No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

This short form base shelf prospectus has been filed under legislation in each of the provinces of Canada that permits certain information about these securities to be determined after this prospectus has become final and that permits the omission from this prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities.

Information has been incorporated by reference in this short form base shelf prospectus from documents filed with securities commissions or similar authorities in each of the provinces of Canada. *Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary at the head and registered office, National Bank of Canada, National Bank Tower, 600 de La Gauchetière Street West, Montreal, Québec H3B 4L2, telephone number (514) 394-6080, and are also available electronically at www.sedar.com. This short form base shelf prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "1933 Act"), and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the 1933 Act). See "Plan of distribution".*

SHORT FORM BASE SHELF PROSPECTUS

NEW ISSUE

JULY 4, 2016

NATIONAL BANK OF CANADA

Can$3,500,000,000

Medium Term Notes – Debt Securities (Unsubordinated Indebtedness)

National Bank of Canada (the "Bank" or "we") may offer to the public from time to time, during the 25-month period that this short form base shelf prospectus, including any amendments hereto (the "Prospectus"), remains valid, up to an aggregate principal amount of Can$3,500,000,000, or the equivalent thereof in one or more non-Canadian currencies or currency units, of notes (the "Note Securities") to be issued in one or more tranches of one or more series. Each Note Security may be subject to redemption at the option of the Bank, in whole or in part, prior to its stated maturity date, as specified in the applicable pricing supplement. The Note Securities constitute direct, unsecured and unsubordinated 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*.**

The specific variable terms of the Note Securities to be offered and sold hereunder will be set out in one or more prospectus and/or pricing supplements (referred to herein as "pricing supplements") which will be delivered to purchasers together with this Prospectus in conjunction with the sale of the Note Securities. The Bank reserves the right to set forth in a pricing supplement specific variable terms that are not within the options and parameters set forth herein. In compliance with applicable securities laws, the Bank will file with the securities regulators an undertaking that it will not distribute Note Securities that are considered "novel" specified derivatives within the meaning of the applicable securities laws without pre-clearing the disclosure contained in the pricing supplement pertaining to such securities with the regulators. The Bank will also file with the securities regulators an undertaking that it will not distribute Note Securities that are linked to the performance of foreign securities without pre-clearing with such regulators the disclosure contained in the pricing supplement pertaining to such securities. **Unless otherwise specified in the applicable pricing supplement, there is no market through which the Note Securities may be sold and purchasers**

may not be able to resell Note Securities purchased under this Prospectus. This may affect the pricing of the Note Securities in the secondary market, the transparency and availability of trading prices, the liquidity of the Note Securities, and the extent of issuer regulation. See "Risk Factors".

Rates on Application

Unless otherwise indicated in the applicable pricing supplement, the principal amount of the Note Securities will not be guaranteed and will be at risk. As a result, investors could lose their entire investment in the Note Securities.

The Note Securities may be offered by National Bank Financial Inc. ("NBF"), CIBC World Markets Inc., Desjardins Securities Inc., Laurentian Bank Securities Inc., Manulife Securities Incorporated, RBC Dominion Securities Inc., Richardson GMP Limited, and by such other investment dealers that may be selected from time to time by the Bank (collectively, the "Dealers" or, individually, a "Dealer") pursuant to the Dealer Agreement referred to under "Plan of Distribution". The Dealers shall act as agents, underwriters or as principals, as the case may be, subject to confirmation by the Bank. The rate of commission payable in connection with sales of the Note Securities by the Bank through the Dealers will be set forth in the applicable pricing supplement. The Note Securities may be offered at a discount or premium. The Bank may also sell Note Securities to any Dealer, as principal, at such prices and with such commissions as may be agreed upon by the Bank and such Dealer, for resale to the public at prices to be negotiated by the Dealer with each purchaser. Such resale prices may vary during the distribution period and as between purchasers. The Note Securities may also be offered directly by the Bank to purchasers pursuant to applicable laws at such prices and on such terms as may be negotiated by the Bank with any purchaser. The offering is subject to approval of certain legal matters on behalf of the Bank by Fasken Martineau DuMoulin LLP and on behalf of the Dealers by McMillan LLP.

NBF is a wholly-owned subsidiary of the Bank. Consequently, the Bank is a "related issuer" and a "connected issuer" of NBF within the meaning of applicable securities legislation in connection with the offering of Note Securities under this Prospectus. See "Plan of Distribution".

Regarding Linked Note Securities (as defined herein) for which the Underlying Interest (as defined herein) includes securities, the Bank would like to make the following disclosure:

Within the Bank, the business unit responsible for the Bank's Linked Note Securities 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 Note Securities 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 Note Securities program.

Unless otherwise specified in the applicable pricing supplement, upon issuance, the Note Securities will be issued in book-entry form and will be represented by fully registered global certificates ("Book-Entry Note Securities").

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ELIGIBILITY FOR INVESTMENT

In the opinion of Fasken Martineau DuMoulin LLP and McMillan LLP, based on the current administrative position of the Canada Revenue Agency and on the legislation in effect on the date of this Prospectus, unless otherwise specified in a pricing supplement, the Note Securities would, if issued on the date of this Prospectus, be qualified investments under the *Income Tax Act* (Canada) (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"), tax-free savings accounts ("TFSAs") and deferred profit sharing plans ("DPSPs") (other than DPSPs to which contributions are made by the Bank or a person or partnership with which the Bank does not deal at arm's length within the meaning of the Tax Act). If the Note Securities are "prohibited investments" (within the meaning of the Tax Act) for a TFSA, RRSP or RRIF, the holder of the TFSA, or the annuitant of the RRSP or the RRIF (as the case may be) (the "Plan Holder") will be subject to a penalty tax as set out in the Tax Act. The Note Securities will be "prohibited investments" (within the meaning of the Tax Act) for a TFSA, RRSP or RRIF 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.

Purchasers who wish to purchase Note Securities using the FundSERV network for registered accounts such as RRSPs will need to have their own self-directed registered accounts. See "FundSERV".

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

From time to time, the Bank makes written and oral forward-looking statements, such as those contained in the sections "Outlook for National Bank" and "Major Economic Trends" in the Management's Discussion and Analysis included in the Bank's 2015 Annual Report, in other filings with Canadian securities regulators, and in other communications, for the purpose of describing the economic environment in which the Bank will operate during fiscal 2016 and the objectives it hopes to achieve for that period. These forward-looking statements are made in accordance with current securities legislation in Canada and the United States. They include, among others, statements with respect to the economy – particularly the Canadian and U.S. economies – market changes, observations regarding the Bank's objectives and its strategies for achieving them, Bank-projected financial returns and certain risks faced by the Bank. These forward-looking statements are typically identified by future or conditional verbs or words such as "outlook", "believe", "anticipate", "estimate", "project", "expect", "intend", "plan", and similar terms and expressions.

By their very nature, such forward-looking statements require assumptions to be made and involve inherent risks and uncertainties, both general and specific. Assumptions about the performance of the Canadian and U.S. economies in 2016 and how that will affect the Bank's business are among the main factors considered in setting the Bank's strategic priorities and objectives and in determining its financial targets, including provisions for credit losses. In determining its expectations for economic growth, both broadly and in the financial services sector in particular, the Bank primarily considers historical economic data provided by the Canadian and U.S. governments and their agencies.

There is a strong possibility that express or implied projections contained in these forward-looking statements will not materialize or will not be accurate. The Bank recommends that readers not place undue reliance on these statements, as a number of factors, many of which are beyond the Bank's control, could cause actual future results, conditions, actions or events to differ significantly from the targets, expectations, estimates or intentions expressed in the forward-looking statements. These factors include credit risk, market risk, liquidity and funding risk, operational risk, regulatory compliance risk, reputation risk, strategic risk and environmental risks, general economic environment and financial market conditions in Canada, the United States and certain other countries in which the Bank conducts business, including regulatory changes affecting the Bank's business, capital and liquidity; changes in the accounting policies the Bank uses to report its financial condition, including uncertainties associated with assumptions and critical accounting estimates; tax laws in the countries in which the Bank operates, primarily Canada and the United States (including the U.S. *Foreign Account Tax Compliance Act* (FATCA)); changes to capital and liquidity guidelines and to the manner in which they are to be presented and interpreted; changes to the credit ratings assigned to the Bank; and potential disruptions to the Bank's information technology systems, including evolving cyber attack risk. See "Risk Factors".

The foregoing list of risk factors is not exhaustive. Additional information about these factors can be found in the "Risk Management" section in the Bank's 2015 Annual Report. Investors and others who rely on the Bank's forward-looking statements should carefully consider the above factors as well as the uncertainties they represent and the risk they entail. Except as required by law, the Bank does not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time, by it or on its behalf.

PUBLIC INFORMATION – EQUITY LINKED NOTE SECURITIES

Investors should carefully read the following if the return of the Note Securities offered under a particular pricing supplement is linked to the performance of a share or equity security of a reporting issuer (individually a "Reference Share", or collectively "Reference Shares") or a portfolio or basket of Reference Shares of more than one reporting issuer. As reporting issuers, each Reference Share issuer is required to file periodically certain financial and other information specified by securities legislation. In addition, information regarding the Reference Share issuers may be obtained from other sources including, but not limited to, press releases, newspaper articles and other publicly disseminated documents. Neither the Bank nor the Dealers make any representation or warranty as to the accuracy or completeness of such documents and the information therein is not incorporated by reference into and does not form part of the applicable pricing supplement or the Prospectus.

The applicable pricing supplement will relate only to the Note Securities offered therein and will not relate to the Reference Shares, the Reference Share issuers or other securities. All disclosure contained in the applicable pricing supplement regarding the Reference Shares and the Reference Share issuers will be derived from publicly available information. Further, the Bank and the Dealers will not have an opportunity to verify the accuracy or completeness of any such information or to determine if there has been any omission by any of the Reference Share issuers to disclose any facts, information or events which may have occurred prior to or subsequent to the date as of which any such information has been furnished by the Reference Share issuers or which may affect the significance or accuracy of any such information. Neither the Bank nor the Dealers will participate in the preparation of any reporting documents of the Reference Share issuers or make any due diligence inquiry with respect to the Reference Shares or the Reference Share issuers in connection with the offering of the particular Note Securities. Neither the Bank nor the Dealers make any representation that publicly available documents or any publicly available information regarding the Reference Share issuers are accurate or complete. Furthermore, the Bank and the Dealers cannot give any assurance that all events occurring prior to the date of the applicable pricing supplement that would affect the trading price of the Reference Shares and therefore the Maturity Consideration (as defined under "Description of the Note Securities – Terms of the Note Securities") will have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning the Reference Share issuers could affect the value received on any date with respect to the particular Note Securities and, therefore, the value of the particular Note Securities.

UNLESS OTHERWISE SPECIFIED IN THE APPLICABLE PRICING SUPPLEMENT, THE ISSUERS OF REFERENCE SHARES REFERRED TO IN A PARTICULAR PRICING SUPPLEMENT ARE NOT AFFILIATES OF THE BANK OR ANY OF THE BANK'S AFFILIATES AND THE REFERENCE SHARE ISSUERS WILL NOT PARTICIPATE IN THE PREPARATION OF THE PARTICULAR PRICING SUPPLEMENT OR THE PROSPECTUS, AND THEY DO NOT TAKE ON OR ASSUME ANY RESPONSIBILITY OR LIABILITY REGARDING THE ACCURACY OR COMPLETENESS OF SAID INFORMATION; THEY MAKE NO REPRESENTATION AS TO THE ADVISABILITY OF PURCHASING THE PARTICULAR NOTE SECURITIES. UNLESS OTHERWISE SPECIFIED IN THE APPLICABLE PRICING SUPPLEMENT, THE PARTICULAR NOTE SECURITIES ARE IN NO WAY SPONSORED, ENDORSED, SOLD OR PROMOTED BY THE REFERENCE SHARE ISSUERS. THE REFERENCE SHARE ISSUERS ARE NOT RESPONSIBLE OR LIABLE FOR OR WILL NOT PARTICIPATE IN THE DETERMINATION OF THE TIMING, PRICING OR NUMBER OF NOTE SECURITIES TO BE ISSUED. UNLESS OTHERWISE SPECIFIED IN THE APPLICABLE PRICING SUPPLEMENT, THE REFERENCE SHARE ISSUERS DO NOT TAKE ON OR ASSUME ANY RESPONSIBILITY OR LIABILITY, STATUTORY OR OTHERWISE, WITH RESPECT TO THE ACCURACY OR COMPLETENESS OF ANY OF THE INFORMATION CONTAINED IN A PARTICULAR PRICING SUPPLEMENT, AND DO NOT HAVE ANY

OBLIGATION OR LIABILITY IN CONNECTION WITH THE ADMINISTRATION, MARKETING OR TRADING OF THE PARTICULAR NOTE SECURITIES. THE ISSUANCE OF THE PARTICULAR NOTE SECURITIES WILL NOT BE A FINANCING FOR THE BENEFIT OF ANY OF THE REFERENCE SHARE ISSUERS.

Prospective investors should independently investigate the Reference Shares and decide whether an investment in the particular Note Securities is appropriate. Prospective purchasers should take into account additional risk factors associated with the Note Securities. See “Risk Factors”.

PUBLIC INFORMATION – DEBT LINKED NOTE SECURITIES

Investors should carefully read the following if the return of the Note Securities offered under a particular pricing supplement is linked to the performance of a bond or debt security of an issuer (individually a “Reference Obligation”, or collectively “Reference Obligations”) or a portfolio or basket of Reference Obligations of more than one issuer. Reference Obligation issuers that are reporting issuers are required to file periodically certain financial and other information specified by securities legislation. In addition, information regarding the Reference Obligation issuers may be obtained from other sources including, but not limited to, press releases, newspaper articles and other publicly disseminated documents. Neither the Bank nor the Dealers make any representation or warranty as to the accuracy or completeness of such documents and the information therein is not incorporated by reference into and does not form part of the applicable pricing supplement or the Prospectus.

The applicable pricing supplement will relate only to the Note Securities offered therein and will not relate to the Reference Obligations, the Reference Obligation issuers or other securities. All disclosure contained in the applicable pricing supplement regarding the Reference Obligations and the Reference Obligation issuers will be derived from publicly available information. Further, the Bank and the Dealers will not have an opportunity to verify the accuracy or completeness of any such information or to determine if there has been any omission by any of the Reference Obligation issuers to disclose any facts, information or events which may have occurred prior to or subsequent to the date as of which any such information has been furnished by the Reference Obligation issuers or which may affect the significance or accuracy of any such information. Neither the Bank nor the Dealers will participate in the preparation of any reporting documents of the Reference Obligation issuers or make any due diligence inquiry with respect to the Reference Obligations or the Reference Obligation issuers in connection with the offering of the particular Note Securities. Neither the Bank nor the Dealers make any representation that publicly available documents or any publicly available information regarding the Reference Obligation issuers are accurate or complete. Furthermore, the Bank and the Dealers cannot give any assurance that all events occurring prior to the date of the applicable pricing supplement that would affect the trading price of the Reference Obligations and therefore the Maturity Consideration (as defined under “Description of the Note Securities – Terms of the Note Securities”) will have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning the Reference Obligation issuers could affect the value received on any date with respect to the particular Note Securities and, therefore, the value of the particular Note Securities.

THE ISSUERS OF REFERENCE OBLIGATIONS REFERRED TO IN A PARTICULAR PRICING SUPPLEMENT ARE NOT AFFILIATES OF THE BANK OR ANY OF THE BANK’S AFFILIATES AND THE REFERENCE OBLIGATION ISSUERS WILL NOT PARTICIPATE IN THE PREPARATION OF THE PARTICULAR PRICING SUPPLEMENT OR THE PROSPECTUS, AND THEY DO NOT TAKE ON OR ASSUME ANY RESPONSIBILITY OR LIABILITY REGARDING THE ACCURACY OR COMPLETENESS OF SAID INFORMATION; THEY MAKE NO REPRESENTATION AS TO THE ADVISABILITY OF PURCHASING THE PARTICULAR NOTE SECURITIES. THE PARTICULAR NOTE SECURITIES ARE IN NO WAY SPONSORED, ENDORSED, SOLD OR PROMOTED BY THE REFERENCE OBLIGATION ISSUERS. THE REFERENCE OBLIGATION ISSUERS ARE NOT RESPONSIBLE OR LIABLE FOR OR WILL NOT PARTICIPATE IN THE DETERMINATION OF THE TIMING, PRICING OR NUMBER OF NOTE SECURITIES TO BE ISSUED. THE REFERENCE OBLIGATION ISSUERS DO NOT TAKE ON OR ASSUME ANY RESPONSIBILITY OR LIABILITY, STATUTORY OR OTHERWISE, WITH RESPECT TO THE ACCURACY OR COMPLETENESS OF ANY OF THE INFORMATION CONTAINED IN A PARTICULAR PRICING SUPPLEMENT, AND DO NOT HAVE ANY OBLIGATION OR LIABILITY IN CONNECTION WITH THE ADMINISTRATION, MARKETING OR TRADING OF THE PARTICULAR NOTE SECURITIES.

THE ISSUANCE OF THE PARTICULAR NOTE SECURITIES WILL NOT BE A FINANCING FOR THE BENEFIT OF ANY OF THE REFERENCE OBLIGATION ISSUERS.

Prospective investors should independently investigate the Reference Obligations and decide whether an investment in the particular Note Securities is appropriate. Prospective purchasers should take into account additional risk factors associated with the Note Securities. See “Risk Factors”.

PUBLIC INFORMATION – INDEX LINKED NOTE SECURITIES

Investors should carefully read the following if the return of the Note Securities offered under a particular pricing supplement is linked to an index (individually a “Reference Index” , or collectively “Reference Indices”) or a portfolio or basket of Reference Indices. All information relating to a Reference Index contained in the relevant pricing supplement is taken from and based solely upon publicly available information. That information reflects the policies of, and is subject to change by the relevant Reference Index sponsor. Such 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 Dealers 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 SPONSOR(S), ITS 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 SPONSOR(S), ITS 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 SPONSOR(S), ITS 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.

Prospective investors should independently investigate the Reference Index or Reference Indices and the index sponsor of each Reference Index and decide whether an investment in the particular Note Securities is appropriate. Prospective purchasers should take into account additional risk factors associated with the Note Securities. See “Risk Factors”.

PUBLIC INFORMATION – FUND LINKED NOTE SECURITIES

Investors should carefully read the following if the return of the Note Securities offered under a particular pricing supplement is linked to the performance of a unit or share (a “Reference Unit”) of a reporting issuer mutual fund, exchange-traded fund or investment fund (individually a “Reference Fund”, or collectively “Reference Funds”) or a portfolio or basket of Reference Units of more than one Reference Fund. As a reporting issuer, each Reference Fund is required to periodically file certain financial and other information specified by securities legislation. In addition, information regarding the Reference Fund may be obtained from other sources including, but not limited to, press releases, newspaper articles and other publicly disseminated documents. Neither the Bank nor the Dealers make any representation or warranty as to the accuracy or completeness of such documents and the information therein is not incorporated by reference into and does not form part of the applicable pricing supplement or the Prospectus.

The applicable pricing supplement will relate only to the Note Securities offered therein and will not relate to the Reference Units, the Reference Fund or other securities. All disclosure contained in the applicable pricing supplement regarding the Reference Units and the Reference Fund will be derived from publicly available information. Further, the Bank and the Dealers will not have an opportunity to verify the accuracy or completeness of any such information or to determine if there has been any omission by any Reference Fund to disclose any facts, information or events which may have occurred prior to or subsequent to the date as of which any such information has been furnished by the Reference Fund or which may affect the significance or accuracy of any such information. Neither the Bank nor the Dealers will participate in the preparation of any reporting documents of the Reference Fund or make any due diligence inquiry with respect to the Reference Units or the Reference Funds in connection with the offering of the particular Note Securities. Neither the Bank nor the Dealers make any representation that publicly available documents or any publicly available information regarding the Reference Funds are accurate or complete. Furthermore, the Bank and the Dealers cannot give any assurance that all events occurring prior to the date of the applicable pricing supplement that would affect the trading price of the Reference Units and therefore the Maturity Consideration will have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning the Reference Funds could affect the value received on any date with respect to the particular Note Securities and, therefore, the value of the particular Note Securities.

AFFILIATES OF THE BANK OR ANY OF THE BANK'S AFFILIATES MAY ACT AS MANAGER OF A REFERENCE FUND. THE ISSUERS OF REFERENCE UNITS REFERRED TO IN A PARTICULAR PRICING SUPPLEMENT ARE NOT AFFILIATES OF THE BANK OR ANY OF THE BANK'S AFFILIATES AND THE REFERENCE FUNDS WILL NOT PARTICIPATE IN THE PREPARATION OF THE PARTICULAR PRICING SUPPLEMENT OR THE PROSPECTUS, AND THEY DO NOT TAKE ON OR ASSUME ANY RESPONSIBILITY OR LIABILITY REGARDING THE ACCURACY OR COMPLETENESS OF SAID INFORMATION; THEY MAKE NO REPRESENTATION AS TO THE ADVISABILITY OF PURCHASING THE PARTICULAR NOTE SECURITIES. THE PARTICULAR NOTE SECURITIES ARE IN NO WAY SPONSORED, ENDORSED, SOLD OR PROMOTED BY THE REFERENCE FUNDS. THE REFERENCE FUNDS ARE NOT RESPONSIBLE OR LIABLE FOR OR WILL PARTICIPATE IN THE DETERMINATION OF THE TIMING, PRICING OR NUMBER OF PARTICULAR NOTE SECURITIES TO BE ISSUED. THE REFERENCE FUNDS DO NOT TAKE ON OR ASSUME ANY RESPONSIBILITY OR LIABILITY, STATUTORY OR OTHERWISE, WITH RESPECT TO THE ACCURACY OR COMPLETENESS OF ANY OF THE INFORMATION CONTAINED IN A PARTICULAR PRICING SUPPLEMENT, AND DO NOT HAVE ANY OBLIGATION OR LIABILITY IN CONNECTION WITH THE ADMINISTRATION, MARKETING OR TRADING OF THE PARTICULAR NOTE SECURITIES. THE ISSUANCE OF THE PARTICULAR NOTE SECURITIES WILL NOT BE A FINANCING FOR THE BENEFIT OF ANY OF THE REFERENCE FUNDS.

