

PROSPECTUS



NATIONAL BANK OF CANADA

(A bank governed by the Bank Act (Canada))

U.S.\$8,000,000,000 Euro Note Programme

Subject to compliance with all relevant laws, regulations and directives, National Bank of Canada (the “**Bank**” or the “**Issuer**”) may from time to time issue Euro Notes (the “**Notes**”) under its U.S.\$8,000,000,000 Euro Note Programme (the “**Programme**”). Notes to be issued under the Programme will comprise unsubordinated Notes which constitute deposit liabilities of the Bank. Notes may be issued in bearer form (“**Bearer Notes**”), in bearer form exchangeable for registered Notes (“**Exchangeable Bearer Notes**”) or in registered form (“**Registered Notes**”). The aggregate nominal amount of Notes outstanding will not at any time exceed U.S.\$8,000,000,000 (or the equivalent thereof in other currencies), subject to increase as described herein. Notes may be offered directly to persons other than the Dealers specified herein.

Application has been made to the Commission de Surveillance du Secteur Financier (the “**CSSF**”) in its capacity as competent authority under the Luxembourg law dated 10 July 2005 on prospectuses for securities, as amended (the “**Prospectus Act 2005**”) to approve this document as a base prospectus for the Bank in respect of Notes (other than Exempt Notes (as defined below)). The CSSF assumes no responsibility with regard to the economic and financial soundness of any transaction under this Programme or the quality and solvency of the Issuer in accordance with Article 7(7) of the Prospectus Act 2005. Application has been made to the Luxembourg Stock Exchange to approve this document as (i) a ‘simplified prospectus’ for the purposes of Part III of the Prospectus Act 2005 in respect of money market instruments which have a maturity of less than twelve months to be admitted to trading on the Regulated Market (as defined below) and (ii) a base prospectus for the purposes of Part IV of the Prospectus Act 2005 in respect of Exempt Notes (other than money market instruments mentioned in (i) above and German Registered Notes (as defined below)) to be admitted to the Luxembourg Stock Exchange’s Euro MTF Market (the “**Euro MTF Market**”). Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme during the period of 12 months from the date of this Prospectus to be listed on the official list of the Luxembourg Stock Exchange (the “**Official List**”) and admitted to trading on either the regulated market (as defined by the Markets in Financial Instruments Directive 2004/39/EC (“**MiFID**”)) of the Luxembourg Stock Exchange (the “**Regulated Market**”) or the Euro MTF Market, which is not a regulated market for the purposes of MiFID. An application has also been made to the Luxembourg Stock Exchange as competent authority under Article 47 of the Prospectus Act 2005 for approval of a ‘simplified prospectus’ prepared in connection with the admission to trading on the Regulated Market of money market instruments which have a maturity of less than twelve months. References in this Prospectus to the Notes being listed (and all related references) shall mean that such Notes have been admitted to the Official List and to trading on the Regulated Market or the Euro MTF Market. Notes may also be listed or admitted to trading on such other or further stock exchange(s) or market(s) as may be agreed between the Issuer and the relevant Dealer(s) in relation to such issue. The Bank may also issue unlisted Notes and/or Notes not admitted to trading on any market. The applicable Final Terms (as defined below) or, in the case of Exempt Notes (as defined below), the applicable Pricing Supplement (as defined below) in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Luxembourg Stock Exchange or listed and/or admitted to trading on any other stock exchange or market. Notes which are listed may be de-listed in certain circumstances (see “**Risk Factors – Risks related to Notes generally – No obligation to maintain listing**”).

The requirement to publish a prospectus under the Prospectus Directive (as defined below) only applies to Notes (other than money market instruments which have a maturity of less than twelve months) which are to be admitted on a regulated market in the European Economic Area and/or offered to the public in the European Economic Area other than in circumstances where an exemption is available under Article 3.2 of the Prospectus Directive (as supplemented in the relevant Member State(s)). Reference in this Prospectus to “**Exempt Notes**” are to Notes (including German Registered Notes and money market instruments which have a maturity of less than twelve months) for which no prospectus is required to be published under the Prospectus Directive. **The CSSF has neither approved nor reviewed information contained in this Prospectus in connection with Exempt Notes.**

In the case of Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which otherwise require the publication of a prospectus under Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) and includes any relevant implementing measure in a relevant Member State of the European Economic Area) (the “**Prospectus Directive**”), the minimum denomination will not be less than €100,000 (or its equivalent in any other currency as at the date of the issue of the Notes) and integral multiples (if any) above such minimum denomination as specified in the applicable Final Terms (as herein defined), Pricing Supplement (as defined herein) or Drawdown Prospectus (as herein defined).

Registered Notes under German law (the “**German Registered Notes**”), as they do not qualify as securities pursuant to Article 2 no. 1 of the German Securities Prospectus Act (*Wertpapierprospektgesetz*) or pursuant to the Prospectus Directive, have been included as additional information only and for the purpose of describing the Programme. Therefore, this document cannot be construed as a prospectus for German Registered Notes. Pursuant to Article 2 No. 3.c) and No. 4 of the German Capital Investment Act (*Vermögensanlagengesetz*), the Registered Notes will only be offered (i) for a minimum price of at least €200,000 per German Registered Note per investor or (ii) to professional investors and will therefore be exempted from the prospectus requirements under the German Capital Investment Act. No German Registered Note will be admitted to trading on the Regulated Market or the Euro MTF Market under this Programme.

Prospective investors should have regard to the factors described under “Risk Factors” in this Prospectus.

Arrangers

BNP PARIBAS
National Bank of Canada Financial Markets

Dealers

BNP PARIBAS

Credit Suisse

J.P. Morgan

Citigroup

HSBC

Lloyds Bank

National Bank of Canada Financial Markets

The date of this Prospectus is 10 March 2016.

IMPORTANT NOTICES

This Prospectus comprises (i) a base prospectus for the purpose of Article 5.4 of the Prospectus Directive in respect of all Notes other than Exempt Notes, (ii) a 'simplified prospectus' for the purposes of Part III of the Prospectus Act 2005 in respect of money market instruments which have a maturity of less than twelve months to be admitted to trading on the Regulated Market and (iii) a base prospectus for the purposes of Part IV of the Prospectus Act 2005 in respect of Exempt Notes (other than money market instruments mentioned in (ii) above and German Registered Notes) to be admitted to the Euro MTF Market, prepared for the purpose of giving information with regard to the Bank and its subsidiaries, the Programme and the Notes, which, according to the particular nature of the Bank and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Bank.

Notes issued on or after the date of this document which are to be consolidated and form a single series with Notes issued prior to the date of this document will be subject to the Terms and Conditions of the Notes applicable on the date of issue of the first tranche of Notes of such series. Those Terms and Conditions are incorporated by reference in, and form part of, this document.

Copies of the Final Terms and Pricing Supplement for the Notes that are admitted to trading on the Regulated Market or the Euro MTF Market will be published on the website of the Luxembourg Stock Exchange at www.bourse.lu, and will be available without charge from the head office of the Bank and the specified office of each Paying Agent, as set out at the end of this Prospectus. Copies of each Pricing Supplement relating to Exempt Notes (other than those admitted to trading on the Euro MTF Market) will only be available for inspection by a holder of such Notes upon production of evidence satisfactory to the Fiscal Agent or the Issuer as to the identity of such holder.

The Bank accepts responsibility for the information contained in this Prospectus and any Final Terms or, in the case of Exempt Notes, any Pricing Supplement. To the best of the knowledge of the Bank (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus and any Final Terms or, in the case of Exempt Notes, any Pricing Supplement is in accordance with the facts and contains no omission likely to affect the import of such information.

This Prospectus is to be read in conjunction with any prospectus supplement (a "Supplement") to this Prospectus as approved by the CSSF and, in the case of Exempt Notes to be admitted to the Euro MTF Market or (in respect of money market instruments which have a maturity of less than twelve months only) the Regulated Market, the Luxembourg Stock Exchange from time to time and with all documents which are deemed to be incorporated herein or therein by reference (see "Documents Incorporated by Reference") and, in relation to any Tranche or Series of Notes, should be read and construed together with the applicable Final Terms or, in the case of Exempt Notes, any Pricing Supplement.

Except as specified in "Documents Incorporated by Reference", the financial information incorporated by reference or contained in this Prospectus has been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IFRS").

The Notes may be issued on a continuing basis to one or more of the Dealers specified on page 37 and any additional Dealer appointed under the Programme from time to time, which appointment may be for a specific issue or on an ongoing basis (each a "Dealer" and together the "Dealers"). References in this Prospectus to the "relevant Dealer" shall, in the case of an issue of

Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to purchase such Notes.

No person has been authorised to give any information or to make any representation other than those contained in or consistent with this Prospectus in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Bank, any of the Dealers or the Arrangers. Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Bank or its subsidiaries since the date hereof or the date upon which this Prospectus has been most recently supplemented by a Supplement or that there has been no adverse change in the financial position of the Bank since the date hereof or the date upon which this Prospectus has been most recently supplemented by a Supplement or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Prospectus and any Final Terms or, in the case of Exempt Notes, any Pricing Supplement and the offering or sale of the Notes in certain jurisdictions may be restricted by law. In particular, no action has been or will be taken by the Bank or the Dealers which would permit a public offering of the Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the Prospectus Directive and any other applicable laws and regulations and the Dealers have represented that all offers and sales by them will be made on the same terms. Persons into whose possession this Prospectus, any Final Terms or in the case of Exempt Notes, any Pricing Supplement come are required by the Bank, the Arrangers and the Dealers to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, and include Notes in bearer form that are subject to United States tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons (as defined below). For a description of certain restrictions on offers and sales of Notes and on distribution of this Prospectus, any Final Terms or in the case of Exempt Notes, any Pricing Supplement and other offering material relating to the Notes in Canada, the United States, the European Economic Area (“EEA”) (including the United Kingdom, France, Germany, Italy and The Netherlands), Hong Kong, Japan and Singapore, see “Subscription and Sale”.

This Prospectus has been prepared on the basis that any offer of Notes (with the exemption of German Registered Notes) with a denomination of less than €100,000 (or its equivalent in any other currency) in any Member State of the EEA which has implemented the Prospectus Directive (each, a “Relevant Member State”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly, any person making or intending to make an offer in that Relevant Member State of Notes (with the exemption of German Registered Notes) which are the subject of an offering contemplated in this Prospectus as completed by Final Terms in relation to the offer of those Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorized, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

Please note that the information items set forth in the Terms and Conditions of German Registered Notes have been included as additional information only and for the purpose of describing the Programme. German Registered Notes do not qualify as securities within the meaning of the Prospectus Directive or the German Securities Prospectus Act (*Wertpapierprospektgesetz*) which has implemented the Prospectus Directive in the Federal Republic of Germany. Therefore, this document cannot be construed as a Prospectus for German Registered Notes within the meaning of the Prospectus Directive. In addition, any offer of German Registered Notes in Germany will be made pursuant to an exemption under the applicable German Capital Investment Act (*Vermögensanlagengesetz*) from the requirement to publish a prospectus; pursuant to Article 2 No. 3.c) and No. 4 of the German Capital Investment Act, the Registered Notes will only be offered (i) for a minimum price of at least €200,000 per German Registered Note per investor or (ii) to professional investors. No German Registered Note will be admitted to trading on the Regulated Market or the Euro MTF Market under this Programme.

This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Bank or the Dealers to subscribe for, or purchase, any Notes.

None of the Dealers makes any representation, expressed or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Prospectus or any of the information incorporated by reference herein. Neither this Prospectus nor any financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Bank or the Dealers that any recipient of this Prospectus or any financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. Any purchaser of Notes is deemed by its purchase to acknowledge that it is relying solely on the information contained in this Prospectus and on its own investigations in making its investment decision and is not relying on the Dealers in any manner whatsoever in relation to their investigation of the Issuer or in relation to such investment decision. None of the Dealers undertakes to review the financial condition or affairs of the Bank during the life of the arrangements contemplated by this Prospectus nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers. None of the Dealers accept any liability in relation to the information contained herein or any other information provided by the Issuer in connection with the Notes, except for liability arising from or in respect of any applicable law or regulation.

Unless agreed upon between the Bank and the relevant Dealer(s) and otherwise specified in the applicable Final Terms or (in the case of Exempt Notes) the applicable Pricing Supplement, each Tranche (as defined in “Issue of Notes” below) of Bearer Notes having an original maturity of more than one year will initially be represented by a temporary Global Note and each Tranche of Bearer Notes having an original maturity of one year or less will be represented by a permanent Global Note which in each case will (i) if the Global Notes are to be issued in the new global note (“NGN”) form, as specified in the applicable Final Terms, be delivered on or prior to the Issue Date of the Tranche to a common safekeeper (the “Common Safekeeper”) for Clearstream Banking S.A. (“Clearstream, Luxembourg”) and/or Euroclear Bank SA/NV (“Euroclear”); and (ii) if the Global Notes are to be issued in classic global note form (“CGN”), as specified in the applicable Final Terms, be delivered on or prior to the issue date thereof to a common depositary on behalf of Clearstream, Luxembourg and/or Euroclear (the “Common Depositary”) or any other agreed clearing system or be delivered outside a clearing system, as agreed between the Bank and the relevant Dealer(s). Interests in temporary Global Notes will be exchangeable for interests in permanent Global Notes or, if so specified in the applicable Final Terms or (in the case of Exempt Notes) the applicable Pricing Supplement, for definitive Bearer Notes after the date falling not

earlier than 40 days after the relevant issue date upon certification as to non-United States beneficial ownership or for definitive Registered Notes at any time after the issue date. Interests in permanent Global Notes will be exchangeable for definitive Bearer Notes or definitive Registered Notes as described under “Overview of Provisions Relating to the Notes while in Global Form”. Registered Notes in definitive form will be represented by Note certificates (each a “Certificate”), one Certificate being issued in respect of each Noteholder’s entire holding of Registered Notes of one Series. If a Registered Global Note is held under the new safekeeping structure for registered global securities which are intended to constitute eligible collateral for Eurosystem monetary policy operations (the “NSS”), the Registered Global Note will be delivered on or prior to the original issue date of the relevant Tranche to a Common Safekeeper for Clearstream, Luxembourg and/or Euroclear. Registered Global Notes which are not held under the NSS will be deposited on or prior to the issue date of the relevant Tranche with a Common Depositary for Clearstream, Luxembourg and/or Euroclear (or any other agreed clearing system) or be delivered outside a clearing system, as agreed between the Bank and the relevant Dealer(s). Registered Notes which are held in Clearstream, Luxembourg and/or Euroclear (or any other agreed clearing system) will be represented by a Registered Global Note registered in the name of nominees for Clearstream, Luxembourg and/or Euroclear (or any other agreed clearing system), a common nominee for both, or in the name of a nominee for the Common Safekeeper, as the case may be, and the respective Certificate(s) will be delivered to the appropriate depositary, the Common Depositary or the Common Safekeeper, as the case may be.

IN CONNECTION WITH THE ISSUE OF ANY TRANCHE, ONE OR MORE RELEVANT DEALER OR DEALERS (IF ANY) ACTING AS STABILISATION MANAGER(S) (THE “STABILISATION MANAGER(S)”) (OR PERSONS ACTING ON BEHALF OF ANY STABILISATION MANAGER(S)) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISATION MANAGER(S) (OR PERSONS ACTING ON BEHALF OF ANY STABILISATION MANAGER(S)) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE RELEVANT TRANCHE IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE RELEVANT TRANCHE AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE RELEVANT TRANCHE. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE RELEVANT STABILISATION MANAGER(S) (OR PERSONS ACTING ON BEHALF OF THE RELEVANT STABILISATION MANAGER(S)) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

Investors whose investment authority is subject to legal restrictions should consult their legal advisors to determine whether and to what extent the Notes constitute legal investments for them. See “Risk Factors – Legal investment considerations may restrict certain investments”.

All references in this Prospectus to the “European Economic Area” or “EEA” are to the Member States of the European Union together with Iceland, Norway and Liechtenstein.

In this Prospectus, unless otherwise specified or the context otherwise requires, references to “U.S.\$” and to “U.S. dollars” are to the currency of the United States of America, to “\$”, “C\$”, “Can.\$” and “dollars” are to the currency of Canada, to “euro” and “€” are to the currency of the Member States of the European Union that adopt the single currency in accordance with the Treaty on the functioning of the European Union, as amended, to “Japanese yen”, “yen” and “¥” are to the currency of Japan, to “Sterling” and “£” are to the currency of the United Kingdom and to “Swiss francs” and “CHF” are to the currency of Switzerland. In the documents incorporated by

reference in this Prospectus, unless otherwise specified or the context otherwise requires, reference to “\$” are to Canadian dollars.

Issue of Notes

Notes will be issued on a continuous basis in series (each a “**Series**”) having one or more issue dates. All Notes of the same Series shall have identical terms (or identical other than in respect of the first payment of interest), it being intended that each Note of a Series will be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a “**Tranche**”) on different issue dates and at different issue prices. The specific terms of each Tranche will be set forth either (i) (in the case of issues of Notes admitted to trading on a Regulated Market and/or offered to the public in the EEA) in the final terms (the “**Final Terms**”) or (in the case of Exempt Notes) in the pricing supplement (“**Pricing Supplement**”) to this Prospectus or (ii) in a stand-alone prospectus (a “**Drawdown Prospectus**”).

In the case of a Tranche which is the subject of a Drawdown Prospectus, each reference in this Prospectus to information being set out, specified, stated, shown, indicated or otherwise provided in the applicable Final Terms shall be read and construed as a reference to such information being set out, specified, stated, shown, indicated or otherwise provided for in the relevant Drawdown Prospectus and, as applicable, each other reference to Final Terms in this Prospectus shall be read and construed as a reference to such Drawdown Prospectus.

This Prospectus should be read and construed in conjunction with any Supplements and any applicable Final Terms or (in the case of Exempt Notes) applicable Pricing Supplement and all documents incorporated herein by reference (see “Documents Incorporated by Reference”).

Caution Regarding Forward-Looking Statements

From time to time, the Issuer will make written and oral forward-looking statements, such as those contained or incorporated by reference in this Prospectus, in the *Major Economic Trends* and the *Outlook for National Bank* sections of the 2015 Annual Report incorporated by reference in this Prospectus, in other filings with Canadian securities regulators, and in other communications, for the purpose of describing the economic environment in which the Issuer will operate during fiscal 2016 and the objectives it has set for itself 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 United States economies—market changes, observations regarding the Issuer’s objectives and its strategies for achieving them, Issuer projected financial returns and certain risks faced by the Issuer. 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 United States economies in 2016 and how that will affect the Issuer’s business are among the main factors considered in setting the Issuer’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 Issuer primarily considers historical economic data provided by the Canadian and United States 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 Issuer recommends that readers not place undue reliance on these statements, as a number of factors, many of which are beyond the Issuer’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 strategic risk,

credit risk, market risk, liquidity and funding risk, operational risk, regulatory compliance risk, reputation risk, and environmental risk, all of which are described in more detail in the *Risk Management* section beginning on page 55 of the 2015 Annual Report incorporated by reference in this Prospectus, and in particular, the general economic environment and financial market conditions in Canada, the United States and certain other countries in which the Issuer conducts business, including regulatory changes affecting the Issuer's business, capital and liquidity; changes in the accounting policies the Issuer uses to report its financial condition, including uncertainties associated with assumptions and critical accounting estimates; tax laws in the countries in which the Issuer operates, primarily Canada and the United States (including the United States 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 Issuer; and potential disruptions to the Issuer's information technology systems, including changes in the risks related to cyber attacks.

Investors and others who rely on the Issuer'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, none of the Issuer, the Arrangers, the Dealers or any other person undertakes to update any forward-looking statements, whether written or oral, that may be made from time to time, by it or on its behalf. The forward-looking information contained in this document is presented for the purpose of interpreting the information contained herein and may not be appropriate for other purposes.

Additional information about these factors can be found under "Risk Factors" and the discussion and analysis of the Issuer's management pertaining to risk factors incorporated by reference herein (see "Documents Incorporated by Reference").

