This Prospectus Supplement together with the short form base shelf prospectus dated June 29, 2022, to which it relates, as amended or supplemented (the "Prospectus"), and each document incorporated by reference in the Prospectus constitutes a public offering of securities only in the jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. No securities commission or similar regulatory authority has in any way passed upon the merits of securities offered hereunder and any representation to the contrary is an offence. The Note Securities to be issued hereunder have not been, and will not be, registered under the United States Securities Act of 1933, as amended and, subject to certain exemptions, may not be offered, sold or delivered, directly or indirectly, in the United States of America to or for the account or benefit of U.S. persons.

Prospectus Supplement **September 14, 2022**

(to the short form base shelf prospectus dated June 29, 2022)

NATIONAL BANK OF CANADA

NBC Booster Note Securities (no direct currency exposure) Program

NBC Booster Note Securities (Maturity-Monitored Barrier)

NBC Booster Note Securities (Buffered)

(non principal protected note securities)

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

The Note Securities differ from conventional debt and fixed income investments in that they do not provide Holders with a return or income stream prior to maturity and the repayment of the Principal Amount at maturity is not guaranteed. **The Note Securities are non principal protected note securities and Holders may receive an amount that is less than the Principal Amount at maturity**. The Note Securities will not pay any interest or other amount prior to maturity.

Payment at maturity of Note Securities will be linked to the performance of equity securities, exchange-traded fund securities, publicly available indices or commodities, as specified in the applicable Pricing Supplement. The Note Securities will have a principal amount of $100 each (the "Principal Amount"). Investors in the Note Securities will not participate in the appreciation of the underlying securities, indices or commodities and will not be the owners of, or have any rights to or interests in, such underlying securities, indices or commodities. Rather, the investment objective of the Note Securities is to provide Holders with a booster return if the Reference Portfolio Return is equal to or higher than the Barrier on the Valuation Date and an additional variable return if the Reference Portfolio Return is greater than such booster return on the Valuation Date. Any additional variable return will be limited to a percentage of the amount by which the Reference Portfolio Return exceeds the booster return, as specified in the applicable Pricing Supplement. This will result in a Holder receiving less than 100% of that excess amount if the Participation Factor is less than 100%.

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

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

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

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

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

The Note Securities will not be listed on any securities exchange or quotation system. National Bank Financial Inc. intends to maintain, under normal market conditions, a daily secondary market for the Note Securities. National Bank Financial Inc. may stop maintaining a market for the Note Securities at any time without any prior notice to Holders. There can be no assurance that a secondary market will develop or, if one develops, that it will be liquid. Moreover, Holders selling their Note Securities prior to maturity may be subject to certain fees. See "Secondary Market for the Note Securities".

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DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus Supplement is deemed to be incorporated by reference into the Prospectus solely for the purpose of our NBC Booster Note Securities Program and the Note Securities issued hereunder. Other documents are also incorporated or deemed to be incorporated by reference into the Prospectus and reference should be made to the Prospectus for further details. In addition to this Prospectus Supplement, the following documents are specifically incorporated by reference into, and form an integral part of, the Prospectus as of the date of this Prospectus Supplement:

(i) the unaudited interim condensed consolidated financial statements of the Bank for the third quarter ended July 31, 2022, which include comparative unaudited interim condensed consolidated financial statements of the Bank for the third quarter ended July 31, 2021, together with the Management's Discussion and Analysis as contained in the Bank's Report to Shareholders for the Third Quarter 2022.

CHANGE TO THE CAPITAL OF THE BANK

On September 8, 2022, the Bank completed the issuance of $500 million of Limited Recourse Capital Notes, Series 3 (Non-Viability Contingent Capital (NVCC)) (Subordinated Indebtedness) (the "Notes"). Concurrently with the issuance of the Notes, the Bank also issued Non-Cumulative 5-Year Fixed Rate Reset First Preferred Shares, Series 46 (Non-Viability Contingent Capital (NVCC)) (the "Series 46 Preferred Shares") to be held by Computershare Trust Company of Canada as trustee for NBC LRCN Limited Recourse Trust (the "Limited Recourse Trust"). In case of non-payment of interest on or principal of the Notes when due, the recourse of each Note holder will be limited to that holder's proportionate share of the Limited Recourse Trust's assets in respect of the Notes, which will consist of Series 46 Preferred Shares except in limited circumstances. The net proceeds from the sale of the Notes were added to the Bank's general funds and will be utilized for general banking purposes.

ABOUT THIS PROSPECTUS SUPPLEMENT

This Prospectus Supplement supplements the short form base shelf prospectus dated June 29, 2022 relating to $12,000,000,000 Medium Term Notes of the Bank. Holders should carefully read this Prospectus Supplement along with the accompanying Prospectus and Pricing Supplement to fully understand the information relating to the terms of the Note Securities and other considerations that are important to Holders. All three documents contain information that Holders should consider when making their investment decision. The information contained in this Prospectus Supplement and the accompanying Prospectus and Pricing Supplement is current only as of the date of each. If the terms described in this Prospectus Supplement differ from or are inconsistent with those described in the Prospectus, the terms described in this Prospectus Supplement will prevail. If the terms described in the applicable Pricing Supplement differ from or are inconsistent with those described in this Prospectus Supplement and the Prospectus, the terms described in the Pricing Supplement will prevail.

DEFINITIONS

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

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

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

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

"**Booster Range**" means the range, specified as percentages, where the Reference Portfolio Return on the Valuation Date is equal to or greater than the Barrier and less than the Booster Return.

"**Booster Return**" means a percentage specified in the applicable Pricing Supplement.

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

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

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

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

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

"**Closing Level**" shall be, on any day, the closing price, the closing level or the official net asset value, as applicable, of the Reference Asset and reported and/or published by the applicable Price Source as specified in the applicable Pricing Supplement. If there is no closing price, no closing level or no official net asset value, as applicable, reported 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 or the Valuation Date, in which case the closing price, the closing level or the official net asset value, as applicable, on the immediately following day on which such closing price, closing level or official net asset value is reported or published by the applicable Price Source will be used, subject to adjustments in certain circumstances as described in the Prospectus including the provisions under "Description of the Note Securities – Extraordinary Events affecting Equity Linked Note Securities – Market Disruption Event" or "Description of the Note Securities – Extraordinary Events affecting Index Linked Note Securities – Market Disruption Event" or "Description of the Note Securities – Extraordinary Events affecting Fund Linked Note Securities – Market Disruption Event" or "Description of the Note Securities – Extraordinary Events affecting Commodity Linked Note Securities – Market Disruption Event", as applicable).

"**DBRS**" means DBRS Limited.

“**Dealer Agreement**” means the dealer agreement between the Bank and the Dealers, among others, dated June 29, 2022 as the same may be amended and supplemented from time to time.

