exceeding 60%), such payment would be prohibited by the *Criminal Code*. Accordingly, each Holder agrees that if payment of the full amount of the Maturity Redemption Payment of the Deposits would cause the Holder to receive payment of interest at a criminal rate for the purpose of the *Criminal Code*, the Bank may defer payment of a portion of such amount until the earliest time that it may be lawfully be paid, with interest on the unpaid portion at the Bank's equivalent term deposit rate.

Legal, administrative and regulatory change. There can be no assurance that income tax, securities and other federal and provincial laws, or that the administrative practices of government bodies such as the CRA, will not be changed in a manner that will adversely affect investors in the Deposits.

Deposits are not qualified by prospectus. The Deposits are not qualified by prospectus under applicable Canadian securities laws. No Canadian or other regulatory authority has recommended or approved the Deposits, nor has any such regulatory authority reviewed or passed upon the accuracy or adequacy of this Information Statement. There is no statutory prospectus liability under Canadian securities laws in relation to the disclosure provided in the Information Statement.

Risks Relating to Deposits in Foreign Currencies. Deposits denominated or payable in foreign currencies may entail significant risks. These risks include, without limitation, the possibility of significant fluctuations in the foreign currency markets, the imposition or modification of foreign exchange controls and potential illiquidity in the secondary markets.

The Deposits will not be insured under the *Canada Deposit Insurance Corporation Act* or any other deposit insurance regime. The Deposits 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.

Uncertain trading market for the Deposits; many factors affect the trading value of the Deposits; offer prices for Deposits may not reflect the return of the underlying interest. Investors should be willing to hold their Deposits to maturity. There is no market through which the Deposits may be sold and purchasers may not be able to resell Deposits purchased under this Information Statement. This may affect the pricing of the Deposits in the secondary market, the transparency and availability of trading prices, the liquidity of the Deposits, and the extent of issuer regulation.

There can be no assurance that a trading market for the Deposits will ever develop or be maintained. The Deposits will not be listed on any exchange.

If the secondary market for the particular Deposits is limited, there may be fewer buyers when an investor decides to sell his or her Deposits prior to the maturity date, affecting the bid price such a Holder will receive. Moreover, the Market Maker (as defined below) will reserve the right not to maintain such a secondary market in the future in their sole discretion, without providing prior notice to Holders. The Market Maker is a wholly-owned subsidiary of the Bank. Under the Deposits, the interests of the Holders and the Bank may be different. The Market Maker will carry out its market making activities in good faith and in accordance with applicable regulations governing its business.

Furthermore, the sale of Deposits using the Fundserv network is not like standard over-the-counter markets for debt instruments maintained by registered dealers and carries certain restrictions, including selling procedures that require the initiation of an irrevocable sale order at a bid price that will not be known prior to placing such sale order. See “Fundserv – Sale of Deposits using the Fundserv network”.

Many factors independent of the Bank’s creditworthiness may affect the trading in the particular Deposits. These factors include:

- (a) the complexity and volatility of the underlying interest rate or other underlying interest applicable to the Deposits if they are linked to one or more interest rates or other underlying interest;
- (b) the method of calculating the principal, premium, interest and any other amount due;
- (c) the time remaining to the maturity;
- (d) the outstanding amount of the particular Deposits;
- (e) the amount of other securities linked to the underlying interest applicable to the Deposits;
- (f) the supply and demand for the Deposits;
- (g) the inventory positions with the Market Makers;
- (h) the creditworthiness of the Bank; and
- (i) the level, direction and volatility of market interest rates generally.

The effect of any one factor may be offset or magnified by the effect of another factor.

In addition, because the Deposits are designed for specific investment objectives or strategies, these Deposits will have a more limited trading market and may experience more price volatility. There may be a more limited number of buyers for these Deposits. This may affect the price a Holder receives for these Deposits or a Holder’s ability to sell these Deposits at all.

Holders choosing to sell their Deposits prior to maturity will receive an amount which may not necessarily reflect the return of the underlying interest up to the date of such sale. The price at which a Holder will be able to sell the particular Deposits prior to maturity may be at a

discount (which could be substantial) from the Maturity Redemption Payment that would be payable if the particular Deposits were maturing on such day, based upon one or more factors. The value of the Deposits in the secondary market will be affected by a number of complex and inter-related factors.

Conflicts of interest may affect the Market Maker. The Market Maker for the Deposits is a wholly-owned subsidiary of the Bank. Under the Deposits, the interests of the Holders and the Bank may be different. The Market Maker will carry out its market making activities in good faith and in accordance with applicable regulations governing its business.

Certain Risk Factors related to Index Linked Deposits:

Trading prices. Historical returns of any Reference Index should not be taken as an indication of its future returns. The trading prices of the constituents comprising any Reference Index will fluctuate and will determine its return, and it is impossible to predict whether the return of any Reference Index will increase or decrease. Trading prices of the securities making up any Reference Index will be influenced by the interrelated political, economic, financial and other factors that can affect the capital and financial markets generally and the markets on which the underlying are traded, and by various circumstances that can influence the value of a particular security. The composition of any Reference Index may also change from time to time.

Potential modifications of a Reference Index. Any Reference Index may be discontinued or replaced with a Successor Reference Index. Although the Calculation Agent may make certain determinations in certain special circumstances to ensure that a Successor Reference Index is designated, information regarding certain Successor Reference Indices may not be readily available to Holders, which may adversely affect the secondary market for trading in the Deposits. Moreover, the return generated on such Successor Reference Index may not be as high as the return that would have been generated by the Discontinued Reference Index if it had not been discontinued or replaced.

Adjustments to a Reference Index could adversely affect the value of the Deposits. The Bank is not responsible for calculating and maintaining any Reference Index which is maintained by third parties. These third parties can add, delete or substitute the securities, contracts or other components underlying any Reference Index or make other methodological changes that could change the value of any Reference Index. Any of these actions could adversely affect the value of the Deposits. Neither the Bank nor the Agent make any representation or warranty as to the accuracy or completeness of the information regarding any Reference Index.

Neither the Bank nor the Agent nor the Market Maker make any representation or warranty as to the accuracy or completeness of the information regarding the Reference Index. All information regarding any Reference Index contained in this Information Statement is derived from publicly available information, without independent verification. Neither the Bank nor the Agent nor the Market Maker make any representation or warranty as to the accuracy or completeness of such information. Each Holder, as an investor in the Deposits, should make its own investigation regarding any Reference Index. The Bank and/or its affiliates are not affiliated with any index sponsor of any Reference Index and have no ability to control or predict its actions. The index sponsor of any Reference Index and its constituents will not be involved in the offering of the Deposits in any way and have no obligation to consider any interests as an owner of the Deposits in taking any actions that might affect the value of the Deposits.

5. EXTRAORDINARY EVENTS AND SPECIAL CIRCUMSTANCES

Extraordinary Events affecting Index linked Deposits

The underlying interest of Deposits linked to Indices will be subject to the adjustments provided hereunder.

Discontinuance or Modification of the Reference Index; Alteration of Method of Calculation

If the calculation or publication of a Reference Index is discontinued and a successor or substitute index is calculated or published (such successor or substitute index being referred to herein as a "Successor Reference Index") that the Bank determines, in its sole discretion, to be comparable to the discontinued Reference Index (the "Discontinued Reference Index"), then any reference level for such Discontinued Reference Index will be determined by reference to the level of such Successor Reference Index. If no successor or substitute index is provided with respect to a Discontinued Reference Index, the Bank may, in its sole discretion, designate another index to replace the Reference Index (such index being also referred to herein as a "Successor Reference Index"), provided that the Bank reasonably determines that the Successor Reference Index substantially tracks the market performance of the broad class and market in which the Discontinued Reference Index participated and with adjustments as may be determined by the Calculation Agent, and any calculations will be determined by reference to the level of such Successor Reference Index.