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RISK FACTORS

The Bank believes that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme because they may, directly or indirectly, adversely affect the Bank's financial results, businesses, financial condition, prospects or liquidity. Most of these factors are contingencies which may or may not occur and the Bank is not in a position to express a view on the likelihood of any such contingency occurring, the likelihood or extent to which any such contingencies may affect the price of the Notes in the secondary market or an investor's ability to sell its Notes in the secondary market or the likelihood or extent to which any such contingencies may affect the ability of the Bank to pay interest, principal or other amounts on, or in connection with, any Notes.

In addition, factors which the Bank believes may be material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

The Bank believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the change in the secondary market value of the Notes, the inability of an investor to sell its Notes in the secondary market or the inability of the Bank to pay interest, principal or other amounts on or in connection with any Notes or to perform any of its obligations may occur for other reasons which may not be considered significant by the Bank based on information currently available to it or which they may not be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and any applicable Supplement (including any documents deemed to be incorporated by reference herein or therein) to reach their own views prior to making any investment decision.

THE PURCHASE OF NOTES MAY INVOLVE SUBSTANTIAL RISKS AND MAY BE SUITABLE ONLY FOR INVESTORS WHO HAVE THE KNOWLEDGE AND EXPERIENCE IN FINANCIAL AND BUSINESS MATTERS NECESSARY TO ENABLE THEM TO EVALUATE THE RISKS AND THE MERITS OF AN INVESTMENT IN THE NOTES. PRIOR TO MAKING AN INVESTMENT DECISION, PROSPECTIVE INVESTORS SHOULD CONSIDER CAREFULLY, IN LIGHT OF THEIR OWN FINANCIAL CIRCUMSTANCES AND INVESTMENT OBJECTIVES, (I) ALL THE INFORMATION SET FORTH IN THIS PROSPECTUS AND, IN PARTICULAR, THE CONSIDERATIONS SET FORTH BELOW AND (II) ALL THE INFORMATION SET FORTH IN THE APPLICABLE FINAL TERMS OR, IN THE CASE OF EXEMPT NOTES, THE APPLICABLE PRICING SUPPLEMENT. PROSPECTIVE INVESTORS SHOULD MAKE SUCH ENQUIRIES AS THEY DEEM NECESSARY, INCLUDING (WITHOUT LIMITATION) WITH THEIR OWN FINANCIAL, TAX AND LEGAL ADVISORS, WITHOUT RELYING ON THE BANK OR ANY DEALER.

AN INVESTMENT IN EXEMPT NOTES LINKED TO ONE OR MORE RELEVANT FACTORS MAY ENTAIL SIGNIFICANT RISKS NOT ASSOCIATED WITH INVESTMENTS IN A CONVENTIONAL DEBT SECURITY, INCLUDING BUT NOT LIMITED TO THE RISKS SET OUT BELOW. THE AMOUNT PAID BY THE BANK ON REDEMPTION OF THE NOTES MAY BE LESS THAN THE NOMINAL AMOUNT OF THE NOTES, TOGETHER WITH ANY ACCRUED INTEREST, AND MAY IN CERTAIN CIRCUMSTANCES BE ZERO.

CERTAIN ISSUES OF NOTES INVOLVE A HIGH DEGREE OF RISK AND POTENTIAL INVESTORS SHOULD BE PREPARED TO SUSTAIN A LOSS OF ALL OR PART OF THEIR INVESTMENT.

Factors that may affect the Bank's ability to fulfil its obligations under Notes issued under the Programme

The value of the Notes will be affected by the general creditworthiness of the Bank. Management's Discussion and Analysis for the year ended 31 October 2015, which is included in the Bank's 2015 Annual Report incorporated by reference in this Prospectus and Management's Discussion and Analysis for the first quarter ended 31 January 2016, which is included in the Bank's 2016 First Quarter Report incorporated by reference in this Prospectus, provide an analysis of the Bank's financial condition, financial performance and cash flows and discuss, among other things, known material trends, demands, commitments, events and risks or uncertainties that are reasonably likely to have a material effect on the Bank's business. Prospective purchasers of Notes should consider the categories of risks identified and discussed therein including management of credit risk, market risk, operational risk, asset liability management, liquidity risk, reputational risk, risks related to off-balance sheet arrangements and other contractual obligations, risks related to capital management, changes in creditworthiness, risks of operating in a regulatory environment, risks related to general economic conditions and risks related to legal proceedings and regulatory investigations and actions.

Legislative and regulatory amendments and changes to guidelines in the jurisdictions where the Bank operates could affect the Bank's results

The banking industry is facing an increasing number of regulatory changes, the scope and intensity of which are unprecedented. These changes include, among others, changes that are likely to arise from the Canadian federal government's review of certain components of Canada's payment system, including governance, mobile payment, debit and credit cards and the regulatory framework. In addition, commercial practices and the revenues of Canadian financial institutions, including the Bank, may be adversely affected by court decisions, particularly the Supreme Court of Canada's 2014 decision that certain provincial legislation, including the *Québec Consumer Protection Act*, may apply to the practices of financial institutions. Achieving compliance with some of these reforms may require significant effort and could affect the way the Bank operates in its primary market and abroad. The Bank monitors regulatory developments and achieves compliance in a proactive fashion while seeking to mitigate any adverse effects on its activities and profitability.

Changes in regulatory and legal frameworks are a significant potential risk factor for the Bank. Various laws, regulations and other guidelines have been introduced by governments and regulatory bodies to protect the interests of the general public as well as the Bank's clients, employees and shareholders. Changes to these laws, regulations and other guidelines, including changes in their interpretation and application, could have a significant impact on the Bank. In particular, such changes could limit its product and service offering or enhance its competitors' ability to rival the Bank's offering with their own. Also, in spite of the precautions the Bank takes to prevent such an eventuality, failure to comply with laws, regulations and other guidelines could give rise to penalties and fines likely to have an adverse impact on its financial results and reputation.

Legal proceedings and judicial or regulatory orders, decisions or judgments against the Bank may adversely affect the Bank's results

The Bank takes reasonable measures to comply with the laws and regulations in effect in the jurisdictions where it operates. Should these measures prove ineffective, the Bank could be subject to judicial or regulatory decisions resulting in fines, damages, or other costs or to restrictions likely to adversely affect its net income and damage its reputation. The Bank may also be subject to litigation in the normal course of business. Although the Bank establishes provisions for the measures it is subject to under accounting requirements, actual losses resulting from such litigation could differ significantly from the recognized

amounts, and unfavourable outcomes in such cases could have a significant adverse effect on the Bank's financial results. The resulting reputational damage could also affect the Bank's future business prospects.

Information system disruptions and security breaches may adversely affect the Bank's operating results

Technology has become a major part of the banking industry's operations given the ever-increasing use of information technologies such as mobile, wireless and web-enabled devices. Despite the Bank's efforts to ensure system and information integrity, it may be unable to prevent or implement effective preventive measures against every potential cyber-threat, as the tactics used change frequently, come from a wide range of sources and are increasingly sophisticated.

Disruptions or malfunctions to the physical infrastructure or operating systems that support the Bank and its clients, or cyber-threats and security breaches affecting the networks, systems or tools that Bank clients use to access products and services, could cause client attrition, financial loss, inability of clients to do their banking, non-compliance with privacy legislation or any other laws in effect, fines, penalties or regulatory action, reputational damage, cost reimbursement, or any other compliance costs, all of which could affect the Bank's operating results or financial position.

The Bank closely monitors its control environment and continues to enhance processes and practices used to ensure its continuous effectiveness and protection.

Reliance on technology and third parties may affect the Bank's ability to serve and retain its clients

The Bank depends on technology because many of its products and services require substantial data processing. As such, the Bank's technology platform must be able to manage all such data. The fast pace of technological change combined with competitive pressures require significant and sustained investment in technology. Unsuccessful implementation of technological improvements or new products or services could significantly affect the Bank's ability to serve and retain clients.

Third parties provide essential components of the Bank's commercial infrastructure, such as Internet connections and access to network and other communications services. The Bank is also party to outsourcing agreements for IT support and for cash management and processing. Interruptions in these services could adversely affect the Bank's ability to provide products and services to its clients and conduct its business. To mitigate this risk, the Bank has a robust outsourcing risk management framework that includes business continuity plans that are tested periodically to ensure their effectiveness in times of crisis.

The failure to properly implement technological innovation may adversely affect the Bank's operating results or financial position

The Bank's financial performance depends in part on its ability to develop and market new and innovative products and services, adopt and develop new technologies that help differentiate its products and services and generate cost savings, and market these new products and services at the right time and at competitive prices. Failure to properly review critical changes within the business before and during the implementation and deployment of key technological systems or failure to align client expectations with the Bank's client commitments and operating capabilities could adversely affect the Bank's operating results or financial position.

Borrower and Counterparty risk exposure

The ability of the Bank to make payments in connection with any Notes is subject to general credit risks, including credit risks of borrowers. Third parties that owe the Bank money, securities or other assets may not pay or perform under their obligations. These parties include borrowers under loans granted, trading counterparties, counterparties under swaps and credit and other derivative contracts, agents and financial intermediaries. These parties may default on their obligations to the Bank due to bankruptcy, lack of liquidity, downturns in the economy or real estate values, operational failure or other reasons.

Changes in market rates and prices may adversely affect the value of financial products held by the Bank

The performance of financial markets may affect the value of financial products held by the Bank. This market risk arises from positions in securities and derivatives held in the Bank's trading portfolios, and from its retail banking business, investment portfolios and other non-trading activities. Market risk is the potential for financial loss from adverse changes in underlying market factors, including interest and foreign exchange rates, credit spreads, and equity and commodity prices. It is difficult to predict with accuracy changes in economic and market conditions and to anticipate the effects that such changes could have on the Bank's financial performance.

Failure to obtain accurate and complete information from or on behalf of the Bank's clients and counterparties could adversely affect the Bank's results

In decisions related to authorizing credit or other transactions with clients and third parties, the Bank may use information provided by them, particularly their financial statements and other financial information. The Bank may also refer to statements made by clients and third parties regarding the accuracy and completeness of such information and independent auditor's reports on their financial statements. In the event the financial statements are misleading or do not present fairly, in all material respects, their financial position or operating results, the Bank's revenues could be adversely impacted.

The Bank faces intense competition in all aspects of its business from established competitors and new entrants in the financial services industry

The level of competition in the Bank's markets has an impact on its performance. Retaining clients hinges on several factors, including the prices of products and services, quality of service, and changes to the products and services offered.

The Bank's ability to properly complete acquisitions and subsequent integrate may affect the Bank's results

The Bank's ability to successfully complete an acquisition is often conditional on regulatory approval, and the Bank cannot be certain when or under what conditions, if any, approval will be granted. Acquisitions could affect future results should the Bank experience difficulty integrating the acquired business. If the Bank does encounter difficulty integrating an acquired business, maintaining an appropriate governance level over the acquired business, or retaining key officers within the acquired business, these factors could prevent the Bank from realizing expected revenue growth, cost savings, market share gains and other projected benefits of the acquisition.

The Bank's ability to attract and retain key officers may affect the Bank's future performance

The Bank's future performance depends largely on its ability to attract and retain key officers. There is intense competition for the best people in the financial services industry, and there is no assurance that the Bank, or any entity it acquires, will be able to continue to attract and retain key officers.

The Bank's revenues and earnings are substantially dependant on the general economic and business conditions in regions where it operates

Although the Bank operates primarily in Canada, it also has business operations in the United States and other countries. The Bank's revenues could therefore be affected by the economic and business conditions prevailing in these countries. Such conditions include the strength of the economy and inflation, the credit conditions of businesses, financial market and exchange rate fluctuations, monetary policy trends and interest rates. All of these factors affect the business and economic conditions in a given geographic region and, consequently, affect the Bank's level of business activity and resulting earnings in that region. Although some risks may seem remotely related to the Bank's business context, strong global economic and financial integration requires a vigilant approach.

Currently, the main global risks consist of slowing economic growth in certain emerging countries and geopolitical tensions. In addition, given exceptional monetary measures taken by central banks combined with mild economic growth and low inflation, long-term interest rates continue to be historically low in major advanced economies. Such a situation may have prompted market participants to adopt excessive risk-taking strategies in search of higher returns, the negative effects of which may be felt if interest rates return to normal faster than expected, particularly in the United States. Therefore, the Bank is remaining vigilant and continuing to rely on its strong risk management framework to identify, assess and mitigate risk so that it remains within the risk appetite limits.

The global shock in oil supply combined with a strong U.S. dollar have driven down energy prices. Given these conditions, the energy sector is struggling and in turn undermining economic growth in Canada, particularly in the western provinces. Despite this economic headwind, the rest of the economy has continued to grow, and employment is maintaining an upward trend in Ontario, Québec and British Columbia. However, Canada remains vulnerable to a deteriorating economic backdrop, which threatens to erode job creation and disposable household income — even more so given the high household debt levels. A housing price correction stands as another threat to the Canadian economy. Therefore, the Bank is continuing to monitor the evolution of the market and to remain vigilant in line with its risk tolerance policy. The credit quality of its portfolio remains solid, showing a low level of credit loss allowances and a sound business mix.

The Bank's success in developing and introducing new products and services, expanding distribution channels, developing new distribution channels and realising revenue from these channels could affect the Bank's revenues and earnings

The Bank's ability to maintain or increase market share depends, in part, on the way in which it adapts its products and services to changes in industry standards and markets. There is increasing pressure on financial institutions to provide products and services at lower prices, which may reduce the Bank's net interest income and revenues from fee-based products and services. In addition, the implementation of or changes to new technologies to adapt them to the Bank's products and services could require the Bank to make substantial expenditures without being able to guarantee successful deployment of its new products or services or a client base for them.

Movements of the Canadian dollar relative to other currencies, particularly the U.S. dollar and the currencies of other jurisdictions in which the Bank conducts business, may affect the Bank's revenues, expenses and earnings

Currency rate movements in Canada, the United States and other countries in which the Bank does business could significantly impact the Bank's financial position as a result of foreign currency translation adjustments. Any fluctuation of the Canadian dollar could also adversely affect the earnings of the Bank's small business, commercial and corporate clients, particularly if those clients are present in import/export-oriented sectors.

The Bank's earnings are affected by the monetary policies of the Bank of Canada and the Board of Governors of the Federal Reserve System in the United States and other financial market developments

The monetary policies of the Bank of Canada and the United States Federal Reserve Board as well as other interventionist measures in capital markets have repercussions on the Bank's revenues. Variations in the money supply and the general level of interest rates could impact the Bank's profitability. The Bank has no control over changes in monetary policies or capital market conditions.

Elevated Level of Canadian Household Debt and Housing Market Imbalances

The elevated levels of household debt and property prices are still sources of risk for the Canadian economy. Some market segments continue to show signs of overheating, and a rapid normalization of interest rates could lead to a correction in the housing market and adverse economic conditions. Therefore, the Bank continues to monitor the evolution of the market and to remain vigilant in line with its risk tolerance policy. The credit quality of the portfolio remains solid, showing a low level of provisions for credit losses and a good business mix.

The Bank is exposed to international risks which may affect future results

Through the operations of some of its units and subsidiaries in Canada and abroad (in particular, Credigy Ltd. and Maple Financial Group Inc.), the Bank is exposed to risks arising from its presence in international markets or foreign jurisdictions. While these risks do not affect a significant proportion of the Bank's portfolios, their impact must not be overlooked, especially those that are of a legal or regulatory nature. Such risk can be particularly high when the exposure is in a territory where the enforceability of agreements signed by the Bank is uncertain, in countries and regions facing political or socio-economic disturbances, or in countries that may be subject to international sanctions. Generally speaking, there are many ways in which the Bank may be exposed to the risks posed by other countries, not the least of which being foreign laws and regulations. In all such situations, it is important to consider what is referred to as "country risk," which affects not only the activities that the Bank carries out abroad, but also the business that it conducts with non-resident clients as well as the services it provides to clients doing business abroad, such as electronic funds transfers and international products.

As part of its program to combat money laundering and terrorist financing ("MLTF"), the Bank audits country risk, which, in particular, involves classifying countries into three MLTF-risk levels and applying, in accordance with the Bank's various policies, restrictions of varying severity depending on the classification of a particular country.

The Bank is exposed to financial risks outside Canada and the United States primarily through its interbank transactions on international financial markets or through international trade finance activities. Such geographic exposure, which accounts for but a moderate proportion of overall risk, is disclosed in

the quarterly supplementary financial information report available on the Bank's website at www.nbc.ca. To control country risk, the Bank sets credit concentration limits by country and reviews and submits them to the Board for approval upon renewal of the Credit Risk Management Policy. These limits, which are based on a percentage of the Bank's regulatory capital, are proportionate to the level of risk represented by each country, particularly emerging countries. The risk is rated using a classification mechanism similar to the one used for credit default risk. In addition to the country limits per se, authorization caps and limits are established, as a percentage of capital, for the world's high-risk regions, i.e., essentially all regions except for North America, Western European countries and the developed countries of Asia.

The accounting policies and methods the Bank utilises determine how it reports its financial condition and financial performance, and they may require management to make estimates or rely on assumptions about matters that are inherently uncertain, such estimates and assumptions may require revision, and changes to them could have a material impact on the Bank's financial results and financial condition

The accounting policies and methods used by the Bank determine how the Bank reports its financial position and operating results and may require management to make estimates or rely on assumptions about matters that are inherently uncertain. Any changes to these estimates and assumptions may have a significant impact on the Bank's operating results and financial position.

Management exercises judgment in selecting and applying the Bank's accounting policies and methods to ensure that, while IFRS compliant, they reflect the Bank's best judgment of the most appropriate manner in which to record and report the Banks' financial condition and financial performance. Significant accounting policies applicable to the consolidated financial statements of the Bank are described in the Bank's 2015 Annual Report, which is incorporated herein by reference.

As detailed under "Critical Accounting Estimates" of the Bank's 2015 Annual Report, which is incorporated herein by reference, certain accounting policies have been identified as being "critical" to understanding the financial performance and the financial condition of the Bank as they (i) require management to make certain judgments and estimates, some of which may relate to matters that are uncertain and (ii) changes in these judgments and estimates could have a material impact on the Bank's financial results and financial condition. These significant accounting policies and estimates relate to allowances for credit losses, the fair value determination of financial instruments, the impairment of available-for-sale securities, the impairment of non-financial assets, pension plans and other post-retirement benefits, income taxes, provisions, consolidation of structured entities.

Changes to the Bank's credit ratings may adversely affect the market value of the Notes

There is no assurance that a rating assigned to the Bank or the Notes will remain for any given period of time or that a rating will not be suspended, lowered or withdrawn by the relevant rating agency if, in its judgment, circumstances in the future so warrant. In the event that a rating assigned to the Bank or the Notes is subsequently suspended, lowered or withdrawn for any reason other than as specified therein, no person or entity is obliged to provide any additional support or credit enhancement with respect to the Notes, the Bank may be adversely affected, the market value of the Notes is likely to be adversely affected and the ability of the Bank to make payments under the Notes may be adversely affected.

The Bank is exposed to operational and infrastructure risks

The Bank is exposed to many types of operational risk, including the risk of loss resulting from inadequate or failed internal processes and systems, from human error or external events and from fraud or unauthorized transactions by employees, clients and other third parties. Given the high volume of

transactions the Bank processes on a daily basis, certain errors may be repeated or compounded before they are discovered and successfully rectified. Shortcomings or failures in the Bank's internal processes, systems or people, including any of the Bank's financial, accounting or other data processing systems, could lead to, among other consequences, financial loss, reputational damage, punitive damage or regulatory penalties or sanctions. In addition, despite any contingency plans the Bank may have in place, the Bank's ability to conduct business may be adversely impacted by a disruption in the infrastructure that supports the Bank's businesses and the communities in which they are located. This may include a disruption involving electrical, communications, transportation or other services used by the Bank or by third parties with which the Bank conducts business.