“**Dealers**” means National Bank Financial Inc. and the Independent Dealers named in the applicable Pricing Supplement.

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

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

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

“**Fitch**” means Fitch Ratings, Inc.

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

“**Global Note**” has the meaning ascribed thereto under “Description of the Note Securities – Form, Registration and Transfer of Note Securities” in the Prospectus.

“**Global Note Securities**” has the meaning ascribed thereto under “Description of the Note Securities – Form, Registration and Transfer of Note Securities” in the Prospectus.

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

“**Independent Dealers**” means the independent dealers identified in the applicable Pricing Supplement.

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

“**Issuance Date**” means the date of closing of an offering of Note Securities as set forth in the applicable Pricing Supplement. If such day is not a Trading Day for all Reference Assets included in the Reference Portfolio, it will be postponed to the next Trading Day which is a Trading Day for all Reference Assets, subject to a postponement of a maximum of five Business Days. If on the fifth Business Day following the date originally scheduled as the Issuance Date, such date is not a Trading Day for all Reference Assets, then despite this situation, such fifth Business Day will constitute the Issuance Date and the Closing Level of each Reference Asset as of such date (as per the definition of Closing Level) will be used, subject to further postponement in certain circumstances as described in the Prospectus. For greater certainty, it is possible that the Issuance Date is postponed for up to five Business Days and that on such fifth Business Day a Market Disruption Event or other circumstance described in the Prospectus brings a further postponement of the Issuance 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.

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

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

"**Maturity Payment Date**" means the Maturity Date, unless otherwise provided in the applicable Pricing Supplement, provided that if such date is not a Business Day, then the Maturity Payment Date will be the immediately following Business Day. To the extent that the Valuation Date is postponed as provided herein if it is not a Trading Day for all Reference Assets in the Reference Portfolio and/or due to a Market Disruption Event, the payment of the Maturity Redemption Payment will be postponed by an equivalent number of Business Days.

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

"**Moody's**" means Moody's Investors Service, Inc.

"**Participation Factor**" means the participation rate in the excess Reference Portfolio Return above the Booster Return that will be used to calculate the Variable Return, as specified in the applicable Pricing Supplement. The Participation Factor will be equal to or greater than 5%.

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

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

"**Prospectus**" means the short form base shelf prospectus of the Bank dated June 29, 2022.

"**Prospectus Supplement**" means this prospectus supplement.

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

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

$$(\text{Closing Level} / \text{Initial Level}) - 1$$

Except as otherwise specified in the applicable Pricing Supplement, investors should understand that the Reference Asset Return is a price return and will not take into account dividends and/or distributions paid by the issuers or constituents of the Reference Assets.

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

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

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

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

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

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

"**Terms and Conditions**" has the meaning ascribed thereto under "Description of the Note Securities – Form, Registration and Transfer of Note Securities" in the Prospectus.

"**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.

"**Uncertificated Note Securities**" has the meaning ascribed thereto under "Description of the Note Securities – Form, Registration and Transfer of Note Securities" in the Prospectus.

"**Valuation Date**" means the date specified as such in the applicable Pricing Supplement, subject to postponement in certain circumstances as described in the Prospectus. If such day is not a Trading Day for all Reference Assets included in the Reference Portfolio, it will be postponed to the next Trading Day which is a Trading Day for all Reference Assets, subject to a postponement of a maximum of five Business Days. If on the fifth Business Day following the date originally scheduled as the Valuation Date, such date is not a Trading Day for all Reference Assets, then despite this situation, such fifth Business Day will constitute the Valuation Date and the Closing Level of each Reference Asset as of such date (as per the definition of Closing Level) will be used, subject to further postponement in certain circumstances as described in the Prospectus. For greater certainty, it is possible that the 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 in the Prospectus brings a further postponement of the 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.

"**Variable Return**" means a percentage calculated as follows:

(i) where the Reference Portfolio Return on the Valuation Date is less than or equal to the Booster Return, the Variable Return will be equal to 0%; or

(ii) where the Reference Portfolio Return on the Valuation Date is greater than the Booster Return, the Variable Return will be equal to the product of (i) the Participation Factor and (ii) the amount by which the Reference Portfolio Return exceeds the Booster Return.

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

"**$**" means the relevant currency indicated in the applicable Pricing Supplement.

INVESTMENT STRATEGY SUPPORTING A PURCHASE OF THE NOTE SECURITIES

NBC Booster Note Securities (Maturity-Monitored Barrier)

You should consider a purchase of the Note Securities of this type rather than alternative investments (including a direct purchase of the Reference Assets or exposure to them) if you expect that the Reference Portfolio Return will be within the Booster Range on the Valuation Date. If your expectations of the Reference Portfolio Return differ from this, you should consider alternative investments rather than an investment in the Note Securities of this type.

NBC Booster Note Securities (Buffered)

You should consider a purchase of the Note Securities of this type rather than alternative investments (including a direct purchase of the Reference Assets or exposure to them) if you expect that the Reference Portfolio Return will be within the Booster Range on the Valuation Date. If your expectations of the Reference Portfolio Return differ from this, you should consider alternative investments rather than an investment in the Note Securities of this type.

SUITABILITY OF THE NOTE SECURITIES FOR INVESTORS

NBC Booster Note Securities (Maturity-Monitored Barrier)

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

(i) the Note Securities provide no protection for your original principal investment and if the Reference Portfolio Return is negative and lower than the Barrier on the Valuation Date, you will receive an amount which is less than your original principal investment at maturity;

(ii) any positive Reference Portfolio Return on the Valuation Date in excess of the Booster Return will be multiplied by a Participation Factor which will result in a Holder receiving less than 100% of such excess positive Reference Portfolio Return if the Participation Factor is less than 100%;

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

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

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

NBC Booster Note Securities (Buffered)

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

(i) the Note Securities provide limited protection for your original principal investment and if the Reference Portfolio Return is negative and lower than the Barrier on the Valuation Date, you will receive an amount which is less than your original principal investment at maturity even considering the Buffer;

(ii) any positive Reference Portfolio Return on the Valuation Date in excess of the Booster Return will be multiplied by a Participation Factor which will result in a Holder receiving less than 100% of such excess positive Reference Portfolio Return if the Participation Factor is less than 100%;

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

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

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

DESCRIPTION OF THE NOTE SECURITIES

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

Types of Note Securities Offered

There are two types of NBC Booster Note Securities that may be offered hereunder:

(i) NBC Booster Note Securities (Maturity-Monitored Barrier); and

(ii) NBC Booster Note Securities (Buffered).

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

Reference Portfolio

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

Reference Assets

The Reference Assets shall be equity securities, exchange-traded fund securities, in all cases listed and traded on a stock exchange or trading system, publicly available indices or commodities.