Upon any selection by the Bank of a Successor Reference Index, investors will be advised of any such replacement through a notice. Any such notice will be given in the manner described under "Related Matters – Notice to Holders". If a Successor Reference Index is selected by the Bank, the Successor Reference Index will be used as a substitute for the Discontinued Reference Index for all purposes, including for purposes of determining whether a Market Disruption Event exists.

If at any time the Reference Index or Successor Reference Index is discontinued, if the method of calculation of the Reference Index or a Successor Reference Index, or the level thereof, is changed in a material respect, or if the Reference Index or Successor Reference Index is in any other way modified so that the Reference Index does not, in the opinion of the Calculation Agent, fairly represent the level of the Reference Index or Successor Reference Index had such changes or modifications not been made, then, for purposes of calculating the Reference Index level or making any other determinations as of or after such time, the Bank may, in its sole discretion, (i) have the Calculation

Agent make such calculations and adjustments as, in the good faith judgment of the Calculation Agent, may be necessary in order to arrive at a value of an index comparable to the Reference Index or Successor Reference Index, as the case may be, as if such changes or modifications had not been made, and calculate the Reference Index level with reference to the Reference Index or Successor Reference Index, as adjusted, (ii) in the event where the underlying interest is a reference portfolio or basket comprising more than one Reference Index or comprising other securities, assets and/or reference items, decide to continue the reference portfolio or basket without such Discontinued Reference Index and make the necessary adjustments such that thereafter, the reference portfolio return will be calculated on the basis of the remaining Reference Indices and other securities, assets and/or reference items, where the weighting of the Discontinued Reference Index will be reallocated proportionally to the remaining Reference Indices and other securities, assets and/or reference items and make the necessary adjustments so that the return generated on such Discontinued Reference Index up to the event leading to such discontinuation, material change or modification of the Discontinued Reference Index is taken into account as at such date or (iii) otherwise (whether the underlying interest is a reference portfolio or basket or not) decide to treat the discontinuation, material change or modification of the Discontinued Reference Index as a Special Circumstance and proceed with a Reimbursement Under Special Circumstances. See “Extraordinary Events and Special Circumstances – Reimbursement Under Special Circumstances and Payment”.

Market Disruption Event

If the Calculation Agent determines that a Market Disruption Event in respect of a Reference Index has occurred and is continuing on the applicable Final Valuation Date or any of the Low Point Valuation Dates, then the level of such Reference Index will be calculated on the basis that the given date will be postponed for the purposes of such affected Reference Index only (and not other Reference Indices or other securities, assets and/or reference items that may be included in the underlying interest) to the next Business Day on which there is no Market Disruption Event in respect of such Reference Index.

However, there will be a limit for postponement of the Final Valuation Date or a Low Point Valuation Date. If on the fifth Business Day following the date originally scheduled as the Final Valuation Date or the applicable Low Point Valuation Date, the Final Valuation Date or the applicable Low Point Valuation Date has not occurred, then despite the occurrence or continuance of a Market Disruption Event in respect of such Reference Index on or after such Business Day: (a) such fifth Business Day shall be the Final Valuation Date or the Low Point Valuation Date (as applicable) in respect of such Reference Index; and (b) the level of the Reference Index used for determining the return of the Reference Index, the Reference Portfolio Initial Level, the Reference Portfolio Final Level, the Maturity Redemption Payment or other payment based on the level of the Reference Index will be a level equal to the Calculation Agent’s estimate of the level of the Reference Index as at such Final Valuation Date or Low Point Valuation Date (as applicable), reasonably taking into account relevant market circumstances.

A Market Disruption Event may delay the determination of the level or return of the Reference Index and consequently the calculation of the Maturity Redemption Payment for the particular Deposits or other payment based on the level of the Reference Index that may be payable. Payment of the Maturity Redemption Payment for the particular Deposits or other payment based on the level of the Reference Index will be made on the fifth Business Day after the levels and returns of all Reference Indices and other securities, assets and/or reference items used in the calculation of the Maturity Redemption Payment for the particular Deposits or other payment based thereon have been determined.

In addition, if prior to the Final Valuation Date for the determination of the Maturity Redemption Payment or other payment for the particular Deposits, a Market Disruption Event occurs and continues for at least five consecutive Business Days, then the Bank may, in its sole discretion, treat this as a Special Circumstance and proceed with a Reimbursement Under Special Circumstances. See “Extraordinary Events and Special Circumstances – Reimbursement Under Special Circumstances and Payment”.

“Market Disruption Event” means, in respect of a Reference Index, any bona fide event, circumstance or cause (whether or not reasonably foreseeable) beyond the reasonable control of the Calculation Agent or any person that does not deal at arm’s length with the Calculation Agent which has or could have a material adverse effect on the ability of the Bank and/or its affiliates generally to place, maintain, substitute, unwind or modify hedge positions in respect of the particular Deposits and/or the Reference Index and/or a material number of securities or assets comprising the Reference Index. A Market Disruption Event may include, without limitation, any of the following events:

- (a) a suspension of or limitation imposed on trading by the relevant Exchanges or Related Exchanges of 10% or more of securities, contracts or other reference items comprising the Reference Index (the “Reference Index Assets”) or otherwise and whether by reason of movements in price exceeding limits permitted by such relevant Exchanges or Related Exchanges or otherwise (i) relating to 10% or more of the Reference Index Assets, or (ii) in futures or options contracts or relating to the Reference Index or 10% or more of the Reference Index Assets;
- (b) the closure on any Exchange Day of the relevant Exchange(s) or any Related Exchange(s) of 10% or more of the Reference Index Assets prior to its scheduled closing time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Day, and (ii) the submission deadline for orders to be entered into such Exchange or Related Exchange system for execution at the close of trading on such Exchange Day;
- (c) any event (other than an Early Closure) that disrupts or impairs the ability of market participants in general (i) to effect transactions in, or obtain market values for, 10% or more of the Reference Index Assets on the Exchanges, or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to the Reference Index or 10% or more of the Reference Index Assets on any relevant Related Exchanges;

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- (d) the failure on any Exchange Day of the relevant Exchanges of 10% or more of the Reference Index Assets or any Related Exchanges to open for trading during regular trading sessions;
 - (e) the Reference Index is not published by the Reference Index sponsor;
 - (f) the adoption, change, enactment, publication, decree or other promulgation of any statute, regulation, rule or order of any court or other governmental authority, or issuance of any directive or promulgation of, or any change in the interpretation, whether formal or informal, by any court, tribunal, regulatory authority or similar administrative or judicial body of any law, order, regulation, decree or notice, howsoever described, which would have a material adverse effect on a holder of securities of 10% or more of the Reference Index Assets or in respect of any hedge transaction established in connection with a material number of Reference Index Assets or make it unlawful or impracticable for the Bank to perform its obligations under the particular Deposits or for a party generally to place, maintain, substitute, unwind or modify hedges of positions or to realize, recover or remit the proceeds of any such hedge in respect of 10% or more of the Reference Index Assets;
 - (g) the taking of any action by any governmental, administrative, legislative or judicial authority or power of Canada or any other country, or any political subdivision thereof, which has a material adverse effect on the financial markets of Canada or a country in which constituents of the Reference Index are located;
 - (h) any outbreak or escalation of hostilities or other national or international calamity or crisis (including, without limitation, natural calamities) which has or would have a material adverse effect on the ability of the Bank to perform its obligations under the particular Deposits or of a party generally to place, maintain, substitute, unwind or modify hedges of positions or to realize, recover or remit the proceeds of any such hedge with respect to the Reference Index or 10% or more of the Reference Index Assets or a material and adverse effect on the economy or the trading of securities generally on any relevant Exchange or Related Exchange for 10% or more of the Reference Index Assets;
 - (i) an increase in the cost of acquiring, placing, establishing, re-establishing, substituting, maintaining, modifying, unwinding or disposing of any hedging transaction in connection with the particular Deposits or in the cost of realizing, recovering or remitting the proceeds of any such hedging transaction; or
 - (j) in any other event, if the Calculation Agent determines that the event materially affects the ability of the Bank and/or its affiliates to hedge or unwind all or a material portion of a hedge with respect to the particular Deposits that has been effected or may come into effect as described below under “Related Matters - Use of Proceeds and Hedging”.