Prospective investors should independently investigate the Reference Fund and Reference Units and decide whether an investment in the particular Note Securities is appropriate. Prospective purchasers should take into account additional risk factors associated with the Note Securities. See "Risk Factors".

PUBLIC INFORMATION – COMMODITY LINKED NOTE SECURITIES

Investors should carefully read the following if the return of the Note Securities offered under a particular pricing supplement is linked to a commodity or futures contract for such commodity (individually a "Reference Commodity", or collectively "Reference Commodities") or a portfolio or basket of Reference Commodities. All information relating to a Reference Commodity contained in the relevant pricing supplement is taken from and based solely upon publicly available information and this information is subject to change. Neither the Bank nor the Dealers have independently verified the accuracy or completeness of any such information or assume any responsibility for the accuracy or completeness of such information. Prospective investors should independently investigate the Reference Commodity or Reference Commodities and the exchanges and market places on which they trade and decide whether an investment in the particular Note Securities is appropriate. Prospective purchasers should take into account additional risk factors associated with the Note Securities. See "Risk Factors".

SEVERAL COMMODITIES OR FUTURES CONTRACTS THEREON ARE TRADED ON COMMODITY EXCHANGES ("COMMODITY EXCHANGES"). THE NOTE SECURITIES ARE NOT SPONSORED, ENDORSED, SOLD OR PROMOTED BY COMMODITY EXCHANGES. THE COMMODITY EXCHANGES MAKE NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, TO THE OWNERS OF THE NOTE SECURITIES OR ANY MEMBER OF THE PUBLIC REGARDING THE ADVISABILITY OF INVESTING IN COMMODITIES GENERALLY OR IN COMMODITY LINKED NOTE SECURITIES OR THE

ABILITY OF FUTURES CONTRACTS TO TRACK THE PERFORMANCE OF ANY REFERENCE COMMODITY. COMMODITY EXCHANGES HAVE NO OBLIGATION TO TAKE THE NEEDS OF THE BANK OR THE OWNERS OF THE NOTE SECURITIES INTO CONSIDERATION. COMMODITY EXCHANGES ARE NOT RESPONSIBLE FOR AND HAVE NOT PARTICIPATED IN THE DETERMINATION OF THE PRICES AND AMOUNT OF THE NOTE SECURITIES OR THE TIMING OF THE ISSUANCE OR SALE OF THE NOTE SECURITIES OR IN THE DETERMINATION OR CALCULATION OF THE EQUATION BY WHICH THE NOTE SECURITIES ARE TO BE CONVERTED INTO CASH. COMMODITY EXCHANGES HAVE NO OBLIGATION OR LIABILITY IN CONNECTION WITH THE ADMINISTRATION, MARKETING OR TRADING OF THE NOTE SECURITIES. COMMODITY EXCHANGES DO NOT GUARANTEE THE QUALITY, ACCURACY AND/OR COMPLETENESS OF (I) STATEMENTS MADE IN THE PROSPECTUS TO DESCRIBE, MARKET AND/OR SELL THE NOTE SECURITIES, OR (II) COMMODITY FUTURES PRICES USED IN COMPUTING THE RETURN ON THE NOTE SECURITIES. COMMODITY EXCHANGES MAKE NO WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY THE BANK, OWNERS OF THE NOTE SECURITIES, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF ANY OF THE COMMODITY EXCHANGES' COMMODITY FUTURES PRICES, AND HEREBY EXPRESSLY DISCLAIM ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE COMMODITY EXCHANGES' COMMODITY FUTURES PRICES USED TO COMPUTE THE RETURN ON THE NOTE SECURITIES AND ARE NOT LIABLE FOR ANY ERROR OR OMISSION IN ANY PRICE USED IN CONNECTION WITH THE NOTE SECURITIES.

PUBLIC INFORMATION – CURRENCY LINKED NOTE SECURITIES AND INTEREST RATE LINKED NOTE SECURITIES

Investors should carefully read the following if the return of the Note Securities offered under a particular pricing supplement is linked to a currency (individually a "Reference Currency", or collectively "Reference Currencies") or a portfolio or basket of Reference Currencies, or an interest rate (individually a "Reference Rate", or collectively "Reference Rates") or a portfolio or basket of Reference Rates. All information relating to a Reference Currency or Reference Rate contained in the relevant pricing supplement is taken from and based solely upon publicly available information and this information is subject to change. Neither the Bank nor the Dealers have independently verified the accuracy or completeness of any such information or assume any responsibility for the accuracy or completeness of such information. Prospective investors should independently investigate the Reference Currency or Reference Rate and the countries issuing or regulating such Reference Currency or Reference Rate and decide whether an investment in the particular Note Securities is appropriate. Prospective purchasers should take into account additional risk factors associated with the Note Securities. See "Risk Factors".

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in this Prospectus from documents filed with securities regulatory authorities in each of the provinces of Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Corporate Secretary, National Bank of Canada, National Bank Tower, 600 de La Gauchetière Street West, Montreal, Québec H3B 4L2, by telephone (514) 394-6080 or by email at secretariat.corporatif@bnc.ca, and are also available electronically at www.sedar.com.

The following documents have been filed by the Bank with the Superintendent of Financial Institutions (Canada) and the securities regulatory authorities in each of the provinces of Canada and are specifically incorporated by reference into, and form an integral part of, this Prospectus:

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

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

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

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

(e) the unaudited interim condensed consolidated financial statements for the three and six-month period ended April 30, 2016, which include comparative unaudited interim condensed consolidated financial statements for the three and six-month period ended April 30, 2015, together with the Management's Discussion and Analysis as contained in the Bank's Report to Shareholders for the Second Quarter 2016, and the Bank's earnings coverage ratio for the 12-month period ended April 30, 2016.

Any documents of the type referred to in the preceding paragraph including any new annual information form and annual consolidated financial statements and management's discussion and analysis accompanying such consolidated financial statements and any unaudited interim condensed consolidated financial statements for three, six and nine month financial periods, any information circulars and any material change reports (excluding confidential material change reports), any business acquisition reports and any other disclosure document filed pursuant to an undertaking to a provincial or territorial securities regulatory authority filed by the Bank with a securities regulatory authority in Canada, after the date of this Prospectus and prior to the completion or withdrawal of this offering, will be deemed to be incorporated by reference into this Prospectus.

Any statement contained in this Prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein, or in any other subsequently filed document which also is incorporated or is deemed to be incorporated by reference herein, modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement is not to be deemed an admission for any purpose that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

Upon a new annual information form and annual consolidated financial statements and management's discussion and analysis accompanying such consolidated financial statements being filed by the Bank with, and where required, accepted by, the applicable securities regulatory authorities during the currency of this Prospectus, the previous annual information form, the previous annual consolidated financial statements and management's discussion and analysis accompanying such consolidated financial statements, all unaudited interim condensed consolidated financial statements and any management's discussion and analysis accompanying such financial statements, the previous management proxy circular and material change reports filed prior to the commencement of the Bank's financial year with respect to which the new annual information form is filed will be deemed no longer to be incorporated by reference to this Prospectus for purposes of future offers and sales of Note Securities hereunder.

A pricing supplement containing the specific variable terms for an issue of Note Securities and any other additional or updated information that the Bank elects to include therein will be delivered with this Prospectus to purchasers of such Note Securities and will be deemed to be incorporated into this Prospectus as of the date of such pricing supplement only for the purposes of the offering of the Note Securities covered by such pricing supplement.

You should rely only on information contained or incorporated by reference in this Prospectus. We have not, and the Dealers have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the Dealers are not, making an offer to sell these Note Securities in any jurisdiction where the offer or sale of the Note Securities is not permitted.

All amounts appearing under "Consolidated Capitalization of the Bank" and "Earnings Coverage" are derived from the consolidated financial statements of the Bank, which are presented in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. Updated earnings coverage ratios will be filed quarterly with the applicable securities regulatory authorities, either as prospectus supplements or as exhibits to the Bank's unaudited interim condensed consolidated financial statements and audited annual consolidated financial statements, and will be deemed to be incorporated by reference into this Prospectus.

In this Prospectus, unless otherwise specified, all dollar amounts are expressed in Canadian dollars.

CHANGE TO CAPITAL OF THE BANK

On June 13, 2016, the Bank completed a domestic public offering of 16 million non-cumulative 5-year rate reset first preferred shares series 36 (non-viability contingent capital (NVCC)) (the "Series 36 Preferred Shares"), at a price of $25.00 per share, to raise gross proceeds of $400 million. The net proceeds of the offering will be used for general corporate purposes and added to the Bank's capital base.

NATIONAL BANK OF CANADA

The Bank was formed through a series of amalgamations and its roots date back to 1859 with the founding of Banque Nationale in Québec City. The Bank's head and registered office is located at the National Bank Tower, 600 de La Gauchetière Street West, Montreal, Québec H3B 4L2.

Subsidiaries

A list of the principal subsidiaries directly or indirectly owned or controlled by the Bank as at October 31, 2015 is included in the Bank's Audited Consolidated Financial Statements included in the Bank's Annual Report for the year ended October 31, 2015.

Business of the Bank

The Bank offers a full range of financial services to individuals, commercial enterprises, financial institutions and governments both in Canada and abroad.

Additional information with respect to the Bank's business is included in the Management's Discussion and Analysis included in the Bank's Annual Report for the year ended October 31, 2015.

DESCRIPTION OF THE NOTE SECURITIES

The Note Securities will be issued in one or more tranches of one or more series. The Note Securities will be issued from time to time during the 25-month period that this Prospectus remains valid in an aggregate principal amount not exceeding Can$3,500,000,000 or the equivalent thereof if the Note Securities are issued in currencies or currency units other than Canadian dollars.

The following is the text of the terms and conditions which, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the applicable pricing supplement, will be applicable to the Note Securities and, subject further to simplification by deletion of non-applicable provisions, will be endorsed on Note Securities in definitive form. For greater certainty, the applicable pricing supplement in relation to any series of Note Securities may specify other terms and conditions which shall, 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.

Terms of the Note Securities

The Note Securities will constitute unsecured and unsubordinated debt obligations of the Bank and will rank equally with all other unsecured and unsubordinated indebtedness of the Bank from time to time outstanding. **The Note Securities will not constitute deposits that are insured under the *Canada Deposit Insurance Corporation Act.***

Subject to regulatory capital requirements applicable to the Bank, there is no limit on the amount of indebtedness that the Bank may issue. The Bank has other unsubordinated debt outstanding and may issue additional unsubordinated debt at any time and without notice to investors.

The Note Securities will be offered on a continuing basis and will mature as specified in the applicable pricing supplement. The Note Securities may be interest bearing or non-interest bearing. Interest bearing Note Securities will bear interest at either fixed or floating rates as specified in the applicable pricing supplement.

Unless otherwise indicated in the applicable pricing supplement, the principal amount of the Note Securities will not be guaranteed (other than a minimum of 1%) and will be at risk. As a result, investors could lose substantially all their investment in the Note Securities.

Unless otherwise indicated in a Note Security and in the applicable pricing supplement, the Note Securities will be denominated in Canadian dollars and the Bank will make payments of principal, and premium and interest (if any) on the Note Securities in Canadian dollars. Unless otherwise specified in the applicable Note Security and pricing supplement, the Bank will pay money upon the discharge of the Note Securities of a series when due or upon redemption or other payment. If the applicable Note Security and pricing supplement so specifies, the Bank will deliver money and/or securities and/or property upon the discharge of the Note Securities of a series, when due or upon redemption. The amount of money, securities, other property and/or combination of money, securities and/or other property payable or deliverable to holders of the Note Securities upon the discharge of the Note Securities is referred to as the "Maturity Consideration" for such Note Securities.

If the maturity date of a Note Security or any payment date falls on a day that is not a business day, the related payments (of principal, and premium and interest or other payment, if any) on such Note Security, will be made on the next succeeding business day as if made on the date the applicable payment was due and no interest will accrue on the amount payable for the period from and after the payment date or maturity, as the case may be, unless otherwise indicated in the applicable Note Security and in the applicable pricing supplement.

The Note Securities may be issued from time to time at such rates of interest and at par, at a premium or at a discount, the principal value of which at maturity or any other payment may be determined, in whole or in part, by reference to one or more Underlying Interests (as defined below), the amounts of principal and variable return or interest may be payable in installments over the term of the Note Securities, and the Note Securities of any series may be subject to redemption or repayment prior to maturity, in each case as specified in the applicable pricing supplement.

Unless otherwise specified in this Prospectus or as required for the purposes of any statutory rights of withdrawal, the term "business day" means any day, other than a Saturday, Sunday or a day on which commercial banks in either Montreal or Toronto are required or authorized by law to remain closed.

Tranches and Series of Note Securities

The Bank may issue Note Securities in one or more tranches of one or more series establishing the principal terms of the particular Note Securities being issued, which shall be set forth in the applicable pricing supplement and which shall include the following, to the extent applicable:

(a) the designation of such Note Securities and the series in which such Note Securities will be included;

(b) any limit upon the aggregate principal amount of the Note Securities of such title or the Note Securities of such series which may be authenticated and delivered;

(c) whether the principal amount, in whole or in part, is protected or at risk;

(d) the maturity and the date or dates on which the Maturity Consideration of the Note Securities is payable;

(e) the price at which the Note Securities will be sold, or how the price will be determined if Note Securities are offered on a non-fixed price basis in compliance with the requirements of securities laws applicable to non-fixed price offerings;

(f) whether Note Securities will provide a variable return and whether Note Securities will be issued at par or at a premium or a discount, the rate or rates at which, or the formula based on which, such Note Securities will provide a variable return, if any, and/or any method by which such rate or rates or variable return will be determined, whether, and the extent to which, the Bank covenants to make minimum payments of interest or on account of variable return in a specified amount or based on a specified fixed or floating rate, the date or dates from which such variable return will be calculated, the payment dates on which such variable return will be payable and the regular record date for the variable return payable on such Note Securities on any payment date;

(g) whether Note Securities will bear interest, the rate or rates at which such Note Securities will bear interest, if any, and, if applicable, the method by which such rate or rates will be determined, the date or dates from which such interest will accrue, the interest payment dates on which such interest will be payable and the regular record date for the interest payable on such Note Securities on any interest payment date, whether any interest will be paid on defaulted interest, and the basis upon which interest will be calculated;

(h) whether any other distribution in respect of the Note Securities, in the form of interest, return of capital or otherwise, will be made prior to maturity, the record and payment dates in respect thereof and the basis upon which such distributions will be calculated;

(i) if the amount of payments of principal of and/or interest, if any, on, and additional or other amounts in respect of, the Note Securities may be determined with reference to an asset, index, formula or other item or method, the manner in which such amounts will be determined and the Calculation Agent, if any, with respect thereto;

(j) the type of Maturity Consideration to be delivered to the holders of the Note Securities upon payment of the discharge of the Note Securities of such series when due or upon redemption, if all or any portion of the Maturity Consideration is to be other than money;

(k) the period or periods within which, the price or prices at which and the terms and conditions upon which such Note Securities may be redeemed, in whole or in part, at the option of the Bank;

(l) the right or obligation, if any, of the Bank or any affiliate, or the holders, as the case may be, to redeem or purchase such Note Securities, in addition to a Reimbursement Under Special Circumstances, and the period or periods within which the price or prices at which and the terms and conditions upon which such Note Securities will be redeemed or purchased, in whole or in part, pursuant to such obligation, and any provisions for the remarketing of such Note Securities;

(m) in addition to the market disruption events described herein, any other market disruption events which may trigger an acceleration or postponement of the maturity or amounts payable under the Note Securities;

(n) the denominations in which Note Securities of such series, if any, will be issuable;

(o) if other than Canadian dollars, the currency in which payment of amounts payable at or prior to maturity or on redemption or in which variable return, if any, on, and additional or other amounts, if any, in respect of, such Note Securities will be payable and the manner in which the amount of such currency will be determined for purposes of such payments;

(p) if amounts payable at or prior to maturity or on redemption (and premium or discount, if any) or variable return, if any, on, and additional or other amounts, if any, in respect of, such Note Securities are to be payable, at the election of the Bank or a holder thereof, in a currency other than the original currency of such Note Securities specified in the applicable pricing supplement, the period or periods within which, and the terms and conditions upon which, such election may be made;

(q) whether Note Securities of the series are to be issuable in fully certificated form or as Book-Entry Note Securities and, if in certificated form, whether such Note Securities are to be issuable initially in global form and, if so, (i) whether beneficial owners of interests in any such Note Security in global form may exchange such interests for Note Securities of such series and of like tenor of any authorized form and denomination and the circumstances under which any such exchanges may occur and (ii) the name of the depository with respect to any Book-Entry Note Security or temporary global form of Note Security;

(r) if Note Securities of such series are to be issuable in fully certificated form only upon receipt of certain certificates or other documents or satisfaction of other conditions, then the form and terms of such certificates, documents or conditions;

(s) the date as of which any Book-Entry Note Security representing outstanding Note Securities of the series will be dated if other than the original issue date of the first such Note Security of the series to be issued;

(t) the place or places, if any, in addition to or other than the places of payment specified in this Prospectus, where the Maturity Consideration and interest on or additional or other amounts, if any, payable in respect of such Note Securities will be payable, where Note Securities of such series may be surrendered for registration or transfer, where Note Securities of such series may be surrendered for exchange and where demand to or upon the Bank in respect of such Note Securities may be served;

(u) any additional terms and provisions with respect to, and any additional conditions, representations, covenants and Events of Default (as defined below), if any, for such Note Securities;

(v) any modification or elimination of any of the definitions, representations, covenants, conditions, Events of Default or other terms and provisions of the Note Securities applicable to such Note Securities;

(w) whether the Note Securities will be listed on a stock exchange or other organized market;

(x) any other provisions, requirements, conditions, indemnities, enhancements or other matters of any nature or kind whatsoever relating to such Note Securities, including any terms which may be required by, or advisable under any other applicable law or any rules, procedures or requirements of any securities exchange on which any of the Note Securities are, or are proposed to be, listed or of any over-the-counter market in which any of the Note Securities are, or are proposed to be, traded or which may be advisable in connection with the marketing of such Note Securities;

(y) the commissions, fees or expenses payable by the Bank or any of its affiliates in connection with the issue, maintenance or administration of, or provision of services in respect of, the Note Securities;

(z) if the Note Securities are issued under an indenture;

(aa) if the Note Securities will be sold and purchased from a distributor using the FundSERV network;

(bb) the identity of the Calculation Agent, if not the Bank;

(cc) the identity of the paying agent if not the transfer agent and registrar;

(dd) the identity of the registrar and transfer agent, if not the Bank or one of its affiliates.

(ee) whether there will be a third party guarantor and the identity of such guarantor, if any; and (ff) any other terms of such Note Securities.

The Bank will be able, without the consent of holders of any Note Securities, to issue additional Note Securities with terms different from those of Note Securities previously issued and to reopen a previous series of Note Securities and issue additional Note Securities of that series at any time. All Note Securities of any one series will be substantially identical except, as the case may be, as to terms such as denomination, stated maturity and the date from which interest, if any, will accrue and except as may otherwise be provided in or pursuant to any pricing supplement or Note Security certificate.

Interest

Interest rates, interest rate formulas and other variable terms of the Note Securities are subject to change by the Bank from time to time, but no change will affect any Note Security already issued, or any Note Security in respect of which the Bank has accepted an offer to purchase, without the holder's consent. Interest rates with respect to Note Securities offered by the Bank may differ depending upon, among other things, the aggregate principal amount of Note Securities purchased in any transaction. The Bank may offer Note Securities with similar variable terms but different interest rates concurrently at any time. The Bank may also concurrently offer Note Securities having different variable terms to different investors.

Except as set forth in the applicable pricing supplement, each interest bearing Note Security will bear interest from the date of issue at the rate per annum or, in the case of a floating rate, exchange rate or other interest bearing Note Security in which the interest is determined by reference to a formula, pursuant to the interest rate formula, in each case as stated in the applicable Note Security and in the applicable pricing supplement, until the Maturity Consideration of the Note Security is paid or made available for payment. Interest will be payable in arrears on each interest payment date specified in the applicable pricing supplement on which an installment of interest is due and payable and at maturity. Unless otherwise indicated in the applicable pricing supplement, the Bank will be the Calculation Agent.