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

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

Except as otherwise specified in the applicable Pricing Supplement, investors should understand that the Reference Asset Return is a price return and will not take into account dividends and/or distributions paid by the issuers or constituents of the Reference Assets.

Moreover, each type of asset class will be subject to its respective adjustment provisions and risk factors described in the Prospectus. With respect to the Reference Assets in the form of Reference Shares, see "Description of the Note Securities – Extraordinary Events affecting Equity Linked Note Securities" and the risk factors applicable to Equity Linked Note Securities. With respect to the Reference Assets in the form of Reference Indices, see "Description of the Note Securities – Extraordinary Events affecting Index Linked Note Securities" and the risk factors applicable to Index Linked Note Securities. With respect to the Reference Assets in the form of Reference Units, see "Description of the Note Securities – Extraordinary Events affecting Fund Linked Note Securities" and the risk factors applicable to Fund Linked Note Securities. With respect to Reference Assets in the form of Reference Commodities, see "Description of the Note Securities – Extraordinary Events affecting Commodity Linked Note Securities" and the risk factors applicable to Commodity Linked Note Securities.

No Interest or Payment Prior to Maturity

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

Maturity Redemption Payment

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

NBC Booster Note Securities (Maturity-Monitored Barrier)

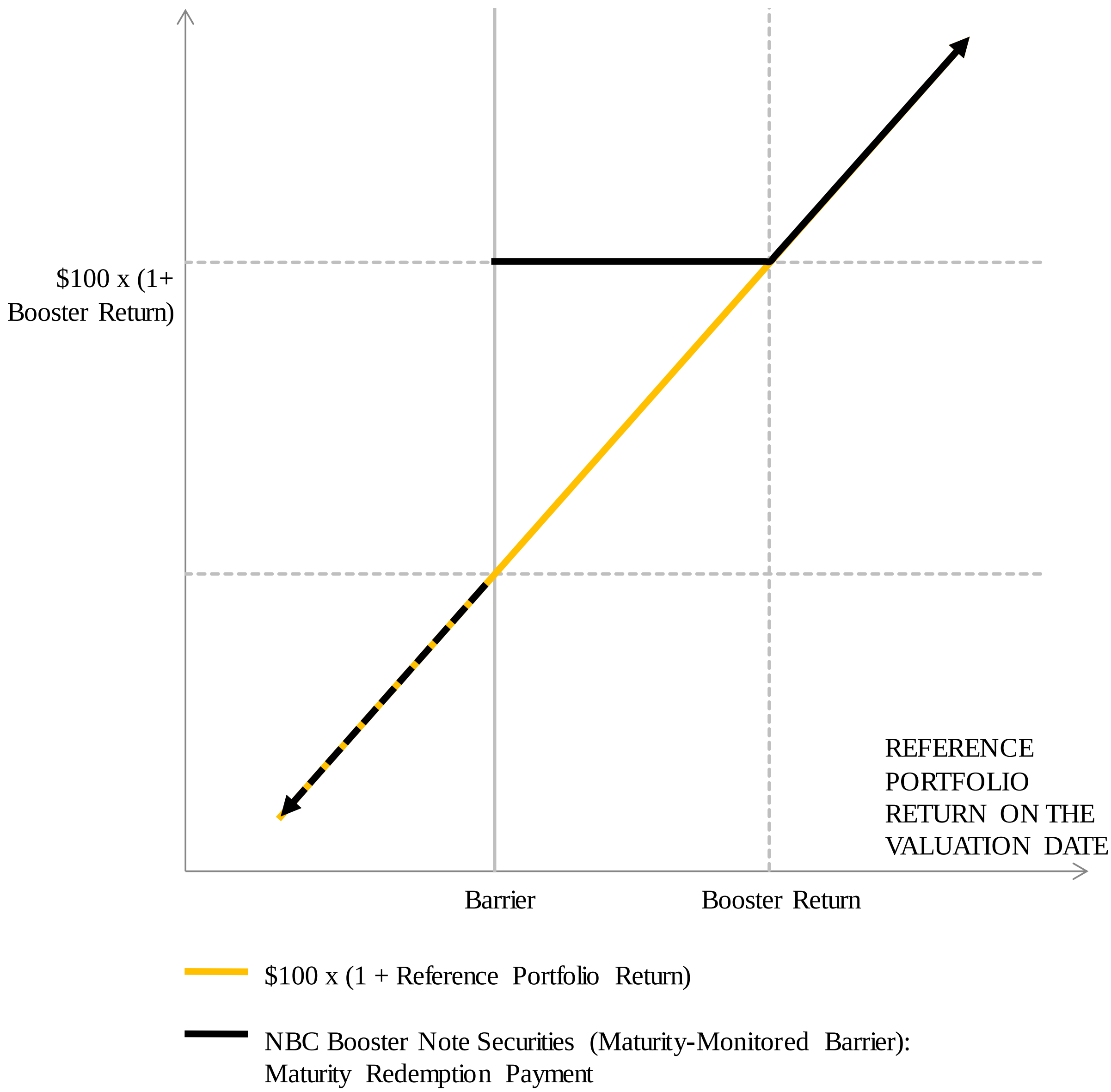
The Maturity Redemption Payment per Note Security for NBC Booster Note Securities (Maturity-Monitored Barrier) will be as follows:

(i) if the Reference Portfolio Return is equal to or higher than the Barrier on the Valuation Date, the Maturity Redemption Payment will be equal to $100 x [1 + Booster Return + Variable Return]; or

(ii) if the Reference Portfolio Return is lower than the Barrier on the Valuation Date, the Maturity Redemption Payment will be equal to $100 x [1 + Reference Portfolio Return].

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

The Maturity Redemption Payment will be calculated using the formula set out above in this section and the following graph illustrates how the Maturity Redemption Payment is affected by the Reference Portfolio Return on the Valuation Date. This graph illustrates the relationship between the Reference Portfolio Return, the Barrier, a hypothetical Participation Factor, the Booster Return and the Maturity Redemption Payment. The Participation Factor, as specified in the applicable Pricing Supplement, will impact the slope of the Maturity Redemption Payment when the Reference Portfolio Return on the Valuation Date is higher than the Booster Return. This graph must be read with the features specified in the relevant Pricing Supplement. There can be no assurance that the Final Level for any Reference Asset will be higher than its Initial Level and there can be no assurance that the Reference Portfolio Return on the Valuation Date will be equal to or higher than the Barrier.