Other factors

Other factors that could affect the Bank's future results include amendments to tax legislation, unexpected changes in consumer spending and saving habits, the timely development and launch of new products and services, the ability to successfully align its organizational structure, resources and processes, the ability to activate a business continuity plan within a reasonable time, the potential impact of international conflicts or natural catastrophes on the Bank's activities, and the Bank's ability to foresee and effectively manage the risks associated with these factors through rigorous risk management

Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme

Notes may not be a suitable investment for all investors

Each of the risks highlighted below could adversely affect the trading price of, or the ability to resell, any Notes or the rights of investors under any Notes and, as a result, investors could lose all or some of their investment. The Bank believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the Bank may be unable to pay or deliver amounts on or in connection with any Notes for other reasons. The Bank does not represent that the statements below regarding the risks of holding any Notes are exhaustive.

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Prospectus or any applicable Supplement and any applicable Final Terms or, in the case of Exempt Notes, any applicable Pricing Supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and

- (v) be able to evaluate (either alone or with the help of financial and legal advisors) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the help of financial and legal advisors) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Risks related to the structure of a particular issue of Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common of such features distinguishing between factors which may occur in relation to any Notes and those which impact access in relation to certain types of Exempt Notes.

Risks applicable to all Notes

Notes subject to optional redemption by the Bank

An optional redemption feature is likely to limit the market value of Notes and could reduce their secondary market liquidity. During any period when the Bank may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Bank may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. If the rate converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the rate converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

Floating Rate Notes that bear interest at rates based on LIBOR and/or EURIBOR may be adversely affected by a change in the Bank's inter-bank lending rate reporting practices or the method in which LIBOR and/or EURIBOR is determined.

Regulators and law enforcement agencies from a number of governments have been conducting investigations relating to the calculation of the London inter-bank lending rate ("LIBOR") across a range of maturities and currencies, and certain financial institutions that were member banks surveyed by the British Bankers' Association in setting daily LIBOR have entered into agreements with the United States Department of Justice, the United States Commodity Futures Trading Commission and/or the Financial Conduct Authority ("FCA") in order to resolve the investigations. In September 2012, the United Kingdom

government published the results of its review of LIBOR, which is referred to as the “Wheatley Review”. The Wheatley Review made a number of recommendations for changes with respect to LIBOR, including the introduction of statutory regulation of LIBOR, the transfer of responsibility for LIBOR from the British Bankers’ Association to an independent administrator, changes to the method of compilation of lending rates, new regulatory oversight and enforcement mechanisms for rate-setting and the corroboration of LIBOR, as far as possible, by transactional data. Based on the Wheatley Review, on 25 March 2013, final rules for the regulation and supervision of LIBOR by the FCA were published (the “**FCA Rules**”). In particular, the FCA Rules include requirements that (1) an independent LIBOR administrator monitor and survey LIBOR submissions to identify breaches of practice standards and/or potentially manipulative behavior, and (2) firms submitting data to LIBOR establish and maintain a clear conflicts of interest policy and appropriate systems and controls. The FCA Rules took effect on 2 April 2013. Outside of the United Kingdom, it is anticipated that a reform of EURIBOR will be implemented also, which may (but will not necessarily) be in a similar fashion. Accordingly, EURIBOR calculation and publication could be altered, suspended or discontinued.

The European Money Markets Institute (formerly Euribor-EBF) (the “**EMMI**”) has continued in its role as administrator of EURIBOR but has also undertaken a number of reforms in relation to its governance and technical framework since January 2013 pursuant to recommendations by the European Securities and Markets Authority (“**ESMA**”) and the European Banking Authority. The EMMI has opened a consultation on reform of EURIBOR administration, and the development of transaction-based determination methodology. It is likely that EURIBOR-rate determination will move from an estimated benchmark, to one which is anchored in observable transactions wherever feasible. EMMI intends to introduce the transaction-based determination methodology on 4 July 2016 following a ‘seamless transition’. However, there remains the possibility of disruption to the determination of EURIBOR during this process, and the further issues referred to immediately below. EMMI will continue to act as benchmark administrator for EURIBOR following transition.

It is not possible to predict the further effect of the FCA Rules, any changes in the methods pursuant to which United Kingdom LIBOR and/or EURIBOR rates are determined or any other reforms to or general increased regulatory scrutiny of LIBOR and/or EURIBOR that may be enacted or undertaken in the United Kingdom, the EU and elsewhere, each of which may adversely affect the trading market for LIBOR-based, and/or EURIBOR-based securities. A compromise proposal for a new European regulation on benchmarks (the “**Regulation**”) has been agreed between the European Council and the European Parliament. The proposal must be approved by the European Council and the European Parliament for final adoption. If the legislative text does not change from the compromise proposal, the Regulation should introduce a legally-binding code of conduct for contributors, and require particular governance standards for benchmark administrators. In addition, such factors and any changes announced by the FCA, ICE Benchmark Administration Limited, the EMMI, the European Commission or any other successor governance or oversight body, or future changes adopted by such body, in the method pursuant to which LIBOR and/or EURIBOR rates are determined may result in, among other things, a sudden or prolonged increase or decrease in the reported LIBOR and/or EURIBOR rates, a delay in the publication of any such benchmark rates, trigger changes in the rules or methodologies in certain benchmarks discouraging market participants from continuing to administer or participate in certain benchmarks and, in certain situations, could result in a benchmark rate no longer being determined and published. Accordingly, in respect of a Note referencing LIBOR and/or EURIBOR, any such changes in applicable regulation and reform could have a material adverse effect on the value of and return on such a Note (including potential rates of interest thereon).

Zero Coupon Notes

Changes in market interest rates have a substantially stronger impact on the prices of Zero Coupon Notes than on the prices of ordinary Notes because the discounted issue prices are substantially below par. If market interest rates increase, Zero Coupon Notes can suffer higher price losses than other Notes having the same maturity and credit rating. Due to their leverage effect, Zero Coupon Notes are a type of investment associated with a particularly high price risk.

Notes issued at a substantial discount or premium

The issue price of Notes specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement may be more than the market value of such Notes as of the issue date, and the price, if any at which a Dealer or any other person is willing to purchase the Notes in secondary market transactions may be lower than the issue price.

The market values of Notes issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing Notes. If market interest rates increase, such Notes can suffer higher price losses as compared to conventional interest-bearing Notes having the same maturity and credit rating. Generally, the longer the remaining term of the Notes, the greater the price volatility as compared to conventional interest-bearing Notes with comparable maturities and credit.

Canadian usury laws

The Criminal Code (Canada) prohibits the receipt of “interest” at a “criminal rate” (namely, an effective annual rate of interest that exceeds 60%). Accordingly, the provisions for the payment of interest or for the payment of a redemption amount in excess of the aggregate principal amount of the Notes may not be enforceable if the provision provides for the payment of “interest” (as calculated for the purposes of such statute) which is in excess of an effective annual rate of interest of 60%.

Basel III

The Basel III Liquidity standards require banks to meet the Liquidity Coverage Ratio (“**LCR**”) starting in January 2015 and the Net Stable Funding Ratio starting in January 2018. The Bank has been managing its liquidity risk under a prudent framework and implemented the LCR disclosure requirements in 2015. Additional costs may be incurred to achieve compliance with the liquidity reforms, which has the potential to affect the Bank’s funding costs. The Bank continues to monitor the development of liquidity requirements from the national regulators globally and ensures that its liquidity management and monitoring practices evolve with the changing regulatory landscape. In addition, the Basel III Leverage Ratio is a non-risk based ratio that acts as a supplementary measure to the risk-based capital requirements, with the objective of constraining the build-up of excess leverage in the banking sector. The Leverage Ratio requirement is effective January 2018, and the Bank is compliant with the public disclosure requirement which began in January 2015. Any final adjustments to the definition and calibration of the ratio requirement will be completed by 2017. The Bank continues to monitor and manage its capital and asset levels to ensure compliance.

Risks applicable to certain types of Exempt Notes

Considerations relevant for Index Linked Notes and Dual Currency Notes

The Bank may issue Notes with principal, premium or interest determined by reference to an index or formula, to changes in the prices of equity or other securities, to movements in currency exchange rates

or other financial variables (each, a “**Relevant Factor**”). In addition, the Bank may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. An investment in such Notes entails significant risks that are not associated with similar investments in a conventional fixed rate or floating rate debt security and in some circumstances the value of the Notes may be less than the principal amount of the Notes and may be zero in which case you may lose some or all of the amount you invested in the Notes. Potential investors should be aware that:

- (i) the market price of such Notes may be volatile;
- (ii) investors may receive no interest or they may receive interest at a rate that is less than that payable on a conventional fixed rate or floating rate debt security issued at the same time;
- (iii) payment of principal or interest may occur at a different time or in a different currency than expected;
- (iv) if the principal of and/or premium on such a Note is so indexed, the amount of principal and/or premium payable in respect thereof may be less than the original purchase price of such Note and less than the nominal or face amount of such Notes, and the amount of principal and/or premium payable may even be zero;
- (v) investors should be willing to hold these Notes until the maturity date as the secondary market for such Notes may be limited or non-existent and if there is a limited secondary market then the lack of demand may reduce the market price at which Notes may be sold prior to maturity;
- (vi) the market price will be affected by a number of factors independent of the creditworthiness of the Bank and will depend on the value of the applicable Relevant Factor as well as the volatility of the applicable Relevant Factor, the specific terms and time remaining to the maturity of such Notes, the amount outstanding of such Notes, market interest rates and the market for other types of related and unrelated financial instruments;
- (vii) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices and may depend on a number of interrelated factors over which the Bank has no control, including economic, financial and political events. Additionally, if the formula used to determine the amount of principal, premium and/or interest payable with respect to such Notes contains a multiplier or leverage factor, the effect of any change in the Relevant Factor will be increased (or decreased if the multiplier or relevant factor is less than one) and this increase (or decrease) may be significant; and
- (viii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The historical experience of the relevant currencies, interest rates, equities, index or other financial variables should not be taken as an indication of future performance of such currencies, interest rates, equities, index, or other financial variables during the term of any Note. Prospective investors should consult their own financial and legal advisors as to the risks entailed by an investment in such Notes and the suitability of such Notes in light of their particular circumstances.

Considerations relevant for Index Linked Notes where an equity security, basket of equity securities or equity index is the Relevant Factor

Owning Notes with principal, premium or interest determined by reference to an equity, equity basket or index is not the same as owning the reference equity securities. Accordingly, the market value of such Notes may not have a direct relationship with the market price of the reference equity securities or index and changes in the market price of the reference equity securities or index may not result in a comparable change in the market value of the Notes. For example, the market value of such Notes may not increase even if the price of the reference equity securities or index increases. It is also possible for the price of the reference equity securities or index to increase while the market price of such Notes declines.

The Bank or one or more of its affiliates may hedge the obligations under the Notes by purchasing or selling the reference equity securities (or options on those securities), instruments or other derivative instruments with returns linked to or related to changes in the value of the reference equity securities or equity index and may also adjust these hedges by, among other things, purchasing or selling the reference equity securities, equity options, instruments or other derivative instruments at any time and from time to time. Any of these hedging activities may affect the price of the reference equity securities or index and, therefore, the value of associated Notes. It is possible that the Bank or one or more of its affiliates could receive substantial returns from these hedging activities while the value of the reference equity securities or equity index may decline.

The Bank or one or more of its affiliates may also engage in trading in the reference equity securities or investments relating to the reference equity securities or equity indices on a regular basis as part of general broker-dealer and other businesses of the Bank or its affiliates, for proprietary accounts, for other accounts under management or to facilitate transactions for customers, including block transactions. Any of these activities could affect the price of the reference equity securities or index and, therefore, the value of the associated Notes. The Bank or one or more of its affiliates may also issue or underwrite other securities or financial or derivative instruments with returns linked or related to changes in the value of the reference equity securities or indices and the availability of such competing products could adversely affect the value of the Notes.

Neither the Bank nor any of its affiliates will pledge or otherwise hold the reference equity securities, instruments or other derivative instruments for the benefit of Noteholders in order to enable Noteholders to exchange Notes for the associated reference equity securities, instruments or other derivative commitments under any circumstances. Consequently, in the event of a bankruptcy, insolvency or liquidation of the Bank, any of the reference equity securities, instruments or other derivative commitments owned by the Bank or its affiliates will be subject to the claims of the Bank's creditors generally and will not be available specifically for the benefit of Noteholders.

Significant aspects of the tax treatment of such Notes may be uncertain and prospective investors should consult their tax advisors about their own tax situation.

Additional considerations relevant for Index Linked Notes where an equity security, basket of equity securities or equity index is the Relevant Factor

Noteholders will not have voting rights or rights to receive dividends or other distributions or any other rights that holders of the reference equity securities would have and Noteholders will not have any beneficial interest in or right to acquire the reference equity securities or any derivative instruments related thereto.

The Calculation Agent may not be required to make an adjustment for every event that can affect the reference index or equity securities. If an event occurs that does not require the Bank to adjust the amount payable at maturity in respect of the reference equity security or reference index of equity securities, the market price of the associated Notes and the amount of interest or the principal amount payable at the maturity may be materially and adversely affected.

The Bank or one or more of its affiliates may, at present or in the future, engage in business with an issuer of reference equity securities or its competitors, including making loans to or equity investments in an issuer of reference equity securities or its competitors or providing either with investment banking, asset management or other advisory services, including merger and acquisition advisory services. These activities may present a conflict between the Bank's or its affiliates' obligations and the interests of Noteholders. Moreover, the Bank or one or more of its affiliates may have published and may in the future publish research reports on an issuer of reference equity securities or upon any reference index which may be modified from time to time without notice and may express opinions or provide recommendations that are inconsistent with purchasing or holding the Notes. Any of these activities could affect the price of the reference equity securities or index and, therefore, the value of the associated Notes.

If the Bank and its affiliates are not affiliated with the issuers of the reference equity securities, the Bank will have no ability to control or predict the actions of these issuers, including any corporate actions of the type that would require the Bank to adjust the amount payable on the Notes, and will have no ability to control the public disclosure of these corporate actions or any other events or circumstances affecting the issuers of reference equity securities. The issuers of the reference equity securities will have no obligation to consider the interests of Noteholders in taking any corporate actions that might affect the value of the associated Notes. The issuers of the reference equity securities may take actions that will adversely affect the value of the associated Notes. None of the money paid for the Notes will go to the issuers of the reference equity securities.

Neither the Bank nor any of its affiliates assumes any responsibility for the adequacy, completeness or accuracy of the information about the issuers of the reference equity securities contained in any terms supplement or in any publicly available filings made by the issuers of the reference equity securities. Prospective investors should make their own investigation into the relevant issuers of the reference equity securities.

Partly-Paid Notes

The Bank may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalment could result in an investor losing all of its investment.

Inverse Floating Rate Notes

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of such Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

Extendible Notes may be redeemed after their initial maturity

The Maturity Date of Extendible Notes may be extended automatically. The payment of the unpaid amount may be automatically deferred and shall become due and payable on the Extended Maturity Date if so specified in the applicable Pricing Supplement.

Risks related to Notes generally

Set out below is a brief description of certain risks relating to the Notes generally.

Modification, waivers and substitution

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind (and to modify or waive certain terms and conditions of the Notes or covenants and agreements made by the Bank) all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority. The Terms and Conditions of the Notes also provide that if the Branch of Account is not in Canada, the Bank may change the Branch of Account for the deposits evidenced by a Note upon and subject to the provisions set forth in Condition 14.

Notes may be subject to write-off, write-down or conversion under current and proposed Canadian resolution powers

The Canada Deposit Insurance Corporation, Canada's resolution authority, was granted additional powers in 2009 to transfer certain assets and liabilities of a bank to a newly created "bridge bank" for such consideration as it determines in the event of a bank getting into distress, presumably to facilitate a sale of the bank to another financial institution as a going concern. Upon exercise of such power, any remaining assets and liabilities would remain with the "bad bank" which would then be wound up. As such, in this scenario, any liabilities of the Bank, such as the Notes, that remain with the "bad bank" would be effectively written off or subject to only partial repayment in the ensuing winding-up.

On 1 August 2014, the Canadian Department of Finance issued for comment the "Taxpayer Protection and Bank Recapitalization Regime: Consultation Paper" which outlines a proposed bail-in regime applicable to Canada's domestic systemically important banks ("**D-SIBs**"), which include the Bank, in line with key international standards such as the Financial Stability Board's "Key Attributes of Effective Resolution Regimes for Financial Institutions". This consultation paper follows a previous announcement made in Canada's federal budget released on 21 March 2013. Under the proposed regime, the Government of Canada would be granted two significant conversion powers with respect to D-SIBs' outstanding capital and debt: (i) first, the Government of Canada would be granted the power to permanently convert "eligible liabilities" of the D-SIB ("eligible liabilities" consisting solely of long term senior debt, which is senior unsecured debt that is tradable and transferable with an original term of greater than or equal to 400 days, such as the Notes) into common equity, and (ii) the Government of Canada would be granted the power to permanently cancel existing shares of the D-SIB. Each of those powers would only be exercisable if two pre-conditions were met: (a) first, the Superintendent of Financial Institutions would need to have determined that the D-SIB has ceased or is about to cease being viable and (b) second, the full conversion of the D-SIB's securities following the occurrence of a trigger event under the Non-Viable Contingent Capital Provisions would need to have occurred. The proposed conversion power would apply only to "eligible liabilities" issued after the implementation of the regime with no retroactive application to existing debt.

In the federal budget released on 21 April 2015, the Government of Canada confirmed its intention to move forward with the proposed bail-in regime, although no firm timetable was provided. If this proposed regime is implemented, as currently proposed, any “eligible securities”, such as the Notes, issued after such implementation that fall within the scope of eligible liabilities, would be subject to the conversion powers described above and holders of such “eligible securities” of the Bank may receive common shares of the Bank in exchange for their “eligible securities” in the event that the Bank ceases or is about to cease being viable. The implementation of the proposed bail-in regime could adversely affect the value of Notes issued after the implementation date. However, the proposed regime has not yet been finalised and is subject to change.

Securities may be subject to write-off, write down or conversion under the resolution powers of authorities outside of Canada

The Bank has operations in a number of countries outside of Canada, including in particular the United States and the United Kingdom. In accordance with the Financial Stability Board’s “Key attributes of effective Resolution Regimes for Financial Institutions” dated 15 October 2014, resolution authorities should have resolution powers over local branches of foreign firms and the capacity to use their powers either to support a resolution carried out by a foreign home authority (for example, by ordering a transfer of property located in its jurisdiction to a bridge institution established by the foreign home authority) or, in exceptional cases, to take measures on its own initiative where the foreign home authority is not taking action or acts in a manner that does not take sufficient account of the need to preserve the local jurisdiction’s financial stability. It is therefore possible that resolution authorities in countries where the Bank has branches or assets, including the United States and the United Kingdom, may adversely affect the rights of holders of the Notes, including by using their powers to write down or convert the Notes.

Bearer Notes in NGN form and Registered Global Notes held under the NSS

Bearer Notes in NGN form and Registered Global Notes held under the NSS allow for Notes being issued and held in a manner which are intended to permit them to be recognized as eligible collateral for monetary policy of the central banking system for the euro (the “**Eurosystem**”) and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. However, in any particular case, such recognition will depend upon satisfaction of the Eurosystem eligibility criteria at the relevant time. Investors should make their own assessment as to whether the Notes meet such Eurosystem eligibility criteria and be aware that such eligibility criteria are updated and/or supplemented from time to time.

No obligation to maintain listing

If at any time the Bank, after exercise of all reasonable endeavours is unable to maintain any listing of Notes or it is unduly onerous to maintain such listing, the Bank may seek to terminate the listing of such Notes provided it uses its best endeavours to seek an alternative admission to listing, trading and/or quotation of such Notes by another listing authority, securities exchange and/or quotation system that it deems appropriate (including a market which is not a regulated market for the purposes of the Markets in Financial Instruments Directive or a market outside of the EEA). However, if such alternative listing is not available or is unduly onerous, the Notes may be delisted and an alternative listing may not be obtained.