Fixed Rate Note Securities

The Bank may offer Note Securities with a fixed interest rate. Interest on fixed rate Note Securities will be payable in the manner specified in the applicable Note Security certificate and in the applicable pricing supplement to the holder of such Note Security on the applicable record date, on such dates as are specified in the applicable Note Security certificate and in the applicable pricing supplement and at maturity or upon earlier redemption or repayment. Unless otherwise specified in the applicable pricing supplement, interest on fixed rate Note Securities will be computed on the basis of a 365-day year or 366-day year, as applicable. Fixed rate Note Securities will also include zero-coupon notes, which bear no interest and are instead issued at a price lower than the principal amount.

Floating Rate Note Securities

The Bank may offer Note Securities having a floating interest rate. Each applicable pricing supplement will specify the terms of any floating rate Note Securities being delivered. The rate of interest on each floating rate Note Security will be reset on the dates specified in such Note Security. If an interest reset date is not a business day, such interest reset date will be postponed to the next day that is a business day unless otherwise indicated in the applicable Note Security and in the applicable pricing supplement. Interest on floating rate Note Securities will be determined by reference to the applicable interest rate formula that is specified in the applicable pricing supplement. Upon the request of the holder of any floating rate Note Security, the Bank will cause the Calculation Agent to provide the interest rate then in effect and, if determined, the interest rate that will become effective as a result of a determination made for the next interest reset date with respect to that floating rate Note Security.

Linked Note Securities

The Bank may offer notes (“Linked Note Securities”), the principal value of which at maturity, or the amount of any other payment thereon, will be determined, in whole or in part, by reference to an underlying interest (each an “Underlying Interest”), including:

(a) one or more equity or equity-like securities of one or more issuers, including, but not limited to, the market price or yield of such securities (the “Equity Linked Note Securities”);

(b) one or more securities or units of one or more mutual funds, exchange-traded funds or investment funds, including, but not limited to, the net asset value, market price or yield of the units or securities of such funds (the “Fund Linked Note Securities”);

(c) one or more debt or debt-like securities of one or more issuers, including, but not limited to, the market price or yield of such securities (the “Debt Linked Note Securities”);

(d) one or more statistical measures of economic or financial performance, including, but not limited to, any interest rate (the “Interest Rate Linked Note Securities”), exchange rate or currency (“the Currency Linked Note Securities”), consumer price or mortgage index, or other reference point and the occurrence or non-occurrence of any event or circumstance;

(e) one or more indices (the “Index Linked Note Securities”);

(f) the price or value of one or more commodities or commodity futures contracts (the “Commodity Linked Note Securities”);

(g) any other item; or

(h) any combination or basket of the foregoing items.

The payment on any Linked Note Security at maturity will be determined, in whole or in part, by the decrease or increase, as applicable, in the price, value or other measure of the applicable Underlying Interest. The terms of and any additional considerations, including any material tax consequences and certain specific risk factors, relating to any Linked Note Securities will be described in the applicable pricing supplement.

Payments

The Bank will make all payments on Book-Entry Note Securities through the paying agent or, if the paying agent is unable to act in connection with the payment of certain payments other than money, through another designated paying agent, to the depository or its nominee. See “Depository — CDS Procedures”.

In the case of Note Securities in fully certificated form, the Bank will make payment of Maturity Consideration at the maturity of each Note Security in immediately available funds upon presentation and surrender of the Note Security and, in the case of any repayment on an optional repayment date, upon submission of a duly completed election form if and as required by the provisions described below, at or from the place or places of payment designated in the Note Security certificate. Payment of interest due at maturity will be made to the person to whom payment of Maturity Consideration of the Note Security in fully certificated form will be made. Unless otherwise specified in the applicable pricing supplement, payment of interest, if any, due on Note Securities in any series in certificated form other than at maturity will be made by the paying agent either by a cheque dated the applicable interest date and sent by prepaid regular mail to the holders of such securities as of the regular record date for such interest three business days before the interest payment date or by wire transfer of immediately available funds, if appropriate wire transfer instructions have been received in writing by the paying agent not less than 15 days prior to the applicable interest payment date. Any wire instructions received by the paying agent shall remain in effect until revoked by the holder.

Form of the Note Securities and Transfer

The Note Securities of each series will be issued in fully registered form only and will be either in fully certificated form or as Book-Entry Note Securities transferable only through CDS Clearing and Depository Services Inc. ("CDS") or any other depository specified in the applicable pricing supplement. Unless otherwise specified in an applicable pricing supplement, all Note Securities will be issued in fully registered book-entry form only. See "Depository — Book-Entry Only Securities".

Registers showing the registered holders of all Note Securities (including any global certificates for Book-Entry Note Securities) will be kept at the principal transfer offices of the transfer agent and registrar in Montreal or at any other place as the Bank may designate. Any registered holder of a Note Security of any series in fully certificated form may transfer the Note Security, unless specified otherwise in the applicable pricing supplement, by executing the form of transfer provided on the reverse side of the Note Security in person or by attorney duly appointed in writing and forwarding the Note Security to the transfer agent and registrar at the principal transfer office of the transfer agent and registrar in Montreal or at any other place as the Bank may designate, for issuance of a new Note Security payable to and registered in the name of the transferee. The Note Securities issued upon any such transfer will be of the same series and have the same terms and conditions as the Note Securities submitted for transfer, including the same principal amount, rate or method of calculating interest, if any, and maturity date. Such transfer will be effected upon the Bank or the transfer agent and registrar, as the case may be, being satisfied with the documents of title, subject to the provisions of the Note Security certificate relating to transfers and such other reasonable regulations as the Bank may from time to time agree upon with the transfer agent and registrar. During the period from the relevant record date to a date fixed for payment of any payment on the Note Security, the transfer agent and registrar shall not be required to register the transfer of a Note Security.

Book-Entry Note Securities may be transferred or exchanged only through a participating member of CDS, or any other depository as is identified in an applicable pricing supplement. See "Depository — CDS Procedures". There will be no service charge for any registration of transfer or exchange of Note Securities, 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 Note Securities not involving any transfer.

Redemption at the Option of the Bank

The Bank may redeem the Note Securities of any series at its option prior to the stated maturity only if a redemption right is specified in the applicable Note Securities and in the applicable pricing supplement. If so indicated in the applicable pricing supplement, the Bank may redeem the Note Securities of such series at its option on any date on and after the applicable initial redemption date specified in the applicable pricing supplement. On and after the initial redemption date, if any, the Bank may redeem the related Note Security at any time in whole or from time to time in part at its option at the applicable redemption price specified in the applicable pricing supplement, together with any accrued interest on the principal of the applicable Note Security payable to the redemption date, on notice given to the holders of the Note Securities of such series, unless otherwise specified in the applicable pricing supplement. The Bank shall not be required to issue, register the transfer of or exchange any Note Securities of any series during a period of 15 days prior to the mailing of a notice of redemption of Note Securities. If redeemed in part, the Bank will redeem the Note Securities in increments equal to the authorized denomination, provided that any remaining principal amount will be an authorized denomination of the applicable Note Security.

Unless otherwise stated in the terms of a Note Security, the Bank may at any time purchase Note Securities at any price or prices in the open market or otherwise. Note Securities so purchased by the Bank may, at the discretion of the Bank, be held, resold or surrendered for cancellation.

Repayment at the Option of the Holder

If so indicated in an applicable pricing supplement, the Bank will repay the Note Securities of any series in whole or in part at the option of the holders of the Note Securities of such series on any optional repayment date specified in the applicable pricing supplement. If no optional repayment date is indicated with respect to the Note Securities of such series, such Note Securities will not be repayable at the option of the holders before their stated maturity. Any repayment in part will be in an amount equal to the authorized denomination or integral multiples thereof, provided that any remaining principal amount will be an authorized denomination of such Note Securities. The applicable pricing supplement will specify the amount payable upon such repurchase. For any Note Securities to be repaid, the paying agent must receive, at its principal offices in Montreal, no later than such time and day specified in the pricing supplement, before the optional repayment date:

(a) in the case of a Note Security in fully certificated form, the Note Security and any duly completed redemption form as may be specified by the Bank; or

(b) in the case of a Book-Entry Note Security, instructions to that effect from the applicable beneficial owner of the Note Securities to the participant through which such owner owns its interest and forwarded by such participant to the depository and by the depository to the paying agent.

Notices of elections from a holder to exercise the repayment option must be received by the paying agent by the time and day specified in the pricing supplement. Exercise of the repayment option by the holder of a Note Security will be irrevocable.

Only the depository may exercise the repayment option in respect of Book-Entry Note Securities. Accordingly, beneficial owners of Book-Entry Note Securities that desire to have all or any portion of such Book-Entry Note Securities repaid must instruct the participant through which they own their interest to direct the depository to exercise the repayment option on their behalf by forwarding the repayment instructions to the paying agent as discussed above. In order to ensure that the instructions are received by the paying agent on a particular day, the applicable beneficial owner must so instruct the participant through which it owns its interest before that participant's deadline for accepting instructions for that day. Different firms may have different deadlines for accepting instructions from their customers. Accordingly, beneficial owners of Book-Entry Note Securities should consult the participants through which they own their interest for the respective deadlines. All instructions given to participants from beneficial owners of Book-Entry Note Securities relating to the option to elect repayment will be irrevocable. In addition, at the time instructions are given, each beneficial owner will cause the participant through which it owns its interest to tender its interest in the Book-Entry Note Securities, on the depository's records, to the Bank for repayment. See "Depository — CDS Procedures".

Deferred Payment

If the payment of the full amount of the Maturity Consideration of the particular Note Securities 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 Consideration of the Note Securities 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.

Reimbursement Under Special Circumstances and Payment

In the event of a Special Circumstance, all of the outstanding Note Securities 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 "Description of the Note Securities – 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 Note Securities 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 Note Securities of a series, the Bank, acting in good faith, will set a date for the reimbursement of the particular Note Securities (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 Note Securities, 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 as described below, and the time remaining to maturity or to the valuation date of the Maturity Consideration or to any redemption or optional repayment date, as the case may be (the “Actualized NAV”) and the Bank will appoint a Calculation Expert to confirm the calculations of the Calculation Agent. See “Calculation Expert” below. Holders of record on the Special Reimbursement Date will be entitled to receive the Actualized NAV of their Note Securities. 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, through CDS or its nominee.

Calculation Agent

Unless otherwise specified in a pricing supplement, the Bank will be the Calculation Agent for the Note Securities. Subject to confirmation by the Calculation Expert as applicable, the Calculation Agent will be solely responsible for the determination and calculation of the Maturity Consideration, the Actualized NAV and any other determinations and calculations with respect to any payment in connection with the Note Securities, as well as for determining whether a Market Disruption Event (as defined below) for each of a Reference Share, a Reference Obligation, a Reference Index, a Reference Unit, a Reference Commodity, a Reference Currency and a Reference Rate has occurred and for making certain other determinations with regard to the Note Securities. All determinations and calculations made by the Calculation Agent, as confirmed by the Calculation Expert, when required, 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. Where the Bank and the Calculation Agent are the same person, the Calculation Agent may have economic interests adverse to those of the holders. The Calculation Agent will carry out its duties and functions in good faith and using its reasonable judgment. See “Risk Factors – Conflicts of interest may affect the Calculation Agent”.

Calculation Expert

In any circumstance where a calculation, valuation or determination contemplated to be made by the Bank or the Calculation Agent, including in connection with Extraordinary Events affecting Underlying Interests or Market Disruption Events described herein, involves the application of material discretion as determined by the Calculation Agent, acting reasonably and is not based on information or calculation methodologies compiled, utilized or provided by, or derived from, independent third party sources (including hedge counterparties), unless otherwise specified in a pricing supplement, the Bank will appoint an independent calculation expert (a “Calculation Expert”) to confirm such calculation, valuation or determination of the Bank or the Calculation Agent. For greater certainty, no such confirmation will be required for the exercise by the Bank of its rights under the terms of the Note Securities, including its right and discretion to proceed with adjustments to or substitutions and replacement of the Underlying Interest upon certain extraordinary events as provided in this Prospectus or to treat any such extraordinary event as a Special Circumstance and proceed with a Reimbursement Under Special Circumstances once such event has been determined to have occurred (provided, as the case may be, that such determination of the occurrence of an extraordinary event may be subject to confirmation by a Calculation Expert in the circumstances described above for the appointment of a Calculation Expert). Any Calculation Expert will be independent from the Bank and the Calculation Agent and will be an active participant in the financial markets in Canada or significant markets in respect of which determinations are required to be made. Any Calculation Expert will act as an independent expert and will not assume any obligation or duty to, or any relationship of agency or trust for or with, holders or the Bank. The conclusions of such Calculation Expert will, except in the case of manifest error and subject to the following paragraph, be final and binding on the Bank, the Calculation Agent and the holders of Note Securities. The Calculation Expert will not be responsible for good faith errors or omissions. Holders will not be entitled to any compensation from the Bank or the Calculation Agent for any loss suffered as a result of any of the Calculation Agent's calculations and determinations.

If a Calculation Expert disagrees with the reasonableness of the discretionary aspects of the Calculation Agent's determination, the Bank will appoint at its own cost two additional Calculation Experts. Each of the three Calculation Experts will repeat the determination having regard to the basis, factors and considerations properly applicable to the initial determination by the Calculation Agent, and the average of such determination by such Calculation Experts will be final and binding on the Bank, the Calculation Agent and the holders of Note Securities.

Other Provisions; Addenda

Any provisions with respect to an issue of Note Securities of any series, including the determination of one or more interest rate bases, the specification of one or more interest rate bases, the calculation of the interest rate applicable to a floating rate Note Security, the applicable interest payment dates, the stated maturity date, any redemption or repayment provisions or any other matter relating to the applicable Note Securities may be modified by the terms as specified under "Other Provisions" on the face of the applicable Note Securities or in an addendum relating to the applicable Note Security certificate, if so specified on the face of the applicable Note Security certificate and in the applicable pricing supplement.

Depository

Book-Entry Only Securities

Unless otherwise specified in the applicable pricing supplement, upon issuance, the Book-Entry Note Securities will be issued in book-entry only form and will be represented by fully registered global certificates.

Each Book-Entry Note Security will be held by, or on behalf of, CDS or such other entity designated in writing by the Bank to act as depository. The Book-Entry Note Securities will be registered in the name of CDS or its nominee. Except as described below under "Exchange for Note Securities in Certificated Form", no Book-Entry Note Security may be transferred except as a whole by the depository to a nominee of the depository or by a nominee of the depository to the depository, or another nominee of the depository, or by the depository or any such nominee to a successor of the depository, or a nominee of the successor.

Ownership of the Note Securities will be constituted through beneficial interests in the Book-Entry Note Securities, and will be represented through book-entry accounts of institutions, as direct and indirect participants of the depository, acting on behalf of the beneficial owners of such Note Securities. Each purchaser of a Note Security represented by a Book-Entry Note Security will receive a customer confirmation of purchase from the selling agent from whom the Note Securities are purchased in accordance with practices and procedures of such selling agent.

CDS Procedures

The following is based on information provided by CDS:

Upon the issuance by the Bank of Book-Entry Note Securities represented by a global certificate representing such Book-Entry Note Securities (a "Global Note"), the depository will credit, on its book-entry registration and transfer system, the respective principal amounts of the Book-Entry Note Securities represented by such Global Note to the accounts of its participants. The accounts to be credited shall be designated by the dealers of such Book-Entry Note Securities, or the Bank, if such Book-Entry Note Securities are offered and sold directly by the Bank, as the case may be. Ownership of beneficial interests in a Global Note will be limited to participants or persons that hold interests through participants. Ownership of beneficial interests in Book-Entry Note Securities represented by a

Global Note or Global Notes will be shown on, and the transfer of that ownership will be effected only through, records maintained by the depository (with respect to interests of participants in the depository), or by participants in the depository or persons that may hold interests through such participants (with respect to persons other than participants in the depository).

So long as the depository for a Global Note, or its nominee, is the registered owner of the Global Note, the depository or its nominee, as the case may be, will be considered the sole owner or holder of the Book-Entry Note Securities represented by such Global Note. Except as provided below, owners of beneficial interests in Book-Entry Note Securities represented by such Global Note or Global Notes will not be entitled to have Book-Entry Note Securities represented by such Global Note registered in their names, will not receive or be entitled to receive physical delivery of Book-Entry Note Securities in definitive form and will not be considered the registered owners or holders thereof.

Accordingly, each person owning a beneficial interest in a Global Note must rely on the procedures of the depository and, if such person is not a participant, on the procedures of the participant through which such person owns its interest, to exercise any rights of a holder under a Global Note. The Bank understands that under existing policies of the depository and industry practices, if the Bank requests any action of holders or if an owner of a beneficial interest in such a Global Note desires to give any notice or take any action which a holder is entitled to give or take under a Global Note, the depository would authorize the participants holding the relevant beneficial interests to give such notice or take such action. Any beneficial owner that is not a participant must rely on the contractual arrangements it has directly, or indirectly through its financial intermediary, with a participant to give such notice or take such action.

All payments on the Book-Entry Note Securities represented by a Global Note registered in the name of the depository or its nominee will be made by the Bank (or a paying agent, if specified by the Bank) to the depository or its nominee, as the case may be, as the registered owner of a Global Note. None of the Bank, the paying agent (if any) or any other agent of the Bank will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests of a Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests. Except in the circumstance described in the following paragraph, the Bank expects that the depository or its nominee, upon receipt of any payment on a Global Note, will immediately credit the accounts of the related participants with payment in amounts proportionate to their respective holdings in principal amount of beneficial interests in such Global Note as shown on the records of the depository. The Bank also expects that payments by participants to owners of beneficial interests in a Global Note 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 participants.

If any Note Security is to be denominated other than exclusively in Canadian dollars, or if any amount payable on the Note Security is to be paid in one or more currencies (or currency units) other than that in which that Note Security is denominated, additional information (including authorized denominations and related exchange rate information) will be provided in the relevant pricing supplement.

Exchange for Note Securities in Certificated Form

If the depository is at any time unwilling or unable to continue as depository for the Note Securities of any series and a successor depository is not appointed by the Bank within 60 days, the Bank will issue fully certificated Note Securities in exchange for all outstanding Global Notes. In addition, the Bank may at any time determine not to have Book-Entry Note Securities represented by Global Notes and, in such event, will issue fully certificated Note Securities in exchange for all Global Notes. In either instance, an owner of a beneficial interest in a Global Note will be entitled to have fully certificated Note Securities equal in principal amount to such beneficial interest registered in its name and will be entitled to physical delivery of such fully certificated Note Securities. Such fully certificated Note Securities shall be registered in such name or names as the depository shall instruct the Bank or its paying agent. It is expected that such instructions may be based upon directions received by the depository from participants with respect to beneficial interests in such Global Notes. Note Securities so issued will be issued in such denominations as the Bank may determine from time to time and will be issued in registered form only, without coupons. No service charge will be made for any transfer or exchange of such fully certificated Note Securities, but the Bank may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Modification and Waiver

The Global Note of a series of Note Securities and the terms of the Note Securities may be amended without the consent of the holders if, in the reasonable opinion of the Bank, the amendment is to correct a manifest error or would not materially and adversely affect the interests of the holders. In other cases, the Global Note may be amended by the Bank if the Bank proposes the amendments and if the amendment is approved by a resolution passed by the favorable votes of the holders of not less than 66 2/3% of the principal amount of Note Securities of a series outstanding represented at a meeting convened by the Bank for the purposes of considering the resolution, or by written resolution signed by holders of not less than 66 2/3% of the principal amount of Note Securities of a series outstanding. Quorum for a meeting shall be reached if holders of 10% or more of the principal amount of Note Securities of a series outstanding are present at the meeting. If a quorum is not reached at any meeting within 30 minutes after the time fixed for the meeting, that meeting must be adjourned to a later date, selected by the Bank, not earlier than seven business days nor later than 30 business days after the original meeting date, in which case the quorum required shall be the holders present at such adjourned meeting. Except as provided herein or unless otherwise specified in the applicable pricing supplement, the Note Securities do not carry the right to vote in any other circumstances.

The holders of not less than a majority in principal amount of the outstanding Note Securities of any series may waive past defaults under the Note Securities and waive compliance by the Bank with certain provisions of the Note Securities, except as described under “Events of Default”.

Events of Default

Each of the following will be an event of default (an “Event of Default”) with respect to Note Securities of any series:

(a) default in the payment of any distribution in respect of any Note Security, in the form of interest, return of capital or otherwise when due, and continuing for 30 days;

(b) default in the payment of any Maturity Consideration of any Note Security of that series when due; and

(c) bankruptcy, insolvency or appointment of a liquidator or receiver and manager of the Bank.

If an Event of Default occurs and is continuing for Note Securities of any series, the holders of not less than 25% in principal amount of the outstanding Note Securities of that series may, following a properly called and duly constituted meeting, declare the Actualized NAV to be immediately due and payable. At any time after the holders have made such a declaration of acceleration with respect to the Note Securities of any series but before a judgment or decree for payment of money due has been obtained, the holders of a majority in principal amount of the outstanding Note Securities of that series, may, following a properly called and duly constituted meeting, rescind any such declaration of acceleration and its consequences, provided that all payments due, other than those due as a result of acceleration, have been made and all Events of Default with respect to the Note Securities of that series, other than the non-payment of the Actualized NAV which has become due solely by such declaration of acceleration, have been remedied or waived.