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

NBC Booster Note Securities (Buffered)

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

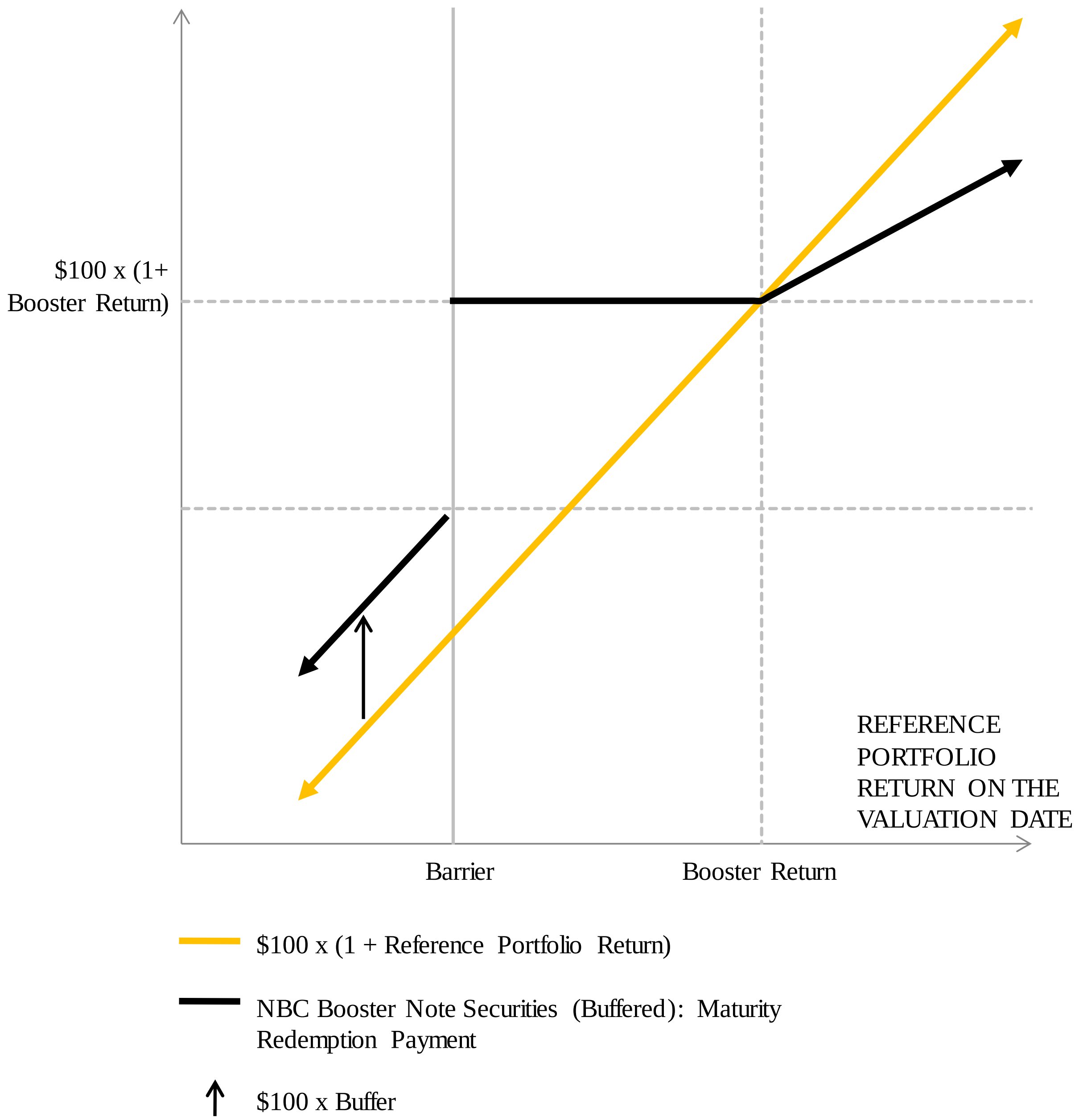
(i) if the Reference Portfolio Return is equal to or higher than the Barrier on the Valuation Date, the Maturity Redemption Payment will be equal to $100 x [1 + Booster Return + Variable Return]; or

(ii) if the Reference Portfolio Return is lower than the Barrier on the Valuation Date, the Maturity Redemption Payment will be equal to $100 x [1 + Reference Portfolio Return + Buffer].

Notwithstanding the foregoing, the Maturity Redemption Payment will be subject to a minimum of 1% of the Principal Amount even if the Buffer is less than 1%.

The Maturity Redemption Payment will be calculated using the formula set out above in this section and the following graph illustrates how the Maturity Redemption Payment is affected by the Reference Portfolio Return on the Valuation Date. This graph illustrates the relationship between the Reference Portfolio Return, the Barrier, a hypothetical Participation Factor, the Booster Return, the Maturity Redemption Payment and the Buffer. The Participation Factor, as specified in the applicable Pricing Supplement, will impact the slope of the Maturity Redemption Payment when the Reference Portfolio Return on the Valuation Date is higher than the Booster Return. This graph must be read with the features specified in the relevant Pricing Supplement. There can be no assurance that the Final Level for any Reference Asset will be higher than its Initial Level and there can be no assurance that the Reference Portfolio Return on the Valuation Date will be equal to or higher than the Barrier.

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



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

Examples

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

NBC Booster Note Securities (Maturity-Monitored Barrier)

Each of the following hypothetical examples illustrates how the Maturity Redemption Payment is calculated using a Barrier of -15%, a Booster Return of 30%, and a Participation Factor of 100%. These features are solely hypothetical.

Example 1: The Reference Portfolio Return is lower than the Barrier on the Valuation Date.

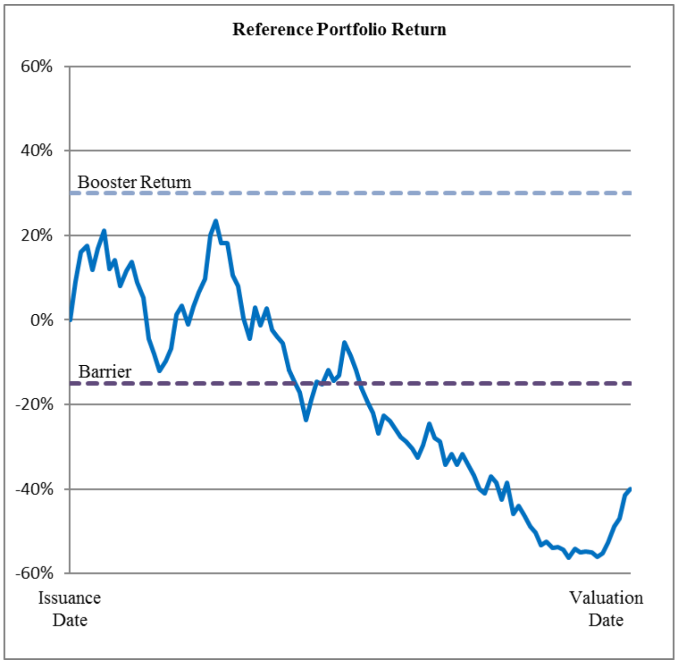
	Initial Level	Final Level	Reference Asset Return	Reference Asset Weight	Weighted Reference Asset Return
Reference Asset 1	$100.00	$65.00	-35.00%	50.00%	-17.50%
Reference Asset 2	$100.00	$60.00	-40.00%	25.00%	-10.00%
Reference Asset 3	$100.00	$50.00	-50.00%	25.00%	-12.50%