“Exchange” means, in respect of a Reference Index, the primary exchange or trading system on which the constituents of the Reference Index are listed and traded from time to time, as determined by the Calculation Agent.

“Exchange Day” means, in respect of a Reference Index, any day on which the Exchange for the constituents of the Reference Index is scheduled to be open for trading during the regular trading sessions.

“Related Exchange” means in respect of a Reference Index, the primary exchange or trading system on which futures or options on the constituents of the Reference Index are listed and traded from time to time, as determined by the Calculation Agent.

For the purposes of determining whether a Market Disruption Event has occurred: (1) a limitation on the hours or number of days of trading will not constitute a Market Disruption Event if it results from an announced change in the regular business hours of an Exchange or Related Exchange, and (2) a “a suspension, absence or material limitation of trading” on any Exchange or Related Exchange will not include any time when such Exchange or Related Exchange itself is closed for trading under ordinary circumstances.

Reimbursement Under Special Circumstances and Payment

In the event of a Special Circumstance, all of the outstanding Deposits of a series may be redeemed, at the option of the Bank (a “Reimbursement Under Special Circumstances”) upon 30 Business Days’ prior notice furnished in writing by the Bank in the manner set forth under “Related Matters – Notice to Holders”.

A “Special Circumstance” means an event where, in the opinion of the Bank acting reasonably and in good faith, an amendment or a change is made to a taxation act or regulation, to taxation practices, policies or administration, to the interpretation of a taxation act or regulation or taxation practice, policy or administration; or an event occurs, now or in future, caused by circumstances beyond the control of the Bank making it illegal or disadvantageous, from a legislative or regulatory point-of-view, or disadvantageous, from a financial point-of-view, for the Bank to allow the Deposits of such series to remain outstanding. As provided hereunder, certain other extraordinary events affecting the underlying interest may be deemed to constitute a Special Circumstance and entitle the Bank to proceed with a Reimbursement Under Special Circumstances.

In the event of a Reimbursement Under Special Circumstances for which the Bank has opted to redeem the Deposits of a series, the Bank, acting in good faith, will set a date for the reimbursement of the particular Deposits (the “Special Reimbursement Date”) and the maturity date will be accelerated to the Special Reimbursement Date. In such event, the Bank will establish a value for the particular Deposits, acting in good faith in accordance with industry-accepted methods based on a number of interrelated factors, such as, if applicable, the return, liquidity and volatility of the underlying interest, interest rates, any extraordinary events and market disruption events affecting the underlying

interest, and the time remaining to Maturity Date or the Final Valuation Date of the Maturity Redemption Payment or to any redemption or optional repayment date, as the case may be. The value of the Deposits determined in accordance with the foregoing will constitute the "Actualized NAV". If the Actualized NAV is equal to or greater than the Principal Amount per Deposit, then the Maturity Date will be accelerated to the Special Reimbursement Date and registered Holders on such date will be entitled to receive the Actualized NAV (which will not be less than the Principal Amount per Deposit). The Bank will make available to Holders, no later than 10:00 a.m. (Montreal time) on the fifth Business Day following the determination of the Actualized NAV, the amount payable pursuant to such redemption. If, however, the Actualized NAV is less than the Principal Amount per Deposit, then the Maturity Date will not be modified and an amount equal to the Actualized NAV will be notionally invested by the Bank in Permitted Investments until the earlier of (i) the date on which such amount equals the Principal Amount per Deposit, or (ii) the Maturity Date. As a result, investors might receive only the Principal Amount per Deposit at such date. Payment of any amount thereunder will be made on the fifth Business Day following such date.

6. CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

General. The following is a fair summary of the principal Canadian federal income tax consequences generally applicable to an initial purchaser of the Deposits offered pursuant to this Information Statement who acquires the Deposits on the Issuance Date and who, at all relevant times, for purposes of the Tax Act, is, or is deemed to be, a resident of Canada, deals at arm's length and is not affiliated with the Bank, acquires and holds the Deposits as capital property and has not made a functional currency reporting election (an "Initial Holder"). **For greater certainty, this summary does not apply to a Holder who acquires the Deposits 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 Deposits having regard to their particular circumstances.**

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

This summary is based upon the current provisions of the Tax Act and the regulations thereunder, all specific proposals to amend the Tax Act or the regulations publicly announced by the federal Minister of Finance prior to the date hereof and counsel's understanding of certain published administrative practices and policies of the CRA. This summary does not otherwise take into account or anticipate any changes in the law (including retroactive changes), 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 Initial Holder nor is it exhaustive of all possible Canadian federal income tax considerations. **Initial Holders should consult and rely on their own tax advisors as to the overall consequences of their acquisition, ownership and disposition of Deposits having regard to their particular circumstances.**

Foreign Currency. Except as set out below, all amounts relating to the acquisition, holding or disposition of the Deposits must be converted into Canadian dollars, for purposes of the Tax Act, based on the relevant exchange rate determined in accordance with the detailed rules in the Tax Act in that regard. An Initial Holder may realize a capital gain or capital loss by virtue of exchange rate fluctuations and any amounts required to be included in computing the Initial Holder's income for a taxation year may also be affected by fluctuations in the relevant exchange rate.

Interest Prior to Issuance Date. An Initial Holder that is a corporation, partnership, unit trust or trust of which a corporation or partnership is a beneficiary will be required to include in computing its income for a taxation year all interest on the funds delivered prior to the Issuance Date (the "Initial Funds") that accrues or is deemed to accrue to the Initial Holder to the end of that taxation year or becomes receivable or is received by the Initial Holder by the end of that taxation year, except to the extent that such amount was included in the Initial Holder's income for a preceding taxation year. Any other Initial Holder, including an individual, will be required to include in computing income for a taxation year any interest on the Initial Funds received or receivable by such Initial Holder in that taxation year (depending upon the method regularly followed by the Initial Holder in computing income) except to the extent that such amount was included in the Initial Holder's income for a preceding taxation year.

Deemed Accrual of Interest. In certain circumstances, provisions of the Tax Act can deem interest to accrue on a "prescribed debt obligation" (as defined for purposes of the Tax Act). Counsel to the Bank understands that the CRA takes the administrative position that instruments similar to the Deposits constitute "prescribed debt obligations". Based in part on an understanding of the CRA's current administrative policies and assessing practices, and except as discussed below, no amount should be deemed to accrue and as a consequence, there should be no deemed accrual of interest on the Deposits under these provisions prior to the Maturity Redemption Payment or Actualized NAV becoming calculable.

Payment at Maturity. The amount of the excess, if any, of the payment made to an Initial Holder at maturity (including upon a Reimbursement Under Special Circumstances) over the Principal Amount of a Deposit will be included in the Initial Holder's income, as interest, in the taxation year in which the Final Valuation Date occurs.

Disposition of Deposits. Upon a disposition of a Deposit (other than as a consequence of a repayment of such Deposit by the Bank), an Initial Holder will be required to include in income, as interest, an amount equal to the excess of the proceeds of disposition received by such Initial Holder (converted into Canadian dollars using the exchange rate prevailing at the time of the disposition) over the Principal Amount of the Deposit (converted into Canadian dollars using the exchange rate prevailing at the time of the disposition). The disposition of a Deposit may give rise to a capital gain (or loss), to the extent that the proceeds of disposition of the Deposit, net of any amount included in the Initial Investor's income as interest, exceed (or are less than) the Initial Holder's adjusted cost base of the Deposit. One half of any capital gain realized will constitute a taxable capital gain that must be included in the calculations of the Initial Holder's income. One half of any capital loss incurred will constitute an allowable capital loss that is deductible against taxable capital gains of the Initial Holder, subject to and in accordance with the provisions of the Tax Act.