The holders of a majority in principal amount of the outstanding Note Securities of any series may waive an Event of Default, on behalf of the holders of all the Note Securities of such series, except a default:

(a) in the payment of any amounts due and payable under the Note Securities of such series; or

(b) in respect of an obligation of the Bank contained in, or a provision of, the Global Note which cannot be modified under the terms of the Global Note without the consent of the holder of each outstanding Note Security of the series affected.

The holders of a majority in principal amount of the outstanding Note Securities of any series may, following a properly called and duly constituted meeting, direct the time, method and place of conducting any proceeding for any remedy or exercising any rights with respect to the Note Securities, provided that such direction does not conflict with any applicable law or the Global Note.

The Note Securities will not have the benefit of any cross-default provisions with other indebtedness of the Bank.

The terms under which a holders' meeting may take place for the purposes of the foregoing rights are the following:

(a) At any time and from time to time the Bank shall as soon as practicable after being served with a requisition signed by holders representing at least 25% of the aggregate principal amount of the outstanding Note Securities of a series, convene a meeting of the holders. In the event that the Bank fails within 30 days after receipt of such requisition to convene a meeting, such holders representing at least 25% of the aggregate principal amount of the outstanding Note Securities of a series may themselves convene such meeting and the notice calling such meeting may be signed by such person as such holders may specify. Such meeting shall be held at the City of Montreal or at such other place as the Bank, or such holders in the event such meeting is called by the holders, may in any case determine or approve;

(b) At least 30 days' notice of any meeting shall be given to the holders. Such notice shall state the time when, and the place where, the meeting is to be held and shall specify in general terms the nature of the business to be transacted at such meeting, but it shall not be necessary to set out in the notice the text of any resolution to be proposed or any of the provisions of these procedures. Notices shall be sent to holders by ordinary surface or air mail postage prepaid addressed to such holders at their respective addresses appearing in the registers. It shall not be necessary to specify in the notice of any adjournment of a meeting the nature of the business to be transacted at the adjourned meeting. The accidental omission to give such notice to or non-receipt of any such notice by a holder shall not invalidate any resolution passed at such meeting;

(c) To be entitled to vote at any meeting of holders, a person shall be (a) a holder of outstanding Note Securities of the series, or (b) a person appointed by an instrument in writing as proxy for a holder or holders of outstanding Note Securities of the series by such holder or holders. The only persons who shall be entitled to be present or speak at any meeting of holders shall be the persons entitled to vote at such meeting and their counsel. In addition, the Bank by its respective officers and directors and the legal advisers of the Bank may attend and speak at any meetings of the holders;

(d) At any meetings, each holder of a Note Security of the series or a proxy thereof shall be entitled to one vote for each specified principal amount of denomination of Note Securities of the series held or represented by him. The Chairman of the meeting shall have no right to vote, except as a holder of a Note Security of the series or a proxy thereof;

(e) At any meeting of the holders, a quorum shall consist of holders present in person or by proxy and representing not less than 10% or more of the aggregate principal amount of the outstanding Note Securities of the series. If a quorum is not reached at any meeting, that meeting must be adjourned to a later date not earlier than seven business days after the original meeting date, in which case the quorum required shall be the holders present at such adjourned meeting;

(f) Some individual person, who need not to be a holder, nominated in writing by the Bank, shall be Chairman of the meeting but, if no person is so nominated or if the person so nominated is not present within 15 minutes after the time fixed for the holding of the meeting, the holders present in person or by proxy shall choose some person present to be Chairman. The Chairman of any meeting at which a quorum of the holders is present may, with the consent of the holders of a majority in principal amount of the Note Securities of the series represented at such meeting, adjourn any such meeting and no notice of such adjournment need be given except such notice, if any, as the meeting may prescribe;

(g) Proposed rules of procedures (such as vote on a show of hands or secret ballot, scrutineers, declarations by Chairman, minutes of meeting, etc.) of any meetings will be submitted by the Bank at the meeting to the holders for their approval. Such approval will require the affirmative vote of a majority in principal amount of the Note Securities of the series present or represented at the meeting; and

(h) All actions that may be taken and all powers that may be exercised by the holders at a meeting may also be taken and exercised by the holders of a majority in principal amount of Note Securities of the series by an instrument in writing signed in one or more counterparts.

The Global Note will contain the relevant terms under which a holders' meeting may take place for the purposes of the foregoing rights.

Extraordinary Events affecting Equity Linked Note Securities

Unless otherwise specified in the applicable pricing supplement, the Underlying Interest of Equity Linked Note Securities will be subject to the adjustments provided hereunder.

Potential Adjustment Event

Following the declaration by a Company of the terms of any Potential Adjustment Event in respect of its Reference Shares, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the relevant Reference Share and, if so, may (i) make the corresponding adjustments, if any, to any one or more of the Initial Value of such Reference Share, the formula for calculating the return of such Reference Share, or any other component or variable relevant to the determination of the price or return of the Reference Share or the Maturity Consideration as the Calculation Agent determines appropriate to account for the diluting or concentrative effect and (ii) determine the effective date of the adjustments. The Calculation Agent may (but need not) determine any appropriate adjustments by reference to the adjustments in respect of such Potential Adjustment Event made by an options exchange to options on the relevant Reference Share traded on such options exchange. Save as expressly provided below, the Calculation Agent will make no adjustment in respect of any distribution of cash.

"Company" means the issuer of a Reference Share.

"Initial Value" means the price of the relevant Reference Share on the date of issuance of the Note Securities.

"Reference Share" means a share or other equity security comprising the Underlying Interest.

"Potential Adjustment Event" means, in respect of a Reference Share, the occurrence of any of the following events:

(a) a subdivision, consolidation or reclassification of relevant Reference Shares (unless resulting in a Merger Event), or a free distribution or dividend of any such Reference Shares to existing holders by way of bonus, capitalization or similar issue;

(b) a distribution, issue or dividend to existing holders of the relevant Reference Shares of (i) such Reference Shares, or (ii) other share capital or securities granting the right to payment of dividends or distributions and/or the proceeds of liquidation of the applicable Company equally or proportionately with such payments to holders of such Reference Shares, or (iii) share capital or other securities of another issuer owned, set up or acquired (in each case, directly or indirectly) by the applicable Company as a result of a spin-off or other similar transaction;

(c) an extraordinary dividend in respect of such Reference Shares (where the characterization of a dividend or distribution as "extraordinary" will be determined by the Calculation Agent);

(d) a call by the applicable Company in respect of the relevant Reference Shares that are not fully paid;

(e) a repurchase by the applicable Company or any of its subsidiaries of the relevant Reference Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;

(f) in respect of the applicable Company, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of such Company pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value, as determined by the Calculation Agent, provided that any adjustment effected as a result of such an event will be readjusted upon any redemption of such rights; or

(g) any other event that may have a diluting or concentrative effect on the theoretical value of the relevant Reference Shares.

Merger Event and Tender Offer

On or after a Merger Date or Tender Offer Date, the Calculation Agent will either (i) (A) make adjustment(s), if any, to any one or more of the Initial Value of the relevant Reference Share, the formula for calculating the return of such Reference Share, or any other component or variable relevant to the determination of the price or return of the Reference Share or the Maturity Consideration as the Calculation Agent determines appropriate to account for the economic effect on the Note Securities of the relevant Merger Event or Tender Offer (and in this connection, the Calculation Agent may, but need not, determine any appropriate adjustments by reference to the adjustments in respect of such Merger Event or Tender Offer made by an options exchange to options on the relevant Reference Shares traded on such options exchange) and (B) determine the effective date of the adjustments, or (ii) if the Calculation Agent determines that no adjustments that it could make under (i) will produce a commercially reasonable result, the Calculation Agent may deem the relevant Merger Event or Tender Offer to be a Substitution Event subject to the provisions of "Substitution Event" below.

"Merger Event" means, in respect of a Reference Share, any (i) reclassification or change of the relevant Reference Shares that results in a transfer of or an irrevocable commitment to transfer all of such Reference Shares outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of the relevant Company with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Company is the continuing entity and which does not result in a reclassification or change of all of such Reference Shares outstanding), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100% of the outstanding Reference Shares of such Company that results in a transfer of or an irrevocable commitment to transfer all such Reference Shares (other than such Reference Shares owned or controlled by such other entity or person), or (iv) consolidation, amalgamation, merger or binding share exchange of such Company or its subsidiaries with or into another entity in which such Company is the continuing entity and which does not result in a reclassification or change of all such Reference Shares outstanding but results in the outstanding Reference Shares (other than Reference Shares owned or controlled by such other entity) immediately prior to such event collectively representing less than 50% of the outstanding Reference Shares immediately following such event (commonly referred to as a "reverse merger") or (v) sale of all or substantially all assets of the Reference Share issuer (or any lease, long term supply agreement or other arrangement having the same economic effect as a sale of all or substantially all assets of the Reference Share issuer), in each case if the Merger Date is on or before the date on which the Reference Share Return in respect of such Reference Share is determined.

"Merger Date" means the closing date of a Merger Event or, where a closing date cannot be determined under the local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

"Tender Offer" means, in respect of a Reference Share, a takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise obtaining or having the right to obtain, by conversion or other means, greater than 10% and less than 100% of the outstanding relevant Reference Shares of the applicable Company, as determined by the Calculation Agent, based upon the making of filings with governmental or self-regulatory agencies or such other information as the Calculation Agent deems relevant.

"Tender Offer Date" means, in respect of a Tender Offer, the date on which the relevant Reference Shares in the amount of the applicable percentage threshold are actually purchased or otherwise obtained (as determined by the Calculation Agent).

Substitution Event

Upon the occurrence of a Substitution Event in respect of a Reference Share (the "Deleted Reference Share") as determined by the Calculation Agent, the following will apply (the "Substitution Date"):

(a) any adjustments set out in "Potential Adjustment Event " above in respect of such Reference Share will not apply;

(b) the Bank may choose (in its entire discretion) a new share or equity security of a comparable reporting issuer (the "Replacement Reference Share") as a substitute for such Deleted Reference Share;

(c) such Deleted Reference Share will be deleted from the Underlying Interest and will not be considered as a Reference Share for purposes of determining the price or return of the Reference Share on or after the Substitution Date;

(d) the Replacement Reference Share will be the Reference Share, the issuer of such Replacement Reference Share will be the Company in respect of such Replacement Reference Share, and the primary exchange or market quotation system on which such Replacement Reference Share is listed will be the Exchange (as defined below) in respect of such Replacement Reference Share; and

(e) the Calculation Agent will determine the price of such Replacement Reference Share by reasonably taking into account all relevant market circumstances, including the price of the Deleted Reference Share and the price or estimated value on the Substitution Date of the Deleted Reference Share and the price on the Substitution Date of the Replacement Reference Share, and will make adjustments, if any, to any one or more of the formula for calculating the price or return of such Replacement Reference Share, or any other component or variable relevant to the determination of the price or return of the Replacement Reference Share or the Maturity Consideration as the Calculation Agent determines appropriate to account for the economic effect on the particular Note Securities of the relevant Substitution Event (including adjustments to account for changes in volatility, expected dividends or distributions, stock loan rate or liquidity relevant to the applicable substitution).

Upon choosing a Replacement Reference Share, holders will be advised of any such replacement through a notice given in the manner described under "Description of the Note Securities – Notice to Holders", with a written notice to the Dealers. For greater certainty, the Replacement Reference Share chosen by the Bank may be of an entity that is the continuing entity in respect of a Merger Event. The Bank may alternatively decide, at its entire discretion, not to choose a Replacement Reference Share as a substitute for a Deleted Reference Share, including if the Bank determines that there are no appropriate comparable reporting issuers whose shares or equity securities are listed on a major exchange or market quotation system which offer sufficient liquidity in order for the Bank or its affiliates to place, maintain or modify hedges in respect of such shares or equity securities. See "Extraordinary Non Replacement Event" below.

"Substitution Event" means, in respect of a Reference Share, any Nationalization, Insolvency or Delisting in respect of such Reference Share, or any Merger Event or Tender Offer in respect of such Reference Share that is deemed by the Calculation Agent to be a Substitution Event, or the occurrence and continuation for at least five consecutive applicable business days of a Market Disruption Event (as defined below) in respect of such Reference Share.

"Nationalization" means, in respect of a Reference Share, that all such Reference Shares or all the assets or substantially all the assets of the applicable Company are nationalized, expropriated or otherwise required to be transferred to any governmental agency, authority or entity.

"Insolvency" means, in respect of a Reference Share, that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting the applicable Company, (i) all the relevant Reference Shares of such Company are required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Reference Shares of such Company become legally prohibited from transferring them.

"Delisting" means, in respect of a Reference Share, that the relevant Exchange announces that pursuant to the rules of such Exchange, the Reference Shares cease (or will cease) to be listed, traded or publicly quoted on such Exchange for any reason (other than a Merger Event or Tender Offer) and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as such Exchange.

Extraordinary Non Replacement Event

If the Calculation Agent determines that a Substitution Event in respect of a Reference Share has occurred and the Bank, in its sole discretion, has decided not to choose a Replacement Reference Share as a substitute for such Reference Share whether because the Bank has determined that there are no appropriate replacement shares or equity securities which offer sufficient comparable attributes including, but not limited to, industry, size, markets and financial position of the issuer and currency, liquidity, dividend yield, volatility of such securities and ability for the Bank or its affiliates to place, maintain or modify hedges in respect of such securities or for any other reason (an "Extraordinary Non Replacement Event"), then the Bank may, in its sole discretion, (i) in the event where the Underlying Interest is a reference portfolio comprising more than one Reference Share or comprising other securities, assets and/or reference items, decide to continue the reference portfolio or basket without such Deleted Reference Share and make the necessary adjustments such that thereafter, the reference portfolio return will be calculated on the basis of the remaining Reference Shares and other securities, assets and/or reference items, where the weighting of the Deleted Reference Share will be reallocated proportionally to the remaining Reference Shares and other securities, assets and/or reference items and make the necessary adjustments so that the return generated on such Deleted Reference Share up to the event leading to such Extraordinary Non Replacement Event is taken into account as at such date or (ii) otherwise (whether the Underlying Interest is a reference portfolio or basket or not) decide to treat the Extraordinary Non Replacement Event as a Special Circumstance and proceed with a Reimbursement Under Special Circumstances. See "Description of the Note Securities – Reimbursement Under Special Circumstances and Payment".

Market Disruption Event

If the Calculation Agent determines that a Market Disruption Event in respect of a Reference Share has occurred and is continuing on the applicable Valuation Date (as defined below), then the price of the Reference Share will be calculated on the basis that the Valuation Date will be postponed for the purposes of the affected Reference Share only (and not other Reference Shares 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 effect in respect of such Reference Share.

However, there will be a limit for postponement of the Valuation Date. If on the fifth business day following the date originally scheduled as the Valuation Date, the Valuation Date has not occurred, then despite the occurrence or continuance of a Market Disruption Event in respect of such Reference Share on or after such fifth business day:

(a) such fifth business day will be the Valuation Date in respect of such Reference Share; and

(b) the price of such Reference Share for such Valuation Date used for determining the return of the Reference Share, the Maturity Consideration or any other payment based on the price of the Reference Share will be a value equal to the Calculation Agent's estimate of the price of such Reference Share as at such Valuation Date, reasonably taking into account relevant market circumstances and subject to confirmation by a Calculation Expert as provided under "Description of the Note Securities – Calculation Expert".

A Market Disruption Event may delay the determination of the price or return of the Reference Share and consequently the calculation of the Maturity Consideration for the particular Note Securities or other payment based on the price of the Reference Share that may be payable. Payment of the Maturity Consideration for the particular Note Securities or other payment based on the price of the Reference Share will be made on the fifth business day after the prices and returns of all Reference Shares and other securities, assets and/or reference items used in the calculation of the Maturity Consideration for the particular Note Securities or other payment based thereon have been determined.

In addition, if prior to the Valuation Date for the determination of the Maturity Consideration or other payment for the particular Note Securities a Market Disruption Event occurs and continues for at least five consecutive business days, then (i) such occurrence could constitute a Substitution Event and lead to the adjustments set forth under "Description of the Note Securities – Extraordinary Events affecting Equity Linked Note Securities – Substitution Event", or (ii) the Bank may, in its sole discretion, treat this as a Special Circumstance and proceed with a Reimbursement Under Special Circumstances. See "Description of the Note Securities – Reimbursement Under Special Circumstances".

"Market Disruption Event" means, in respect of a Reference Share, 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 Note Securities and such Reference Share. A Market Disruption Event may include, without limitation, any of the following events:

(a) any suspension of or limitation imposed on trading by the Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the Exchange or Related Exchange or otherwise (i) relating to the Reference Share on the Exchange(s), or (ii) in futures or options contracts or relating to the Reference Share on any relevant Related Exchange;

(b) the closure ("Early Closure") on any Exchange Day of the Exchange or any Related Exchange prior to its scheduled closing time unless such earlier closing time is announced by such Exchange or Related Exchange at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange or Related Exchange on such Exchange Day and (ii) the submission deadline for orders to be entered into the 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 (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, the Reference Share on the Exchange, or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to the Reference Share on any Related Exchange;

(d) the failure on any Exchange Day of the Exchange or any Related Exchange to open for trading during its regular trading session;

(e) 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 the Reference Share issuer or in respect of any hedge transaction established in connection with the Reference Share or make it unlawful or impracticable for the Bank to perform its obligations under the particular Note Securities 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 such Reference Share;

(f) 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 any applicable Exchange or Related Exchange is located;

(g) 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 Note Securities 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 such Reference Share or a material and adverse effect on the economy or the trading of securities generally on any relevant Exchange or Related Exchange;

(h) 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 Note Securities or in the cost of realizing, recovering or remitting the proceeds of any such hedging transaction; or

(i) 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 Note Securities that has been effected or may come into effect as described below under "Use of Proceeds and Hedging".

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 "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.

"Valuation Date" means the date specified in the Prospectus and the applicable pricing supplement as the reference date for the calculation of the price or value of an Underlying Interest or the value of the particular Note Securities, any payment thereon prior to maturity, the Maturity Consideration or any other payment or calculation under the particular Note Securities.

"Exchange" means, in respect of a Reference Share, the primary exchange or trading system on which that Reference Share is listed and traded from time to time, as determined by the Calculation Agent.

"Exchange Day" means, in respect of a Reference Share, any day on which the Exchange for that Reference Share is scheduled to be open for trading during the regular trading sessions.

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

Extraordinary Events affecting Index Linked Note Securities

Unless otherwise specified in the applicable pricing supplement, the Underlying Interest of Index Linked Note Securities 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. From then, 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, holders will be advised of any such replacement through a notice given in the manner described under "Description of the Note Securities – Notice to Holders" with a written notice to the Dealers. 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 the 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 “Description of the Note Securities – 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 Valuation Date, then the level of such Reference Index will be calculated on the basis that the Valuation 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 Valuation Date. If on the fifth business day following the date originally scheduled as the Valuation Date, the 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 Valuation Date in respect of such Reference Index; and (b) the level of the Reference Index used for determining the return of the Reference Index, the Maturity Consideration 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 Valuation Date, reasonably taking into account relevant market circumstances and subject to confirmation by a Calculation Expert as provided under “Description of the Note Securities – Calculation Expert”.

A Market Disruption Event may delay the determination of the level or return of the Reference Index and consequently the calculation of the Maturity Consideration for the particular Note Securities or other payment based on the level of the Reference Index that may be payable. Payment of the Maturity Consideration for the particular Note Securities 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 Consideration for the particular Note Securities or other payment based thereon have been determined.

In addition, if prior to the Valuation Date for the determination of the Maturity Consideration or other payment for the particular Note Securities, 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 “Description of the Note Securities – 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 Note Securities 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;

(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 Note Securities 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 Note Securities 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 Note Securities 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 Note Securities that has been effected or may come into effect as described below under "Use of Proceeds and Hedging".

The terms "Exchange", "Exchange Day", "Related Exchange" and "Valuation Date" have the meaning ascribed thereto above under "– Extraordinary Events affecting Equity Linked Note Securities", with the relevant adjustments to reflect their application to Reference Indices and/or Reference Index Assets instead of Reference Shares.

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.

Extraordinary Events affecting Fund Linked Note Securities

Unless otherwise specified in the applicable pricing supplement, the Underlying Interest of Fund Linked Note Securities will be subject to the adjustments provided hereunder.

Fund Reallocation Event

Following the occurrence of a Fund Reallocation Event (as defined below), the Bank may, in its sole discretion, substitute units, shares or other securities of another mutual fund or investment fund or, for Reference Funds seeking to replicate an index, the relevant reference index to be replicated, if applicable, for the Reference Units as provided below. To do this, the Calculation Agent will notionally sell or redeem the Reference Units and reallocate the notional proceeds to: (i) as applicable, a notional investment in the reference index; or (ii) a notional subscription of units, shares or other securities of one or more mutual funds managed by the Reference Fund manager (or, if the Bank determines, in its discretion, that there is no such replacement fund managed by the Reference Fund manager that is suitable, managed by another fund manager) having similar investment objectives and strategies in order to replace the Reference Fund as a result of the occurrence of a Fund Reallocation Event. If units, shares or other securities of a replacement fund or a reference index, if applicable, is selected by the Bank, such successor securities or reference index (the "Successor Reference Asset"), as the case may be, will be used as a substitute for the Reference Units for all purposes, including, without limitation, for purposes of calculating amounts payable under the particular Note Securities and for determining whether a Market Disruption Event exists and the Calculation Agent will make all necessary adjustments to determine and calculate the Maturity Consideration and any other payment under the particular Note Securities.