Reference Portfolio Return	-17.50% + -10.00% + -12.50%
	-40.00%

Barrier breached (Yes/No)	Yes

The Reference Portfolio Return is greater than the Booster Return on the Valuation Date	N/A
Variable Return	N/A

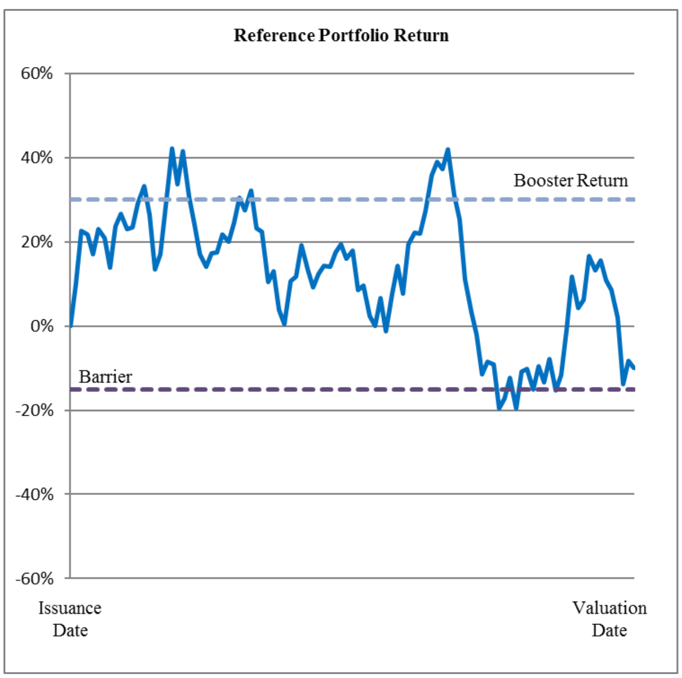
Maturity Redemption Payment	$100 x [1 + Reference Portfolio Return]
	$100 x [1 - 40.00%]
	$60.00


Reference Portfolio Return
60%
40%
Booster Return
20%
0%
Barrier
-20%
-40%
-60%
Issuance Date
Valuation Date

Example 2: The Reference Portfolio Return is within the Booster Range on the Valuation Date.

	Initial Level	Final Level	Reference Asset Return	Reference Asset Weight	Weighted Reference Asset Return
Reference Asset 1	$100.00	$100.00	0.00%	50.00%	0.00%
Reference Asset 2	$100.00	$70.00	-30.00%	25.00%	-7.50%
Reference Asset 3	$100.00	$90.00	-10.00%	25.00%	-2.50%

Reference Portfolio Return	0.00% + -7.50% + -2.50%
	-10.00%
Barrier breached (Yes/No)	No
The Reference Portfolio Return is greater than the Booster Return on the Valuation Date	No
Variable Return	0.00%
Maturity Redemption Payment	$100 x [1 + Booster Return + Variable Return]
	$100 x [1 + 30.00% + 0.00%]
	$130.00



<u>Example 3</u>: The Reference Portfolio Return is greater than the Booster Return on the Valuation Date.

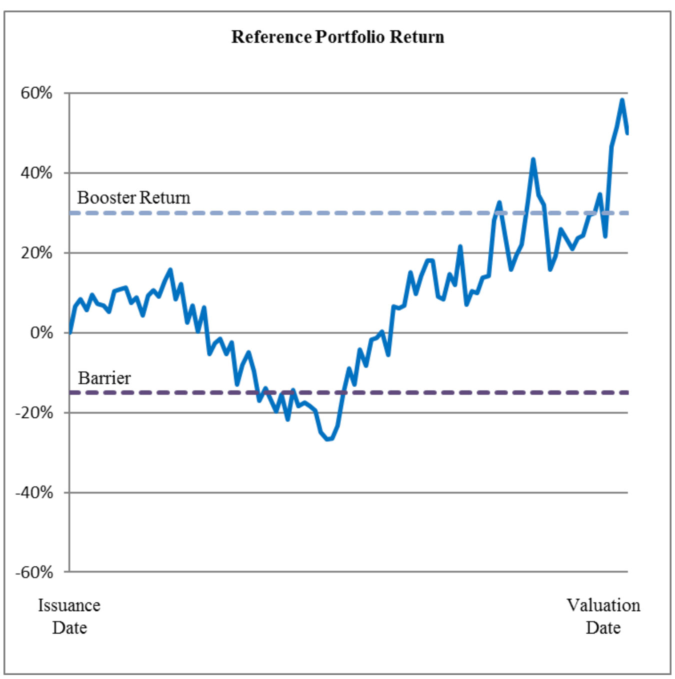
	Initial Level	Final Level	Reference Asset Return	Reference Asset Weight	Weighted Reference Asset Return
Reference Asset 1	$100.00	$170.00	70.00%	50.00%	35.00%
Reference Asset 2	$100.00	$120.00	20.00%	25.00%	5.00%
Reference Asset 3	$100.00	$140.00	40.00%	25.00%	10.00%

Reference Portfolio Return	35.00% + 5.00% + 10.00%
	50.00%

Barrier breached (Yes/No)	No

The Reference Portfolio Return is greater than the Booster Return on the Valuation Date	Yes
Variable Return	Participation Factor x [Reference Portfolio Return - Booster Return]
	100.00% x [50.00% - 30.00%]
	20.00%

Maturity Redemption Payment	$100 x [1 + Booster Return + Variable Return]
	$100 x [1 + 30.00% + 20.00%]
	$150.00



NBC Booster Note Securities (Buffered)

Each of the following hypothetical examples illustrates how the Maturity Redemption Payment is calculated using a Barrier of -5%, a Booster Return of 30%, a Participation Factor of 50% and a Buffer of 5%. These features are solely hypothetical.

<u>Example 1</u>: The Reference Portfolio Return is lower than the Barrier on the Valuation Date.