Initial Holders who dispose of a Deposit should consult and rely on their own tax advisors with respect to their particular circumstances.

7. DEFINITIONS

In this Information Statement, unless the context otherwise requires, terms not otherwise defined herein will have the meaning ascribed thereto hereunder:

General Definitions:

“**Actualized NAV**” means an amount calculated in respect of Deposits in a situation in which the Bank determines to make a Reimbursement Under Special Circumstances, all as described under “Extraordinary Events and Special Circumstances – Reimbursement Under Special Circumstances and Payment”.

“**Agency Agreement**” has the meaning ascribed thereto under “Plan of Distribution”.

“**Agent**” means National Bank Investments Inc., a wholly-owned subsidiary of the Bank.

“**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 or Toronto are required or authorized by law to remain closed. If a deadline specified in this Information Statement in respect of Deposits falls on a day which is not a Business Day, the deadline will be postponed to the following Business Day.

“**Calculation Agent**” means the Bank.

“**Closing Level**” has the meaning ascribed thereto under “Return of Your Deposit – Closing Level”.

“**CRA**” means the Canada Revenue Agency.

“**DBRS**” means DBRS Limited.

“**Deposits**” means the NBC S&P/TSX Composite Low Volatility Index with Low Point Deposit Notes (USD), Series 70.

“**Final Valuation Date**” means, the fifth Business Day preceding the Maturity Date, provided that if such day is not a Trading Day, it will be postponed until the next Trading Day, subject to a maximum of five Business Days, and subject to a Market Disruption Event. For greater certainty, it is possible that the Final Valuation Date is postponed for up to five Business Days and that on such fifth Business Day a Market Disruption Event or other circumstance described herein brings a further postponement of the Final Valuation Date with respect to one or more Reference Assets affected by the Market Disruption Event or other circumstance for up to an additional five Business Days.

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

“**Holder**” means a registered holder of a Deposit, being a holder in whose name a Deposit is shown on the registers maintained by or on behalf of the Bank.

“**Information Statement**” means the present information statement.

“**Initial Holder**” has the meaning ascribed thereto under “Certain Canadian Federal Income Tax Considerations”.

“**Issuance Date**” means the date as of which the Deposits are issued.

“**Market Disruption Event**” has the meaning ascribed thereto under “Extraordinary Events and Special Circumstances”.

“**Maturity Date**” means the date falling six years after the Issuance Date provided that if such date is not a Business Day, it will be deemed to be the next Business Day.

“**Maturity Payment Date**” means the date falling on the fifth Business Day following the Final Valuation Date, provided, however, that if the Reference Portfolio Return is not determined on such Final Valuation Date because the date at which the Reference Asset Return of one or more Reference Assets to be determined is postponed, then the Maturity Payment Date will be the fifth Business Day following the latest of such postponed dates at which the Reference Portfolio Return is determined; in each case where the Maturity Payment Date is so postponed, there will be no interest or other compensation made in respect of any such delay.

“Maturity Redemption Payment” means an amount per Deposit to which you are entitled on the Maturity Date based on the performance of the Reference Portfolio which is equal to your Principal Amount x (1 + Variable Return).

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

“NBF” means National Bank Financial Inc.

“Permitted Investments” means fixed income and/or money market instruments consisting of debt issued by the Government of Canada or its agencies, debt issued by the provinces of Ontario, Quebec, Alberta or British Columbia or bankers’ acceptances issued by Canadian banks or cash deposits with Canadian banks with a rating of at least R-1 (low), A-1 or P-1 by DBRS, S&P and Moody’s respectively. The term to maturity of the Permitted Investments shall not be beyond the Final Valuation Date.

“Price Source” means the price source indicated in the table of Reference Assets comprising the Reference Portfolio under “Return of Your Deposit – Reference Portfolio” under Exchange or, 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.

“Principal Amount” means US\$100 per Deposit. For greater certainty, the Principal Amount for fractional Deposits will be equal to a corresponding fraction of US\$100 per Deposit and Holders who have sold Deposits prior to the Maturity Payment Date will not be entitled to receive any Principal Amount in respect of such Deposits that have been sold.

“Reference Assets” means the underlying interest contained in the Reference Portfolio, and “Reference Asset” means each of the Reference Assets.

“Reference Asset Return” has the meaning ascribed thereto under “Return of Your Deposit – Reference Asset Return”.

“Reference Asset Weight” has the meaning ascribed thereto under “Return of Your Deposit – Reference Asset Weight”.

“Reference Index” means each of the indices comprising the Reference Portfolio.

“Reference Portfolio” means, the notional portfolio made up of each Reference Asset, as described in this Information Statement under “Reference Portfolio”.

“Reference Portfolio Return” has the meaning ascribed thereto under “Return of Your Deposit – Reference Portfolio Return”.

“Reimbursement Under Special Circumstances” means a special reimbursement of the Deposits, prior to the Maturity Date, in the circumstances and the manner described under “Extraordinary Events and Special Circumstances – Reimbursement Under Special Circumstances and Payment”.

“SEDAR” means the Canadian System for Electronic Document Analysis and Retrieval maintained by Canadian securities regulators.

“Special Circumstances” has the meaning ascribed thereto under “Extraordinary Events and Special Circumstances – Reimbursement Under Special Circumstances and Payment”.

“Special Reimbursement Date” means, the special payment date established in connection with a Reimbursement under Special Circumstances as described hereunder “Extraordinary Events and Special Circumstances – Reimbursement Under Special Circumstances and Payment”.

“Tax Act” means the *Income Tax Act* (Canada).

“Trading Day” means for each Reference Asset, a day on which the Closing Level is scheduled to be calculated and reported or published for that day. The occurrence of a Market Disruption Event does not, by that reason alone, qualify a day as a non-Trading Day.

“Variable Return” has the meaning ascribed thereto under “Return of Your Deposit – Variable Return”.

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

Structure-related Definitions:

“Low Point Valuation Period” has the meaning ascribed thereto under “Investment Highlights”.

“Low Point Valuation Period End Date” means the date falling six months after the Issuance Date provided that if such date is not a Business Day, it will be deemed to be the next Business Day.

“**Low Point Valuation Dates**” means the dates on which the Reference Portfolio Level will be observed to be used in determining the Reference Portfolio Initial Level and which will consist of each of the Business Days during the Low Point Valuation Period (including the Issuance Date and the Low Point Valuation Period End Date) provided that if such day is not a Trading Day, it will be postponed to the next Trading Day.

“**Participation Factor**” has the meaning ascribed thereto under “Investment Highlights”.

“**Reference Portfolio Level**” has the meaning ascribed thereto under “Return of Your Deposit – Reference Portfolio Level”.

“**Reference Portfolio Initial Level**” has the meaning ascribed thereto under “Return of Your Deposit – Reference Portfolio Initial Level”.

“**Reference Portfolio Final Level**” has the meaning ascribed thereto under “Return of Your Deposit – Reference Portfolio Final Level”.

Secondary Market related Definitions:

“**Market Maker**” means National Bank Financial Inc., a wholly-owned subsidiary of the Bank.

“**NBC S&P/TSX Composite Low Volatility Index with Low Point Deposit Notes**” is a trademark of the National Bank of Canada.

8. REFERENCE ASSET DESCRIPTION AND HISTORICAL REFERENCE ASSET DATA

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

See “Public Information” above. All data and information below is sourced from Bloomberg and/or publicly available sources.

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

S&P/TSX Composite Low Volatility Index

The S&P/TSX Composite Low Volatility Index measures the performance of the least volatile stocks from the S&P/TSX Composite Index. The Reference Index benchmarks low volatility or low variance strategies. Constituents are weighted relative to the inverse of their corresponding volatility, with the least volatile stocks receiving the highest weights. The objective of the Reference Index is to achieve lower volatility than its benchmark, the S&P Composite Index.