Upon any selection by the Bank of a Successor Reference Asset, holders will be advised of any such replacement through a notice given in the manner described under "Description of the Note Securities – Notice to Holders" with a written notice to the Dealers.

If the Calculation Agent determines that a Fund Reallocation Event has occurred and the Bank, in its sole discretion, has decided not to choose a Successor Reference Asset as a substitute for such Reference Unit whether because the Bank has determined that there is no appropriate Successor Reference Asset which offer sufficient comparable attributes including, but not limited to, management, investment objectives, underlying assets, currency, liquidity, dividend or distribution yield, volatility of the units, index or underlying securities and ability for the Bank or its affiliates to place, maintain or modify hedges in respect of such assets or for any other reason (a "Fund Non Replacement Event"), then the Bank may, in its sole discretion, (i) in the event where the Underlying Interest is a reference portfolio or basket comprising more than one Reference Fund or comprising other securities, assets and/or reference items, decide to continue the reference portfolio or basket without such deleted Reference Unit and have the Calculation Agent make the necessary adjustments such that thereafter, the reference portfolio return will be calculated on the basis of the remaining Reference Units and other securities, assets and/or reference items, where the weighting of the deleted Reference Unit will be reallocated proportionally to the remaining Reference Units and other securities, assets and/or reference items and make the necessary adjustments so that the return generated on such deleted Reference Unit up to the event leading to such Fund Non Replacement Event is taken into account as at such date or (ii) otherwise (whether the Underlying Interest is a reference portfolio or basket or not) decide to treat the Fund Non Replacement Event as a Special Circumstance and proceed with a Reimbursement Under Special Circumstances. See "Description of the Note Securities – Reimbursement Under Special Circumstances and Payment".

As determined by the Calculation Agent, the occurrence of any of the following events may constitute a "Fund Reallocation Event":

(a) for a Reference Fund that is an exchange-traded fund, a Fund Substitution Event (as defined below);

(b) the bankruptcy, insolvency, winding-up, dissolution, liquidation or analogous procedure of the Reference Fund;

(c) the Reference Fund manager ceases to act as the manager of the Reference Fund;

(d) the investment objective, investment restrictions or investment policies of the Reference Fund are modified (except where such modification is of a formal, minor or technical nature);

(e) a material modification (other than any modifications referred to in (d) above) of the terms and conditions relating to the Reference Units (including but not limited to a material modification of the constating documents of the Reference Fund) or the occurrence of any event or change having a material adverse affect on the Reference Units (including, but not limited to, the interruption, breakdown or suspension for a significant period of time of the calculation or publication of the net asset value per unit);

(f) the non-execution or partial-execution by the Reference Fund of a subscription or redemption order given by an investor in any securities of the Reference Fund or a refusal to transfer any securities of the Reference Fund to an eligible transferee except where such non-execution, partial execution or refusal is the result of circumstances beyond the control of the Reference Fund;

(g) any mandatory redemption or other reduction (actual or potential as determined by the Calculation Agent in its sole discretion) in the number of securities of the Reference Fund held by any holder of such securities for any reason beyond the control of such holder;

(h) any failure by the Reference Fund manager to calculate or publish the daily or weekly official net asset value per Reference Unit of the Reference Fund for at least five (ten in the case of a net asset value calculated weekly) consecutive business days except as provided in the case of a suspension of determination of the net asset value per unit in accordance with the provisions set out in the constating documents of the Reference Fund;

(i) the Reference Fund imposes in whole or part any restriction, charge or fee in respect of a redemption or subscription of any Reference Units of the Reference Fund by any holder thereof (other than any fee applicable to a holder of Reference Units of the Reference Fund as at the date of issuance of the particular Note Securities);

(j) any relevant activities of or in relation to the Reference Fund or the Reference Fund manager are or become unlawful, illegal or otherwise prohibited in whole or in part as a result of compliance with any present or future law, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power, or in the interpretation thereof; or

(k) a relevant authorization or license is revoked or is under review by a competent authority in respect of the Reference Fund or the Reference Fund manager.

"Fund Substitution Event" means, in respect of a Reference Fund that is an exchange-traded fund, any Nationalization, Insolvency, Delisting or Index Event in respect of such Reference Fund, or any Merger Event or Tender Offer in respect of such Reference Fund that is deemed by the Calculation Agent to be a Fund Substitution Event, or the occurrence and continuation for at least five consecutive applicable business days of a Market Disruption Event in respect of Reference Units of such Reference Fund. The terms "Nationalization", "Insolvency" and "Delisting" have the meaning ascribed thereto above under "– Extraordinary Events affecting Equity Linked Note Securities", with the relevant adjustments to reflect their application to Reference Units and Reference Funds instead of Reference Shares and issuers thereof. "Index Event" means, in respect of a Reference Unit, (i) the sponsor for the index that is replicated by the Reference Fund (the "ETF Reference Index") announces that it will make a material change in the formula for or the method of calculating the ETF Reference Index or in any other way materially modifies the ETF Reference Index (other than a modification prescribed in that formula or method to maintain the ETF Reference Index in the event of changes to the constituents and other routine events) or permanently cancels the ETF Reference Index and no successor index exists, or (ii) the sponsor for the ETF Reference Index fails to determine and announce the official closing level or value of the ETF Reference Index, and, in either case, the Calculation Agent determines that such event has a material effect on the calculation of the Maturity Consideration or any other payment under the particular Note Securities linked to the Reference Units of the Reference Fund.

Market Disruption Event

If the Calculation Agent determines that a Market Disruption Event in respect of a Reference Unit has occurred and is continuing on the applicable Valuation Date, then the price or value of such Reference Unit will be calculated on the basis that the Valuation Date will be postponed for the purpose of such affected Reference Unit only (and not other Reference Units 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 with respect to such Reference Unit.

However, there will be a limit for postponement of the Valuation Date. If on the fifth business day following the date originally scheduled as the Valuation Date, the Valuation Date has not occurred, then despite the occurrence or continuance of a Market Disruption Event in respect of such Reference Unit on or after such business day: (a) such fifth business day shall be the Valuation Date in respect of the Reference Unit; and (b) the price or value of the Reference Units used for determining the return of the Reference Units, the Maturity Consideration or other payment based on the price or value of such Reference Unit will be a price or value equal to the Calculation Agent's estimate of the price or value of the Reference Unit as at such Valuation Date, reasonably taking into account relevant market circumstances and subject to confirmation by a Calculation Expert as provided under "Description of the Note Securities – Calculation Expert".

A Market Disruption Event may delay the determination of the return of a Reference Unit and consequently, in addition, if prior to the Valuation Date for the determination of the Maturity Consideration or other payment for the particular Note Security 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 "Description of the Note Securities – Reimbursement Under Special Circumstances and Payment".

"Market Disruption Event" means, in respect of a Reference Unit, 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 Note Securities and/or the Reference Units and/or a material number of securities, contracts of other reference items in which the Reference Fund assets are invested (the "Reference Fund Assets"). A Market Disruption Event may include, without limitation, any of the following events:

(a) a suspension or absence of or material limitation on subscriptions and/or redemptions of Reference Units;

(b) a suspension of or limitation imposed on trading by the relevant Exchanges or Related Exchanges for the Reference Units or 10% or more of the Reference Fund Assets or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchanges or Related Exchanges or otherwise (i) relating to the Reference Units or 10% or more of the Reference Fund Assets, or (ii) in futures or options contracts or relating to the Reference Units or 10% or more of the Reference Fund Assets;

(c) the closure on any Exchange Day of the relevant Exchange(s) or any Related Exchange for the Reference Fund Units or 10% or more of the Reference Fund 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;

(d) 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, the Reference Units or 10% or more of the Reference Fund Assets on the Exchanges, or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to the Reference Units or 10% or more of the Reference Fund Assets on any relevant Related Exchanges;

(e) the failure on any Exchange Day of the relevant Exchanges of the Reference Units or 10% or more of the Reference Fund Assets or any Related Exchanges to open for trading during regular trading sessions;

(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 the Reference Fund or 10% or more of the Reference Fund Assets or in respect of any hedge transaction established in connection with 10% or more of the Reference Fund Assets or make it unlawful or impracticable for the Bank to perform its obligations under the particular Note Securities 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 the Reference Units or 10% or more of the Reference Fund 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 the Reference Fund or 10% or more of the Reference Fund Assets 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 Note Securities 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 Units or a material number of Reference Fund Assets or a material and adverse effect on the economy or the trading of securities generally on any relevant Exchange or Related Exchange for the Reference Units or 10% or more of the Reference Fund 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 Note Securities 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 Note Securities that has been effected or may come into effect as described below under “Use of Proceeds and Hedging”.

The terms “Exchange”, “Exchange Day”, “Related Exchange” and “Valuation Date” have the meaning ascribed thereto above under “– Extraordinary Events affecting Equity Linked Note Securities”, with the relevant adjustments to reflect their application to Reference Units and/or Reference Fund Assets instead of Reference Shares.

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 “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.

Special Adjustment Events for Exchange-Traded Funds

The Underlying Interest comprised of units, shares or other securities of exchange-traded funds will be subject to the following adjustments:

(a) Following the declaration by the Reference Fund of the terms of any Potential Adjustment Event in respect of its Reference Units, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the relevant Reference Unit and, if so, may (i) make the corresponding adjustments, if any, to any one or more of the initial price of the Reference Units, the formula for calculating the return of the Reference Units, or any other component or variable relevant to the determination of the Maturity Consideration for the particular Note Securities as the Calculation Agent determines appropriate to account for the diluting or concentrative effect and (ii) determine the effective date of the adjustments. The Calculation Agent may, but need not, determine any appropriate adjustments by reference to the adjustments in respect of such Potential Adjustment Event made by an options exchange to options on the Reference Units traded on such options exchange. Unless expressly provided below, the Calculation Agent will make no adjustment in respect of any distribution of cash. A “Potential Adjustment Event” means, as determined by the Calculation Agent acting in good faith, any event that may have a diluting or concentrative effect on the theoretical value of the relevant Reference Units, including a subdivision, consolidation or reclassification of the Reference Units, an extraordinary dividend and shareholder right distribution.

(b) On or after the closing of a Merger Event, the Calculation Agent, acting in its sole and entire discretion, will either (i) (A) make adjustment(s), if any, to any one or more of the initial price of the Reference Units, the formula for calculating the return of the Reference Units, or any other component or variable relevant to the determination of the Maturity Consideration for the particular Note Securities as the Calculation Agent determines appropriate to account for the economic effect on the particular Note

Securities of the relevant Merger Event, which may, but need not, be determined by reference to the adjustments made in respect of such Merger Event by an options exchange to options on the Reference Units traded on such options exchange, and (B) determine the effective date of the adjustments, or (ii) if the Calculation Agent determines that no adjustments that it could make under (i) will produce a commercially reasonable result, the Calculation Agent may deem the relevant Merger Event to be a Fund Reallocation Event, subject to the provisions of "Fund Reallocation Event" above. The term "Merger Event" has the same meaning ascribed thereto above under "– Extraordinary Events affecting Equity Linked Note Securities" with the relevant adjustments to reflect its application to Reference Units instead of Reference Shares.

Extraordinary Events affecting Commodity Linked Note Securities

Unless otherwise specified in the applicable pricing supplement, the Underlying Interest of Commodity Linked Note Securities will be subject to the adjustments provided hereunder.

Substitution Event

Upon the occurrence of a Substitution Event in respect of a Reference Commodity (the "Deleted Commodity") as determined by the Calculation Agent, the following will apply (the "Substitution Date"):

(a) the Bank may choose (in its entire discretion) a new comparable commodity (the "Replacement Reference Commodity") as a substitute for such Deleted Commodity;

(b) such Deleted Commodity will be deleted from the Underlying Interest and will not be considered as a Reference Commodity for purposes of determining the price or return of the Reference Commodity on or after the Substitution Date;

(c) the Replacement Reference Commodity will be the Reference Commodity and the primary exchange or market quotation system on which such Replacement Reference Commodity is traded will be the Exchange in respect of such Replacement Reference Commodity; and

(d) the Calculation Agent will determine the price of such Replacement Reference Commodity by reasonably taking into account all relevant market circumstances, including the price of the Deleted Commodity and the price or estimated value on the Substitution Date of the Deleted Commodity and the price on the Substitution Date of the Replacement Reference Commodity, and will make adjustments, if any, to any one or more of the formula for calculating the price of such Replacement Reference Commodity, or any other component or variable relevant to the determination of the price of the Replacement Reference Commodity or the Maturity Consideration as the Calculation Agent determines appropriate to account for the economic effect on the particular Note Securities of the relevant Substitution Event (including adjustments to account for changes in volatility or liquidity relevant to the applicable substitution).

Upon choosing a Replacement Reference Commodity, holders will be advised of any such replacement through a notice given in the manner described under "Description of the Note Securities – Notice to Holders" with a written notice to the Dealers. The Bank may alternatively decide, in its entire discretion, not to choose a Replacement Reference Commodity as a substitute for a Deleted Commodity, including if the Bank determines that there is no appropriate comparable commodity traded on a major exchange or trading system which offers sufficient liquidity in order for the Bank or its affiliates to place, maintain or modify hedges in respect of such commodity. See "Extraordinary Non Replacement Event" below.

"Substitution Event" means, in respect of a Reference Commodity, the occurrence and continuation for at least five consecutive applicable business days of a Market Disruption Event in respect of such Reference Commodity.

Extraordinary Non Replacement Event

If the Calculation Agent determines that a Substitution Event in respect of a Reference Commodity has occurred and the Bank, in its sole discretion, has decided not to choose a Replacement Reference Commodity as a substitute for such Reference Commodity whether because the Bank has determined that there is no appropriate replacement commodity which offers sufficient comparable attributes including, but not limited to markets, currency, liquidity, volatility of such Reference Commodity and ability for the Bank or its affiliates to place, maintain or modify hedges in respect of such Reference Commodity or for any other reason (an "Extraordinary Non Replacement Event"), then the Bank may, in its sole discretion, (i) in the event where the Underlying Interest is a reference portfolio comprising more than one Reference Commodity or comprising other assets, securities and/or reference items, decide to continue the reference portfolio without such Deleted Commodity and make the necessary adjustments such that thereafter, the reference portfolio return will be calculated on the basis of the remaining Reference Commodities and other assets, securities and/or reference items, where the weighting of the Deleted Commodity will be reallocated proportionally to the remaining Reference Commodities and other assets, securities and/or reference items and make the necessary adjustments so that the return generated on such Deleted Commodity up to the event leading to such Extraordinary Non Replacement Event is taken into account as at such date or (ii) otherwise decide to treat the Extraordinary Non Replacement Event as a Special Circumstance and proceed with a Reimbursement Under Special Circumstances. See "Description of the Note Securities – Reimbursement Under Special Circumstances and Payment".

Market Disruption Event

If the Calculation Agent determines that a Market Disruption Event in respect of a Reference Commodity has occurred and is continuing on the applicable Valuation Date, then the price of the commodity will be calculated on the basis that the Valuation Date will be postponed for the purposes of the affected Reference Commodity only (and not other Reference Commodities or other assets, securities 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 effect in respect of such commodity.

However, there will be a limit for postponement of the Valuation Date. If on the fifth business day following the date originally scheduled as the Valuation Date, the Valuation Date has not occurred, then despite the occurrence or continuation of a Market Disruption Event in respect of such Reference Commodity on or after such fifth business day:

(a) such fifth business day will be the Valuation Date in respect of such Reference Commodity; and

(b) the price of such Reference Commodity for such Valuation Date used for determining the return of the Reference Commodity, the Maturity Consideration or any other payment based on the price of the Reference Commodity will be a value equal to the Calculation Agent's estimate of the price of such Reference Commodity as at such Valuation Date, reasonably taking into account relevant market circumstances and subject to confirmation by a Calculation Expert as provided under "Description of the Note Securities – Calculation Expert".

A Market Disruption Event may delay the determination of the price of the Reference Commodity and consequently the calculation of the Maturity Consideration for the particular Note Securities or other payment based on Reference Commodity that may be payable. Payment of the Maturity Consideration for the particular Note Securities or other payment based on the price of the Reference Commodity that may be payable, will be made on the fifth business day after the prices and returns of all Reference Commodities and other assets, securities and/or reference items used in the calculation of the Maturity Consideration for the Note Securities or other payment based on the price of the Reference Commodity that may be payable have been determined.

In addition, if prior to the Valuation Date for the determination of the Maturity Consideration for the Note Securities, a Market Disruption Event occurs and continues for at least five consecutive business days, then (i) such occurrence could constitute a Substitution Event and lead to the adjustments set forth under "Description of the Note Securities – Extraordinary Events affecting Commodity Linked Note Securities - Substitution Event", or (ii) the Bank may, in its sole discretion, treat this as a Special Circumstance and proceed with a Reimbursement Under Special Circumstances. See "Description of the Note Securities – Reimbursement Under Special Circumstances and Payment".

"Market Disruption Event" means, in respect of a Reference Commodity, 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 Note Securities and such Reference Commodity. A Market Disruption Event may include, without limitation, any of the following events:

(a) any suspension of or limitation imposed on trading by the Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the Exchange or Related Exchange or otherwise (i) relating to the commodity on the Exchange(s), or (ii) in Futures Contracts or options contracts or relating to the commodity on any relevant Related Exchange;

(b) the closure ("Early Closure") on any Exchange Day of the Exchange or any Related Exchange prior to its scheduled closing time unless such earlier closing time is announced by such Exchange or Related Exchange at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange or Related Exchange on such Exchange Day and (ii) the submission deadline for orders to be entered into the 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 (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, the commodity on the Exchange, or (ii) to effect transactions in, or obtain market values for, futures contracts or options contracts relating to the commodity on any Related Exchange;

(d) the failure on any Exchange Day of the Exchange or any Related Exchange to open for trading during its regular trading session;

(e) 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 (including without limitation from the Commodity Futures Trading Commission or other applicable regulatory body), which would have a material adverse effect on a holder of the commodity or in respect of any hedge transaction established in connection with the commodity or make it unlawful or impracticable for the Bank to perform its obligations under the Note Securities 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 such commodity;

(f) 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 any applicable Exchange or Related Exchange is located;

(g) 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 Note Securities 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 such commodity or a material and adverse effect on the economy or the trading of commodities and/or securities generally on any relevant Exchange or Related Exchange;

(h) 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 Note Securities or in the cost of realizing, recovering or remitting the proceeds of any such hedging transaction; or

(i) 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 Note Securities that has been effected or may come into effect as described under "Use of Proceeds and Hedging".

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 "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.

The term "Exchange" means the primary exchange or trading system on which the Reference Commodity is traded from time to time, as determined by the Calculation Agent, any successor to such exchange or any substitute exchange to which trading in the commodity is temporarily located (provided that the Calculation Agent has determined that there is comparable liquidity relative to the Reference Commodity on such temporary substitute exchange as on the original Exchange).

"Exchange Day" means, in respect of a commodity, any day on which the Exchange for that commodity is scheduled to be open for trading during the regular trading sessions.

"Related Exchange" means, in respect of a commodity, the primary exchange or any successor to such exchange, or trading system or any successor to such trading system, on which futures or options on the commodity are listed and traded from time to time, as determined by the Calculation Agent.

"Valuation Date" has the meaning ascribed thereto above under "– Extraordinary Events affecting Equity Linked Note Securities".

Extraordinary Events affecting Debt Linked Note Securities

Unless otherwise specified in the applicable pricing supplement, the Underlying Interest of Debt Linked Note Securities will be subject to the adjustments provided hereunder.

Substitution Event

Upon the occurrence of a Substitution Event in respect of a Reference Obligation (the "Deleted Obligation") as determined by the Calculation Agent, the following will apply (the "Substitution Date"):

(a) the Bank may choose (in its entire discretion) a new obligation (the "Replacement Reference Obligation") comparable in terms of credit rating and issuer type as a substitute for such Deleted Obligation;

(b) such Deleted Obligation will be deleted from the Underlying Interest and will not be considered as a Reference Obligation for purposes of determining the price or return of the Reference Obligation on or after the Substitution Date;

(c) the Replacement Reference Obligation will be the Reference Obligation and the primary exchange or market quotation system on which such Replacement Reference Obligation is traded will be the Exchange in respect of such Replacement Reference Obligation; and

(d) the Calculation Agent will determine the price of such Replacement Reference Obligation by reasonably taking into account all relevant market circumstances, including the price of the Deleted Obligation and the price or estimated value on the Substitution Date of the Deleted Obligation and the price on the Substitution Date of the Replacement Reference Obligation, and will make adjustments, if any, to any one or more of the formula for calculating the price of such Replacement Reference Obligation, or any other component or variable relevant to the determination of the price of the Replacement Reference Obligation or the Maturity Consideration as the Calculation Agent determines appropriate to account for the economic effect on the particular Note Securities of the relevant Substitution Event (including adjustments to account for changes in volatility or liquidity relevant to the applicable substitution).