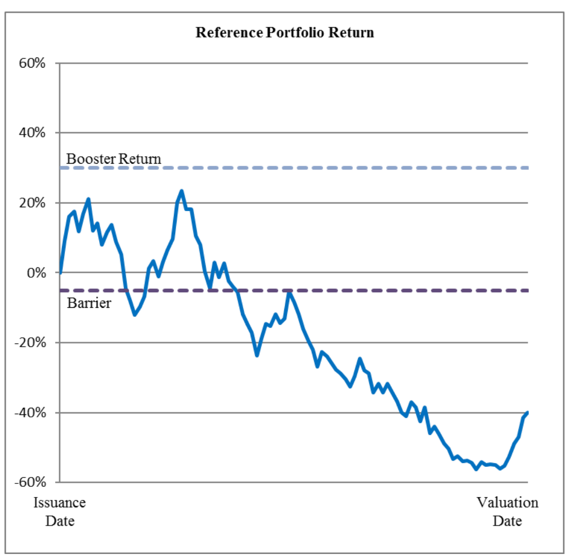
	Initial Level	Final Level	Reference Asset Return	Reference Asset Weight	Weighted Reference Asset Return
Reference Asset 1	$100.00	$65.00	-35.00%	50.00%	-17.50%
Reference Asset 2	$100.00	$60.00	-40.00%	25.00%	-10.00%
Reference Asset 3	$100.00	$50.00	-50.00%	25.00%	-12.50%

Reference Portfolio Return	-17.50% + -10.00% + -12.50%
	-40.00%

Barrier breached (Yes/No)	Yes

The Reference Portfolio Return is greater than the Booster Return on the Valuation Date	N/A
Variable Return	N/A

Maturity Redemption Payment	$100 x [1 + Reference Portfolio Return + Buffer]
	$100 x [1 - 40.00% + 5.00%]
	$65.00



Example 2: The Reference Portfolio Return is within the Booster Range on the Valuation Date.

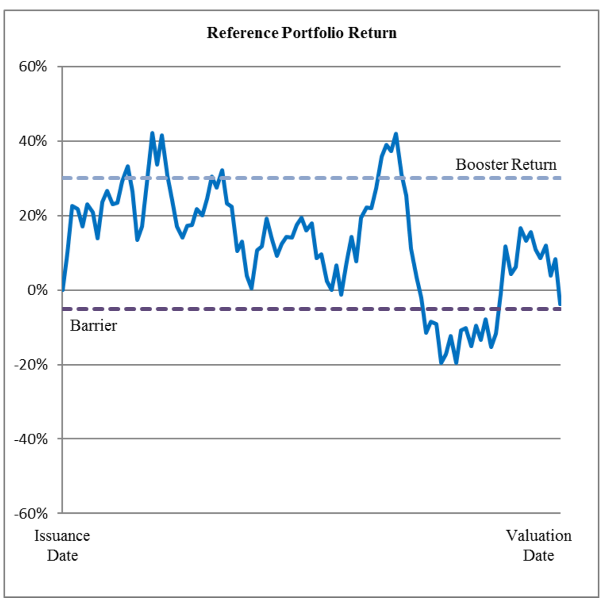
	Initial Level	Final Level	Reference Asset Return	Reference Asset Weight	Weighted Reference Asset Return
Reference Asset 1	$100.00	$100.00	0.00%	50.00%	0.00%
Reference Asset 2	$100.00	$95.00	-5.00%	25.00%	-1.25%
Reference Asset 3	$100.00	$90.00	-10.00%	25.00%	-2.50%

Reference Portfolio Return	0.00% + -1.25% + -2.50%
	-3.75%

Barrier breached (Yes/No)	No

The Reference Portfolio Return is greater than the Booster Return on the Valuation Date	No
Variable Return	0.00%

Maturity Redemption Payment	$100 x [1 + Booster Return + Variable Return]
	$100 x [1 + 30.00% + 0.00%]
	$130.00



Example 3: The Reference Portfolio Return is greater than the Booster Return on the Valuation Date.

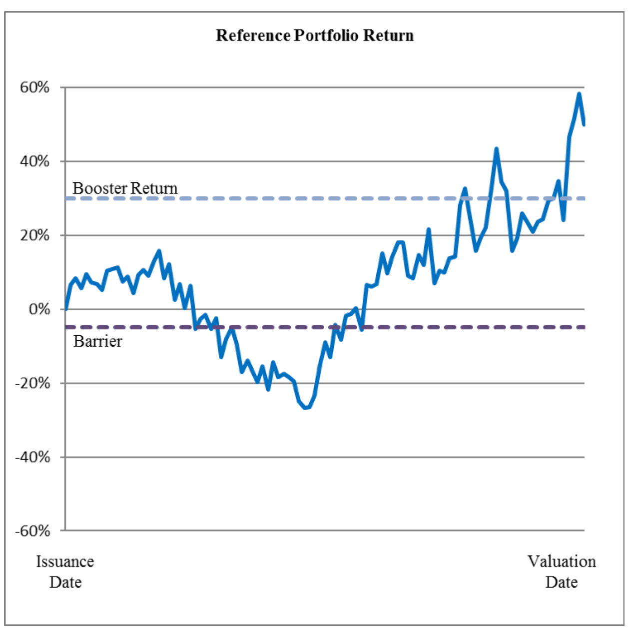
	Initial Level	Final Level	Reference Asset Return	Reference Asset Weight	Weighted Reference Asset Return
Reference Asset 1	$100.00	$170.00	70.00%	50.00%	35.00%
Reference Asset 2	$100.00	$120.00	20.00%	25.00%	5.00%
Reference Asset 3	$100.00	$140.00	40.00%	25.00%	10.00%

Reference Portfolio Return	35.00% + 5.00% + 10.00%
	50.00%

Barrier breached (Yes/No)	No

The Reference Portfolio Return is greater than the Booster Return on the Valuation Date	Yes
Variable Return	Participation Factor x [Reference Portfolio Return - Booster Return]
	50% x [50.00% - 30.00%]
	10.00%

Maturity Redemption Payment	$100 x [1 + Booster Return + Variable Return]
	$100 x [1 + 30.00% + 10.00%]
	$140.00



Extraordinary Events and Reimbursement Under Special Circumstances

The Initial Level may be adjusted, the determination of the Final Level may be postponed, the Reference Asset may be changed, and the Note Securities may be redeemed prior to maturity in certain circumstances. See "Description of the Note Securities – Extraordinary Events affecting Equity Linked Note Securities", "Description of the Note Securities – Extraordinary Events affecting Index Linked Note Securities", "Description of the Note Securities – Extraordinary Events affecting Fund Linked Note Securities", "Description of the Note Securities – Extraordinary Events affecting Commodity Linked Note Securities" or "Description of the Note Securities – Reimbursement Under Special Circumstances and Payment", as applicable, in the Prospectus.

Payment of the Maturity Redemption Payment

Subject to certain exceptions and unless otherwise provided in the applicable Pricing Supplement, the Bank will be required to make available to the Holders of record, no later than 10:00 a.m. (Montréal time) on the Maturity Payment Date, funds in an amount sufficient to pay the Maturity Redemption Payment. Unless otherwise provided in the applicable Pricing Supplement, the Maturity Payment Date will be the Maturity Date specified in the applicable Pricing Supplement. To the extent that the Valuation Date is postponed as provided herein if it is not a Trading Day for all Reference Assets in the Reference Portfolio and/or there is a Market Disruption Event on such date, up to a maximum of five Business Days in each case, the payment of the Maturity Redemption Payment will be postponed by an equivalent number of Business Days.