Further information about the S&P/TSX Composite Low Volatility Index and its constituent issuers is available from S&P Dow Jones Indices LLC on its website at www.spindices.com and information from this website is not incorporated by reference herein.

Historical Reference Asset Data

The following table shows the calendar year and year-to-date (“YTD”) price performance of the Reference Asset which is included in the Reference Portfolio. The YTD price performance is as of August 15, 2019. **Historical performance is not a guarantee of future performance.** Each year is measured starting from the month of December of the previous year indicated. For example: the year 2018 below refers to the year as measured from December 31, 2017 to December 31, 2018.

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	YTD
S&P/TSX Composite Low Volatility Index	12.56%	13.43%	8.41%	9.17%	7.59%	11.88%	-3.86%	11.08%	6.24%	-10.56%	12.59%

The following table shows the price performance of the Reference Asset included in the Reference Portfolio from the period beginning on August 15, 2009 and ending on August 15, 2019. The performance for periods that are less than one year is cumulative and is not annualized, and the performance for periods of one year or more is annualized. **Historical performance is not a guarantee of future performance.**

	1 month	3 month	6 month	1 year	2 year	3 year	4 year	5 year	10 year
S&P/TSX Composite Low Volatility Index	-0.86%	0.34%	3.69%	2.58%	1.84%	2.48%	3.46%	3.00%	7.52%

USE OF THE REFERENCE INDEX

S&P® is a registered trademark of Standard & Poor's Financial Services LLC ("S&P"), Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones"), and TSX is a trademark of the TSX, Inc. This trademark has been licensed for use by S&P Dow Jones Indices LLC and sublicensed for certain purposes by the Bank. The S&P/TSX Composite Low Volatility Index is a product of S&P Dow Jones Indices LLC, its affiliates and/or its third party licensors and has been licensed for use by the Bank.

The Deposits are not sponsored, endorsed, sold or promoted by S&P Dow Jones Indices LLC, Dow Jones, S&P, TSX, any of their respective affiliates (collectively, "S&P Dow Jones Indices") or their third party licensors. Neither S&P Dow Jones Indices nor their third party licensors make any representation or warranty, express or implied, to the owners of the Deposits or any member of the public regarding the advisability of investing in securities generally or in the Deposits particularly or the ability of the Reference Index to track general market performance. S&P Dow Jones Indices and their third party licensor's only relationship to the Bank with respect to the Reference Index is the licensing of the Reference Index and certain trademarks, service marks and/or trade names of S&P Dow Jones Indices and/or its third party licensors. The Reference Index is determined, composed and calculated by S&P Dow Jones Indices without regard to the Bank or the Deposits. S&P Dow Jones Indices and their third party licensors have no obligation to take the needs of the Bank or the owners of the Deposits into consideration in determining, composing or calculating the Reference Index. Neither S&P Dow Jones Indices nor their third party licensors are responsible for and have not participated in the determination of the prices and amount of the Deposits or the timing of the issuance or sale of the Deposits or in the determination or calculation of the equation by which the Deposits are to be converted into cash. S&P Dow Jones Indices and their third party licensors have no obligation or liability in connection with the administration, marketing or trading of the Deposits. There is no assurance that investment products based on the Reference Index will accurately track index performance or provide positive investment returns. S&P Dow Jones Indices LLC and its subsidiaries are not investment advisors. Inclusion of a security within an index is not a recommendation by S&P Dow Jones Indices to buy, sell, or hold such security, nor is it considered to be investment advice.

NEITHER S&P DOW JONES INDICES NOR THEIR THIRD PARTY LICENSORS GUARANTEE THE ADEQUACY, ACCURACY, TIMELINESS AND/OR THE COMPLETENESS OF THE REFERENCE INDEX OR ANY DATA INCLUDED THEREIN OR ANY COMMUNICATION, INCLUDING BUT NOT LIMITED TO, ORAL OR WRITTEN COMMUNICATION (INCLUDING ELECTRONIC COMMUNICATIONS) WITH RESPECT THERETO. S&P DOW JONES INDICES AND THEIR THIRD PARTY LICENSORS SHALL NOT BE SUBJECT TO ANY DAMAGES OR LIABILITY FOR ANY ERRORS, OMISSIONS OR DELAYS THEREIN. S&P DOW JONES INDICES AND THEIR THIRD PARTY LICENSOR MAKE NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIM ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE OR AS TO RESULTS TO BE OBTAINED BY THE BANK, OWNERS OF THE DEPOSITS, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE REFERENCE INDEX OR WITH RESPECT TO ANY DATA RELATED THERETO. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT WHATSOEVER SHALL S&P DOW JONES INDICES OR THIRD PARTY LICENSORS BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE OR CONSEQUENTIAL DAMAGES, INCLUDING BUT NOT LIMITED TO, LOSS OF PROFITS, TRADING LOSSES, LOST TIME OR GOODWILL, EVEN IF THEY HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, WHETHER IN CONTRACT, TORT, STRICT LIABILITY OR OTHERWISE. THERE ARE NO THIRD PARTY BENEFICIARIES OR ANY AGREEMENTS OR ARRANGEMENTS BETWEEN S&P DOW JONES INDICES AND THE BANK, OTHER THAN THE LICENSORS OF S&P DOW JONES INDICES.

PART B - GENERAL CONDITIONS OF THE INVESTMENT

1. FEES AND EXPENSES

If specified in the Investment Highlights section on the cover page of this Information Statement, the Bank will pay to the Agent for payment by the Agent to those sale representatives whose clients purchase Deposits, a selling fee per Deposit sold under the offering. The Bank will not charge any other fee or seek reimbursement of any other expense in respect of the Deposits. For greater certainty, the pricing of the Deposits will factor in any selling commission payable to the Agent and the Bank's cost of hedging its obligations under the Deposits. As is generally the case for bank deposits, the Bank may earn a return on the offering of Deposits. This return may arise from the difference between the amount the Bank may generate in hedging its obligations under the Deposits, net of related expenses, and the amount the Bank is obligated to pay under the Deposits.

2. SECONDARY MARKET

If specified in the Investment Highlights section on the cover page of this Information Statement, the Market Maker intends to maintain until the Final Valuation Date, under normal market conditions, a daily secondary market for the Deposit. If the trading markets for one or more of the Reference Assets are disrupted, or if trading of one or more of the Reference Assets is suspended or terminated, or if any other Market Disruption Event occurs, the Market Maker will generally deem that normal market conditions do not exist. The Market Maker is under no obligation to facilitate or arrange for such a secondary market, and such secondary market, when established, may be suspended at any time at the sole discretion of the Market Maker, without any prior notice to you. Therefore, there can be no guarantee that a secondary market will be available or that such market will be liquid or sustainable. There is currently no established trading market for the Deposits. The Bank does not intend to apply to list the Deposits on any securities exchange or quotation system.

If you decide to sell Deposits prior to maturity, you may receive less than the Principal Amount per Deposit, even if the performance of the Reference Portfolio up to that time has been positive. See "Risk Factors – Uncertain Trading Market for the Deposits; Many Factors Affect the Trading Value of the Deposits; Offer prices for Deposits may not reflect the return of the underlying interest."

You will be limited to the Fundserv network to sell Deposits. The mutual fund order entry system Fundserv carries certain restrictions with respect to the sale of Deposits, including the selling procedures that require an irrevocable sale order be initiated at a bid price that will not be known prior to initiating such sale order. See "Fundserv — Sale of Deposits using the Fundserv Network".

Any sale order will need to be for a minimum of US\$1,000 of principal amount of Deposits (10 Deposits), unless you hold a lesser amount of Deposits, in which case, such sale order shall be for the balance of Deposits held. The Market Maker may however waive such minimum sale requirement at its sole discretion, without any obligation on its part.