Upon choosing a Replacement Reference Obligation, holders will be advised of any such replacement through a notice given in the manner described under "Description of the Note Securities – Notice to Holders" with a written notice to the Dealers. The Bank may alternatively decide, in its entire discretion, not to choose a Replacement Reference Obligation as a substitute for a Deleted Obligation, including if the Bank determines that there is no appropriate comparable obligation which offers sufficient liquidity in order for the Bank or its affiliates to place, maintain or modify hedges in respect of such obligation. See "Extraordinary Non Replacement Event" below.

"Substitution Event" means, in respect of a Reference Obligation, the occurrence and continuation for at least five consecutive applicable business days of a Market Disruption Event in respect of such Reference Obligation.

Extraordinary Non Replacement Event

If the Calculation Agent determines that a Substitution Event in respect of a Reference Obligation has occurred and the Bank, in its sole discretion, has decided not to choose a Replacement Reference Obligation as a substitute for such obligation whether because the Bank has determined that there is no appropriate replacement obligation which offers sufficient comparable attributes including, but not limited to markets, currency, liquidity, volatility of such obligation and ability for the Bank or its affiliates to place, maintain or modify hedges in respect of such obligation or for any other reason (an "Extraordinary Non Replacement Event"), then the Bank may, in its sole discretion, (i) in the event where the Underlying Interest is a reference portfolio comprising more than one Reference Obligation or comprising other assets, securities and/or reference items, decide to continue the reference portfolio without such Deleted Obligation and make the necessary adjustments such that thereafter, the reference portfolio return will be calculated on the basis of the remaining obligations and other assets, securities and/or reference items, where the weighting of the Deleted Obligation will be reallocated proportionally to the remaining obligations and other assets, securities and/or reference items and make the necessary adjustments so that the return generated on such Deleted Obligation up to the event leading to such Extraordinary Non Replacement Event is taken into account as at such date or (ii) otherwise decide to treat the Extraordinary Non Replacement Event as a Special Circumstance and proceed with a Reimbursement Under Special Circumstances. See "Description of the Note Securities – Reimbursement Under Special Circumstances and Payment".

Market Disruption Event

If the Calculation Agent determines that a Market Disruption Event in respect of a Reference Obligation has occurred and is continuing on the applicable Valuation Date, then the price of the Reference Obligation will be calculated on the basis that the Valuation Date will be postponed for the purposes of the affected Reference Obligation only (and not other Reference Obligations 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 Obligation.

However, there will be a limit for postponement of the Valuation Date. If on the fifth business day following the date originally scheduled as the Valuation Date, the Valuation Date has not occurred, then despite the occurrence or continuance of a Market Disruption Event in respect of such Reference Obligation on or after such fifth business day: (a) such fifth business day will be the Valuation Date in respect of such Reference Obligation; and (b) the price of the Reference Obligation will be a value equal to the Calculation Agent's estimate of the price thereof as at such Valuation Date, reasonably taking into account relevant market circumstances and subject to confirmation by a Calculation Expert as provided under "Description of the Note Securities – Calculation Expert".

A Market Disruption Event may delay the determination of the price of the Reference Obligation and consequently the calculation of the Maturity Consideration for the particular Note Securities or other payment based on the price of the Reference Obligation that may be payable. Payment of the Maturity Consideration for the particular Note Securities or other payment based on the price of the Reference Obligation will be made on the fifth business day after the price of all Reference Obligations and other securities, assets and/or reference items used in the calculation of the Maturity Consideration for the particular Note Securities or other payment based thereon have been determined.

In addition, if prior to the Valuation Date for the determination of the Maturity Consideration or other payment for the particular Note Securities, 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 "Description of the Note Securities – Reimbursement Under Special Circumstances".

"Market Disruption Event" means, in respect to a Reference Obligation, 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 Note Securities and such Reference Obligation. A Market Disruption Event may include, without limitation, any of the following events:

(a) the absence or suspension of or limitation on trading of the Reference Obligation on the over-the-counter market for the Reference Obligation;

(b) the absence or suspension of or limitation on trading either imposed by a primary exchange or trading system on which futures or options on the Reference Obligation are listed and traded from time to time, as determined by the Calculation Agent or otherwise;

(c) any event that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, the Reference Obligation, or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to the Reference Obligation;

(d) 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 the Reference Obligation or in respect of any hedge transaction established in connection with the Reference Obligation or make it unlawful or impracticable for the Bank to perform its obligations under the Note Securities 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 the Reference Obligation;

(e) 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;

(f) 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 Note Securities 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 Obligation or a material and adverse effect on the economy or the trading of Canadian corporate or government bonds generally;

(g) 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 Note Securities or in the cost of realizing, recovering or remitting the proceeds of any such hedging transaction; or

(h) 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 Note Securities that has been effected or may come into effect.

Extraordinary Events affecting Currency Linked Note Securities

Unless otherwise specified in the applicable pricing supplement, the Underlying Interest of Currency Linked Note Securities will be subject to the adjustments provided hereunder.

Market Disruption Event

If the Calculation Agent determines that a Market Disruption Event in respect of a Reference Currency has occurred and is continuing on the applicable Valuation Date, then the level of the Reference Currency will be calculated on the basis that the Valuation Date will be postponed for the purposes of the affected Reference Currency only (and not other Reference Currencies 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 Currency.

However, there will be a limit for postponement of the Valuation Date. If on the fifth business day following the date originally scheduled as the Valuation Date, the Valuation Date has not occurred, then despite the occurrence or continuance of a Market Disruption Event in respect of such Reference Currency on or after such fifth business day: (a) such fifth business day will be the Valuation Date in respect of such Reference Currency; and (b) the level of the Reference Currency and the corresponding exchange rate therefor will be equal to the Calculation Agent's estimate of the level thereof and exchange rate therefor as at such Valuation Date, reasonably taking into account relevant market circumstances and subject to confirmation by a Calculation Expert as provided under "Description of the Note Securities – Calculation Expert".

A Market Disruption Event may delay the determination of the level and exchange rate of the Reference Currency and consequently the calculation of the Maturity Consideration for the particular Note Securities or other payment based on the level of and exchange rate for the Reference Currency that may be payable. Payment of the Maturity Consideration for the particular Note Securities or other payment based on the level of and exchange rate for the Reference Currency will be made on the fifth business day after the level of all Reference Currencies and other securities, assets and/or reference items used in the calculation of the Maturity Consideration for the particular Note Securities or other payment based thereon have been determined.

In addition, if prior to the Valuation Date for the determination of the Maturity Consideration or other payment for the particular Note Securities 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 "Description of the Note Securities – Reimbursement Under Special Circumstances".

"Market Disruption Event" means, in respect to a Reference Currency, 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 Note Securities and such Reference Currency. A Market Disruption Event may include, without limitation, any of the following events:

(a) the absence or suspension of or limitation on trading of the Reference Currency on the over-the-counter market for the Reference Currency;

(b) the absence or suspension of or limitation on trading either imposed by a primary exchange or trading system on which futures or options on the Reference Currency are listed and traded from time to time, as determined by the Calculation Agent or otherwise;

(c) any event that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, the Reference Currency, or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to the Reference Currency;

(d) 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 the Reference Currency or in respect of any hedge transaction established in connection with the Reference Currency or make it unlawful or impracticable for the Bank to perform its obligations under the Note Securities 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 the Reference Currency or exchange rates relating thereto;

(e) 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;

(f) 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 Note Securities 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 Currency or exchange rates relating thereto or a material and adverse effect on the economy or the trading of currencies generally;

(g) 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 Note Securities or in the cost of realizing, recovering or remitting the proceeds of any such hedging transaction; or

(h) 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 Note Securities that has been effected or may come into effect.

Extraordinary Events affecting Interest Rate Linked Note Securities

Unless otherwise specified in the applicable pricing supplement, the Underlying Interest of Interest Rate Linked Note Securities will be subject to the adjustments provided hereunder.

Market Disruption Event

If the Calculation Agent determines that a Market Disruption Event in respect of a Reference Rate has occurred and is continuing on the applicable Valuation Date, then the level of the Reference Rate will be calculated on the basis that the Valuation Date will be postponed for the purposes of the affected Reference Rate only (and not other Reference Rates 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 Rate.

However, there will be a limit for postponement of the Valuation Date. If on the fifth business day following the date originally scheduled as the Valuation Date, the Valuation Date has not occurred, then despite the occurrence or continuance of a Market Disruption Event in respect of such Reference Rate on or after such fifth business day: (a) such fifth business day will be the Valuation Date in respect of such Reference Rate; and (b) the level of the Reference Rate will be a value equal to the Calculation Agent's estimate of the level thereof as at such Valuation Date, reasonably taking into account relevant market circumstances and subject to confirmation by a Calculation Expert as provided under "Description of the Note Securities – Calculation Expert".

A Market Disruption Event may delay the determination of the level of the Reference Rate and consequently the calculation of the Maturity Consideration for the particular Note Securities or other payment based on the level of the Reference Rate that may be payable. Payment of the Maturity Consideration for the particular Note Securities or other payment based on the level of the Reference Rate will be made on the fifth business day after the price and/or level of all Reference Rates and other securities, assets and/or reference items used in the calculation of the Maturity Consideration for the particular Note Securities or other payment based thereon have been determined.

In addition, if prior to the Valuation Date for the determination of the Maturity Consideration or other payment for the particular Note Securities, 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 "Description of the Note Securities – Reimbursement Under Special Circumstances".

"Market Disruption Event" means, in respect to a Reference Rate, 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 Note Securities and such Reference Rate. A Market Disruption Event may include, without limitation, any of the following events:

(a) the absence or suspension of or limitation on trading either imposed by a primary exchange or trading system on which futures or options on the Reference Rate are listed and traded from time to time, as determined by the Calculation Agent or otherwise;

(b) any event that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, the Reference Rate, or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to the Reference Rate;

(c) 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 the Reference Rate or in respect of any hedge transaction established in connection with the Reference Rate or make it unlawful or impracticable for the Bank to perform its obligations under the Note Securities 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 the Reference Rate;

(d) 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;

(e) 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 Note Securities 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 Rate or a material and adverse effect on the economy or the trading of related interest rate instruments in the domicile country of Reference Rate;

(f) 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 Note Securities or in the cost of realizing, recovering or remitting the proceeds of any such hedging transaction; or

(g) 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 Note Securities that has been effected or may come into effect.

Credit Ratings

The Note Securities have not been rated by any rating agencies. Reference is made to the Annual Information Form, incorporated by reference herein, under "Capital Structure – Credit Ratings" and under "Appendix A – Explanation of Ratings" for a description of the ratings assigned to the outstanding securities of the Bank. There can be no assurance that, if the Note Securities were specifically rated by a rating agency, they would have the same ratings as the ratings of the Bank for its long-term senior debt or any other securities.

Ratings are intended to provide investors with an independent assessment of the credit quality of an issue or issuer of securities and do not speak to the suitability of particular securities for any particular investor. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the rating organization. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be withdrawn or revised entirely by a rating agency at any time if in its judgment circumstances so warrant. Prospective investors should consult the rating agencies with respect to the interpretation and implications of ratings.

The Bank made payments to Standard & Poor's, DBRS, Moody's and Fitch Ratings (as such rating agencies are defined in the Annual Information Form incorporated by reference herein) in connection with the assignment of ratings on its rated instruments. In addition, the Bank has or may have made payments in respect of certain other services provided to the Bank by each of such rating agencies during the last two years.

Notice to Holders

All notices to the holders of Note Securities regarding the Note Securities will be validly given if (i) given through CDS to CDS participants or (ii) published once in a widely circulated edition of a French language Québec newspaper and in the national edition of a widely circulated edition of an English language Canadian newspaper, or (iii) by mail or electronic mail to holders of Note Securities or (iv) posted on the web site www.nbcstructuredsolutions.ca, a dedicated web site containing information on the Note Securities.

USE OF PROCEEDS AND HEDGING

Unless otherwise specified in a pricing supplement, the Bank will use the net proceeds received from the sale of the Note Securities for general banking purposes. The Bank and/or its affiliates may use the proceeds in transactions intended to hedge the Bank's obligations under the particular Note Securities as described below, including forward and option contracts of the nature described in the applicable pricing supplement and other transactions, including the transactions described below.

In anticipation of the sale of Linked Note Securities of a series, the Bank and/or its affiliates expect to enter into hedging transactions involving purchases and/or sales of securities, property, contracts or other elements comprising or relating to the Underlying Interest ("Underlying Interest Constituents") and/or listed and/or over-the-counter options or futures on the Underlying Interest Constituents prior to or on or after the date of issuance of the particular Note Securities. Unless otherwise specified in a pricing supplement, from time to time, the Bank and/or its affiliates may enter into additional hedging transactions or unwind those they have entered into.

In this regard, the Bank and/or its affiliates may, among other things:

(a) acquire or dispose of Underlying Interest Constituents;

(b) acquire or dispose of long or short positions in listed or over-the-counter options, futures, exchange-traded funds or other instruments based on the level or price of Underlying Interest Constituents;

(c) acquire or dispose of long or short positions in listed or over-the-counter options, futures, or other instruments based on the level or price of other securities, property, contracts or elements similar to the Underlying Interest Constituents; or

(d) any combination of the above.

The Bank and/or its affiliates may issue or acquire a long or short position in securities similar to the Note Securities of any series from time to time and may, in their sole discretion, hold or resell those securities. The Bank and/or its affiliates may close out their hedge on or before any Valuation Date. That step may involve sales or purchases of an Underlying Interest, listed or over-the-counter options or futures on the Underlying Interest or listed or over-the-counter options, futures or other instruments based on the price or level of the Underlying Interest Constituents or other instrument designed to hedge the Bank's obligations under the particular Note Securities.

The hedging activity discussed above may adversely affect the market value of the Note Securities of any series from time to time. See "Risk Factors – Hedging Transactions may affect the Underlying Interest" herein and in the applicable pricing supplement for a discussion of these adverse effects.

The Bank may benefit from the difference between the amount it is obligated to pay under the particular Note Securities, net of related expenses, and the returns it may generate in hedging such obligation.

Governing Law

The Note Securities will be governed by and construed in accordance with the laws of the Province of Québec and the laws of Canada applicable therein and the courts of the Canadian Provinces will have exclusive jurisdiction with respect to any matters arising out of this prospectus or any matter related to the Note Securities.

RISK FACTORS

An investment in the Note Securities involves certain risks. Holders should, in consultation with their own financial and legal advisers, carefully consider, among other matters, the following discussion of risks, as well as any discussion of risks contained in a pricing supplement relating to a specific offering of Note Securities, before deciding whether an investment in the Note Securities is suitable. The Note Securities are not a suitable investment for a prospective purchaser who does not understand their terms or the risks involved in holding the Note Securities.

Bank's creditworthiness

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. Because the obligation to make payments to holders of the Note Securities is incumbent upon the Bank, the likelihood that such holders will receive the Maturity Consideration and any other payment under the Note Securities will be dependent upon the financial health and creditworthiness of the Bank.

We refer you to the risks described in the section entitled "Management's Discussion and Analysis" including the subsection "Risk Management" of the section entitled "Management's Discussion and Analysis" contained in the Bank's Annual Report for the year ended October 31, 2015 and Management's Discussion and Analysis for interim and annual periods subsequent to the date of this Prospectus. These 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 Note Securities. In addition, real or anticipated changes in credit ratings can affect the cost at which the Bank can transact or obtain funding, and hereby affect the Bank's liquidity, business, financial condition or results of operations.

The Note Securities will not be insured under the Canada Deposit Insurance Corporation Act or any other deposit insurance regime

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.

The Note Securities do not guarantee return of the Principal Amount at maturity and investors could lose substantially all their investment in the Note Securities

Unless otherwise specified in a pricing supplement, the principal amount of the Note Securities will not be guaranteed (other than a minimum of 1%) and the Note Securities may return less than and possibly even none of the principal amount invested (other than a minimum of 1%). 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 and as a result, the value of the Note Securities, and the Maturity Consideration to be received at maturity, will fluctuate with the level of the Underlying Interest and may be less than the principal amount depending on the performance of the Underlying Interest. Historical performance levels of the Underlying Interest should not be considered as any indication of the future performance thereof.

Principal at risk; Structural risks of Linked Note Securities

Note Securities linked to Underlying Interests will carry significant risks not associated with a conventional fixed rate or floating rate debt security. These risks include fluctuation in the price or level of the Underlying Interests and the possibility (depending on the terms of the particular Note Securities) that a holder will receive a lower amount of principal and a lower, or no, amount of premium or interest, or that a holder may receive such payments at different times than expected. The Bank has no control over a number of matters, including economic, financial and political events that are important in determining the existence, magnitude and longevity of these risks and their results. In addition, if an Underlying Interest used to determine any amounts payable in respect of the Note Securities contains a multiplier or leverage factor, the effect of any change in that Underlying Interest will be magnified. In recent years, values of certain Underlying Interests have been volatile, and volatility in those and other underlying interests may be expected in the future. However, past experience is not necessarily indicative of what may occur in the future.

Uncertain trading market for the Note Securities; Many factors affect the trading value of the Note Securities; Offer prices for Linked Note Securities may not reflect the return of the Underlying Interest

Investors should be willing to hold their Note Securities to maturity. Unless otherwise specified in the applicable pricing supplement, there is no market through which the Note Securities may be sold and purchasers may not be able to resell Note Securities purchased under this Prospectus. This may affect the pricing of the Note Securities in the secondary market, the transparency and availability of trading prices, the liquidity of the Note Securities, and the extent of issuer regulation.

There can be no assurance that a trading market for the Note Securities will ever develop or be maintained. Unless otherwise specified in the applicable pricing supplement, the Note Securities will not be listed on any exchange.

If the secondary market for the particular 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 such a holder will receive. Moreover, the Market Makers (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. National Bank Financial Inc. ("NBF") is a wholly-owned subsidiary of the Bank. Under the Note Securities, the interests of the holders and the Bank may be different. Whenever acting as Market Maker, NBF will carry out its market making activities in good faith and in accordance with applicable regulations governing its business.

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

Many factors independent of the Bank's creditworthiness may affect the trading in the particular Note Securities. These factors include:

- the complexity and volatility of the underlying interest rate or other Underlying Interest applicable to the particular Note Securities if they are linked to one or more interest rates or other Underlying Interest;
- the method of calculating the principal, premium, interest and any other amount due;
- the time remaining to the maturity;
- the outstanding amount of the particular Note Securities;
- the redemption features, if any;
- for Linked Note Securities, the amount of other securities linked to the Underlying Interest applicable to the particular Note Securities;
- the supply and demand for the particular Note Securities;
- the inventory positions with the Market Makers;
- the creditworthiness of the Bank; and
- 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 some Note Securities are designed for specific investment objectives or strategies, these Note Securities will have a more limited trading market and may experience more price volatility. There may be a more limited number of buyers for these Note Securities. This may affect the price a holder receives for these Note Securities or a holder's ability to sell these Note Securities at all.

Holders choosing to sell their Linked Note Securities 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 Note Securities prior to maturity may be at a discount, which could be substantial, from the Maturity Consideration that would be payable if the particular 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.

Risks relating to unsecured nature of the Note Securities

The Note Securities 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 Note Securities on such assets to the extent that such security did not satisfy such secured indebtedness.

Redemption may adversely affect the return on the Note Securities

If Note Securities are redeemable or are otherwise subject to mandatory redemption, such Note Securities may be redeemed at times when prevailing interest rates may be relatively low. In such case, a holder generally would not be able to reinvest the redemption proceeds at a comparable effective interest rate. Moreover, upon redemption prior to maturity, a holder may not be able to participate fully in the return that might have occurred over the full term of the Note Securities.

The Note Securities could be redeemed prior to maturity under a Reimbursement Under Special Circumstances

Upon the occurrence of a Special Circumstance, the Bank may redeem the Note Securities 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.

Risks relating to Note Securities in foreign currencies

Note Securities 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. These risks will vary depending upon the currency or currencies involved and will be more fully described in the applicable pricing supplement.

Reliance on the Calculation Agent

Unless otherwise specified in a pricing supplement, the Bank will be the Calculation Agent for the Note Securities. Subject to confirmation by the Calculation Expert as applicable, the Calculation Agent will be solely responsible for the determination and calculation of the Maturity Consideration, the Actualized NAV and any other determinations and calculations with respect to any payment in connection with the Note Securities, as well as for determining whether a Market Disruption Event for each of a Reference Share, a Reference Index, a Reference Unit, a Reference Commodity, a Reference Obligation, a Reference Currency and a Reference Rate has occurred and for making certain other determinations with regard to the Note Securities. All determinations and calculations made by the Calculation Agent, as confirmed by the Calculation Expert, when required, 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 Note Securities 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

Unless otherwise specified in the applicable pricing supplement, 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 Note Securities and in making certain other determinations with regard to the Note Securities. 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 Note Securities 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 Note Securities. 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 particular Note Securities.

Conflicts of interest may affect NBF

NBF, which may act as Market Maker for the Note Securities as described herein, is a wholly-owned subsidiary of the Bank. Under the Note Securities, the interests of the holders and the Bank may be different. NBF will carry out its market making activities in good faith and in accordance with applicable regulations governing its business.

Hedging transactions may affect the Underlying Interests

As described above under "Use of Proceeds and Hedging", the Bank and/or its affiliates may hedge the Bank's obligations under the particular Note Securities 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 Note Securities. 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 Note Securities declines. The Bank may benefit from the difference between the amount it is obligated to pay under the particular Note Securities, 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 Note Securities. 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 Note Securities.