Although there is no assurance as to the liquidity of any Notes as a result of the admission to trading on a regulated market for the purposes of the Markets in Financial Instruments Directive, delisting such Notes may have a material effect on the ability of an investor to (a) continue to hold such Notes, (b) resell the Notes in the secondary market and may affect the market value of the Notes.

Market perceptions concerning the instability of the euro, the potential re-introduction of individual currencies within the Euro-zone, or the potential dissolution of the euro entirely, could adversely affect the value of the Notes

As a result of the credit crisis in Europe, in particular in Greece, Italy, Ireland, Portugal and Spain, the European Commission created the European Financial Stability Facility (the “EFSF”) and the European Financial Stability Mechanism (the “EFSM”) to provide funding to Euro-zone countries in financial difficulties that seek such support. In March 2011, the European Council agreed on the need for Euro-zone countries to establish a permanent stability mechanism, the European Stability Mechanism (the “ESM”), which will be activated by mutual agreement, to assume the role of the EFSF and the EFSM in providing external financial assistance to Euro-zone countries. As of 1 July 2013, the ESM is the sole and permanent mechanism for responding to new requirements for financial assistance by Euro-zone countries. Despite these measures, concerns persist regarding the debt burden of certain Euro-zone countries and their ability to meet future financial obligations, the overall stability of the euro and the suitability of the euro as a single currency given the diverse economic and political circumstances in individual Member States. These and other concerns could lead to the re-introduction of individual currencies in one or more Member States, or, in more extreme circumstances, the possible dissolution of the euro entirely. Should the euro dissolve entirely, the legal and contractual consequences for holders of euro-denominated obligations would be determined by laws in effect at such time. These potential developments, or market perceptions concerning these and related issues, could adversely affect the value of the Notes.

Change of Law

The terms and conditions of the Notes are based on the laws of the Province of Québec and the federal laws of Canada applicable therein in effect as at the date of this Prospectus. The terms and conditions of the German Registered Notes are based on the laws of the Federal Republic of Germany as at the date of this Prospectus. No assurance can be given as to the impact of any judicial decision or change to the laws of the Federal Republic of Germany, the laws of the Province of Québec or the federal laws of Canada applicable therein or administrative practice after the date of this Prospectus. Such changes in law may include, but are not limited to, the introduction of the proposed “bail-in” regime which may affect all rights of the holders of securities issued by the Bank, including the Notes. See “Notes may be subject to write-off, write-down or conversion under current and proposed Canadian resolution powers” above.

Change of Tax Law

Statements in this Prospectus concerning the taxation of investors are of a general nature and are based upon current tax law and published government or administrative practice in the jurisdictions stated. Such law and government or administrative practice is, in principle, subject to change, possibly with retrospective effect, and this could adversely affect Investors.

In addition, any change in the Bank’s tax status or in taxation legislation or government or administrative practice in a relevant jurisdiction could adversely impact (i) the ability of the Bank to service the Notes and (ii) the market value of the Notes.

United States Foreign Account Tax Compliance Act withholding

The Foreign Account Tax Compliance provisions of the Hiring Incentives to Restore Employment Act, sections 1471 through 1474 of the United States Internal Revenue Code of 1986, as amended (“FATCA”), impose a new reporting regime and, potentially, a 30% withholding tax with respect to (i) certain payments from sources within the United States, (ii) “foreign passthru payments” (a term not yet

defined) made to certain non-United States financial institutions that do not comply with this new reporting regime, and (iii) payments to certain investors that do not provide identification information with respect to interests issued by a participating non-United States financial institution. Whilst the Notes are in global form and held within Euroclear and/or Clearstream, Luxembourg or similar clearing systems, in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by the clearing systems. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Notes are discharged once it has made payment to, or to the order of, the common depositary or common safekeeper for the clearing systems (as bearer of the Notes), and the Issuer has therefore no responsibility for any amount thereafter transmitted through the clearing systems and custodians or intermediaries. Further, foreign financial institutions in a jurisdiction which has entered into an intergovernmental agreement with the United States (an "IGA") are generally not expected to be required to withhold under FATCA or an IGA (or any law implementing an IGA) from payments they make. Prospective investors should refer to the section "*Certain Material Income Tax Considerations – FATCA (United States)*".

Investors who hold less than the minimum Specified Denomination may be unable to sell their Notes and may be adversely affected if definitive Notes are subsequently required to be issued

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination and may be tradeable in the clearing systems in the minimum Specified Denomination and one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in the clearing systems in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case, a holder who, as a result of trading such amounts, holds an amount that is less than the minimum Specified Denomination in its account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes at, or in excess of, the minimum Specified Denomination such that it is holding amounts to a Specified Denomination. Further, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in its account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase or sell a principal amount of Notes at or in excess of the minimum Specified Denomination such that it is holding amounts to a Specified Denomination.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Interest of Dealers

Certain of the Dealers and their affiliates have engaged, and may in future engage, in investment bank and/or commercial banking transactions with, and may perform services for, the Bank in the ordinary course of business without regard to the Noteholders.

The Issuer may sell Notes to one or more of the Dealers including National Bank Financial Inc., which is a wholly-owned indirect subsidiary of the Bank. The terms of the Programme were negotiated at arm's length between the Issuer and the Dealers. In addition to any proceeds from any offering of the Notes under the Programme being applied, directly or indirectly, for the benefit National Bank Financial Inc. in its capacity as a wholly-owned indirect subsidiary of the Bank, National Bank Financial Inc. will receive a portion of any fees and commissions payable in connection with any such offering of Notes in its capacity as a Dealer.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers without regard to the effect on the Bank's business or profitability, or to the Noteholders. Such investments and securities activities may involve securities and/or instruments of the Issuer or Issuer's affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

The Bank is liable to make payments when due on the Notes and Notes which constitute deposit liabilities of the Bank will not be insured

The Bank is liable to make payments when due on the Notes. Notes which constitute deposit liabilities of the Bank for purposes of the *Bank Act* (Canada) will not be insured under the *Canada Deposit Insurance Corporation Act* (Canada) or any other governmental insurance scheme of any other country, and will constitute legal, valid and binding direct, unconditional, unsubordinated and unsecured obligations of the Bank and rank at least *pari passu* with all deposit liabilities of the Bank without any preference among themselves and with all other unsubordinated and unsecured obligations of the Bank, present and future (except as otherwise prescribed by law).

Risks related to the market generally

Set out below is a brief description of certain additional market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk.

Risks relating to the secondary market generally

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid or sustainable. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed liquid secondary market. This is particularly the case for Notes that are especially sensitive to

interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors or are not admitted for trading on the Regulated Market, the Euro MTF Market or another established securities exchange. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes. Accordingly, the Notes should not be viewed as trading instruments and investors should be prepared to hold the Notes to maturity.

In addition, Noteholders should be aware of the prevailing and widely reported global credit market conditions (which continue at the date of this Prospectus), whereby there is a potential lack of liquidity in the secondary market for instruments similar to the Notes. Such a lack of liquidity may result in Noteholders suffering losses in secondary market resales even if there is no decline in the performance of the assets of the Bank. The Bank cannot predict which of these circumstances will change and whether, if and when they do change, there will be a more liquid market for the Notes and instruments similar to the Notes at that time.

Exchange rate risks and exchange controls

The Bank will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Specified Currency or the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls or monetary policies that could adversely affect an applicable currency exchange rate or interest rate. As a result, investors may receive less interest or principal than expected, or no interest or principal or receive payments in a significantly devalued Specified Currency.

Interest rate risks

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of Fixed Rate Notes.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to an issue of Notes. The ratings may not reflect the potential impact of all risks related to the Bank or to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under Regulation (EC) No. 1060/2009, as amended (the "**CRA Regulation**") from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in

accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings will be disclosed in the Final Terms or (in the case of Exempt Notes) Pricing Supplement, as applicable.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should also consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital guidelines or similar rules.

CREDIT RATING AGENCIES

Notes issued under the Programme are generally rated Aa3 by Moody's Canada Inc. ("**Moody's Canada**") and A by Standard & Poor's Ratings Services, a business unit of the McGraw-Hill Companies (Canada) Corporation ("**S&P Canada**"). A Tranche (as defined herein) of Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will not necessarily be the same as the ratings assigned to the Programme. **The rating of the Notes is not a recommendation to purchase, hold or sell the Notes, and may be subject to suspension, reduction, revision or withdrawal at any time by the assigning rating agencies. There is no assurance that the rating of the Notes will remain for any given period of time or that the rating will not be lowered or withdrawn by the rating agencies if in their judgment circumstances so warrant. Investors are cautioned to evaluate each rating independently of any other rating.**

The rating of certain Series of Notes to be issued under the Programme may be specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement. Whether or not each credit rating applied for in relation to a relevant Series of Notes will be issued by a credit rating agency established in the European Union and registered under the CRA Regulation will be disclosed in the Final Terms or (in the case of Exempt Notes) the applicable Pricing Supplement. In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the European Union and registered under the CRA Regulation (and such registration has not been withdrawn or suspended). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU credit rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). Certain information with respect to the credit rating agencies and ratings will be disclosed in the Final Terms or (in the case of Exempt Notes) the applicable Pricing Supplement.

In addition to the Programme ratings provided by Moody's Canada and S&P Canada, each of Moody's Investors Service, Inc. ("**Moody's USA**" and collectively with Moody's Canada, "**Moody's**"), Standard and Poor's, a division of the McGraw-Hill Companies, Inc. ("**S&P USA**" and collectively with S&P Canada, "**S&P**"), DBRS Limited ("**DBRS**") and Fitch, Inc. ("**Fitch**") has provided issuer ratings for the Bank as specified under "National Bank of Canada – Issuer Ratings".

In accordance with Article 4.1 of the CRA Regulation, please note that the 2015 Annual Information Form (as defined in the section entitled "Documents Incorporated by Reference") incorporated by reference in this Prospectus contains credit ratings of the Bank and explanations on credit ratings on pages 15, 25 and 26.

The information relating to credit rating systems below has been extracted from the websites of Moody's USA, S&P USA, DBRS and Fitch, as applicable. The Issuer confirms that such information has been accurately reproduced and that, so far as the Issuer is aware, and is able to ascertain from information published by Moody's USA, S&P USA, DBRS and Fitch, no facts have been omitted which would render the reproduced information inaccurate or misleading.

According to the Moody's rating system, obligations rated Aa are judged to be of high quality and are subject to very low credit risk. Moody's appends numerical modifiers 1, 2 and 3 to each generic ratings classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category; the modifier 2 indicates a mid-range ranking and the modifier 3 indicates a ranking in the lower end of that generic rating category.

According to the S&P rating system, an obligor rated “A” has a strong capacity to meet financial commitments but is somewhat more susceptible to adverse effects of changes in circumstances and economic conditions than obligors in higher-rated categories. The ratings from AA to CCC may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within major rating categories.

None of Moody’s, S&P, Fitch or DBRS is established in the European Union or registered under the CRA Regulation. However, ratings issued by Moody’s are endorsed by Moody’s Investors Service Ltd., which is established in the European Union and registered under the CRA Regulation. Ratings issued by S&P are endorsed by Standard & Poor’s Credit Market Services Europe Ltd., which is established in the European Union and registered under the CRA Regulation. Ratings issued by Fitch are endorsed by Fitch Ratings Limited, which is established in the European Union and registered under the CRA Regulation. Ratings issued by DBRS are endorsed by DBRS Ratings Limited, which is established in the European Union and registered under the CRA Regulation.

ESMA is obliged to maintain on its website a list of credit rating agencies registered in accordance with the CRA Regulation. This list must be updated within 5 working days of ESMA’s adoption of any decision to withdraw the registration of a credit rating agency under the CRA Regulation. The list is located on ESMA’s website at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>. Please note that this website does not form part of the Prospectus.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the following documents incorporated by reference, each of which has been previously published and has been approved by or filed with the CSSF and the Luxembourg Stock Exchange, and are deemed to be incorporated by reference herein, and form part of, this Prospectus:

- (a) the Bank's Annual Information Form dated 1 December 2015, excluding all information incorporated therein by reference (such information is not relevant for prospective investors or is covered elsewhere in this Prospectus) (the **"2015 Annual Information Form"**);
- (b) the Bank's Annual Report for the financial year ended 31 October 2015, which includes the Bank's comparative consolidated financial statements for the years ended 31 October 2015 and 2014 prepared in accordance with IFRS, together with the Independent Auditor's Report thereon dated 1 December 2015 (the **"2015 Annual Report"**);
- (c) the Bank's 2016 Management Proxy Circular dated 3 March 2016 (the **"2016 Management Proxy Circular"**);
- (d) the Bank's First Quarterly Report to shareholders for the quarter ended 31 January 2016 which includes the unaudited interim consolidated financial statements for the quarters ended 31 January 2016 and 2015 (the **"2016 First Quarter Report"**); and
- (e) the sections entitled "Terms and Conditions of the Notes" set out in the Bank's prospectuses dated 11 March 2015 beginning at page 43, 13 March 2014 beginning at page 40, 15 March 2013 beginning at page 34, 22 September 2011 beginning on page 32, 22 September 2010 beginning at page 27, 22 September 2009 beginning at page 25, 17 April 2008 beginning at page 25, 13 March 2007 beginning at page 21 and 17 March 2006 beginning at page 21, relating to the Programme (for the avoidance of doubt, the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement for a Tranche of Notes will indicate the Terms and Conditions applicable to such Tranche and unless otherwise indicated in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement, the Terms and Conditions of all Notes issued after the date hereof shall be those set out in this Prospectus); the remaining portions of the prospectuses dated 11 March 2015, 13 March 2014, 15 March 2013, 22 September 2011, 22 September 2010, 22 September 2009, 17 April 2008, 13 March 2007 and 17 March 2006 relating to the Programme are not relevant for prospective investors and are not incorporated by reference.

The following table indicates where certain required information may be found in the above mentioned documents incorporated by reference in this Prospectus.

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The information incorporated by reference that is not included in the cross-reference list is considered as additional information and is not required by the relevant schedules of Commission Regulation (EC) No 809/2004.

Such documents shall be deemed to be incorporated by reference in, and form part of, this Prospectus, save that any statement contained in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained therein or in any Supplement thereto (including a statement deemed to be incorporated herein or in any such Supplement) modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

In addition, subject to the Bank complying with Article 16(1) of the Prospectus Directive if there is a significant new factor, material mistake or inaccuracy relating to information contained in this Prospectus, as described under "Supplements to Prospectuses and Drawdown Prospectuses" below, the following documents published or issued from time to time after the date hereof shall be deemed to be incorporated in, and form part of, this Prospectus provided that such document shall not form part of the base prospectus approved by the CSSF for the purposes of the Prospectus Directive:

- (a) Annual Information Form of the Bank published subsequent to the date of this Prospectus;
- (b) Annual Report of the Bank published subsequent to the date of this Prospectus;
- (c) Management Proxy Circular of the Bank published subsequent to the date of this Prospectus;

- (d) any Quarterly Reports to the shareholders of the Bank published from time to time subsequent to the date of this Prospectus;
- (e) all supplements or amendments to the Prospectus prepared by the Issuer from time to time (other than those filed pursuant to Article 16 of the Prospectus Directive); and
- (f) any material change reports (excluding confidential material change reports) filed by the Bank with the various securities commissions or similar authorities in Canada pursuant to the requirements of applicable securities legislation after the date of this Prospectus,

provided that any statement contained herein or in a document all or the relative portion of which is or is deemed to be incorporated by reference will be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein, in any other subsequently filed document which is or is deemed to be incorporated by reference in this Prospectus, or in any supplement approved by the CSSF (including any documents incorporated by reference therein) modifies or supersedes such earlier statement (whether expressly, by implication or otherwise).

The financial information of the Bank incorporated by reference or otherwise contained in this document has been prepared in accordance with IFRS.

Copies of documents deemed to be incorporated by reference in this Prospectus (but excluding (a) through (f) above unless otherwise incorporated in the base prospectus pursuant to a Supplement or a prospectus under Article 16 of the Prospective Directive approved by the CSSF) and any supplement hereto approved by the CSSF can be reviewed on the website of the Luxembourg Stock Exchange at *www.bourse.lu* and may be obtained from the head office of the Bank and the specified offices of the each Paying Agent and Listing Agent, as set out at the end of this Prospectus. In addition, CDS Inc., a subsidiary of the Canadian Depository for Securities Limited, maintains an Internet web site through which all of the documents incorporated herein by reference, or deemed incorporated herein, that the Bank files electronically can be retrieved. The address of the site is *http://www.sedar.com*.

Please note that websites referred to herein do not form part of this Prospectus, nor have the contents of any such website been approved or submitted to the CSSF.

FINAL TERMS, PRICING SUPPLEMENTS AND DRAWDOWN PROSPECTUSES

In this section the expression “necessary information” means, in relation to any Tranche of Notes, the information necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Bank and of the rights attaching to the Notes.

Any information relating to the Notes which is not included in this Prospectus and which is required in order to complete the necessary information in relation to a Tranche of Notes will be contained either in the applicable Final Terms, Pricing Supplement or in a Drawdown Prospectus. Such information will be contained in the applicable Final Terms or Pricing Supplement unless, in accordance with Article 16 of the Prospective Directive, any of such information constitutes a significant new factor relating to the information contained in this Prospectus in which case such information, together with all of the other necessary information in relation to the relevant Series of Notes (other than Exempt Notes), will be contained in a Drawdown Prospectus.

For a Tranche of Notes that is the subject of the Final Terms or Pricing Supplement, those Final Terms or Pricing Supplement will, for the purposes of that Tranche only, complete this Prospectus and must be read in conjunction with this Prospectus. The terms and conditions applicable to any particular Tranche of Notes which is the subject of Final Terms are the Terms and Conditions as completed to the extent described in the applicable Final Terms and the Terms and Conditions applicable to any particular Tranche of Note which is the subject of a Pricing Supplement are the Conditions as completed, amended or replaced by the applicable Pricing Supplement.

Each Drawdown Prospectus will be a single document containing the necessary information relating to the Bank and the relevant Notes. The terms and conditions applicable to any particular Tranche of Notes which is the subject of a Drawdown Prospectus will be the Conditions as supplemented, amended and/or replaced to the extent described in the relevant Drawdown Prospectus. In the case of a Tranche of Notes that is the subject of a Drawdown Prospectus, each reference in this Prospectus to Final Terms or to information being specified or identified in the applicable Final Terms shall be read and construed as a reference to the relevant Drawdown Prospectus or such information being specified or identified in the relevant Drawdown Prospectus unless the context requires otherwise.

GENERAL DESCRIPTION OF THE PROGRAMME

This overview is an introduction to this Prospectus and any decision to invest in Notes should be based on a consideration of this Prospectus as a whole, including documents incorporated by reference.

The following overview is taken from, and is entirely qualified by the remainder of this Prospectus and, concerning each Series, the Final Terms or Pricing Supplement relating to such Series (or, if Notes are issued in more than one Tranche, the Final Terms or Pricing Supplement relating thereto).

This Overview constitutes a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No 809/2004 implementing the Prospectus Directive. The applicable terms of any Notes will be agreed between the Bank and the relevant Dealer(s) prior to the issue of the Notes and will be set out in the Terms and Conditions of the Notes endorsed on, or annexed to, the Notes, as completed by the applicable Final Terms or, in the case of Exempt Notes, as supplemented, replaced or modified by the Pricing Supplement attached to, or endorsed on, such Notes, as more fully described under “Terms and Conditions of the Notes” or “Terms and Conditions of the German Registered Notes”.

Issuer: National Bank of Canada

Branch of Account: The deposits evidenced by the Notes will be issued by the Bank’s London Branch or such other branch as specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement.

Subject to meeting certain conditions described in Condition 14, the Bank may change the branch of account for the Notes.

Description: Euro Note Programme

Arrangers: BNP Paribas
National Bank Financial Inc.