You should be aware that any valuation price for the Deposits appearing in a Holder's periodic investment account statements, as well as any bid price quoted to you to sell Deposits, will be before the application of any applicable early trading charge. If you wish to sell a Deposit prior to maturity, you should consult your investment advisor on whether a sale of the Deposits will be subject to an early trading charge and, if so, the amount of the early trading charge. If you sell your Deposits prior to maturity, you may have to do so at a discount from your Principal Amount of the Deposits even if the performance of the Reference Portfolio has been positive, and as a result, you may suffer a loss.

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

Factors Affecting the Bid Price of the Deposits. The bid price of a Deposit will be determined by the Market Maker at any time, acting in its sole discretion, and will be dependent upon a number of factors, which may include, among other things:

- **supply and demand for the Deposits** – an oversupply of Deposits or a weak demand for the Deposits may adversely affect the price of the Deposits;
- **inventory positions with market-makers** – large inventory positions with market-makers may negatively impact the demand for the Deposits which may adversely affect the price of the Deposits;
- **interest rates in the market** – an increase in interest rates may bring investors in the market place to favour fixed-income instruments over the Deposits which offer an uncertain potential of return, and therefore adversely affect the demand for and price of the Deposits;
- **the return of each Reference Asset since the Issuance Date** – a negative return will adversely affect the price of the Deposits;
- **the time remaining until the maturity of the Deposits** – where the value may be discounted prior to such time;
- **the volatility of each Reference Asset** (i.e., the frequency and magnitude of changes in the price of each Reference Asset) – high volatility may have an uncertain effect on the price of each Reference Asset, possibly adversely affecting the Reference Portfolio Return and therefore the price of the Deposits;

- **economic, financial, political, regulatory or judicial events that affect the price of each Reference Asset** – which will affect the return of each Reference Asset and therefore the Reference Portfolio Return and price of the Deposits;
- **the liquidity and market price of each Reference Asset and the other factors that affect each Reference Asset markets generally** – poor liquidity and price will adversely affect the return of each Reference Asset and therefore the Reference Portfolio Return and price of the Deposits; and
- **the creditworthiness of the Bank** – a deterioration of the creditworthiness of the Bank may bring uncertainty as to the capacity of paying amounts owed under the Deposits at maturity, and therefore adversely affect the demand for and price of the Deposits.

The effect of any one factor may be offset or amplified by the effect of another factor. The relationship among these factors is complex and may also be influenced by various political, economic and other factors that can affect the trading price of a Deposit. In particular, you should realize that any trading price for a Deposit may have a non-linear sensitivity to the increases and decreases in the prices of each Reference Asset (i.e., the trading price of a Deposit will increase and decrease at a different rate compared to the percentage increases and decreases in the prices of each Reference Asset). As well, the trading price for a Deposit may be substantially affected by changes in the level of interest rates independent of performance of each Reference Asset.

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

You should consult your investment advisors as to whether it would be more favourable in the circumstances at any time to sell the Deposits (assuming the availability of a secondary market) or to hold the Deposits until the Maturity Date. You should also consult and rely on your own tax advisors as to the tax consequences arising from a sale of a Deposit prior to the Maturity Date as compared to holding the Deposit until the Maturity Date. See “Certain Canadian Federal Income Tax Considerations”.

3. FUNDSERV

The Deposits may be purchased only through Fundserv through dealers and other firms that facilitate purchase and related settlement using the Fundserv network. You should consult with your financial advisors to obtain further information on Fundserv’s procedures applicable to them.

Where a Holder’s purchase order for Deposits is made by a dealer or other firm using the Fundserv network, such dealer or other firm may not be able to accommodate a purchase of Deposits through certain registered plans for purposes of the Tax Act. Holders should consult their financial advisors as to any limitation on their ability to purchase Deposits through registered plans.

Fundserv is owned and operated by both fund sponsors and distributors and provides distributors of funds and certain other financial products with online order access to such financial products, including the Deposits. Fundserv enables its participants to clear certain financial product transactions between participants, to settle the payment obligations arising from such transactions, and to make other payments between themselves.

The Deposits may be transferred or exchanged only through Fundserv and a Fundserv Participant (as defined herein). There will be no service charge for any registration of transfer or exchange of Deposits, but the Bank may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with any transfer or exchange, other than exchanges pursuant to the terms of the Deposits not involving any transfer. The transfer of Deposits may be subject to certain time limitations imposed by the registrar and transfer agent to ensure that payments to be made pursuant to the terms of the Deposits are made to the Holders of record as of the relevant date, taking into account applicable settlement periods and internal processes.

Purchase of Deposits using the Fundserv Network. In order to purchase Deposits using the Fundserv network, the full Principal Amount must be delivered to the Bank in immediately available funds prior to the Issuance Date. Despite delivery of such funds, the Bank reserves the right not to accept any offer to purchase a Deposit, in whole or in part. If a subscription for Deposits is not accepted (in whole or in part) or Deposits are not issued to you for any reason, such funds will be returned forthwith to you. In any case, if the Deposits are not issued for any reason as determined by the Bank, no interest or other compensation will be paid to you on such funds.

Generally, a dealer or firm may effect a purchase of Deposits for a client in Fundserv either through (a) a client account (a “client-name” purchase) or (b) a nominee or trust account held by the dealer or firm on behalf of the client (a “nominee” purchase). The registered holder of Deposits purchased through a client-name purchase will be the client for whom the applicable client account is maintained. The registered holder of Deposits purchased through a nominee purchase will be the dealer or firm that effected the purchase on behalf of its client. Registration of a holder’s interest in Deposits will be made by the Bank as instructed by the holder’s financial advisor using the Fundserv network. A holder that purchases Deposits through a nominee purchase will have an indirect beneficial ownership interest in the Deposits. This beneficial ownership interest will be recorded by the registrar as being held by the holder’s dealer and participating member of Fundserv (the “Fundserv Participant”). According to Fundserv procedures, each such Fundserv Participant in turn will record in its books respective beneficial ownership interests in the Deposits purchased using the Fundserv network.

Sale of Deposits using the Fundserv Network. If you wish to sell Deposits using the Fundserv network prior to the Final Valuation Date, you will be subject to certain procedures and limitations and you should consult with your financial advisor in advance in order to understand the timing and other procedural requirements and limitations of selling. You must sell Deposits by using the “redemption” procedures of Fundserv; any other sale is not possible. Accordingly, you will not be able to negotiate a sale price for Deposits. Instead, your financial advisor will need to initiate an irrevocable request to “redeem” the Deposits in accordance with the then established procedures of Fundserv. Provided that your financial advisor initiates the redemption request by 1:00 p.m. (Montreal time) on any Business Day, the request will be treated on the same day. Any request received after such time or on a day that is not a Business Day will be deemed to be a request sent and received in respect of the following Business Day. Sale of the Deposits using the Fundserv network will be effected at a sale price established after the close of market on the day the request is treated, equal to (i) the Fundserv “net asset value” of a Deposit on the applicable day, as posted to Fundserv by the Market Maker, (ii) minus any applicable early trading charge for the Deposits.

Holders should also be aware that, although the “redemption” procedures of Fundserv would be utilized, the Deposits will actually be sold in the secondary market to the Market Maker (and not “redeemed”). In turn, the Market Maker will be able to deal with such Deposits in its discretion, including, without limitation, to sell those Deposits to other parties at any price or to hold them in its inventory.

Holders should also be aware that from time to time such “redemption” mechanism to sell Deposits using the Fundserv Network may be suspended for any reason without notice, thus effectively preventing Holders from selling their Deposits. Potential Holders requiring liquidity should carefully consider this possibility before purchasing Deposits.

The Market Maker will provide the Bank for posting, under normal market conditions as part of its agreement to maintain a secondary market to the Deposits, a “net asset value” for the Deposits on a daily basis, which value may also be used for valuation purposes in any statement sent to Holders. The bid price will actually represent the Market Maker’s bid price for the Deposits (i.e., the price it is offering to purchase Deposits in the secondary market) for the applicable day, less the applicable early trading charge set forth under “Secondary Market”. There is no guarantee that the bid price for any day is the highest bid price possible in any secondary market for the Deposits, but will represent the Market Maker’s bid price generally available to all Holders, including clients of the Market Maker.