The Maturity Redemption Payment, or, as the case may be, the amount payable under a Reimbursement under Special Circumstances, will be paid either through CDS for Global Note Securities or through the Fundserv network for Uncertificated Note Securities as set forth under "Description of the Note Securities – Payments" in the Prospectus.

Early Redemption

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

Except for a Reimbursement Under Special Circumstances, the Note Securities are not redeemable by the Bank prior to the Maturity Date. See "Description of the Note Securities – Reimbursement Under Special Circumstances and Payment" in the Prospectus.

Form of Note Securities

The Note Securities, as specified in the Pricing Supplement, shall be issued by the Bank either as (i) Global Note Securities or (ii) Uncertificated Note Securities.

In the case of Global Note Securities, a Global Note for the full amount of the issue of Note Securities will be issued by the Bank in registered form to CDS. Subject to limited exceptions, certificates evidencing the Note Securities will not be available to Holders and registration of ownership of the Note Securities will be made only through the book-entry system of CDS. See "Description of the Note Securities – Form, Registration and Transfer of Note Securities" in the Prospectus.

In the case of Uncertificated Note Securities, the issue of Note Securities will not be represented by any certificates, global or otherwise. Instead, Uncertificated Note Securities will be registered in records maintained by or on behalf of the Bank in the names of registered holders. The terms and conditions of Uncertificated Note Securities will be set out in a document entitled "Master Terms and Conditions of Uncertificated Non Principal Protected Note Securities" a copy of which will be available on request from the Bank. See "Description of the Note Securities – Form, Registration and Transfer of Note Securities" in the Prospectus.

Credit Rating

The Note Securities have not been rated by any rating agencies. The long-term senior debt obligations of the Bank that are not subject to Bail-In Conversion under the Bail-In Regulations (the "Long-Term Non Bail-inable Senior Debt") are, at the date of this Prospectus Supplement, rated AA by DBRS, A by S&P, Aa3 by Moody's and AA- by Fitch. There can be no assurance that, if the Note Securities were specifically rated by these agencies, they would have the same ratings as the Long-Term Non Bail-inable Senior Debt of the Bank. A credit rating is not a recommendation to buy, sell or hold investments, and may be subject to revision or withdrawal at any time by the relevant rating agency.

Timely Information on the Note Securities

The Bank will seek to make available at www.nbcstructuredsolutions.ca, certain information regarding the Note Securities, including the daily Reference Portfolio Return, the Barrier, the Buffer (if any) and the applicable early trading charge (if any). Moreover, the Bank will also endeavour to post the last available bid price on the preceding Business Day with adequate caution on the reliability and use of this information. The information made available at www.nbcstructuredsolutions.ca as aforementioned is provided for information purposes only and will not be incorporated by reference into this Prospectus Supplement or the Prospectus.

FUNDSERV

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

No interest will be paid on account of funds deposited through the use of the Fundserv network if subscriptions are rejected or not fully allotted.

Unless otherwise specified in the applicable Pricing Supplement, a purchaser of Note Securities using the Fundserv network, who delivers the purchase price for the Note Securities prior to the Issuance Date, will not receive interest on the funds so delivered. See the Prospectus for a description of the mechanics and restrictions involved in the use of the Fundserv network to facilitate order flow and payments for the Note Securities.

FEES AND EXPENSES

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

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

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

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

SECONDARY MARKET FOR THE NOTE SECURITIES

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

National Bank Financial Inc. may, in its sole discretion, stop maintaining a market for the Note Securities at any time without any prior notice to Holders. There can be no assurance that a secondary market will develop or, if one develops, that it will be liquid.

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

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

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

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

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

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

PLAN OF DISTRIBUTION

The applicable Pricing Supplement will identify which Dealers will be involved in the distribution of the Note Securities and whether they are acting as agents, underwriters or principals.

If the applicable Pricing Supplement identifies the Dealers as agents, then such Dealers will be conditionally offering the Note Securities subject to prior sale on a best efforts basis, if, as and when issued by the Bank and accepted by the Dealers in accordance with the terms and conditions contained in the Dealer Agreement and subject to the approval of certain legal matters by Fasken Martineau DuMoulin LLP, on behalf of the Bank, and Torys LLP, on behalf of the Dealers. If the applicable Pricing Supplement identifies the Dealers as underwriters, then such Dealers will be purchasing the Note Securities as principals for resale to investors, and, as principals, will be conditionally offering the Note Securities, subject to prior sale if, as and when issued by the Bank and accepted by the Dealers in accordance with the conditions contained in the Dealer Agreement and subject to the approval of certain legal matters by Fasken Martineau DuMoulin LLP, on behalf of the Bank, and Torys LLP, on behalf of the Dealers.

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

RISK FACTORS

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

The Note Securities are not suitable for all investors

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

The Note Securities differ from conventional debt and fixed income investments in that they do not provide Holders with a return or income stream prior to maturity and the repayment of their Principal Amount at maturity is not guaranteed (other than a minimum of 1% and, with respect to the NBC Booster Note Securities (Buffered), the applicable Buffer amount if the Buffer is greater than 1%). The return on the Note Securities cannot be determined prior to maturity. The Note Securities are not principal protected. Holders may suffer a loss on their investment as the Note Securities may return less than and possibly substantially less than the Principal Amount invested. There can be no assurance that the Note Securities will yield any positive return. Accordingly, the Note Securities are suitable for investors who can withstand a loss of substantially all of their investment. Moreover, the value of an investment in the Note Securities may diminish over time owing to inflation and other factors that adversely affect the present value of future payments. Accordingly, an investment in the Note Securities may result in a lower return when compared to other investment alternatives. The Note Securities are designed for investors who are prepared to hold the Note Securities until the Maturity Date and are prepared to assume risks with respect to a return tied to the performance of the Reference Portfolio Return. Prospective purchasers should take into account certain risks associated with an investment in the Note Securities which are described under “Risk Factors” in this Prospectus Supplement and under “Risk Factors” in the Prospectus, as well as any additional risks described in the applicable Pricing Supplement.

An investment in the Note Securities may result in a loss

The Note Securities do not guarantee any return of your Principal Amount. For NBC Booster Note Securities (Maturity-Monitored Barrier), if the Reference Portfolio Return is negative and below the Barrier on the Valuation Date, you will be entitled to a Maturity Redemption Payment that is less than the Principal Amount of the Note Securities. Accordingly, you may lose up to 99% of your investment in the Note Securities.

For NBC (Booster Note Securities (Buffered), if the Reference Portfolio Return is negative and below the Barrier on the Valuation Date, you will be entitled to a Maturity Redemption Payment that is less than the Principal Amount of the Note Securities. Accordingly, subject to the Buffer amount, you may lose up to 99% of your investment in the Note Securities.