Dealers: BNP Paribas
Citigroup Global Markets Limited
Credit Suisse Securities (Europe) Limited
HSBC Bank plc
J.P. Morgan Securities plc
Lloyds Bank plc
National Bank Financial Inc.
The Bank may from time to time terminate the appointment of any Dealer under the Programme or appoint additional Dealers either for a single Tranche or for the whole Programme. References in this Prospectus to “**Permanent Dealers**” are to the persons listed above as Dealers and to additional persons appointed as dealers for the whole Programme (whose appointment has not been terminated).

Fiscal Agent: Citibank, N.A., London Branch

Initial Programme

Amount: Up to U.S.\$8,000,000,000 (or its equivalent in other currencies at the date of issue) outstanding at any one time. The Bank may increase the Programme’s amount under the Dealer Agreement.

Currencies:	<p>Subject to compliance with relevant laws, regulations and directives, Notes may be issued in Australian dollars, Canadian dollars, Czech koruna, Danish kroner, euro, Hong Kong dollars, New Zealand dollars, Norwegian kroner, Sterling, South African Rand, Swedish kroner, Swiss francs, U.S. dollars or yen or in other currencies if the Bank and the relevant Dealer(s) agree as specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement.</p> <p>Notes denominated in a currency for which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in compliance with such laws, guidelines, regulations, restrictions or reporting requirements.</p> <p>The Issuer is an authorised person under the Financial Services and Markets Act 2000, as amended (“FSMA”).</p>
Maturities:	<p>Subject to compliance with all relevant laws, regulations, directives and/or central bank requirements applicable to the Bank or the Specified Currency, the Notes will have such maturities as agreed between the Bank and the relevant Dealer(s) and indicated in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement. Money market instruments listed on the Regulated Market will have a maturity of less than twelve months.</p> <p>An extended final maturity date (the “Extended Maturity Date”) may be specified in the Pricing Supplement of a Tranche of Exempt Notes (the “Extendible Notes”).</p>
Denominations:	<p>Notes will be in such denominations as specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement, save that in the case of any Notes admitted to trading on a regulated market for the purposes of the Markets in Financial Instruments Directive or offered to the public in an EEA Member State in circumstances which would otherwise require the publication of a prospectus under the Prospectus Directive, the minimum denomination will be €100,000 (or its equivalent in any other currency as at the date of issue).</p>
Method of Issue:	<p>The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in one or more Series (which may be issued on the same date or in more than one Tranche on different dates). Further Notes may be issued as part of an existing Series.</p>
Form of Notes:	<p>Bearer Notes, Exchangeable Bearer Notes or Registered Notes may be issued. Unless otherwise specified in the applicable Final Terms or (in the case of Exempt Notes) applicable Pricing Supplement, each Tranche of Bearer Notes and Exchangeable Bearer Notes having an original maturity of more than one year will initially be represented by a temporary Global Note and each Tranche of Bearer Notes having an original maturity of one year or less will initially be represented by a permanent Global Note.</p> <p>Each Global Bearer Note will (i) if the Global Notes are to be issued in NGN form, as specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement, be delivered on or prior to the issue date of the Tranche to a Common Safekeeper for Clearstream, Luxembourg and/or Euroclear; and (ii) if the Global Bearer Notes are to be issued in CGN form, as specified in the applicable Final Terms or, in the case of Exempt Notes, the</p>

applicable Pricing Supplement, be delivered on or prior to the issue date thereof to a Common Depositary or any other agreed clearing system or be delivered outside a clearing system, as agreed between the Bank and the relevant Dealer(s).

No interest will be collectible in respect of a temporary Global Note except as described under “Overview of Provisions Relating to the Notes while in Global Form”. Interests in temporary Global Notes will be exchangeable for interests in permanent Global Notes or, if so specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement, for definitive Bearer Notes after the date falling not earlier than 40 days after the issue date upon certification as to non-United States beneficial ownership or (in the case of Exchangeable Bearer Notes) definitive Registered Notes at any time after the issue date. The applicable Final Terms or (in the case of Exempt Notes) applicable Pricing Supplement will specify whether TEFRA C Rules or TEFRA D Rules or the TEFRA Rules in general are or are not applicable. Interests in permanent Global Notes will be exchangeable for definitive Bearer Notes or (if Exchangeable Bearer Notes) definitive Registered Notes as described under “Overview of Provisions Relating to the Notes while in Global Form”.

Registered Notes in definitive form will be represented by Note Certificates (each a “**Certificate**”), one Certificate being issued for each Noteholder’s entire holding of Registered Notes of one Series. If a Registered Global Note is held under the new safekeeping structure for registered global securities which are intended to constitute eligible collateral for Eurosystem monetary policy operations (the “**NSS**”), the Registered Global Note will be delivered on or prior to the original issue date of the relevant Tranche to a Common Safekeeper for Clearstream, Luxembourg and/or Euroclear. Registered Global Notes which are not held under the NSS will be deposited on or prior to the issue date of the relevant Tranche with a Common Depositary for Clearstream, Luxembourg and/or Euroclear (or any other agreed clearing system) or be delivered outside a clearing system, as agreed between the Bank and the relevant Dealer(s). Registered Global Notes which are held in Clearstream, Luxembourg and/or Euroclear or any other agreed clearing system will be registered in the name of nominees for Clearstream, Luxembourg and/or Euroclear or other agreed clearing system, a common nominee for both, or in the name of a nominee for the Common Safekeeper, as the case may be, and the respective Certificate(s) will be delivered to the appropriate depositary, the Common Depositary or the Common Safekeeper, as the case may be. Any interest in a Registered Global Note will be transferable only in accordance with the rules and procedures in effect at Clearstream, Luxembourg, Euroclear and/or any other agreed clearing system.

Any reference herein to Clearstream, Luxembourg and/or Euroclear shall, whenever the context so permits, except in relation to Notes issued in NGN form or held under the NSS for registered global securities, be deemed to include a reference to any successor operator and/or successor clearing system and/or any additional or alternative clearing system specified in the applicable Final Terms or (in the case of Exempt Notes) applicable Pricing Supplement.

German Registered Notes will be issued substantially in the form of the German Registered Note set out in the Agency Agreement (including the form of German

Registered Notes (*Namensschuldverschreibung*) with the Terms and Conditions of the German Registered Notes attached thereto).

Issue Price: Notes may be issued at any price or at a discount or premium to their Nominal Amount. Exempt Notes that are Partly-Paid Notes may be issued, the Issue Price of which will be payable in several instalments.

Fixed Rate Notes: Fixed rate interest will be payable in arrear on the date(s) and calculated on the basis of such Day Count Fraction specified in the applicable Final Terms or (in the case of Exempt Notes) applicable Pricing Supplement.

Floating Rate Notes: As specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement, Floating Rate Notes will bear interest calculated at a rate determined: (i) based on the floating rate under a notional rate of interest swap transaction in the Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., as supplemented, amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); (ii) based on a reference rate appearing on the screen page of a commercial quoting service; or (iii) on another basis agreed between the Bank and the relevant Dealer(s), for Exempt Notes only.

The Margin (if any) relating to floating rate will be agreed between the Bank and the relevant Dealer(s) for each issue of Floating Rate Notes.

Floating Rate Notes may also have a maximum or minimum rate of interest.

Zero Coupon Notes: Zero Coupon Notes may be issued at their nominal amount or at a discount and will not bear interest.

Exempt Notes: The Bank may issue Exempt Notes which are Index Linked Notes, Dual Currency Notes or Partly Paid Notes redeemable in one or more increments.

Index-Linked Notes: Payments (whether for principal or interest, at maturity or otherwise) in respect of Index-Linked Redemption Notes or Index-Linked Interest Notes ("**Index-Linked Notes**") will be calculated by reference to such index and/or formula or to changes in the prices of securities or commodities or to such factors as agreed by Bank and the relevant Dealer(s) and as specified in the applicable Pricing Supplement, if appropriate.

Dual Currency Notes: Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the Issuer and the relevant Dealer may agree.

Partly Paid Notes: The Issuer may issue Notes in respect of which the issue price is paid in separate instalments in such amounts and on such dates as the Issuer and the relevant Dealer may agree.

Notes redeemable in instalments: The Issuer may issue Notes which may be redeemable in separate instalments in such amounts and on such dates as the Issuer and the relevant Dealer may agree.

The Issuer may agree with any Dealer that Exempt Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes, in which event the relevant provisions will be included in the applicable Pricing Supplement.

Interest Periods and

Rates of Interest: The interest periods for the Notes and the applicable rate of interest or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum or minimum rate of interest. Through interest accrual periods the Notes may bear interest at different rates in the same interest period.

Redemption: The Final Terms (or, in the case of Exempt Notes, the Pricing Supplement) for each Tranche of Notes will indicate either that the Notes cannot be redeemed prior to their stated maturity (other than in the case of Exempt Notes in specified instalments, if applicable, or for taxation reasons) or that such Notes will be redeemable at the Bank's and/or the Noteholders option upon giving prior notice to the Noteholders or the Bank on a date(s) specified and at a price(s) as specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement.

The Pricing Supplement for Exempt Notes may provide that Notes are repayable in several instalments as specified in the applicable Pricing Supplement.

Status of Notes: Notes will constitute deposit liabilities of the Bank, which are unsubordinated and unsecured obligations of the Bank and will rank *pari passu* with all other deposit liabilities of the Bank (except as otherwise prescribed by law) and without any preference amongst themselves.

The Notes will not be deposits insured under the *Canada Deposit Insurance Corporation Act* (Canada).

Negative Pledge: None.

Cross Default: None.

Terms and Conditions:

Either (i) Final Terms, (ii) in the case of Exempt Notes, a Pricing Supplement or (iii) a Drawdown Prospectus will be prepared for each Tranche of Notes. A copy of each Final Terms will, in the case of Notes to be listed on the Official List, be delivered to the Luxembourg Stock Exchange. The terms and conditions applicable to each Tranche will be as provided under "Terms and Conditions of the Notes", completed by the applicable Final Terms or supplemented, modified or replaced by the applicable Pricing Supplement or Drawdown Prospectus, as the case may be.

In the case of a Tranche which is the subject of a Drawdown Prospectus, each reference in this Prospectus to information being set out, specified, stated, shown, indicated or otherwise provided in the applicable Final Terms shall be read and construed as a reference to such information being set out, specified, stated, shown, indicated or otherwise provided for in the relevant Drawdown Prospectus and, as applicable, each other reference to Final Terms in this Prospectus shall be read and construed as a reference to such Drawdown Prospectus.

A German Registered Note (with the "Terms and Conditions of the German Registered Notes" attached thereto) will be prepared in respect of each Series of

German Registered Notes and will constitute the Pricing Supplement in respect of such Series of German Registered Notes.

In the case of German Registered Notes, each reference in this document to information being set out, specified, stated, shown, indicated or otherwise provided for in the applicable Pricing Supplement shall be read and construed as a reference to such information being set out, specified, stated, shown, indicated or otherwise provided in the relevant German Registered Note and the “Terms and Conditions of the German Registered Notes” attached thereto and, as applicable, each other reference to Pricing Supplement in the document shall be construed and read as a reference to such German Registered Note and “Terms and Conditions of the German Registered Notes” attached thereto.

**Enforcement of
Notes:**

In certain circumstances, Notes in global form are exchangeable for Notes in definitive form. If a Global Note becomes due and payable because of acceleration, as described under “Terms and Conditions of the Notes - Events of Default”, or if the Maturity Date has occurred and, payment in full of the amount due is not made on the due date, the owner of a beneficial interest in such Global Note will become entitled to proceed directly against the Bank based on account statements provided by the relevant clearing system.

Set Off:

In the case of German Registered Notes, as long as, and to the extent that, the German Registered Note forms part of the restricted assets (*gebundenes Vermögen*) within the meaning of § 54 of the German Act Concerning the Supervision of Insurance Companies (*Gesetz über die Beaufsichtigung der Versicherungsunternehmen - Versicherungsaufsichtsgesetz*) of 17 December 1992 (as amended) and the German Regulation Concerning the Investment of the Restricted Assets of Insurance Companies (*Verordnung über die Anlage des gebundenen Vermögens von Versicherungsunternehmen*) of 20 December 2001 (as amended), the Issuer waives (also in the event of insolvency of the holder of such German Registered Note or in the event that insolvency proceedings or similar proceedings are instituted against the holder of such German Registered Note) any right of set-off as well as any right to exercise any pledges, rights of retention and other rights which could affect the rights under the German Registered Notes. The same applies, in respect of a Noteholder that is a German mortgage bank (*Pfandbriefbank*) and in accordance with Section 29 Sentence 2 of the German Pfandbrief Act (*Pfandbriefgesetz*), as long as and to the extent the claims under such German Registered Note belong to cover assets (*Deckungswerte*) of a German mortgage bank.

Clearing Systems:

Clearstream, Luxembourg, Euroclear and/or any other agreed clearing system as may be specified in the applicable Final Terms or (in the case of Exempt Notes) applicable Pricing Supplement. Definitive German Registered Notes will not be settled in a clearing system.

Rating:

A Tranche of Notes issued under the Programme may be rated or unrated. Ratings of rated Tranche may differ from ratings of other Notes. The rating of the Notes is not a recommendation to purchase, hold or sell the Notes, and may be subject to suspension, reduction, revision or withdrawal at any time by the assigning rating agencies. There is no assurance that the rating of the Notes will remain for any given period of time or that rating agencies will not lower or withdraw their ratings.

Withholding Tax: All payments of principal and interest by the Bank under the Notes, Receipts and Coupons will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Canada, its provinces or territories, or the country in which the branch of account for Notes is located, subject to certain exceptions. If any such withholding or deduction is made, the Bank will, subject to certain exceptions, be required to pay additional amounts in respect of the amounts so withheld or deducted. See “Terms and Conditions of the Notes - Taxation”.

Redenomination and Consolidation: The applicable Pricing Supplement in respect of Exempt Notes may provide that Exempt Notes may be redenominated in euro or consolidated as specified in the applicable Pricing Supplement in respect of Exempt Notes.

Governing Law: The Notes (other than German Registered Notes), including related contractual documentation, will be governed by and construed in accordance with the laws applicable in the Province of Québec and the federal laws of Canada applicable therein.

German Registered Notes will be governed by and construed in accordance with the laws applicable in the Federal Republic of Germany. The competent courts in Frankfurt am Main shall have non-exclusive jurisdiction in the event of litigation in respect of the German Registered Notes.

**Listing and
Admission to
Trading:**

Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme during the period of 12 months from the date of the Prospectus to be listed on the Official List and admitted to trading on either the Regulated Market or the Euro MTF Market, which is not a regulated market for purposes of MiFID. Notes may also be listed or admitted to trading on such other or further stock exchange(s) or market(s) as may be agreed between the Issuer and the relevant Dealer(s) in relation to such issue. The Bank may also issue Notes which are neither listed nor admitted to trading on any market. The applicable Final Terms or (in the case of Exempt Notes) applicable Pricing Supplement will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges or markets.

The Bank is not under any obligation to Noteholders to maintain any listing of Notes and if it is unduly onerous to maintain such listing, the Bank may seek to terminate the listing of such Notes provided it uses its best endeavours to seek an alternative admission to listing, trading and/or quotation of such Notes by another listing authority, securities exchange and/or quotation system (including a market which is not a regulated market for the purposes of the Markets in Financial Instruments Directive or a market outside of the EEA) to be notified by the Bank to the relevant Dealer(s). However, if such alternative listing is not available or is unduly onerous, the Notes may be delisted and an alternative listing may not be obtained. See “Risk Factors – Risks related to Notes generally - No obligation to maintain listing”.

Selling Restrictions: For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in Canada, the United States of America, the EEA (including the United Kingdom, France, Germany, Italy and The Netherlands), Hong Kong, Japan and Singapore, see “Subscription and Sale”.

Transfer

Restrictions: A transfer of German Registered Notes is not effective until the transferee has delivered to the Registrar a duly executed copy of the Terms and Conditions relating to such German Registered Note along with a duly executed Assignment Agreement.

United States Selling

Restrictions: The Issuer is Category 2 for purposes of Regulation S under the Securities Act.

The Notes will be issued in compliance with United States Treas. Reg. §1.163-5(c)(2)(i)(D) (or any successor United States Treasury Regulation section, including without limitation, regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) (the “**D Rules**”) unless (i) the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement state that Notes are issued in compliance with United States Treas. Reg. §1.163-5(c)(2)(i)(C) (or any successor United States Treasury Regulation section, including without limitation, regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) (the “**C Rules**”) or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute “registration required obligations” under the United States Tax Equity and Fiscal Responsibility Act of 1982 (“**TEFRA**”) and specified as a transaction not subject to TEFRA in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement.

Risk Factors: There are certain risks related to any investment in Notes under the Programme, which investors should ensure they fully understand. A description of such risks is set out under “*Risk Factors*” from page 10 of this Prospectus.

TERMS AND CONDITIONS OF THE NOTES

With the exception of German Registered Notes, the following is the text of the terms and conditions (the “Conditions”) which, as completed by the applicable Final Terms or completed, supplemented, amended and/or replaced by the applicable Pricing Supplement, will be applicable to the Notes and, subject further to simplification by deletion of non-applicable provisions, will be endorsed on Notes in definitive form (if any). Details of the relevant Tranche will be set out in the applicable Final Terms or Pricing Supplement and, in the case of the issue of Notes or Certificates in definitive form, endorsed on, or attached to, the definitive form of Note or Certificate. References in the Conditions to “Notes” are to the Notes of one Series only, not to all Notes which may be issued under the Programme. Capitalised terms not defined in the Conditions but which are defined in the applicable Final Terms will have the meanings given to them in such Final Terms or Pricing Supplement and “herein” or “hereof” when used in the Conditions shall include a reference to such Final Terms where appropriate. The applicable Final Terms or Pricing Supplement (or the relevant provisions thereof) will be endorsed on, or attached to, each temporary Global Note, permanent Global Note and definitive Note or on the Certificates relating to Registered Notes.

The Conditions applicable to any particular Tranche of Notes which is the subject of a Drawdown Prospectus will be the Conditions as supplemented, amended and/or replaced to the extent described in such Drawdown Prospectus.

This Note is one of a Series of Euro Notes (the “Notes”, which expression shall mean (i) in regard to any Notes represented by a Note in temporary global form or in permanent global form (each a “Global Note”) or a Note in registered form, units of the lowest Specified Denomination in the currency specified herein of the relevant Notes, (ii) any Note in definitive form issued in exchange for a Global Note, and (iii) any Global Note). The Notes are issued pursuant to an amended and restated Agency Agreement dated 10 March 2016 among National Bank of Canada (the “Bank” or the “Issuer”), Citibank, N.A., London Branch, and the other parties thereto, (as amended, supplemented or restated from time to time, the “Agency Agreement”). Under the Agency Agreement, Citibank, N.A., London Branch will act in its capacities as fiscal, issuing and paying agent and calculation agent (the “Fiscal Agent”, which expression shall include any successor to Citibank, N.A., London Branch in its capacity as such) and as registrar (the “Registrar”, which expression shall include any successor to Citibank, N.A., London Branch in its capacity as such and any additional registrars appointed in accordance with the Agency Agreement either with respect of the Programme or with respect to a particular Series), and National Bank of Canada, London branch, and KBL European Private Bankers S.A. will act as paying agents (together with the Fiscal Agent and any additional or other paying agents in respect of the Notes from time to time appointed, the “Paying Agents”) and Citibank, N.A., London Branch and KBL European Private Bankers S.A. will act as transfer agents (together with any additional or other transfer agents in respect of the Notes from time to time appointed, the “Transfer Agents”). The initial calculation agent(s) (the “Calculation Agent(s)”) (if any) is specified in the applicable Final Terms. The Noteholders (as defined below), the holders of the interest coupons (the “Coupons”) appertaining to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the “Talons”) (the “Couponholders”) and the holders of the instalment receipts (the “Receipts”) appertaining to the payment of principal by instalments are deemed to have notice of and are bound by all of the provisions of the Agency Agreement applicable to them.