The Valuation Date or the date on which the Maturity Consideration is payable may be postponed if a Market Disruption Event occurs on the Valuation Date

The determination of the price or return of the Underlying Interest may be postponed if the Calculation Agent determines that a Market Disruption Event has occurred or is continuing on the Valuation Date. If such a postponement occurs, the Calculation Agent will only be able to calculate the price or return of the Underlying Interest 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 Valuation Date be postponed by more than five business days. As a result, the date on which the Maturity Consideration for the particular Note Securities is due could also be postponed, although not by more than five business days. If the Valuation Date 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 Valuation Date. In such an event, the Calculation Agent will make a good faith estimate of the price or return of the Underlying Interest that would have prevailed in the absence of the Market Disruption Event.

Holders have no ownership interest in the Underlying Interest or the constituents thereof

An investment in the Note Securities 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 particular Note Securities and therefore will not be entitled to receive any dividends or similar amounts paid on the constituents of the Underlying Interest, nor will the holders be entitled to any recourse to the Underlying Interest or the constituents thereof to satisfy amounts owing under the particular Note Securities or to acquire constituents of the Underlying Interest or constituents thereof by virtue of their ownership of the particular Note Securities. 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 Note Securities are linked only to the Underlying Interests

Note Securities linked to Underlying Interests are linked only to such Underlying Interests. As a result, an investment in the Note Securities 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 Consideration of the particular Note Securities 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 Consideration of the Note Securities 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.

Regulatory change

There can be no assurance that income tax, securities and other laws will not be changed in a manner that will adversely affect investors in the Note Securities.

Legal Developments

In the federal budget tabled on March 22, 2016, the Government of Canada confirmed its intention to move forward with the rules proposed in the Taxpayer Protection and Bank Recapitalization Regime Consultation Paper, which outlines a proposed bail-in regime applicable to domestic systemically important banks (D-SIBs) that is in line with key international standards such as the FSB's Financial Stability Board's Key Attributes of Effective Resolution Regimes for Financial Institutions. On April 20, 2016, Canada's Finance Minister introduced draft legislation that creates a bail-in regime for D-SIBs. The shares and eligible liabilities that will be subject to the conversion powers mentioned in the draft legislation, as well as the terms and conditions of such conversion, will be prescribed by regulations. The draft legislation also provides that the Office of the Superintendent of Financial Institutions (OSFI) will require D-SIBs to maintain a minimum capacity to absorb losses. Higher loss absorbency requirements will be established to ensure that affected banks maintain sufficient capital to absorb the proposed conversions. The implementation date of the proposed regime has not yet been determined. The Bank continues to monitor bail-in regime developments, as additional details on implementation, scope and timing are expected to follow through regulations. If Note Securities were to fall within the scope of eligible liabilities under the regulations then, in the event that the Government of Canada determines that the Bank ceases or is about to cease being viable, such Note Securities could be permanently converted into common shares of the Bank.

Certain Risk Factors related to the Equity Linked Note Securities:

Trading prices

Historical returns of the Reference Shares should not be taken as an indication of their future returns. The trading prices of the Reference Shares will fluctuate and will determine their return, and it is impossible to predict whether such price or return will increase or decrease. Trading prices of the Reference Shares will be influenced by the interrelated political, economic, financial and other factors that can affect the capital markets generally and the equities markets on which the Reference Shares are traded, and by various circumstances that can influence the value of a particular security.

Exposure to equities

Holders of Note Securities linked to an Underlying Interest composed of equity securities will be exposed to equities. The value of most investments and, in particular, equity securities, is affected by changes in general market conditions and by changes in investors' perception of inflation expectations and the condition of the issuers of equity securities. These changes may be caused by actual or anticipated corporate developments, changes in interest rates, changes in the level of inflation, global or regional, political, economic or credit crises, and other political and economic developments. Theses changes can affect the price of equity securities which can move up or down, without any predictability.

Potential replacement of the Reference Shares

A Reference Share may be replaced with a Replacement Reference Share upon the occurrence of a Substitution Event. Although the Calculation Agent may make certain determinations in certain special circumstances to ensure that a Replacement Reference Share is designated, information regarding certain Replacement Reference Shares may not be readily available to holders, which may adversely affect the secondary market for trading in the particular Note Securities. Moreover, the return generated on such Replacement Reference Share may not be as good as the return that would have been generated by the Deleted Reference Share if it had not been replaced. Moreover, certain other adjustments events may occur in certain limited circumstances. See "Extraordinary Events affecting Equity Linked Note Securities" above.

Neither the Bank nor the Dealers make any representation or warranty as to the accuracy or completeness of the information regarding the Reference Shares

All information regarding the Reference Shares and the issuers thereof contained in a pricing supplement will be obtained from publicly available information, without independent verification. Unless otherwise specified in the applicable Pricing Supplement, neither the Bank nor the Dealers make any representation or warranty as to the accuracy or completeness of such information. Each holder, as an investor in the particular Note Securities, should make its own investigation regarding the issuers of the Reference Shares. Unless otherwise specified in the applicable Pricing Supplement, the Bank and/or its affiliates are not affiliated with the issuers of the Reference Shares and have no ability to control or predict their actions. Unless otherwise specified in the applicable Pricing Supplement, the issuers of the Reference Shares will not be involved in the offering of the Note Securities in any way and have no obligation to consider any interests of an owner of Note Securities in taking any actions that might affect the value of the Note Securities.

Certain Risk Factors related to the Index Linked Note Securities:

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 particular Note Securities. Moreover, the return generated on such Successor Reference Index may not be as good 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 Note Securities

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 particular Note Securities. Neither the Bank nor the Dealers make any representation or warranty as to the accuracy or completeness of the information regarding any Reference Index.

Neither the Bank nor the Dealers 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 a pricing supplement will be obtained from publicly available information, without independent verification. Neither the Bank nor the Dealers make any representation or warranty as to the accuracy or completeness of such information. Each holder, as an investor in the particular Note Securities, 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 Note Securities in any way and have no obligation to consider any interests as an owner of Note Securities in taking any actions that might affect the value of the Note Securities.

Exposure to certain types of investments

A Reference Index could be composed of equity securities, fixed income securities, commodities, currencies or interest rates. In such instances, the risk factors described herein under “Risk Factors – Certain Risk Factors related to Equity Linked Note Securities”, “Risk Factors – Certain Risk Factors related to Debt Linked Note Securities”, “Risk Factors – Certain Risk Factors related to Commodity Linked Note Securities”, under “Risk Factors – Certain Risk Factors related to Curreny Linked Note Securities”, under “Risk Factors – Certain Risk Factors related to Interest Rate Linked Note Securities” will be applicable and reference should be made thereto.

Certain Risk Factors related to the Fund Linked Note Securities:

Trading prices

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

Exposure to certain types of investments

A Reference Fund could be composed of equity securities, fixed income securities, commodities, currencies or interest rates. In such instances, the risk factors described herein under "Risk Factors – Certain Risk Factors related to Equity Linked Note Securities", "Risk Factors – Certain Risk Factors related to Debt Linked Note Securities", "Risk Factors – Certain Risk Factors related to Commodity Linked Note Securities", under "Risk Factors – Certain Risk Factors related to Currency Linked Note Securities", under "Risk Factors – Certain Risk Factors related to Interest Rate Linked Note Securities" will be applicable and reference should be made thereto.

Passive investment risk and replication risk

The objective of a Reference Fund could be to replicate any tracked index with no active management. In such cases, the Reference Fund will not be actively managed by traditional methods, and the manager of such Reference Fund will not attempt to take defensive positions in declining markets. Therefore, the adverse financial condition of an issuer represented in the tracked index will not necessarily result in the elimination of its securities held by such Reference Fund unless the securities are removed from the tracked index.

Counterparty credit risk and borrowing risk

Any Reference Fund may from time to time lend securities and enter into derivatives transactions as permitted by applicable regulations and in furtherance of its investment objectives. Such transactions expose the Reference Fund to the credit risk that the counterparty may be unable to meet its obligations, resulting in a loss for the Reference Fund.

In addition, the Reference Fund may borrow cash to fund dividends and/or distributions to its unitholders of amounts not yet received by the Reference Fund. Under these circumstances, if the Reference Fund does not receive such amounts from the applicable issuer, it would be required to repay the borrowed amount by disposing of portfolio assets.

Issuer concentration risk

The Reference Fund may invest more of its net assets in one or more issuers than is permitted for actively managed mutual funds. This may lower diversification and may make the general risk of equity investments and the volatility of the Reference Units relatively greater.

The performance of any Reference Fund will differ from the performance of the tracked index

With respect to a Note Security linked to a Reference Fund seeking to replicate an index, investors should recognize that there are a number of important differences between the Reference Fund and the tracked index, including the differences set forth below.

The Reference Fund will not replicate exactly the performance of the tracked index. The total return generated by the securities held by the Reference Fund will be reduced by transaction costs, including transaction costs incurred in adjusting the actual balance of the securities held by the Reference Fund, whereas such transaction costs and expenses are not included in the calculation of the returns of the tracked index. It is also possible that, for a short period of time, the Reference Fund may not fully replicate the performance of the tracked index due to the temporary unavailability of certain securities in the secondary market or otherwise or due to other extraordinary circumstances. It is also possible that the Reference Fund will not fully replicate the performance of the tracked index where the Reference Fund's expenses exceed income received from the underlying securities. A deviation could also occur in the tracking of the Reference Fund with the tracked index due to transaction costs, corporate actions (such as mergers and spin-offs) and timing variances. A deviation could occur in the tracking of the tracked index level for a variety of reasons including, for example, where the Reference Fund tenders under a successful takeover bid for less than all tracked index securities where the tracked index constituent is not taken out of the tracked index and the Reference Fund buys replacement tracked index securities for more than the takeover bid proceeds.

The Reference Fund may include securities not included in the tracked index. The Reference Fund may invest in futures contracts in order to provide market exposure for cash held by the Reference Fund and may also hold money market instruments, securities of money market funds or cash to meet its current obligations. The Reference Fund may lend securities or invest in or use derivative instruments, including futures contracts, provided that such securities lending and use of such derivative instruments is in compliance with applicable regulations and is consistent with the investment objective and strategy of the Reference Fund.

Moreover, adjustments to the Reference Fund portfolio necessitated by adjustments to the tracked index will depend on the ability the manager and third parties on which it relies for transactions to perform their respective obligations. Failure to perform their obligations could result in some deviation in the tracking of the tracked index by the Reference Units.

In addition, investors should recognize that there are differences between the trading price of the Reference Units and the net asset value of the Reference Units. The Reference Units may trade below, at, or above their net asset value per unit. The net asset value per unit will fluctuate with changes in the market value of the Reference Fund's holdings. The trading prices of the Reference Units will fluctuate in accordance with changes in the Reference Fund's net asset value per unit, as well as market supply and demand on the Exchange and other factors.

Calculation and termination of the tracked index

The tracked index is maintained and calculated by the tracked index provider. The tracked index provider has reserved the right to make adjustments to the tracked index or to cease calculating the tracked index without regard to the particular interests of the Reference Fund, its manager or its unitholders, but rather solely with a view to the original purpose of the tracked index. Trading in the Reference Units may be suspended for a period of time if, for whatever reason, the calculation of the tracked index is delayed. In the event the tracked index ceases to be calculated or is discontinued, the Reference Fund manager may terminate the Reference Fund, change the investment objective of the Reference Fund to invest in underlying securities or to seek to replicate an alternative index, or make such other arrangements as it considers appropriate and in the best interests of unitholders in the circumstances.

Neither the Bank nor the Dealers make any representation or warranty as to the accuracy or completeness of the information regarding the Reference Fund

All information regarding any Reference Fund contained in a pricing supplement will be obtained from publicly available information, without independent verification. Neither the Bank nor the Dealers make any representation or warranty as to the accuracy or completeness of such information. Each holder, as an investor in the particular Note Securities, should make its own investigation regarding any Reference Fund. The Bank and/or its affiliates are not affiliated with any Reference Fund or their manager and have no ability to control or predict its actions. The Reference Fund will not be involved in the offering of the Note Securities in any way and has no obligation to consider any interests as an owner of Note Securities in taking any actions that might affect the value of the Note Securities.

Certain Risk Factors related to the Commodity Linked Note Securities:

Commodity prices may change unpredictably and can be very volatile, affecting the return of the Underlying Interest and the value of the Note Securities in unforeseeable ways

Trading in futures contracts and commodities is speculative and can be extremely volatile. Market prices of commodities may fluctuate rapidly based on numerous factors, including: changes in supply and demand relationships; weather; agriculture; trade; fiscal, monetary, and exchange control programs; domestic and foreign political and economic events and policies; disease; pestilence; technological developments and changes in interest rates. These factors may affect the value of the related contracts and the value of the Note Securities in varying ways, and different factors may cause the value of different commodities comprising the Underlying Interest, and the volatilities of their prices, to move in inconsistent directions at inconsistent rates.

Suspension or disruption of market trading in the Reference Commodities and related futures markets may affect the value of the Note Securities

The commodity markets are subject to temporary distortions or other disruptions due to various factors, including the lack of liquidity in the markets, the participation of speculators, and government regulation and intervention. Certain exchanges and regulatory authorities such as the Commodity Futures Trading Commission, commonly referred to as “CFTC,” could suspend or terminate trading in a particular futures contract or futures contracts in order to address market emergencies. In addition, many futures exchanges have regulations that limit the amount of fluctuation in futures contract prices which may occur during a single business day. These limits are generally referred to as “daily price fluctuation limits” and the maximum or minimum price of a contract on any given day as a result of these limits is referred to as a “limit price”. These circumstances may affect the performance of the Reference Commodities and, as a result, may affect the market value of the particular Note Securities and the amounts payable thereunder.

Once the limit price has been reached in a particular contract, no trades may be made at a different price. Limit prices have the effect of precluding trading in a particular contract or forcing the liquidation of contracts at disadvantageous times or prices which could lead to substantial losses. These circumstances could affect the market price of the relevant futures contracts on commodities and, therefore, the value of the particular Note Securities.

Absence of correlation between spot prices and futures contract prices

Investors should understand that the price of the futures contracts on a Reference Commodity and the spot price for such commodity will not be identical and may not be correlated when using futures contracts as a strategy to track the spot price of a commodity, and, at best, the correlation between changes in prices of such contracts and the spot price of the commodity can be only approximate. The degree of imperfection of correlation depends upon circumstances such as fluctuations in the market for the commodity, supply of and demand for such commodity and technical influences in futures trading. If there is a weak correlation between the forward contracts for a commodity and the spot price thereof, then the return of the Underlying Interest may not accurately reflect the price movements of the commodity. The difference between the spot price and the price of the futures contract for a commodity is referred to as the “basis”, and the risk of fluctuation in the difference between the two prices is referred to as the “basis risk”. The basis risk reflects several factors such as inventory, interest, handling and transportation costs between the location and the futures delivery point, local supply and demand conditions and profit margins. For example, a weak basis can be an indication of a weak current market demand for the commodity while a strong basis can be an indication of a strong current market demand for the commodity.

Relative prices of nearby and long dated futures contracts will affect the trading price of the particular Note Securities

Unlike equities, which typically entitle the holder to a continuing stake in a corporation, futures contracts on physical commodities have a set expiration date and normally specify a certain date for delivery of the underlying physical commodity. The absence of correlation between nearby and long dated futures contracts and relative prices of nearby and long dated futures contracts will affect the trading price of the particular Note Securities. The market is said to be in “Backwardation” if prices are lower in the distant delivery months than in the nearer delivery months. The market is said to be in “Contango” if prices are higher in the distant delivery months than in the nearer delivery months.

A Reference Commodity in “Contango” should positively impact the trading price of the Note Securities linked to the positive performance of the spot or futures price of the Reference Commodity while a Reference Commodity in “Backwardation” should negatively impact the trading price of such the Note Securities. However, for Note Securities linked to the inverse performance of the spot or futures price of the Reference Commodity, the opposite will be true.

A Reference Commodity in “Contango” should negatively impact the trading price of Note Securities linked to the positive performance of the level of a commodity index (and not the spot price of the commodity) while a Reference Commodity in “Backwardation” should positively impact the trading price of such Note Securities. However, for Note Securities linked to the inverse performance of the level of a commodity index (and not the spot price of the commodity), the opposite will be true. Commodity indices are typically composed of futures contracts on physical commodities. As the futures contracts that comprise the underlying commodity index approach expiration, they are replaced by or “rolled out” contracts that have a later expiration. As a result, if the market for these contracts is (putting aside other considerations) in “Backwardation”, where the prices are lower in the distant delivery months than in the nearer delivery months, the sale of the expiring contract would take place at a price that is higher than the price of the new contract, thereby creating a positive “roll yield.” As a result, the absence of “Backwardation” in the market for a commodity will result in negative “roll yields”, where which could adversely affect the value of the underlying commodity index and, accordingly, the value of Note Securities that are linked to such commodity index.

Changes in policies of the exchanges on which the commodities or futures contracts on the Reference Commodity are traded may adversely affect the trading value of the Note Securities

The policies of exchanges and organized market places for trading Reference Commodities concerning the manner in which the prices of the futures contracts on, or spot prices of, the Reference Commodities are calculated may affect the value of the Reference Commodities and the Underlying Interest. The Bank has no ability to control or predict the actions of any of these exchanges. Exchanges and organized market places for trading Reference Commodities may also from time to time change their rules or bylaws or take emergency action under their rules. Moreover, such entities may discontinue or suspend calculation or dissemination of information relating to a Reference Commodity or futures contract. Any such actions could adversely affect the value of the affected Reference Commodity and the return of the Reference Commodities and Underlying Interest.

Certain Risk Factors related to Debt Linked Note Securities:

Credit risk

The price of bonds and other fixed income securities, may be impacted by market perception of their issuer's creditworthiness. If market perception of the issuer's creditworthiness were to decline for any reason, the market value of its fixed income securities, and availability in the trading markets generally, may be adversely affected.

Bond prices may be affected as well by the issuer's financial performance, investor perceptions, management performance, capital structure, leverage and business sector performance. A bond issuer may fail to pay interest or principal when due. These risks can lower creditworthiness and increase the volatility of the security's price. Real or anticipated changes in the quality or credit rating of a security can affect its liquidity and make it more difficult to sell. If any of these events occurs, the value of the Note Securities may be impacted.

Possible redemption of the Reference Obligation by the issuer before maturity

Bond issuers may implement from time to time programs to buy back outstanding bonds for cancellation. To the extent that all or a substantial portion of the outstanding amount of the Reference Obligation is bought back by the issuer and cancelled, this would likely constitute a Market Disruption Event which could lead to a Reimbursement Under Special Circumstances.

Change in interest rates

The price of bonds and other fixed income securities are sensitive to interest rate fluctuations, especially for fixed income securities with a longer term, which tend to be more sensitive to interest rate changes, usually making them more volatile than instruments with a shorter term. Assuming all other factors remain unchanged, generally, the market value of fixed income securities will decline as prevailing interest rates for comparable debt instruments rise, and increase as prevailing interest rates for comparable debt instruments decline.

Interest rates are subject to volatility due to a variety of factors, including:

- sentiment regarding underlying strength in the Canadian economy, the US economy and global economies;
- expectation regarding the level of price inflation;
- sentiment regarding credit quality in the Canadian, US and global credit markets;
- central bank policy regarding interest rates; and
- performance of capital markets.

Prices

Historical prices for bonds and other fixed income securities are not necessarily indicative of their future prices or returns. The trading prices of fixed income securities will fluctuate and will determine the Maturity Consideration. It is impossible to predict whether the price of the fixed income securities will increase or decrease. The price of fixed income securities will be influenced by both the complex and interrelated political, economic, financial and other factors that can affect interest rates and financial markets generally and the debt trading markets, and by various circumstances that can influence the value of a particular debt instrument.

Finally, price variations of fixed income securities upon changes in interest rates tend to be more significant in a low interest rate environment than in a high interest rate environment. For example, the change in the price of a bond upon interest rates increasing from 18% to 20% (increase of 11%) is significantly smaller than the change in the price of the bond upon interest rates increasing from 3% to 5% (increase of 67%).

Supply and Demand

Supply and demand for government bonds and corporate bonds may impact the price for bonds. For example, in the recent financial crisis, many investors abandoned corporate bonds (perceived as more risky) for the benefit of government bonds (perceived as less risky), thereby increasing demand for government bonds and therefore, the price for such bonds. The shift to less risky bonds is often exacerbated during a downturn accompanied with defaults and downgrades in ratings as entities such as pension funds and other entities holding funds in a fiduciary capacity are required by law to be invested in investment grade securities.

Neither the Bank nor the Dealers make any representation or warranty as to the accuracy or completeness of the information regarding the Reference Obligations

All information regarding the Reference Obligations and the issuers thereof contained in a pricing supplement will be obtained from publicly available information, without independent verification. Neither the Bank nor the Dealers make any representation or warranty as to the accuracy or completeness of such information. Each holder, as an investor in the particular Note Securities, should make its own investigation regarding the issuers of the Reference Obligations. The Bank and/or its affiliates are not affiliated with the issuers of the Reference Obligations and have no ability to control or predict their actions. The issuers of the Reference Obligations will not be involved in the offering of the Note Securities in any way and have no obligation to consider any interests of an owner of Note Securities in taking any actions that might affect the value of the Note Securities.