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

By investing in the Note Securities, investors are assuming the risk of losing their investment in the Note Securities. Investors must be comfortable with the risk/reward offered by the Note Securities. An investment in the Note Securities is economically equivalent to: (i) a long position in an at-the-money call option with a notional equal to the Principal Amount and (ii) a long position in an out-of-the-money call option with a notional equal to the Principal Amount multiplied by the Participation Factor and (iii) a short position in an out-of-the-money call option with a notional equal to the Principal Amount and (iv) a short position in an at-the-money put option with a notional equal to the Principal Amount and (v) a long position in a knock-out put option providing holders with a positive return if the Reference Portfolio Return is within the Booster Range on the Valuation Date and (vi) for the Buffer type only, a long position in an out-of-the money digital put option providing the Buffer if the Reference Portfolio Return is lower than the Barrier and (vii) buying a zero coupon bond providing a repayment of an amount equal to the Principal Amount at maturity.

A seller of a put option will be required to purchase an asset at a specified price if the price thereof reaches or falls below such specified price, thereby assuming a risk of loss on the asset in exchange for the price of the option paid by the purchaser of the option. As a result, investors in the Note Securities will need to be confident about the prospects of the Reference Assets comprising the Reference Portfolio. Investors will need to carefully review and assess all relevant information about the Reference Assets comprising the Reference Portfolio and, as the case may be, the issuers of the Reference Assets, to determine the likelihood of the Reference Portfolio Return reaching or falling below the levels that will trigger a loss under the terms of the Note Securities. In this regard, factors impacting the price of the Reference Assets comprising the Reference Portfolio will be relevant, and investors should carefully review the risks and uncertainties identified by the issuers of the Reference Assets comprising the Reference Portfolio (and/or the issuers of assets comprising an index or fund constituting the Reference Assets) in their public disclosure. For example, where an issuer of an equity security that constitutes a Reference Asset of the Reference Portfolio faces the imminent resolution of a pending material but undetermined event (for example a material acquisition, material litigation or a material regulatory approval), the unfavorable resolution of such event may trigger an immediate and substantial decrease in the price of such security. Moreover, volatility (including market expectations of future volatility) in the price or level of the Reference Assets will be of utmost importance. Generally, the greater the volatility, the greater the chances that the Reference Portfolio Return will reach a level that may trigger a loss under the Note Securities. Volatility may be impacted by a number of factors, including actual or anticipated interrelated political, economic, financial and other factors that can affect the capital and financial markets generally and the markets on which the Reference Asset is (or the constituents thereof are) traded, and by various circumstances that can influence the value of a particular security or asset, including actual or anticipated issuer-specific events. Volatility may change unpredictably and in unforeseeable ways. Historical levels of volatility are not a guarantee of future levels.

An investor will not be entitled to the benefit of any increase in the Closing Level for any Reference Asset included in the Reference Portfolio prior to the Valuation Date

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

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

The return on the Note Securities will not reflect the return that could be realized if a Holder actually owned the Reference Assets included in the Reference Portfolio and held such investment for a similar period since any positive Reference Portfolio Return in excess of the Booster Return as calculated on the Valuation Date will be multiplied by a Participation Factor which will result in a Holder receiving less than 100% of such excess positive Reference Portfolio Return if the Participation Factor is less than 100%. Therefore, the Maturity Redemption Payment may be less than the corresponding Reference Portfolio Return on the Valuation Date and the difference between such corresponding Reference Portfolio Return and such Maturity Redemption Payment may be significant.

Except as otherwise specified in the applicable Pricing Supplement, investors should understand that the Maturity Redemption Payment is calculated using the Reference Portfolio Return and that the Reference Portfolio Return is based on the price return of the Reference Assets. As such, dividends and/or distributions paid by the issuers or constituents of the Reference Assets will not be taken into account.

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

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

When the Reference Portfolio Return on any day decreases to a return near the Barrier, the market value of the Note Securities may decrease at a greater rate than the market value of the Reference Portfolio to reflect the fact that you may not receive the Booster Return on the Maturity Date. All other factors remaining constant, the longer the term of your Note Securities, the more likely it will be that the Reference Portfolio Return may fall to a level that is less than the Barrier on the Valuation Date.

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

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

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

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

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

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

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

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

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

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

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

This summary is of a general nature only and is not intended to constitute, nor should it be relied upon or construed as, tax advice to any particular Noteholder nor is it exhaustive of all possible Canadian federal income tax considerations. Noteholders should consult and rely on their own tax advisors as to the overall consequences of their acquisition, ownership and disposition of Note Securities having regard to their particular circumstances.

Interest Prior to Issuance Date

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

Accrual of Interest

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

Payment at the Maturity Payment Date or Special Reimbursement Date

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

Disposition of Note Securities Prior to Maturity

Amounts received or deemed to be received by a Noteholder on an assignment or transfer of a Note Security (converted into Canadian dollars using the exchange rate prevailing at the time of the transfer, in the case of Note Securities denominated in a foreign currency) that exceed the outstanding Principal Amount of the Note Security (converted into Canadian dollars using the exchange rate prevailing at the time of the transfer, in the case of Note Securities denominated in a foreign currency), will be deemed to give rise to interest income to the extent of such excess and included in the income of the Noteholder except to the extent otherwise included in income for the taxation year or a preceding taxation year.

Such assignment or transfer of a Note Security may give rise to a capital loss or, because of foreign currency fluctuations (for Note Securities denominated in a foreign currency), a capital gain, to the extent that the price for which the Note Security was assigned or transferred is less than (or exceeds) the Noteholder's adjusted cost base of the Note Security. **A Noteholder who disposes of a Note Security prior to maturity should consult the Noteholder's tax advisor with respect to his or her particular circumstances.**

Capital Gains and Losses

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

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

Foreign Currency

If the Note Securities are denominated in a currency other than Canadian dollars, except as set out under "Disposition of Note Securities Prior to Maturity" above, all amounts relating to the acquisition, holding or disposition of the Note Securities must be converted into Canadian dollars, for purposes of the Act, based on the relevant exchange rate determined in accordance with the detailed rules in the Act in that regard. A Noteholder may realize a capital gain or capital loss by virtue of exchange rate fluctuations if the Note Securities are denominated in a currency other than Canadian dollars and any amounts required to be included in computing the Noteholder's income for a taxation year may also be affected by fluctuations in the relevant exchange rate.

ENFORCEMENT OF JUDGMENTS AGAINST FOREIGN PERSONS

Mr. Macky Tall, a director of the Bank, resides outside of Canada and has appointed the Bank, 600 de La Gauchetière Street West, 4th Floor, Montréal, Quebec H3B 4L2, as agent for service of process.

Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person that resides outside of Canada, even if such person has appointed an agent for service of process.