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed hereon which completes these Terms and Conditions or, if the Note is a Note which is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under Directive 2003/71/EC, as amended, (an “Exempt Note”), the final terms (or the relevant provisions thereof) are set out in Part A of the Pricing Supplement attached to or endorsed hereon which

supplements these Terms and Conditions and which shall, to the extent so specified to the extent inconsistent with the Terms and Conditions, replace or modify the Terms and Conditions for the purposes of this Note. References to the “applicable Final Terms” are, unless otherwise stated, to Part A of the Final Terms (or the relevant provision thereof) attached to or endorsed on this Note. References to the “applicable Pricing Supplement” are, unless otherwise stated, to Part A of the Pricing Supplement (or the relevant provision thereof) attached to or endorsed on this Note and any references in the Terms and Conditions to “applicable Final Terms” shall be deemed to include a reference to the applicable Pricing Supplement where relevant.

In respect of any Notes, references herein to these Terms and Conditions are to these terms and conditions as completed by the Final Terms or, in the case of Exempt Notes, as supplemented, replaced or modified by the Pricing Supplement and any reference herein to a “**Condition**” is a reference to the relevant Condition of the Terms and Conditions of the relevant Notes.

Copies of the Agency Agreement are available for inspection at the specified offices of each of the Paying Agents, the Registrar and the Transfer Agents.

1. Form, Denomination and Title

The Notes are issued in the form specified in the applicable Final Terms. Notes issued in bearer form are referred to herein as “**Bearer Notes**”, which expression includes Notes which are specified to be Exchangeable Bearer Notes. Notes issued in registered form are referred to herein as “**Registered Notes**”. Notes issued in bearer form exchangeable for Registered Notes are referred to herein as “**Exchangeable Bearer Notes**”. Bearer Notes in definitive form will be serially numbered, in the Specified Currency and in the Specified Denomination(s) provided that (a) in the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or offered to the public in a Member State of the European Economic Area in circumstances which would otherwise require the publication of a prospectus under the Prospective Directive (Directive 2003/71/EC as amended), the minimum Specified Denomination shall not be less than €100,000 (or its equivalent in any other currency as at the date of issue of the relevant Notes).

Unless the Note is an Exempt Note, this Note is a Fixed Rate Note, a Floating Rate Note or a Zero Coupon Note or a combination of any of the foregoing, depending on the Interest Basis shown in the applicable Final Terms.

If this Note is an Exempt Note, this Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Note, a Dual Currency Interest Note or any other type of Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Pricing Supplement.

If this Note is an Exempt Note, this Note may also be a Index Linked Redemption Note, an Instalment Note, a Dual Currency Redemption Note, a Partly Paid Note or a combination of any of the foregoing, depending upon the Redemption/Payment Basis shown in the applicable Pricing Supplement.

The applicable Final Terms may provide for Bearer Notes to be issued in new global note (“**NGN**”) form.

Definitive Bearer Notes are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Notes which do not bear interest in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Any Bearer Note the Aggregate Nominal Amount of which is redeemable in instalments (“**Instalment Notes**”) is issued with one or more Receipts attached.

Registered Notes in definitive form are represented by registered certificates (“**Certificates**”), each Certificate representing one or more Notes registered in the name of the recorded holder of such Certificate. Certificates for Registered Notes shall be issued in the lowest Specified Denomination or an integral multiple thereof.

Title to the Bearer Notes and the Receipts, Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by due endorsement. The Bank shall procure that the Registrar keep a register or registers in which shall be entered the names and addresses of the holders of Registered Notes and particulars of the Registered Notes held by them. Such registration shall be noted on the Registered Notes by the Registrar. References herein to “**holders**” of Registered Notes are to the persons in whose names such Registered Notes are so registered in the relevant register. Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note, Receipt, Coupon or Talon shall be deemed to be and may be treated as the absolute owner of such Note, Receipt, Coupon or Talon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Note, Receipt, Coupon or Talon shall be overdue and notwithstanding any notice of ownership, theft or loss thereof or any writing thereon made by anyone.

In these Conditions, “**Noteholder**” means the bearer of any Bearer Note in definitive form and the Receipts relating to it, the person in whose name a Registered Note in definitive form is registered. In addition, “**holder**” (in relation to a Note, Receipt, Coupon or Talon) has the corresponding meaning and capitalised terms have the meanings given to them herein, the absence of any such meaning indicating that such term is not applicable to the Notes.

2. Exchange of Exchangeable Bearer Notes and Transfers of Registered Notes

(a) Exchange of Exchangeable Bearer Notes

Subject as provided in Condition 2(e), Exchangeable Bearer Notes may be exchanged for the same aggregate Nominal Amount of Registered Notes at the request in writing of the relevant Noteholder and upon surrender of each Exchangeable Bearer Note to be exchanged, together with all unmatured Receipts, Coupons and Talons relating to it, at the specified office of the Registrar or any Transfer Agent; provided, however, that where an Exchangeable Bearer Note is surrendered for exchange after the Record Date (as defined in Condition 6(b)) for any payment of interest or Instalment Amount, the Coupon in respect of that payment of interest or Receipt in respect of that Instalment Amount need not be surrendered with it. Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes which are not Exchangeable Bearer Notes may not be exchanged for Registered Notes.

(b) Transfer of Registered Notes

Subject as provided in Condition 2(e), one or more Registered Notes may upon the terms and subject to the conditions set forth in the Agency Agreement and as required by law be transferred upon the surrender of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate duly completed and executed, at the specified office of the Registrar or any Transfer Agent. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate in respect of the balance not transferred will be issued to the transferor.

(c) Delivery of New Certificates

Each new Certificate to be issued upon exchange of Exchangeable Bearer Notes or transfer of Registered Notes will, within three business days (being a day, other than a Saturday or Sunday, on which commercial banks are open for business in the place of the specified office of the Transfer Agent or the Registrar to whom such request for exchange or form of transfer shall have been delivered) of receipt of such request for exchange or form of transfer, be available for delivery at the specified office of the Transfer Agent or the Registrar (as the case may be) to whom such delivery shall have been made or, at the option of the holder making such delivery as aforesaid and as specified in the relevant request for exchange or form of transfer, be mailed at the risk of the holder entitled to the new Certificate to such address as may be specified in such request for exchange or form of transfer.

(d) *Exchange Free of Charge*

Exchange of Notes on registration or transfer will be effected without charge by or on behalf of the Bank, the Registrar or the Transfer Agents, but on payment (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require in respect thereof) of any tax or other governmental charges which may be imposed in relation to it.

(e) *Closed Periods*

No Noteholder may require the transfer of a Registered Note to be registered or an Exchangeable Bearer Note to be exchanged for a Registered Note (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note, (ii) during the period of 15 days prior to any date on which Notes may be redeemed by the Bank at its option pursuant to Condition 5(e) or (iii) after any such Note has been drawn for redemption in whole or in part. An Exchangeable Bearer Note called for redemption may, however, be exchanged for a Registered Note in respect of which the Certificate is simultaneously surrendered not later than the relevant Record Date.

(f) *Exercise of Call or Put Options or Partial Redemption in Respect of Registered Notes*

In the case of an exercise of the Issuer Call Option or Noteholder Put Option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of either an Issuer Call Option or a Noteholder Put Option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

3. Status of the Notes

The Notes and the Receipts and Coupons relating to them will constitute deposit liabilities of the Bank for purposes of the *Bank Act* (Canada) and will rank *pari passu* with all other deposit liabilities of the Bank (except as otherwise prescribed by law) and without any preference amongst themselves. Notes issued by a branch of the Bank will be obligations of the Bank and will be paid without the necessity of being presented for payment at such branch. Unless otherwise specified in the applicable Final Terms, the deposits to be evidenced by Notes will be issued by the main branch of the Bank in Montreal, Québec, Canada.

The Notes will not be deposits insured under the *Canada Deposit Insurance Corporation Act* (Canada).

4. Interest and Other Calculations

(a) *Interest on Fixed Rate Notes*

Each Fixed Rate Note bears interest on its outstanding Nominal Amount (or, if it is a Partly-Paid Note, the amount paid up) in respect of each Fixed Interest Period from (and including) the Interest Commencement Date specified in the applicable Final Terms at the rate(s) per annum (expressed as a percentage) equal to the Fixed Rate(s) of Interest so specified, such interest being payable in arrear on the Interest Payment Date(s) in each year up to (and excluding) the Maturity Date. The amount of interest payable shall be determined in accordance with Condition 4(g).

As used in these Terms and Conditions, “**Fixed Interest Period**” means the period from (and including) an Interest Payment Date or the Interest Commencement Date to (but excluding) the next (or first) Interest Payment Date.

If a Fixed Coupon Amount or a Broken Amount is specified in the applicable Final Terms, the amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount or, if applicable, the Broken Amount so specified and in the case of the Broken Amount, will be payable on the particular Interest Payment Date(s) specified in the applicable Final Terms.

(b) Business Day Convention

If any date referred to in these Conditions which is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day which is not a Relevant Business Day, then, if the Business Day Convention specified is (i) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a Relevant Business Day unless it would thereby fall into the next calendar month, in which event (A) such date shall be brought forward to the immediately preceding Relevant Business Day and (B) each subsequent such date shall be the last Relevant Business Day of the month in which such date would have fallen had it not been subject to adjustment, (ii) the Following Business Day Convention, such date shall be postponed to the next day which is a Relevant Business Day, (iii) the Modified Following Business Day Convention, such date shall be postponed to the next day which is a Relevant Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Relevant Business Day, (iv) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Relevant Business Day, or (v) No Adjustment, such date shall not be adjusted in accordance with any Business Day Convention.

(c) Interest on Floating Rate Notes

(i) Interest Payment Dates

Each Floating Rate Note bears interest on its outstanding Nominal Amount from (and including) the Interest Commencement Date specified in the applicable Final Terms at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on either: (A) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or (B) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an **"Interest Payment Date"**) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date. Such interest will be payable in respect of each Interest Period (which expression shall, in these Terms and Conditions, mean that period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

(ii) Rate of Interest

The Rate of Interest payable from time to time in respect of the Floating Rate Notes will be determined in the manner specified in the applicable Final Terms and the provisions below relating to either Screen Rate Determination or ISDA Determination shall apply, depending upon which is specified in the applicable Final Terms.

(A) Screen Rate Determination

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be determined (and adjusted, if required by Condition 4(g)) by the

Calculation Agent at or about the Relevant Time on the Interest Determination Date in respect of such Interest Period in accordance with the following:

(x) if the Primary Source for the Floating Rate is a Page, subject as provided below, the Rate of Interest shall be:

- (I) the Relevant Rate (where such Relevant Rate on such Page is a composite quotation or is customarily supplied by one entity), or
- (II) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Page,

in each case appearing on such Page at the Relevant Time on the Interest Determination Date;

(y) if the Primary Source for the Floating Rate is Reference Banks or if subparagraph (x)(I) applies and no Relevant Rate appears on the Page at the Relevant Time on the Interest Determination Date or if subparagraph (x)(II) above applies and fewer than two Relevant Rates appear on the Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the arithmetic mean of the Relevant Rates which each of the Reference Banks is quoting to major banks in the Relevant Financial Centre at the Relevant Time on the Interest Determination Date, as determined by the Calculation Agent; and

(z) if paragraph (y) above applies, the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) which the Calculation Agent determines to be the rates (being the nearest equivalent to the Reference Rate) in respect of a Representative Amount of the Specified Currency which at least two out of five leading banks selected by the Calculation Agent in the principal financial centre of the country of the Specified Currency or, if the Specified Currency is euro, in Europe as selected by the Calculation Agent (the “**Principal Financial Centre**”) are quoting at or about the Relevant Time on the date on which such banks would customarily quote such rates for a period commencing on the Effective Date for a period equivalent to the Specified Duration (I) to leading banks carrying on business in Europe, (II) to leading banks carrying on business in the Principal Financial Centre; except that, if fewer than two of such banks are so quoting to leading banks in the Principal Financial Centre, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date (after readjustment for any difference between any Margin, Rate Multiplier or Maximum or Minimum Rate of Interest applicable to the preceding Interest Period and to the relevant Interest Period).

(B) ISDA Determination

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the Margin (if any). For purposes of this Condition 4(c)(ii)(B), “**ISDA Rate**” for an Interest Period means a rate

equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions (defined below) and under which:

- (x) the Floating Rate Option (which may refer to a Rate Option specified in the ISDA Definitions) is as specified in the applicable Final Terms,
- (y) the Designated Maturity is the period set out in the applicable Final Terms, and
- (z) the relevant Reset Date is either (I) if the applicable Floating Rate Option is based on the London interbank offered rate (LIBOR) for a currency, the first day of that Interest Period or (II) in any other case, as specified in the applicable Final Terms.

For the purposes of this Condition 4(c)(ii)(B), “**Floating Rate**”, “**Floating Rate Option**”, “**Designated Maturity**”, “**Rate Option**” and “**Reset Date**” have the meanings given to those terms in the 2006 ISDA Definitions (as amended, supplemented and updated from time to time, published by the International Swaps and Derivatives Association, Inc.) (the “**ISDA Definitions**”).

(d) Accrual of Interest

Interest will cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgement) at the Rate of Interest in the manner provided in this Condition 4 to the Relevant Date (as defined in Condition 7).

(e) Interest on Zero Coupon Notes

Where a Note, the Interest Basis of which is specified to be Zero Coupon, is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as defined in Condition 5(d)).

(f) Margin, Maximum Rate of Interest, Minimum Rate of Interest, Instalment Amounts and Redemption Amounts, Rate Multipliers and Rounding

- (i) If any Margin or Rate Multiplier is specified in the applicable Final Terms (either (x) generally, or (y) in relation to one or more Interest Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Periods, in the case of (y), calculated in accordance with (c)(iii) or (iv) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin or multiplying by such Rate Multiplier, subject always to the next paragraph.
- (ii) If any Maximum Rate of Interest or Minimum Rate of Interest, Instalment Amount, Early Redemption Amount or Final Redemption Amount is specified in the applicable Final Terms, then any Rate of Interest, Instalment Amount, Early Redemption Amount or Final Redemption Amount shall be subject to such maximum or minimum, as the case may be. Unless otherwise specified in the applicable Final Terms, the Minimum Rate of Interest shall be zero.
- (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves

being rounded up), (y) all figures will be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts which fall due and payable will be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes “unit” means, with respect to any currency other than euro, the lowest amount of such currency which is available as legal tender in the country of such currency and, with respect to euro means 0.01 euro.

(g) *Calculations*

The amount of interest payable per Calculation Amount in respect of any Note for any period shall be equal to the product of the Rate of Interest (adjusted as required by Condition 4(f)), the Calculation Amount specified in the applicable Final Terms and the Day Count Fraction for such period, unless an Interest Amount (or a formula for its calculation) is specified in respect of such period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period will be the sum of the amounts of interest payable in respect of each of those Interest Periods.

(h) *Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts*

As soon as practicable after the Relevant Time on each Interest Determination Date or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quote or make any determination or calculation, it will determine such rates and calculate the amount of interest payable (the “Interest Amount”) in respect of each Specified Denomination of the Notes for the relevant Interest Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amounts or Instalment Amount, obtain such quote or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Fiscal Agent, the Registrar (if applicable), the Bank, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes which is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange so requires, such exchange as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Relevant Business Day after such determination. The Interest Amounts and the Interest Payment Date so provided may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 9, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no notification of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quote and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

(i) *Linear Interpolation*

Where Linear Interpolation is specified as being applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Benchmark (where Screen Rate Determination is specified as applicable in the applicable Final Terms) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable

Final Terms), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for the period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

“Designated Maturity” means, in relation to Screen Rate Determination, the period of time designated as the Specified Duration.

(j) Exempt Notes

The rate or amount of interest in respect of Exempt Notes which are not also Fixed Rate Notes or Floating Rate Notes shall be determined in the manner specified in the applicable Pricing Supplement, provided that where such Notes are Index Linked Interest Notes, the provisions of Condition 5(c) and other related provisions of Condition 5 shall, save to the extent amended in the applicable Pricing Supplement, apply as if the references therein to Floating Rate Notes were references to Index Linked Interest Notes.

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up nominal amount of such Note and otherwise as specified in the applicable Pricing Supplement.

(k) Definitions

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“Benchmark” means either the London interbank offered rate (**“LIBOR”**), the Euro-zone interbank offered rate (**“EURIBOR”**) or such other reference rate specified in the applicable Final Terms.

“Calculation Agent” means such entity as may be specified in the applicable Final Terms as the Calculation Agent:

“Day Count Fraction” means, in respect of the calculation of an amount of interest on any Note for any period of time not comprising a complete year (whether or not constituting an Interest Period, the **“Calculation Period”**):

- (i) If **“Actual/365”** or **“Actual/Actual (ISDA)”** is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if **“Actual/365 (Fixed)”** is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365;
- (iii) if **“Actual/365 (Sterling)”** is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 365 or, in the case the last day of the Calculation Period falls in a leap year, 366;
- (iv) if **“Actual/360”** is specified in the applicable Final Terms, the actual number of days in the Calculation Period divided by 360;
- (v) if **“30/360”**, **“360/360”** or **“Bond Basis”** is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where,

“Y₁” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D₁” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

- (vi) if “**30E/360**” or “**Eurobond Basis**” is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where,

“Y₁” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D₁” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D₂ will be 30;

- (vii) if “**30E/360 (ISDA)**” is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where,

“Y₁” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day included the Calculation Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D₁” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30; and

(viii) if “**Actual/Actual (ICMA)**” is specified in the applicable Final Terms,

- (A) where the Calculation Period is equal to or shorter than the Determination Period during which the Calculation Period ends, the number of days in such Calculation Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
- (B) in the case of Notes where the Calculation Period is longer than the Determination Period during which the Calculation Period ends, the sum of:
 - (1) the number of days in such Calculation Period falling in the Determination Period in which the Calculation Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; and
 - (2) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year.

“**Determination Period**” means the period from (and including) a Determination Date to but excluding the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date).

“**Effective Date**” means, with respect to any Floating Rate to be determined on an Interest Determination Date, the date specified as such in the applicable Final Terms or, if none is so specified, the first day of the Interest Period to which such Interest Determination Date relates.

“**euro**” means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the functioning of the European Union, as amended.

“**Interest Amount**” means the amount of interest payable per Calculation Amount calculated in accordance with Condition 4(a) or as specified in the applicable Final Terms and in the case of Fixed Rate Notes, if so specified in the applicable Final Terms, shall mean Fixed Coupon Amount(s) or the Broken Amount(s).

“Interest Commencement Date” means the date of issue of the Notes (the **“Issue Date”**) or such other date as may be specified in the applicable Final Terms.

“Interest Determination Date” means, with respect to a Rate of Interest and Interest Period, the date specified as such in the Final Terms or, if none is so specified and the Specified Currency is not euro, (i) the first day of such Interest Period if the Specified Currency is Sterling or (ii) the day falling two Relevant Business Days in London for the Specified Currency prior to the first day of such Interest Period if the Specified Currency is neither Sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Period if the Specified Currency is euro.

“Interest Period” means the period beginning on, and including, the Interest Commencement Date and ending on, but excluding, the first Interest Payment Date and each successive period beginning on, and including, an Interest Payment Date and ending on, but excluding, the next succeeding Interest Payment Date.

“Nominal Amount” means the Nominal Amount specified in the applicable Final Terms.

“Page” means such page, section, caption, column or other part of a particular information service (including, but not limited to, the Reuters Money 3000 Service (**“Reuters”**)) as may be specified herein for the purpose of providing a Relevant Rate, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be specified by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to that Relevant Rate.

“Rate of Interest” means the rate of interest payable from time to time in respect of the Notes and which is either specified, or calculated in accordance with the provisions hereof.

“Reference Banks” means the institutions specified as such in the applicable Final Terms or, if none, four major banks (which are unaffiliated with the Issuer) selected by the Calculation Agent in the interbank market (or, if appropriate, money market) which are most closely connected with the Benchmark (which, if EURIBOR is the relevant Benchmark, shall be Europe).