Certain Risks Relating to the Currency Linked Note Securities:

Factors impacting currencies

Historical levels of exchange rates between currencies are not necessarily indicative of their future levels or returns. The value of currencies will fluctuate. It is impossible to predict whether the values of any currency will increase or decrease relative to another currency. Holders should be aware of the possibility of significant changes in exchange rates. The value of currencies is affected by various factors, including interest rates under a country's monetary policy, fiscal policy, inflation, unemployment rates, trade deficits/surpluses, government supluses/deficits and geopolitical events.

Traditionally, if a country raises its interest rates, the currency of that country will strengthen in relation to other countries, as investors shift assets to that country to gain a higher return. Increases in a country's interest rates, however, generally have a negative impact on that country's stock markets. Historically, money moves out of a country's stock market when interest rates are increased, since higher borrowing costs are expected to affect balance sheets negatively and result in devalued stock. Movement away from a country's stock market historically has resulted in weakening of its currency. The unemployment rate is regarded as a strong indicator of a country's economic strength. When unemployment is high, the economy may be weak and, as a result, its currency may fall in value. A trade deficit or an increase therein may cause a devaluation of a country's currency. Currency markets are affected by events occurring worldwide. Key political events around the world or in a particular country can have a significant impact on an economy and the value of its currency.

Intervention in the currency markets by countries issuing currencies could materially and adversely affect the value of the Note Securities

Specific currencies' exchange rates are volatile and are affected by numerous factors specific to each foreign country. Foreign exchange rates can be fixed by the sovereign government, allowed to float within a range of exchange rates set by the government, or left to float freely. Governments use a variety of techniques, such as intervention by their central bank or imposition of regulatory controls or taxes, to affect the exchange rates of their respective currencies. They may also issue a new currency to replace an existing currency, fix the exchange rate or alter the exchange rate or relative exchange characteristics by devaluation or revaluation of a currency. Currency controls or other political developments, as well as monetary actions taken by central banks or supranational entities may significantly affect currencies. Thus, a risk in purchasing the Currency Linked Note Securities is that their liquidity, trading value and amounts payable thereunder, if any, could be affected by the actions of sovereign governments and other monetary authorities that could change or interfere with previously freely determined currency valuations, fluctuations in response to other market forces and the movement of currencies across borders.Unless otherwise specified in the applicable pricing supplement, there will be no offsetting adjustment or change made during the term of the Note Securities in the event that any floating exchange rate should become fixed, any fixed exchange rate should be allowed to float, or that the ban limiting the float of any currency should be altered or removed, nor will there be any offsetting adjustment or change in the event of any other devaluation or revaluation or imposition of exchange or other regulatory controls or taxes or in the event of other developments affecting currencies that constitute an Underlying Interest.

Even though currencies trade around-the-clock, the Note Securities will not

The interbank market in foreign currencies is a global, around-the-clock market. The hours of trading for Note Securities, if any trading market develops, will not conform to the hours during which currencies are traded. Significant price and rate movements may take place in the underlying foreign exchange markets that will not be reflected immediately in the price of the Note Securities. The possibility of these movements should be taken into account in relating the value of the Note Securities to those in the underlying foreign exchange markets. There is no systematic reporting of last-sale information for foreign currencies. Reasonably current bid and offer information is available in certain brokers' offices, in bank foreign currency trading offices and to others who wish to subscribe for this information, but this information will not necessarily be reflected in the value of currencies used to calculate amounts payable under the Note Securities. There is no regulatory requirement that those quotations be firm or revised on a timely basis. The absence of last-sale information and the limited availability of quotations to individual investors may make it difficult for many investors to obtain timely, accurate data about the state of the underlying foreign exchange markets.

Certain Risk Factors related to Interest Rate Linked Note Securities:

Risks relating to interest rates

Interest rates are subject to volatility due to a variety of factors, including:

- sentiment regarding underlying strength in the Canadian economy, the US economy and global economies;
- expectation regarding the level of price inflation;
- sentiment regarding credit quality in the Canadian, US and global credit markets;
- central bank policy regarding interest rates; and
- performance of capital markets.

Historical interest rates are not necessarily indicative of their future levels or returns. Interest rates will fluctuate. It is impossible to predict whether interest rates will increase or decrease. As indicated above, Holders should be aware of the possibility of significant changes in interest rates. Interest rates are affected by various factors, including a country's monetary policy, fiscal policy, inflation, unemployment rates, trade deficits/surpluses and geopolitical events.

EARNINGS COVERAGE

The following consolidated earnings coverage ratios, which give effect to the debentures, innovative capital instruments, the Bank redemption of the $225 million deposit note from NBC Capital Trust and preferred shares outstanding as of April 30, 2016 and October 31, 2015, including the issue of the $400 million Series 36 Preferred Shares, respectively, are calculated for the 12 month periods ended April 30, 2016 and October 31, 2015 and do not reflect the issuance of any Note Securities under this Prospectus:

	April 30, 2016	**October 31, 2015**
Earnings coverage	7.95	9.88

The ratio for the twelve month period ended October 31, 2015 and April 30, 2016 is based on financial information which is unaudited. Foreign currency amounts have been translated to Canadian dollars using rates of exchange as at April 30, 2016 and October 31, 2015, respectively.

The Bank's disbursement requirements for innovative capital instruments for the 12 months ended October 31, 2015 and the 12 months ended April 30, 2016 amounted to $55 million and $55 million, respectively. The Bank's interest requirements for subordinated debentures for the 12 months ended October 31, 2015 and April 30, 2016, amounted to $33 million and $33 million, respectively. The Bank's earnings before income taxes, non-controlling interest, debentures and innovative capital instruments for the 12 months ended October 31, 2015 and April 30, 2016 were $1,924 million and $1,544 million respectively which are 9.88 times and 7.95 times the Bank's aggregate dividend, disbursement on innovative capital instruments and interest requirement for these periods, respectively.

Updated earnings coverage ratios will be filed quarterly with the applicable securities regulatory authorities, either as prospectus supplements or as exhibits to the Bank's unaudited interim condensed consolidated financial statements and audited annual consolidated financial statements.

CONSOLIDATED CAPITALIZATION OF THE BANK

The following table sets out the consolidated capitalization of the Bank as at April 30, 2016, before and after giving effect to the redemption by the Bank the $225 million deposit note from NBC Capital Trust and to the issue of the $400 million Series 36 Preferred Shares. This table should be read in conjunction with the Bank's unaudited interim condensed consolidated financial statements and the Bank's Management's Discussion and Analysis for the three-months and six-months periods ended April 30, 2016.

	As at April 30, 2016	**As adjusted as at April 30, 2016** (1)(2)
	($ millions)	($ millions)
Subordinated Debentures	$1,015	$1,015
Innovative Instruments	$994	$769
Capital Stock — Preferred	$1,250	$1,650
— Common	$2,620	$2,620
Contributed Surplus	$69	$69
Accumulated other comprehensive income	$145	$145
Retained Earnings	$6,530	$6,518
Total Shareholders' Equity	$10,614	$11,002
Total Capitalization	$12,623	$12,786

(1) Giving effect to the redemption by the Bank of the $225 millions deposit note from NBC Capital Trust. Such redemption follow the announcement from NBC Capital Trust of its intention to redeem the 225,000 Trust Capital Securities – Series 1, or NBC CapS – Series 1, issued and outstanding on June 30, 2016.

(2) Giving effect to the receipt of gross proceeds from the sale of the Series 36 Preferred Shares that closed on June 13, 2016, which increased preferred share capital by $400 million and reduced retained earnings by $12 million.

PLAN OF DISTRIBUTION

The Note Securities may be offered by one or more Dealers as may be selected from time to time by the Bank under an agreement (the "Dealer Agreement") dated as of July 4, 2016, as the same may be amended and supplemented from time to time, between the Bank and the Dealers. The Dealers shall act as agents, underwriters or principals, as the case may be, subject to confirmation by the Bank pursuant to the Dealer Agreement. The rate of commission payable in connection with sales of the Note Securities by the Bank through the Dealers will be determined between the Bank and the Dealers and will be set out in the applicable pricing supplement. The Note Securities may be offered at a discount or a premium.

The Bank may also sell Note Securities to any Dealer, as principal, at such prices and with such commissions as may be agreed upon by the Bank and such Dealer, for resale to the public at prices to be negotiated by the Dealer with each purchaser. Such resale prices may vary during the distribution period and as between purchasers. A Dealer's compensation for such transactions will vary by the amount by which the aggregate price paid for the Note Securities by purchasers exceeds or is less than the gross proceeds paid to the Bank by the Dealer, acting as principal, for such Note Securities.

The Note Securities may also be offered directly by the Bank to purchasers pursuant to applicable securities laws at such prices and on such terms as may be negotiated with any purchaser.

The Bank may also pay a commission to representatives, including representatives employed by the Dealers, in connection with the sale of Note Securities to their clients. The Bank may further pay a trailer fee to representatives, including representatives employed by the Dealers, in connection with the continued holding of Note Securities by their clients. Moreover, the Bank may also pay a structuring fee to a Dealer in connection with the offering of a particular issue of Note Securities. Any such commission, trailer fee and structuring fee will be set forth in the applicable pricing supplement.

The obligation of a Dealer, with respect to any particular offering of Note Securities and its obligation to purchase any Note Securities as principal, under the Dealer Agreement may be terminated upon the written notice to the Bank at any time prior to the completion of such offering of purchase on occurrence of certain stated events. In connection with any offering of Note Securities, and in compliance with all applicable securities regulations, the Dealers may over-allot or effect transactions which stabilize or maintain the market price of the Note Securities offered at a level above that which might otherwise prevail in an open market. Such transactions may be commenced, interrupted or discontinued at any time.

There is no established trading market for the Note Securities. Any Dealers to or through whom Note Securities are sold by the Bank for public offering and sale may make a market in the Note Securities, but such Dealers will not be obligated to do so and may discontinue any market making at any time without notice. No assurance can be given that a trading market in the Note Securities will develop or as to the liquidity of any trading market for the Note Securities. See "Secondary Market for the Note Securities".

The Bank and, if applicable, each of the Dealers reserve the right to reject any offer to purchase Note Securities in whole or in part. The Bank also reserves the right to withdraw, cancel or modify the offering of Note Securities under this Prospectus without notice.

It is expected that NBF will be involved in decisions to distribute Note Securities hereunder and in the determination of the terms of each particular offering of Note Securities. NBF is a wholly-owned subsidiary of the Bank. Consequently, the Bank is a "related issuer" and a "connected issuer" of NBF within the meaning of applicable securities legislation in connection with any offering of Note Securities under this Prospectus. The pricing supplement for a particular offering of Note Securities will identify the specific Dealers offering the particular Note Securities and will specify at least one Dealer other than NBF that will have performed due diligence in connection with, but may not have participated in structuring and pricing of, the offering of Note Securities under such pricing supplement. NBF may receive a commission in connection with its acting as a Dealer for the distribution of the Note Securities under this Prospectus, such commission to be specified in the applicable pricing supplement. In addition, NBF may receive payment of a structuring fee in connection with the structuring of a particular Note Securities issue, such fee to be specified in the applicable pricing supplement.

The Note Securities are not, and will not be, registered under the United States Securities Act of 1933, as amended, and the Dealers have agreed not to (1) buy or offer to buy, (2) sell or offer to sell, or (3) solicit any offer to buy any notes as part of any distribution hereunder in the United States, its territories, its possessions and other areas subject to its jurisdiction or to, or for the account of, a U.S. person, except pursuant to exemptions from the United States Securities Act of 1933, as amended.

SECONDARY MARKET FOR THE NOTE SECURITIES

Unless otherwise specified in a pricing supplement, the Note Securities will not be listed on any securities exchange or quotation system. The applicable pricing supplement will specify if NBF and/or any other Dealer or registered dealer (a “Market Maker”) intends to maintain, until the Valuation Date, under normal market conditions, a secondary market for the Note Securities.

Any Market Maker 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.

If the relevant pricing supplement specifies that early trading changes are payable by holders upon a sale prior to maturity, 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.

Holders who have purchased Note Securities using the FundSERV network will be limited to the FundSERV network to sell Note Securities. The sale of Note Securities using the FundSERV network is not like standard over-the-counter markets for debt instruments maintained by registered dealers and carries certain restrictions, including selling procedures that require the initiation of an irrevocable sale order at a bid price that will not be known prior to placing such sale order. See “FundSERV – Sale of Note Securities using the FundSERV network”.

Unless otherwise specified in a pricing supplement, a holder wishing to sell Note Securities through the secondary market maintained by the Market Maker on the FundSERV network will be subject to certain procedures and limitations. A holder wishing to sell Note Securities on the FundSERV network will need to initiate an irrevocable request to sell the Note Securities to the Market Maker. Provided the order is received before 1:00 p.m. (Montreal time) or such other time as may be established by the Market Maker (the “Sale Deadline 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 before the Sale Deadline Time on the following business day.

Unless otherwise specified in a pricing supplement, 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.

Holders should consult and rely on their own advisors as to whether it would be more favourable in the circumstances at any time to sell the Note Securities (assuming the availability of a secondary market) or hold the Note Securities until maturity. Holders should also consult and rely on their own tax advisors as to the tax consequences arising from a sale of a Note Security prior to the maturity date as compared to holding the Note Securities until the maturity date.

Unless otherwise specified in a pricing supplement, the price at which a holder will be able to sell the Note Securities prior to maturity may be at a discount, which could be substantial, from the Maturity Consideration that would be payable if the Note Securities were maturing on such day, based upon one or more factors. The bid price for the Note Securities on the secondary market will be established solely by the Market Maker taking into account all relevant circumstances. Such bid price will be affected by a number of complex and inter related factors, including supply and demand for the particular Note Securities; inventory positions with the Market Maker; interest rates in the market; the time remaining to the maturity of the particular Note Securities; the creditworthiness of the Bank; economic, financial, political, regulatory, judicial or, if applicable, other events that affect the Underlying Interest and the price or level of the Underlying Interest. The effect of any one factor may be offset or magnified by the effect of another factor.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

Where appropriate, the applicable pricing supplement will describe certain Canadian federal income tax considerations relevant to the Note Securities being offered.

FUNDSERV

Unless otherwise specified in the applicable pricing supplement, some holders of Note Securities may purchase Note Securities through dealers and other firms that facilitate purchase and related settlement using the FundSERV network ("FundSERV"). The following information about the FundSERV network is pertinent for such holders. Holders should consult with their financial advisors as to whether their Note Securities have been purchased using the FundSERV network and to obtain further information on FundSERV procedures applicable to those holders.

General Information

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. The FundSERV network was originally designed and is operated as a mutual fund communications network facilitating members in electronically placing, clearing and settling mutual fund orders. In addition, the FundSERV network is currently used in respect of other financial products that may be sold by authorized representatives, such as the Note Securities. The FundSERV network 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.

Note Securities Purchased using the FundSERV network

If Note Securities are represented by a Global Note that will be deposited with CDS, Note Securities purchased using the FundSERV network will also be evidenced by the Global Note. See "Description of the Note Securities - Depository" above for further details on CDS as a depositary and related matters with respect to the Global Notes. Holders holding Note Securities purchased using the FundSERV network will therefore have an indirect beneficial interest in the Global Note. That beneficial interest will be recorded in CDS as being owned by an affiliate of the Bank (the "Bank Affiliate"). This Bank Affiliate in turn will record in its books respective beneficial interests in the Note Securities purchased using the FundSERV network. A holder of Note Securities should understand that the Bank Affiliate will make such recordings as instructed using the FundSERV network by the holder's financial advisor.

In order to purchase Note Securities using the FundSERV network, unless otherwise specified in the applicable pricing supplement, the subscription price must be delivered to the Bank in immediately available funds at least four days prior to the issuance date. Despite delivery of such funds, the Bank reserves the right not to accept any offer to purchase Note Securities using the FundSERV network. If Note Securities purchased using the FundSERV network are not issued to the holder for any reason, such funds will be returned forthwith to the holder. In any case, whether or not the Note Securities purchased using the FundSERV network are issued, no interest or other compensation will be paid to the holder on such funds unless otherwise provided in the applicable pricing supplement.

Purchasers who wish to purchase Note Securities using the FundSERV network for registered accounts such as RRSPs will need to have their own self-directed registered accounts.

Sale of Note Securities using the FundSERV network

A holder wishing to sell Note Securities purchased using the FundSERV network prior to the maturity date is subject to certain procedures and limitations to which a holder holding Note Securities purchased outside the FundSERV network may not be subject. Any holder wishing to sell a Note Security purchased using the FundSERV network should consult with his or her financial advisor in advance in order to understand the timing and other procedural requirements and limitations of selling. A holder must sell Note Securities purchased using the FundSERV network by using the "sale" procedures of FundSERV; any other sale is not possible. Accordingly, a holder will not be able to negotiate a sale price for Note Securities purchased using the FundSERV network. Instead, the financial advisor for the holder will need to initiate an irrevocable request to sell the Note Securities purchased using the FundSERV network in accordance with the then established procedures of FundSERV. Generally, this will mean the financial advisor will need to initiate the sale request by the Sale Deadline Time on any business day, the request will be treated 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 before the Sale Deadline Time on the following business day. Sale of the Note Securities purchased using the FundSERV network will be effected at a sale price established after the close of market on the day the request is treated and this price will be transferred by NBF to the dealers through the FundSERV network as the "net asset value" of a Note Security on the applicable day.

Holders should also be aware that from time to time such "redemption" mechanism to sell Note Securities purchased using the FundSERV network may be suspended for any reason without notice, thus effectively preventing holders from selling their Note Securities using the FundSERV network. Potential holders requiring liquidity should carefully consider this possibility before purchasing Note Securities using the FundSERV network.

NBF will be the fund sponsor for the Note Securities within the FundSERV network. If the applicable pricing supplement specifies that a secondary market for the Note Securities will be maintained using the FundSERV network, NBF, on behalf of the Dealers, will provide the Bank Affiliate for posting, under normal market conditions, a bid price (which will appear on the FundSERV network as a "net asset value" for the Note Securities) 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 Dealers' bid price for the Note Securities (i.e., the price they are offering to purchase Note Securities in the secondary market) for the applicable day. There is no guarantee that the bid price for any day is the highest bid price possible in any secondary market for the Note Securities, but will represent the Dealers' bid price generally available to all holders, including clients of the Dealers. Such bid price will reflect the amount of Note Securities offered for sale in the secondary market.

A holder holding Note Securities purchased using the FundSERV network should realize that the Note Securities purchased using the FundSERV network may not be transferable to certain other dealers, 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 Note Securities purchased using the FundSERV network pursuant to the procedures outlined above.

LEGAL MATTERS

Certain legal matters in connection with the offering will be passed upon on behalf of the Bank by Fasken Martineau DuMoulin LLP and on behalf of the Dealers by McMillan LLP. Designated professionals of each of Fasken Martineau DuMoulin LLP and McMillan LLP, as a group, own beneficially, directly and indirectly, less than 1% of securities of the same class of the Bank and its affiliates and associates.

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages, if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

CERTIFICATE OF THE BANK

Dated: July 4, 2016

This short form prospectus, together with the documents incorporated in this prospectus by reference, will, as of the date of the last supplement to this prospectus relating to the securities offered by this prospectus and the supplement(s), constitute full, true and plain disclosure of all material facts relating to the securities offered by this prospectus and the supplement(s) as required by the securities legislation of each of the provinces of Canada.

(S) LOUIS VACHON	*(S) GHISLAIN PARENT*
LOUIS VACHON	GHISLAIN PARENT
President and Chief Executive Officer	Chief Financial Officer and Executive Vice-President, Finance and Treasury

On behalf of the Board of Directors

(S) JEAN HOUDE	*(S) MARYSE BERTRAND*
JEAN HOUDE	MARYSE BERTRAND
Chairman of the Board of Director	Director

CERTIFICATE OF THE DEALERS

Dated: July 4, 2016

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated in this prospectus by reference, will, as of the date of the last supplement to this prospectus relating to the securities offered by this prospectus and the supplement(s), constitute full, true and plain disclosure of all material facts relating to the securities offered by this prospectus and the supplement(s) as required by the securities legislation of each of the provinces of Canada.

NATIONAL BANK FINANCIAL INC.

(S) ÉTIENNE DUBUC
Per: ETIENNE DUBUC

CIBC WORLD MARKETS INC.

(S) RON SCHLUMPF
Per: RON SCHLUMPF

DESJARDINS SECURITIES INC.

(S) LOUIS WERMENLINGER
Per: LOUIS WERMENLINGER

LAURENTIAN BANK SECURITIES INC.

(S) PIERRE GODBOUT
Per: PIERRE GODBOUT

MANULIFE SECURITIES INCORPORATED
(S) STEPHEN ARVANITIDIS
Per: STEPHEN ARVANITIDIS

RBC DOMINION SECURITIES INC.

(S) SCOTT MCBURNEY
Per: SCOTT MCBURNEY

(S) MARGARET MCCORMACK
Per: MARGARET MCCORMACK

RICHARDSON GMP LIMITED

(S) DAN BOWERING
Per: DAN BOWERING

NATIONAL BANK OF CANADA