A Holder holding Deposits purchased through the Fundserv network should realize that the Deposits may not be transferable to another dealer, if the Holder were to decide to move his or her investment accounts to such other dealer. In that event, the Holder would have to sell the Deposits purchased using the Fundserv network pursuant to the procedures outlined above.

4. PLAN OF DISTRIBUTION

This offering consists of Deposits, sold by the Bank at a price of US\$100 each and payable on the Issuance Date. The minimum subscription price per Holder is US\$1,000 (10 Deposits). Fractional Deposits over such minimum number of Deposits may be issued and all calculations made in respect of amounts payable on account of a fractional Deposit will be prorated accordingly. The Principal Amount and all payments under the Deposits will be in American dollars. Funds in respect of all subscriptions are payable at the time of subscription.

Orders for purchases of Deposits may be accepted in whole or in part, and the right to allot Deposits to investors in an amount less than subscribed for by the investors is reserved by the Bank. The Bank reserves the right to discontinue accepting subscriptions at any time without notice. The Bank may at any time prior to closing of a series, in its discretion, elect whether or not to proceed in whole or in part with the issue of the Deposits. Any rejected subscription amount will be returned to you without any interest or deduction.

The Bank may from time to time issue any additional series of Deposits or any other Deposits or other debt instruments or deposits which may or may not resemble the Deposits.

The Agent and the Bank have entered into an agency agreement (the “Agency Agreement”) pursuant to which the Agent has agreed to offer Deposits for sale on a best efforts basis, if, as and when issued by the Bank, in accordance with the terms and conditions contained in the Agency Agreement and subject to the approval of certain legal matters on behalf of the Bank and the Agent. The Bank may also retain the services of other registered dealers to act as Agent in the sale of Deposits.

The full subscription price therefore must be delivered to the Bank in immediately available funds prior to the Issuance Date and will be held in escrow pending closing of the offering of the Deposits. The purchaser will receive from the Bank, credit for interest accruing on funds so delivered in the form of additional Deposits (or fractions of thereof). The number of additional Deposit(s) 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 the Agent to but excluding the Issuance Date, divided by the US\$100 purchase price of a Deposit. For the avoidance of doubt, such interest will not be payable in cash. Upon acceptance of a subscription at closing (in whole or in part as provided below), a confirmation of acceptance will be sent out by prepaid mail or other means of delivery to the subscriber. If for any reason, at the sole discretion of the Bank, the closing of this offering does not occur, notwithstanding the foregoing, all subscription funds will be returned to subscribers without interest or deduction. The Agent or other selling firms may however make other arrangements with prospective purchasers where interest may be paid. Any such arrangement will be made independently from the Bank between the Agent or other selling firms and the prospective purchasers and shall not be binding upon the Bank.

The Agent is a wholly-owned subsidiary of the Bank. As a result, the Bank is a related issuer of the Agent under applicable securities legislation by virtue of the Bank’s ownership of the Agent. The decision to offer the Deposits and the terms of this offering were negotiated at arm’s length between the Bank and the Agent.

The obligations of the Agent under the Agency Agreement may be terminated and the Agent may withdraw all subscriptions for Deposits before their issuance on behalf of the subscribers at its discretion on the basis of its assessment of the state of the financial markets and upon the occurrence of certain other stated events.

Within the Bank, the business unit responsible for the Bank's linked deposit program selects the underlying securities and makes decisions to acquire and sell underlying securities on the secondary market for the purposes of its hedging activities independently from other business units. It does not acquire underlying securities in connection with linked deposits under primary distributions. Its personnel is not privy to any non-public information regarding either primary or secondary market purchases of underlying securities by other business units of the Bank. Moreover, such other business units make their own decisions respecting transactions on the underlying securities independently from the business unit of the Bank responsible for the linked deposits program.

5. RELATED MATTERS

The following is a summary of other information relevant to your decision to purchase the Deposits.

- 1. The Bank reserves the right to discontinue accepting subscriptions at any time without notice.** The Bank or the Agent, may in their sole discretion, at any time prior to the Issuance Date, elect whether or not to proceed in whole or in part with the issue of the Deposit. If for any reason the closing of this offering does not occur, any unaccepted Principal Amount will be returned to investors without interest or charge. Moreover, the Bank may, in its sole discretion, postpone the Issuance Date to a later date within thirty days following the Issuance Date specified in this Information Statement. In such case, the Maturity Date will be adjusted accordingly to the end of the term following the Deposit's Issuance Date.
- 2. No early redemption.** The Deposits are not redeemable at your option prior to the Maturity Date.
- 3. Deposits are unsubordinated indebtedness.** The Deposits will constitute direct, unsecured and unsubordinated debt obligations of the Bank. The Deposits will be issued on an unsubordinated basis and will rank *pari passu* with all other present and future unsecured and unsubordinated indebtedness of the Bank and will be payable rateably without any preference or priority.
- 4. Credit rating.** The long-term non bail-inable senior debt of the Bank is, at the date of this Information Statement, rated as specified in the Investment Highlights section on the cover page of this Information Statement. The Deposits have not been rated by any rating agencies. There can be no assurance that, if the Deposits were specifically rated by these rating agencies, they would have the same rating as the other deposit liabilities 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.
- 5. Use of proceeds and hedging.** The Bank will use the proceeds of the offering of Deposits, after payment of the expenses related to such offering, for general banking purposes. The Bank and/or its affiliates may also use those proceeds in transactions intended to hedge the Bank's obligations under the Deposits. The hedging activity of the Bank and/or its affiliates may adversely affect the market value of the Deposits from time to time. See "Risk Factors – Hedging transactions may affect the underlying interests".
- 6. Settlement of payments.** The Bank will be required to make available to registered Holders on the Maturity Date, 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.

All payments on Deposits registered in the name of a Fundserv Participant will be made by the Bank to such Fundserv Participant, as the registered Holder of the Deposits. The Bank will credit the accounts of the related Fundserv Participants with payment in amounts proportionate to their respective holdings in principal amount of such Deposits as shown on the records. The Bank expects that payments by Fundserv Participants to owners of beneficial interests will be governed by standing customer instructions and customary practices as is now the case with securities held for the accounts of customers in bearer form or registered in "street name" and will be the responsibility of such Fundserv Participants.

- 7. Uncertificated form.** The Deposits will be issued in uncertificated form and will be registered in records maintained by or on behalf of the Bank in the names of the registered holders of the Deposits, meaning a holder in whose name a Deposit is shown on the registers maintained by or on behalf of the Bank. The Bank will act as the transfer agent and registrar for the Deposits, but has the right to appoint another person to act as transfer agent and registrar for the Deposits. Investors should be aware that their ability to pledge or transfer Deposits may be limited due to the lack of a physical certificate.

The Bank will treat the registered holder of a Deposit as the person exclusively entitled to vote, to receive notices, to receive any interest or other payment in respect of such Deposit and to exercise all of the rights and powers of an owner of Deposits. The Bank will have no responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests. Accordingly, each person owning a beneficial interest in a Deposit must rely on the procedures of Fundserv and on the procedures of and contractual arrangements with the Fundserv Participant through which such person owns its interest, to exercise any rights of a holder under a Deposit.

Deposits may be transferred or exchanged only through Fundserv and a Fundserv Participant. See "Fundserv". There will be no service charge for any registration of transfer or exchange of Deposits, but the Bank may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection with any transfer or exchange, other than exchanges pursuant to the terms of the Deposits not involving any transfer.

The transfer of Deposits may be subject to certain time limitations imposed by the registrar and transfer agent to ensure that payments to be made pursuant to the terms of the Deposits are made to the Holders of record as of the relevant date, taking into account applicable settlement periods and internal processes.