“Relevant Business Day” means:

- (i) in the case of a Specified Currency other than euro, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre for that currency and each other place (if any) specified in the applicable Final Terms as an Additional Business Centre and if TARGET is specified as an Additional Business Centre, a TARGET Business Day; and/or
- (ii) in the case of euro, a day on which the TARGET System is open (a **“TARGET Business Day”**) and on which commercial banks are open for business in each place (if any) specified in the applicable Final Terms as an Additional Business Centre.

“Relevant Financial Centre” means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the financial centre as may be specified in the applicable Final Terms or, if none is so specified, the financial centre with which the Benchmark is most closely connected (which, in the case of EURIBOR, shall be Europe) or, if none is so connected, London.

“Relevant Rate” means the Benchmark for a Representative Amount of the Specified Currency for a period (if applicable or appropriate to the Benchmark) equal to the Specified Duration commencing on the Effective Date determined in accordance with the Primary Source specified in the applicable Final Term.

“Relevant Time” means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre specified in the applicable Final Terms or, if no time is specified, the local time in the

Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Specified Currency in the interbank market in the Relevant Financial Centre (and for this purpose “**local time**” means with respect to Europe as a Relevant Financial Centre, Central European time).

“**Representative Amount**” means, with respect to any Floating Rate to be determined on an Interest Determination Date, the amount specified in the applicable Final Terms or, if none is specified, an amount that is representative for a single transaction in the relevant market at the time.

“**Specified Currency**” means the currency specified as such in the applicable Final Terms or, if none is specified, the currency in which the Notes are denominated.

“**Specified Denomination**” means the denomination of a Note as may be agreed between the Bank and the relevant Dealer(s) and as indicated in the applicable Final Terms.

“**Specified Duration**” means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the duration specified in the applicable Final Terms or, if none is specified, a period of time equal to the relative Interest Period, ignoring any adjustment pursuant to Condition 4(b).

“**TARGET System**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

(l) Calculation Agent and Reference Banks

The Bank will procure that there shall at all times be four Reference Banks (or such other number as may be required) with offices in the Relevant Financial Centre and one or more Calculation Agents if provision is made for them in the Conditions applicable to the Notes and for so long as any Notes are outstanding. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank, then the Bank will appoint another Reference Bank with an office in the Relevant Financial Centre to act as such in its place. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for any Interest Period or to calculate the Interest Amounts, Instalment Amount or the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount (as the case may be) or to comply with any other requirements, the Bank will appoint the London office of a leading bank engaged in the interbank market that is most closely connected with the calculation or determination to be made by the Calculation Agent to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

5. Redemption, Purchase and Options

(a) Final Redemption

Unless previously redeemed or purchased and cancelled as provided below or its maturity is extended pursuant to any Bank’s or Noteholders’ option in accordance with Condition 5(e) or (f), each Note will be redeemed at its Final Redemption Amount (which shall be at least 100 per cent. of its nominal amount) on the Maturity Date specified on each Note.

(b) Redemption for Taxation Reasons

The Notes may be redeemed at the option of the Bank in whole, but not in part, on any Interest Payment Date (if the Note is a Floating Rate Note) or at any time (if the Note is not a Floating Rate Note), on giving not less than 30 nor more than 60 days’ notice to the Noteholders in accordance with Condition 13 (which notice shall be irrevocable), at their Early Redemption Amount (which unless otherwise specified in a

Pricing Supplement shall be 100 per cent. of their Nominal Amount), (together with interest accrued to the date fixed for redemption), if (i) the Bank has or will become obliged to pay additional amounts as provided or referred to in Condition 7 as a result of any change in, or amendment to, the laws or regulations of Canada or any province thereof or in the case of Notes issued by a branch of the Bank outside Canada, of the country in which such branch is located or any political subdivision or any authority or agency thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date, and (ii) such obligation cannot be avoided by the Bank taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Bank would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Bank shall deliver to the Fiscal Agent a certificate signed by two senior officers of the Bank stating that the Bank is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Bank so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Bank has or will become obliged to pay such additional amounts as a result of such change or amendment.

(c) *Purchases*

The Bank and any of its subsidiaries in the ordinary course of their dealing in securities may at any time purchase Notes (provided that all unmatured Receipts (if any) and Coupons and unexchanged Talons appertaining thereto are attached or surrendered therewith) in the open market or otherwise at any price.

(d) *Early Redemption of Zero Coupon Notes*

- (i) The Early Redemption Amount payable in respect of any Note which does not bear interest prior to the Maturity Date pursuant to Condition 5(b) or upon it becoming due and payable as provided in Condition 9 shall be the Amortised Face Amount (calculated as provided below) of such Note.
- (ii) Subject to the provisions of sub-paragraph (iii) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown in the applicable Final Terms, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually. Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction specified in the applicable Final Terms.
- (iii) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 5(b) or upon it becoming due and payable as provided in Condition 9 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as though the reference therein to the date on which the Note becomes due and payable were replaced by a reference to the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph will continue to be made (as well after as before judgement), until the Relevant Date unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest which may accrue in accordance with Condition 4(d).

*(e) Redemption at the Option of the Bank ("**Issuer Call Option**") and Exercise of Bank's Options*

If an Issuer Call Option is specified in the applicable Final Terms, the Bank may, on giving not less than 10 nor more than 30 days irrevocable notice to the Noteholders (or such other notice period as may be specified herein) in accordance with Condition 13 redeem, or exercise any Bank's option (as may be described herein) in relation to, all or, if so specified in the applicable Final Terms, some of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption.

All Notes in respect of which any such notice is given shall be redeemed, or the Bank's option shall be exercised, on the date specified in such notice in accordance with this Condition 5.

If so provided herein, the Bank shall redeem a specified number of the Notes on the date or dates so provided. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption which may, if so specified herein, be payable in instalments or otherwise. Notice of such redemption shall be irrevocably given to the Noteholders in accordance with Condition 13.

In the case of a partial redemption or a partial exercise of the Bank's option, the notice to Noteholders shall also contain the serial numbers of the Notes to be redeemed or in respect of which such option has been exercised, which shall have been drawn in such place as the Fiscal Agent may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws and stock exchange requirements. The Bank shall ensure that the Luxembourg Stock Exchange (in the event that the Notes are listed on the Luxembourg Stock Exchange) is promptly informed of any redemption under this Condition 5(e).

Any such redemption or exercise must relate to Notes of a Nominal Amount at least equal to the Minimum Redemption Amount to be redeemed specified herein and no greater than the Maximum Redemption Amount to be redeemed specified herein.

*(f) Redemption at the Option of Noteholders ("**Noteholder Put Option**") and Exercise of Noteholders' Options*

If a Noteholder Put Option is specified in the applicable Final Terms, the Bank shall, at the option of the holder of any such Note upon the holder giving not less than 10 nor more than 30 days notice (or such other notice period as may be specified herein), redeem such Note on the Optional Redemption Date(s) so provided at its Optional Redemption Amount together with interest accrued to the date fixed for redemption.

To exercise such option or any other Noteholders' option which may be set out herein, the holder must deposit such Note (together with all unmatured Receipts and Coupons and unexchanged Talons) with any Paying Agent (in the case of Bearer Notes) or the Certificate representing such Note(s) with the Registrar or any Transfer Agent (in the case of Registered Notes) at its specified office, together with a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the Noteholders' Option Period. No Note or Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Bank.

(g) Cancellation

All Notes purchased by or on behalf of the Bank or any of its subsidiaries may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Receipts and Coupons and all unexchanged Talons to the Fiscal Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, will, together with all Notes redeemed by the Bank, be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto or surrendered therewith).

Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Bank in respect of any such Notes shall be discharged.

(h) Early Redemption Amount of Notes other than Zero Coupon Notes

The Early Redemption Amount payable in respect of any Note (other than the Notes described in (d) above), upon redemption of such Note pursuant to Condition 5(b) or upon it becoming due and payable as provided in Condition 9, shall be the Final Redemption Amount unless another amount is specified in the applicable Final Terms.

(i) Specific Redemption provisions applicable to certain types of Exempt Notes

The Final Redemption Amount, any Optional Redemption Amount and the Early Redemption Amount in respect of Index Linked Redemption Notes and Dual Currency Redemption Notes may be specified in, or determined in the manner specified in, the applicable Pricing Supplement. For the purposes of Condition 5(d), Index Linked Interest Notes and Dual Currency Instalment Notes may be redeemed only on an Interest Payment Date.

Unless previously redeemed or purchased and cancelled as provided in this Condition 5 or the relevant Instalment Date (being one of the dates so specified herein) is extended pursuant to any Bank's or Noteholder's option in accordance with Condition 5(e) or (f), each Note which provides for Instalment Dates and Instalment Amounts will be partially redeemed on each Instalment Date at the Instalment Amount specified in the applicable Final Terms. The outstanding Nominal Amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the Nominal Amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused on presentation of the related Receipt, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount. In the case of early redemption, the Early Redemption Amount will be determined in the manner specified in the applicable Pricing Supplement.

Partly-Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition 5 and the provisions specified in the applicable Pricing Supplement.

6. Payments and Talons

(a) Bearer Notes

Payments of principal and interest in respect of Bearer Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Notes (in the case of payments of principal and, in the case of interest, as specified in Condition 6(f)(vi)) or Coupons (in the case of interest, save as specified in Condition 6(f)(ii)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the currency in which such payment is due drawn on, or, at the option of the holder, by transfer to an account denominated in that currency with, a bank in the principal financial centre of that currency; provided that in the case of euro, the transfer may be to, or the cheque drawn on, a euro account (or any other account to which euro may be credited or transferred).

(b) Registered Notes

- (i)* Payments of principal in respect of Registered Notes will be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.
- (ii)* Interest on Registered Notes will be paid to the person shown on the Register at the close of business (i) in the case of a Global Note, the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) prior to the due date for payment thereof and (ii) in the case of a Definitive Note, on the fifteenth day before the due date for payment thereof (the "**Record Date**"). Payments of interest on

each Registered Note will be made in the currency in which such payments are due by cheque drawn on a bank in the principal financial centre of the country of the currency concerned and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register maintained by the Registrar. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date and subject as provided in Condition 6(a), such payment of interest may be made by transfer to an account in the Specified Currency maintained by the payee with a bank in the principal financial centre of the country of that currency.

(c) Payments in the United States

Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Bank shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Bank, any adverse tax consequence to the Bank.

(d) Payments subject to fiscal or other laws

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment but without prejudice to the provisions of Condition 9 and (ii) the FATCA Withholding Tax Rules (as defined in Condition 7).

(e) Appointment of Agents

The Fiscal Agent, the Paying Agents, the Registrar, Transfer Agents and the Calculation Agent initially appointed by the Bank and their respective specified offices are listed below. The Fiscal Agent, the Paying Agents, the Registrar, Transfer Agents and the Calculation Agent act solely as agents of the Bank and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Bank reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, the Registrar or any Transfer Agent and to appoint additional or other Paying Agents or Transfer Agents, provided that the Bank will at all times maintain (i) a Fiscal Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) a Calculation Agent where the Conditions so require one, (v) a Paying Agent and, in relation to Registered Notes which are listed on the Official List, a Transfer Agent having a specified office in a European city which, so long as the Notes are listed on the Official List, shall be Luxembourg, and (vi) such other agents as may be required by the rules of any other stock exchange on which the Notes may be listed or as may be agreed between the Bank and the relevant Dealer(s).

In addition, the Bank shall forthwith appoint a Paying Agent in New York City in respect of any Notes denominated in U.S. dollars in the circumstances described in Condition 6(c).

Notice of any such change or any change of any specified office will promptly be given to the Noteholders in accordance with Condition 13.

(f) Unmatured Coupons and unexchanged Talons

- (i) Unless the Notes provide that the relative Coupons are to become void upon the due date for redemption of those Notes, Bearer Notes should be surrendered for payment together with all unmatured Coupons (if any) appertaining thereto, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal due) will be deducted from

the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of 3 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8).

- (ii) If the relative Notes so provide, upon the due date for redemption of any Bearer Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Where any Bearer Note which provides that the relative Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons and any unexchanged Talon relating to it, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provisions of such indemnity as the Bank may require.
- (v) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note which only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

(g) Talons

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons which may have become void pursuant to Condition 8).

(h) Non-Business Days

If any date for payment in respect of any Note, Receipt or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day and shall not be entitled to any interest or other sum in respect of such postponed payment. In this paragraph, “**business day**” means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the relevant place of presentation, in such jurisdictions as shall be specified as “Financial Centres” in the Final Terms and if TARGET is specified as a Financial Centre, a TARGET Business Day, and:

- (i) in the case of a payment in a Specified Currency other than euro, where payment is to be made by transfer to an account maintained with a bank in the Specified Currency, on which foreign exchange transactions may be carried on in the Specified Currency in the principal financial centre of the country of such currency; or
- (ii) in the case of a payment in euro, which is a TARGET Business Day (as defined in the definition of “Relevant Business Day” in Condition 4(k)).

(i) *Specific provisions in relation to payments in respect of certain types of Exempt Notes*

In the case of Exempt Notes that are Bearer Notes and provide for Instalment Amounts, payments of principal and interest will be made in the manner provided in Condition 6(a), (c) and (d) against presentation and surrender of the relevant Receipt (in the case of Instalment Amounts other than on the due date for redemption and provided the relevant Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of Interest, as specified in Condition 6(f)(vi)) or Coupons (in the case of interest payments, save as specified in Condition 6(f)(ii)). Upon the due date for redemption of any Bearer Note which is redeemable instalments, all Receipts relating to such Notes having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.

In the case of Exempt Notes that are Registered Notes and which provide for Instalment Amounts, payments shall be made in accordance with Condition 6(b) and (d) with all references to principal being deemed to include Instalment Amounts other than the final Instalment Amount and all references to interest being deemed to include all Instalment Amounts other than the final Instalment Amount.

7. Taxation

All payments of principal and interest in respect of the Notes, the Receipts and the Coupons by or on behalf of the Bank will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Canada, any province or territory or political subdivision thereof or any authority or agency therein or thereof having power to tax, or in the case of Notes issued by a branch of the Bank located outside Canada, the country in which such branch is located or any political subdivision thereof or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law, regulation or the administration thereof. In that event, the Bank will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders and the Couponholders after such withholding or deduction shall equal the respective amounts of principal and interest, if any, which would have been received in respect of the Notes, Receipts or (as the case may be) Coupons, in the absence of such withholding or deduction; except that no additional amounts shall be payable with respect to any payment in respect of any Note, Receipt or Coupon:

- (a) to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note, Receipt or Coupon by reason of his having some connection with Canada or the country in which such branch is located otherwise than the mere holding of such Note, Receipt or Coupon;
- (b) to, or to a third party on behalf of, a holder in respect of whom such tax, duty, assessment or governmental charge is required to be withheld or deducted by reason of the holder being a person with whom the Bank is not dealing at arm's length (within the meaning of the *Income Tax Act* (Canada));
- (c) presented for payment more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amount on presenting the same for payment on the thirtieth such day, assuming that day to have been a Payment Date;
- (d) to, or to a third party on behalf of, a Noteholder or Couponholder who is, or who does not deal at arm's length with a person who is a "specified shareholder" (as defined in subsection 18(5) of the *Income Tax Act* (Canada)) of the Bank;
- (e) to, or to a third party on behalf of, a holder who is liable for such taxes, duties, assessments or other governmental charges by reason of such holder's failure to comply

with any certification, identification, documentation or other reporting requirement concerning the nationality, residence, identity or connection with Canada or the country in which such branch is located of such holder, if (i) compliance is required by law or administration thereof as a precondition to, exemption from, or reduction in the rate of, the tax, assessment or other governmental charge and (ii) the Issuer has given holders at least 30 days' notice that holders will be required to provide such certification, identification, documentation or other requirement; or

- (f) for or on account of any withholding tax or deduction imposed or collected pursuant to Sections 1471 through 1474 of the United States Internal Revenue Code of 1986, as amended (the “**Code**”) (or any amended or successor version), any current or future regulations thereunder or official interpretations thereof, any agreement described in Section 1471(b)(1) of the Code, any intergovernmental agreement entered into between the United States and any other country in connection with the implementation of the foregoing, and any fiscal or regulatory legislation, rules or official practices adopted pursuant to any such intergovernmental agreement (the “**FATCA Withholding Tax Rules**”).

As used in these Conditions, “**Relevant Date**” in respect of any Note, Receipt or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date on which notice is duly given to the Noteholders in accordance with Condition 13 that, upon further presentation of the Note (or relative Certificate), Receipt or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) “**principal**” shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 5 or any supplement to it, (ii) “**interest**” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 4 or any supplement to it and (iii) “**principal**” and/or “**interest**” shall be deemed to include any additional amounts which may be payable under this Condition 7.

8. Prescription

Claims against the Bank for payment in respect of the Notes, Receipts and Coupons shall be prescribed and become void unless made within 3 years from the date on which such Notes, Receipts and Coupons first became redeemable or due and payable.

9. Events of Default

If any of the following events (“**Events of Default**”) occurs and is continuing, the holder of any Note may give written notice to the Fiscal Agent at its specified office that such Note is immediately repayable, whereupon the Early Redemption Amount (which unless otherwise provided in a Pricing Supplement is 100 per cent. of its Nominal Amount) of such Note together with accrued interest to the date of payment shall become immediately due and payable:

- (a) if a default is made by the Bank for more than 30 days (in the case of interest) or five days (in the case of principal) in the payment on the due date of interest or principal in respect of any of the Notes; or
- (b) if the Bank shall become insolvent or bankrupt, or if a liquidator, receiver or receiver and manager of the Bank or any other officer having similar powers shall be appointed or if the

Superintendent of Financial Institutions Canada shall have taken control of the assets of the Bank or of the Bank itself.

10. Meeting and Consents of Noteholders and Modifications

(a) Meetings and Consents of Noteholders

The Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interest, including modification by Extraordinary Resolution of the Notes (including these Conditions insofar as the same may apply to such Notes). The quorum for any meeting convened to consider an Extraordinary Resolution shall be one or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons holding or representing Noteholders whatever the nominal amount of the Notes so represented, unless the business of such meeting includes consideration of proposals, *inter alia*, to (i) amend the dates of maturity or redemption of the Notes, any Instalment Date or any date for payment of interest thereon or Interest Amounts on the Notes, (ii) reduce or cancel the Nominal Amount or any Instalment Amount of, or any premium payable on redemption of, the Notes, (iii) reduce the rate or rates of interest in respect of the Notes or vary the method or basis of calculating the Interest Amount in the respect thereof, (iv) if a Minimum Rate of Interest and/or a Maximum Rate of Interest is shown herein, reduce any such Minimum Rate of Interest and/or Maximum Rate of Interest, (v) change any method of calculating the Early Redemption Amount, Final Redemption Amount or Optional Redemption Amount, or in the case of Zero Coupon Notes, vary the method of calculating the Amortised Face Amount in respect thereof, (vi) change the currency or currencies of payment or denomination of the Notes, (vii) modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution or (viii) modify or eliminate any of matters (i) through (vii) inclusive above, in which case the necessary quorum shall be one or more persons holding or representing not less than seventy-five per cent., or at any adjourned meeting, not less than twenty-five per cent., in nominal amount of the Notes for the time being outstanding.

The term “**Extraordinary Resolution**” is defined in the Agency Agreement to mean (a) a resolution passed at a duly convened meeting of the holders of Notes by a majority consisting of not less than three-fourths of the votes cast thereon, (b) a resolution in writing signed by the holders of not less than three-fourths in nominal amount of the Notes outstanding, or (c) consents given by electronic consents through the relevant clearing systems by or on behalf of Noteholders of not less than three-fourths in nominal amount of the Notes outstanding, the whole in accordance with the procedures set out in the Agency Agreement. An Extraordinary Resolution duly passed shall be binding on all Noteholders (whether present or not at the meeting or whether or not they participated in such written resolution or consented electronically) and on all relevant Couponholders.

(b) Modifications

The Bank shall only permit, without consent of the Noteholders or Couponholders:

- (i) any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders; or
- (ii) any modification of the Conditions, Notes or Coupons which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law.