- 8. Calculation Agent.** The Bank will be the Calculation Agent with regard to the Deposits. The Calculation Agent will be solely responsible for the determination and calculation of the Reference Asset Returns, the Reference Portfolio Return and the Variable Return, as well as for determining whether a Market Disruption Event or other extraordinary events have occurred and any ensuing adjustments as provided herein and for making certain other determinations with regard to the Deposits. All determinations and calculations made by the Calculation Agent will be at the sole discretion of the Calculation Agent and will, in the absence of manifest error, be conclusive for all purposes and binding upon the Holders. See “Risk Factors – Conflict of interest may affect the Calculation Agent”.
- 9. Eligibility for Investment.** Based on the legislation in effect on the date hereof, the Deposits will, at the Issuance Date, be qualified investments under the Tax 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”), 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 Tax Act) and tax-free savings accounts (“TFSA”). If the Deposits are “prohibited investments” (within the meaning of the Tax Act), for an RRSP, RRIF, RESP, RDSP or TFSA the annuitant of the RRSP or the RRIF, the subscriber of the RESP, or the holder of the RDSP or the TFSA (as the case may be) (the “Plan Holder”) will be subject to a penalty tax as set out in the Tax Act. The Deposits will be “prohibited investments” (within the meaning of the Tax Act) for an RRSP, RRIF, RESP, RDSP or TFSA belonging to a Plan Holder who has a “significant interest” (as defined in the Tax Act) in the Bank or who does not deal at arm's length with the Bank for the purposes of the Tax Act. Investors should consult their own tax advisors in this regard. When offered through Fundserv, purchasers who wish to purchase Deposits using the Fundserv network for registered accounts such as RRSPs will need to have their own self-directed registered accounts. See “Fundserv”.
- 10. Notice to Holders.** If notice is required to be given to you relating to the Deposits, it will be validly given if communicated to the Holders by mail, electronic, on the Bank's web site www.nbstructuredsolutions.ca and/or any other means.
- 11. Amendments to the Deposits.** The terms of the Deposits may be amended without your consent by agreement between the Bank and the Agent if, in the reasonable opinion of the Bank and the Agent, the amendment would not materially and adversely affect your interests. In all other cases, the terms of the Deposits may be amended by the Bank if the amendment is approved by a resolution passed by the favourable votes of the Holders of not less than 66 2/3% of the Deposits represented at a meeting convened for the purposes of considering the resolution, or by written resolution signed by Holders of not less than 66 2/3% of the Deposits. Each Holder is entitled to one vote per Deposit held by such Holder for the purposes of voting at a meeting convened to consider a resolution. The Deposits do not carry the right to vote in any other circumstances.
- 12. Right of Cancellation.** You are entitled to a right of cancellation, which must be exercised within two Business Days after the later of (i) the day on which the agreement to purchase the Deposits is entered into and (ii) the day on which this Information Statement is provided to you. Upon cancellation of the purchase of the Deposits, you will be entitled to a refund of your Principal Amount and of any fees relating to the purchase that have been paid by you. This cancellation right does not extend to Holders buying Deposits on the secondary market. To exercise their right of cancellation, initial purchasers may call their investment advisor.

The agreement to purchase the Deposits will be entered into (i) if the order to purchase is received via telephone or electronic means, on the day on which the order to purchase is received, and (ii) if the order to purchase is received in person, on the later of the second day following (a) the day on which the Information Statement is provided to the purchaser and (b) the day on which the order to purchase is received. Purchasers will be deemed to have been provided the Information Statement (i) on the day recorded as the time of sending by the server or other electronic transmission system, if provided by electronic means; (ii) on the day recorded as the time of sending by a fax machine, if provided by fax; (iii) five Business Days after the postmark date, if provided by mail; and (iv) when it is received, in any other case.

- 13. Governing Laws.** The Deposits will be governed by and construed in accordance with the laws of the Province of Québec and the laws of Canada applicable therein. Moreover, by subscribing to the Deposits, Holders will be agreeing with the Bank to irrevocably attorn to the exclusive jurisdiction of the courts of the Province of Quebec and Ontario with respect to any matters arising out of this Information Statement or any matter related to the Deposits.

ABOUT THIS INFORMATION STATEMENT

National Bank of Canada (the “Bank” or the “Issuer”) was formed through a series of amalgamations and its roots date back to 1859 with the founding of Banque Nationale in Quebec City. The Bank’s head and registered office is located at the National Bank Tower, 600 de La Gauchetière Street West, Montreal, Quebec, H3B 4L2. The Bank offers a full range of financial services to individuals, commercial enterprises, financial institutions and governments both in Canada and abroad.

Prospective purchasers may obtain more information on the Bank by consulting the Bank’s public disclosure documents, filed by the Bank with the various securities commissions or similar authorities in each of the provinces of Canada through the Internet on SEDAR at www.sedar.com.

The Bank has taken all reasonable care to ensure that the facts stated in this Information Statement in relation to the Deposits are true and accurate in all material respects and that there are no other material facts in relation to the Deposits the omission of which would make any statement herein, whether of fact or opinion, misleading. Where the information is from third-party sources, the information is from sources believed to be reliable, but neither the Issuer nor the selling agent has independently verified any such information contained herein.

No person has been authorized to give any information or to make any representations other than those that may be contained in:

- (a) this Information Statement; or*
- (b) any amendments made from time to time to this Information Statement;*

in connection with the offering or sale of the Deposits and, if given or made, such information or representations must not be relied upon as having been authorized.

This Information Statement does not constitute an offer or invitation by any person in any jurisdiction in which the offer or invitation is not authorized to be made and it does not constitute an offer or invitation to any person to whom it cannot lawfully be made. This Information Statement has been prepared solely for the purpose of assisting prospective purchasers in making an investment decision with respect to the Deposits described therein. This Information Statement is also not, and under no circumstances should it be construed as, a public offering of the Deposits or a prospectus or advertisement in respect of the Deposits. The distribution of this Information Statement and the offering or sale of the Deposits in some jurisdictions may be restricted by law. In addition, distribution of the Deposits in jurisdictions other than Canada may also be restricted by policies of the Issuer. Persons into whose possession this Information Statement comes are required by the Issuer and the selling agent to inform themselves about, and to observe, any such restrictions. This Information Statement constitutes an offering of the Deposits only in those jurisdictions and to those persons where and to whom they may be lawfully offered for sale and where not restricted by policies the Issuer and the selling agent, and then only through persons duly qualified to effect such sales. More particularly, the Deposits have not been, and will not be, registered with the U.S. Securities and Exchange Commission and are being offered or sold in the United States under an exemption from registration.

No securities commission or similar authority has in any way passed upon the merits of the Deposits nor has any commission or similar authority passed on the accuracy or adequacy of this Information Statement and any representation to the contrary may be an offence. This Information Statement contains a summary of the material attributes and characteristics of the Deposits.

Certain statements included in this Information Statement constitute forward looking statements, including but not limited to those identified by the expressions “believe”, “estimate”, “expect”, and similar expressions to the extent that they relate to the Bank or the Agent, as the case may be. These forward looking statements are not historical facts, but reflect the Bank’s or Agent’s current expectations regarding future results or events. These forward looking statements are subject to a number of risks and uncertainties that could cause actual results or events to differ materially from current expectations, including the matters discussed under “Risk Factors” and in other sections of this Information Statement.

Investors should be aware that the Deposits are not securities issued by a mutual fund and purchasers do not benefit from certain rights and recourses otherwise provided by certain securities laws in connection with the issuance of such securities, including the right to receive a prospectus and other customary information documents provided by issuers, a right of cancellation and certain other rights of action to rescind a purchase, revise the price of a purchase or seek damages in case documents show false or misleading information. However, purchasers will receive a copy of this Information Statement, which grants purchasers a contractual right of cancellation described herein under “Right of Cancellation”.