11. Replacement of Notes, Certificates, Receipts, Coupons and Talons

If a Note, Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws and stock exchange regulations, at the specified office of the Fiscal

Agent (in the case of the Bearer Notes, Receipts, Coupons or Talons) and the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Bank for the purpose and notice of whose designation is given to Noteholders in accordance with Condition 13, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Receipt, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there will be paid to the Bank on demand the amount payable by the Bank in respect of such Notes, Certificates, Receipts, Coupons or further Coupons) and otherwise as the Bank may require. Mutilated or defaced Notes, Certificates, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

12. Further Issues

The Bank may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes and so that the same shall be consolidated and form a single series with such Notes, and references in these Conditions to “Notes” shall be construed accordingly.

13. Notices

Notices to the holders of Registered Notes will be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Registered Notes which are listed on the Official List and admitted to trading on the Regulated Market or the Euro MTF Market of the Luxembourg Stock Exchange (so long as such Notes are listed on the Official List and admitted to trading on the Regulated Market or the Euro MTF Market of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require) will also be published in a daily newspaper with general circulation in Luxembourg (which is expected to be the Luxemburger Wort) or on the website of the Luxembourg Stock Exchange at www.bourse.lu. Notices to the holders of Bearer Notes will be valid if (i) published in an English language daily newspaper of general circulation in Europe (which is expected to be the Financial Times) and (ii) in the case of any Bearer Notes which are listed on the Official List and admitted to trading on the Regulated Market or the Euro MTF Market of the Luxembourg Stock Exchange (so long as such Notes are listed on the Official List and admitted to trading on the Regulated Market or the Euro MTF Market of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require), in a daily newspaper with general circulation in Luxembourg (which is expected to be the Luxemburger Wort) or on the website of the Luxembourg Stock Exchange at www.bourse.lu. The Bank shall also ensure that notices are duly published in compliance with the requirements of the rules of each stock exchange on which the Notes are listed. Any notice so given will be deemed to have been validly given on the date of first such publication (or, if required to be published in more than one newspaper, on the first date on which publication shall have been made in all the required newspapers) or, as the case may be, on the fourth Business Day after the date of such delivery to Clearstream, Luxembourg and/or Euroclear and/or such other relevant clearing system.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the holders of Bearer Notes in accordance with this Condition 13.

14. Branch of Account

For the purposes of the *Bank Act* (Canada) the branch of the Bank specified in the applicable Final Terms shall be the branch of account (the “**Branch of Account**”) for the deposits evidenced by this Note.

This Note will be paid without the necessity of first being presented for payment at the Branch of Account.

If the Branch of Account is not in Canada, the Bank may change the Branch of Account for the deposits evidenced by this Note, upon not less than seven days' prior notice to its Holder given in accordance with Condition 13 and upon and subject to the following terms and conditions:

- (a) if this Note is denominated in yen, the Branch of Account shall not be in Japan;
- (b) the Bank shall indemnify and hold harmless the Holders of the Notes and Coupons relating thereto against any tax, duty, assessment or governmental charge which is imposed or levied upon such Holder as a consequence of such change, and shall pay the reasonable costs and expenses of the Fiscal Agent in connection with such change; and
- (c) notwithstanding (b) above, no change of the Branch of Account may be made unless immediately after giving effect to such change (i) no Event of Default, and no event which, after the giving of notice or lapse of time or both, would become an Event of Default shall have occurred and be continuing and (ii) payments of principal and interest on Notes of this Series and Coupons relating thereto to Holders thereof (other than Excluded Holders, as hereinafter defined) shall not, in the opinion of external counsel to the Bank, be subject to any taxes, as hereinafter defined, to which they would not have been subject had such change not taken place. For the purposes of this section, an **"Excluded Holder"** means a holder of a Note of this Series or Coupon relating thereto who is subject to taxes by reason of his having some connection with the Relevant Jurisdiction other than the mere holding of a Note of this Series or Coupon as a non resident of such Relevant Jurisdiction. **"Relevant Jurisdiction"** means and includes Canada, its provinces or territories and the jurisdiction in which the new Branch of Account is located, and **"taxes"** means and includes any tax, duty, assessment or other governmental charge imposed or levied in respect of the payment of the principal of the Notes of this Series or interest thereon for or on behalf of a Relevant Jurisdiction or any authority therein or thereof having power to tax.

15. Currency Indemnity

Any amount received or recovered in a currency other than the currency in which payment under the relevant Note, Coupon or Receipt is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Bank or otherwise) by any Noteholder or Couponholder in respect of any sum expressed to be due to it from the Bank shall only constitute a discharge to the Bank to the extent of the amount in the currency of payment under the relevant Note, Coupon or Receipt which such Noteholder or Couponholder is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Note, Coupon or Receipt, the Bank shall indemnify such Noteholder or Couponholder against any loss sustained by it as a result. In any event, the Bank shall indemnify such Noteholder or Couponholder against the cost of making any such purchase. For the purposes of this Condition 15, it will be sufficient for the Noteholder or Couponholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Bank's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder or Couponholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note, Coupon or Receipt or any other judgment or order.

16. Governing Law

The Notes, the Receipts, the Coupons, the Talons and the Agency Agreement are governed by, and shall be construed in accordance with, the laws of the Province of Québec and the federal laws of Canada applicable therein.

TERMS AND CONDITIONS OF THE GERMAN REGISTERED NOTES

*The following is the text of the terms and conditions (the “**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 German Registered Notes (for the purpose of these Conditions, also the “**Notes**”) and, subject further to simplification by deletion of non-applicable provisions, will be endorsed on Notes in definitive form. Details of the relevant Series will additionally be set out in the applicable Pricing Supplement and endorsed on or attached to the definitive form of Note or Certificate. References in the Conditions to “**Notes**” are to the Notes of one Series only, not to all Notes which may be issued under the Programme. Capitalised terms not defined in the Conditions but which are defined in the applicable Pricing Supplement will have the meanings given to them in such Pricing Supplement and “herein” or “hereof” when used in the Conditions shall include a reference to such Pricing Supplement where appropriate. The applicable Pricing Supplement (or the relevant provisions thereof) will be endorsed on, or attached to, each definitive Note or on the Certificates relating to Registered Notes. The applicable Pricing Supplement in relation to any Series of Notes 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 Notes.*

The Notes are issued pursuant to an amended and restated Agency Agreement dated 10 March 2016 among National Bank of Canada (the “**Bank**” or the “**Issuer**”), Citibank, N.A., London Branch, and the other parties thereto, (as amended, supplemented or restated from time to time, the “**Agency Agreement**”). Under the Agency Agreement, Citibank, N.A., London Branch will act in its capacities as fiscal, issuing and paying agent and calculation agent (the “**Fiscal Agent**”, which expression shall include any successor to Citibank, N.A., London Branch in its capacity as such) and as registrar (the “**Registrar**”, which expression shall include any successor to Citibank, N.A., London Branch in its capacity as such and any additional registrars appointed in accordance with the Agency Agreement either with respect of the Programme or with respect to a particular Series), and National Bank of Canada, London branch, and KBL European Private Bankers S.A. will act as paying agents (together with the Fiscal Agent and any additional or other paying agents in respect of the Notes from time to time appointed, the “**Paying Agents**”) and Citibank, N.A., London Branch and KBL European Private Bankers S.A. will act as transfer agents (together with any additional or other transfer agents in respect of the Notes from time to time appointed, the “**Transfer Agents**”). The initial calculation agent(s) (the “**Calculation Agent(s)**”) (if any) is specified in the applicable Pricing Supplement. The Noteholders (as defined below) are deemed to have notice of and are bound by all of the provisions of the Agency Agreement applicable to them.

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of Pricing Supplement attached to or endorsed hereon which supplements these Terms and Conditions which shall, to the extent so specified or in the context inconsistent with the Terms and Conditions, replace or modify the Terms and Conditions for the purposes of this Note. References to the “applicable Pricing Supplement” are, unless otherwise stated, to Part A of the Pricing Supplement (or the relevant provision thereof) attached to or endorsed on this.

In respect of any Notes, references herein to these Terms and Conditions are to these terms and conditions as supplemented or modified or (to the extent thereof) replaced by the Pricing Supplement and any reference herein to a “**Condition**” is a reference to the relevant Condition of the Terms and Conditions of the relevant Notes.

German Registered Notes, as they do not qualify as securities pursuant to Article 2 no. 1 of the German Securities Prospectus Act (*Wertpapierprospektgesetz*), have been included as additional information only and for the purpose of describing the Programme. Therefore, this document can neither be construed as a prospectus in accordance with the Prospectus Directive (2003/71/EC) nor as a prospectus for German

Registered Notes under German national laws. Pursuant to Article 2 No. 3.c) and No. 4 of the German Capital Investment Act (*Vermögensanlagengesetz*), the Registered Notes will only be offered (i) for a minimum price of at least €200,000 per German Registered Note per investor or (ii) to professional investors and will therefore be exempted from the prospectus requirements under the German Capital Investment Act.

Copies of the Agency Agreement are available for inspection at the specified offices of each of the Paying Agents, the Registrar and the Transfer Agents.

1. Form and Title

This registered note (*Namensschuldverschreibung*) (the "**Registered Note**") is issued by National Bank of Canada, with its registered seat in Montréal, Québec, Canada (the "**Issuer**"), in the Nominal Amount on [•] (the "**Issue Date**").

This Registered Note is issued at a price of [•] per cent. of the Nominal Amount (the "**Issue Price**").

This Registered Note shall bear the manual or facsimile signature of two duly authorised signatories of the Issuer and shall manually be authenticated by or on behalf of the Registrar.

Registered Notes in definitive form are represented by registered certificates ("**Certificates**"), each Certificate representing one or more Notes registered in the name of the recorded holder of such Certificate.

The Bank shall procure that the Registrar keep a register or registers in which the Noteholder and any person to whom all or part of the Registered Note has been transferred in whole or in part are registered which may be an internal register (the "**Register**"). Such registration shall be noted on the Registered Notes by the Registrar. References herein to "**holders**" of Registered Notes are to the persons in whose names such Registered Notes are so registered in the relevant register.

On the Issue Date, the Noteholder shall be entered in the Register by the Registrar as the holder of the Registered Note in the Nominal Amount. The Noteholder shall be entitled to receive payments in respect of the Registered Note only upon the due registration in the Register.

Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note shall be deemed to be and may be treated as the absolute owner of such Note for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Note shall be overdue and notwithstanding any notice of ownership, theft or loss thereof or any writing thereon made by anyone.

In these Conditions, "**Noteholder**" means the person in whose name a Registered Note in definitive form is registered. In addition, "**holder**" (in relation to a Note) has the corresponding meaning and capitalised terms have the meanings given to them herein, the absence of any such meaning indicating that such term is not applicable to the Notes.

2. Transfers, Deliveries and Exchanges of Registered Notes

(a) Transfer of Registered Notes

The rights of the Noteholder arising from this Registered Note and title to the Certificate itself may be transferred in whole or in part upon assignment of the relevant rights under this Registered Note by the then current Noteholder (the "**Transferor**") to any bank, insurance company, pension funds, investment company, credit institution or other financial institution (the "**Transferee**") and the surrender of the Certificate, together with the "**Assignment Agreement**" substantially in the form of the Schedule annexed to these Terms and Conditions attached to it duly completed and executed, at the specified office of the

Registrar and the entry of the new Noteholder with the register by the Registrar. The date stated in the duly completed and executed Assignment Agreement as the date, on which the economic effects of the assignments shall occur, shall be the "**Transfer Date**" to be entered into the Register by the Registrar.

Any transfer of part only of this Registered Note is permitted only for a minimum principal amount of €1,000,000 or multiples thereof.

In the case of a transfer of this Registered Note in whole and provided the requirements specified above have been met, a new Registered Note will be issued and a new Certificate with respect to the new Registered Note will be delivered to the Transferee upon request. In the case of a transfer of a part only of this Registered Note and provided the requirements specified above have been met, new Certificates in respect of the balance transferred and the balance not transferred (as the case may be) will be issued and corresponding Certificates delivered to the Transferor and to the Transferee respectively upon request.

The Transferor will promptly notify the Issuer and the Registrar of any transfer and the Transfer Date in a facsimile letter substantially in the form of the Annex to the Form of Assignment in the Schedule hereto.

Any reference herein to "**Registered Note**" or "**this Registered Note**" includes, where the context requires, and unless the context otherwise requires, any Certificate (*Urkunde*) issued in relation to this Registered Note (including any new Certificate issued upon any transfer of this Registered Note or part thereof).

(b) Delivery of New Certificates

Each new Certificate to be issued upon transfer of this Registered Note (in whole or in part) will, within seven business days (being, for the purposes of this subsection, a day, other than a Saturday or Sunday, on which commercial banks are open for business in the place of the specified office of the Registrar) of surrender of the Certificate and the duly completed and executed Assignment Agreement, be available for collection at the specified office of the Registrar or, at the request of the Noteholder making such surrender and as specified in the relevant Assignment Agreement, be mailed at the risk of the Noteholder entitled to the new Certificate to such address as may be specified in the Annex of the Assignment Agreement.

(c) Exchange Free of Charge

Transfer of Registered Notes will be effected without charge by or on behalf of the Bank, the Registrar or the Transfer Agents, but on payment (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require in respect thereof) of any tax or other governmental charges which may be imposed in relation to it.

(d) Closed Periods

No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days ending on the due date for redemption of, or payment of any Instalment Amount in respect of, that Note, (ii) during the period of 15 days prior to any date on which Registered Notes may be redeemed by the Bank at its option pursuant to Condition 5(e) or (iii) after any such Note has been drawn for redemption in whole or in part.

(e) Exercise of Call or Put Options or Partial Redemption in Respect of Registered Notes

In the case of an exercise of the Issuer Call Option or Noteholder Put Option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of either an Issuer Call Option or a Noteholder Put Option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be

issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

3. Status of the Notes

The Notes will constitute deposit liabilities of the Bank for purposes of the *Bank Act* (Canada) and will rank *pari passu* with all other deposit liabilities of the Bank (except as otherwise prescribed by law) and without any preference amongst themselves. Notes issued by a branch of the Bank will be obligations of the Bank and will be paid without the necessity of being presented for payment at such branch. Unless otherwise specified in the applicable Pricing Supplement, the deposits to be evidenced by Notes will be issued by the main branch of the Bank in Montreal, Québec, Canada.

The Notes will not be deposits insured under the *Canada Deposit Insurance Corporation Act* (Canada).

4. Interest and Other Calculations

(a) Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its outstanding Nominal Amount (or, if it is a Partly-Paid Note, the amount paid up) in respect of each Fixed Interest Period from (and including) the Interest Commencement Date specified in the applicable Pricing Supplement at the rate(s) per annum (expressed as a percentage) equal to the Fixed Rate(s) of Interest so specified, such interest being payable in arrear on the Interest Payment Date(s) in each year up to (and excluding) the Maturity Date. The amount of interest payable shall be determined in accordance with Condition 4(g).

As used in these Terms and Conditions, “**Fixed Interest Period**” means the period from (and including) an Interest Payment Date or the Interest Commencement Date to (but excluding) the next (or first) Interest Payment Date.

If a Fixed Coupon Amount or a Broken Amount is specified in the applicable Pricing Supplement, the amount of interest payable on each Interest Payment Date will amount to the Fixed Coupon Amount or, if applicable, the Broken Amount so specified and in the case of the Broken Amount, will be payable on the particular Interest Payment Date(s) specified in the applicable Pricing Supplement.

(b) Business Day Convention

If any date referred to in these Conditions which is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day which is not a Relevant Business Day, then, if the Business Day Convention specified is (i) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a Relevant Business Day unless it would thereby fall into the next calendar month, in which event (A) such date shall be brought forward to the immediately preceding Relevant Business Day and (B) each subsequent such date shall be the last Relevant Business Day of the month in which such date would have fallen had it not been subject to adjustment, (ii) the Following Business Day Convention, such date shall be postponed to the next day which is a Relevant Business Day, (iii) the Modified Following Business Day Convention, such date shall be postponed to the next day which is a Relevant Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Relevant Business Day, (iv) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Relevant Business Day, or (v) No Adjustment, such date shall not be adjusted in accordance with any Business Day Convention.

(c) *Interest on Floating Rate Notes and Index-Linked Interest Notes*

(i) Interest Payment Dates

Each Floating Rate Note and Index-Linked Interest Note bears interest on its outstanding Nominal Amount (or, if it is a Partly-Paid Note, the amount paid up) from (and including) the Interest Commencement Date specified in the applicable Pricing Supplement at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on either: (A) the Specified Interest Payment Date(s) in each year specified in the applicable Pricing Supplement; or (B) if no Specified Interest Payment Date(s) is/are specified in the applicable Pricing Supplement, each date (each such date, together with each Specified Interest Payment Date, an “**Interest Payment Date**”) which falls the number of months or other period specified as the Specified Period in the applicable Pricing Supplement after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date. Such interest will be payable in respect of each Interest Period (which expression shall, in these Terms and Conditions, mean that period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

(ii) Rate of Interest

The Rate of Interest payable from time to time in respect of the Floating Rate Notes will be determined in the manner specified in the applicable Pricing Supplement and the provisions below relating to either Screen Rate Determination or ISDA Determination shall apply, depending upon which is specified in the applicable Pricing Supplement.

(A) Screen Rate Determination

Where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be determined (and adjusted, if required by Condition 4(g)) by the Calculation Agent at or about the Relevant Time on the Interest Determination Date in respect of such Interest Period in accordance with the following:

(x) if the Primary Source for the Floating Rate is a Page, subject as provided below, the Rate of Interest shall be:

- (I) the Relevant Rate (where such Relevant Rate on such Page is a composite quotation or is customarily supplied by one entity), or
- (II) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Page,

in each case appearing on such Page at the Relevant Time on the Interest Determination Date;

(y) if the Primary Source for the Floating Rate is Reference Banks or if sub-paragraph (x)(I) applies and no Relevant Rate appears on the Page at the Relevant Time on the Interest Determination Date or if sub-paragraph (x)(II) above applies and fewer than two Relevant Rates appear on the Page at the Relevant Time on the Interest Determination Date, subject as provided below,

the Rate of Interest shall be the arithmetic mean of the Relevant Rates which each of the Reference Banks is quoting to major banks in the Relevant Financial Centre at the Relevant Time on the Interest Determination Date, as determined by the Calculation Agent; and

- (z) If paragraph (y) above applies, the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) which the Calculation Agent determines to be the rates (being the nearest equivalent to the Reference Rate) in respect of a Representative Amount of the Specified Currency which at least two out of five leading banks selected by the Calculation Agent in the principal financial centre of the country of the Specified Currency or, if the Specified Currency is euro, in Europe as selected by the Calculation Agent (the **"Principal Financial Centre"**) are quoting at or about the Relevant Time on the date on which such banks would customarily quote such rates for a period commencing on the Effective Date for a period equivalent to the Specified Duration (I) to leading banks carrying on business in Europe, (II) to leading banks carrying on business in the Principal Financial Centre; except that, if fewer than two such banks are so quoting to leading banks in the Principal Financial Centre, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date (after readjustment for any difference between any Margin, Rate Multiplier or Maximum or Minimum Rate of Interest applicable to the preceding Interest Period and to the relevant Interest Period).

(B) ISDA Determination

Where ISDA Determination is specified in the applicable Pricing Supplement as being the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any)). For purposes of this Condition 4(c)(ii)(B), **"ISDA Rate"** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions (defined below) and under which:

- (x) the Floating Rate Option (which may refer to a Rate Option specified in the ISDA Definitions) is as specified in the applicable Pricing Supplement,
- (y) the Designated Maturity is the period set out in the applicable Pricing Supplement, and
- (z) the relevant Reset Date is either (I) if the applicable Floating Rate Option is based on the London interbank offered rate (LIBOR) for a currency, the first day of that Interest Period or (II) in any other case, as specified in the applicable Pricing Supplement.

For the purposes of this Condition 4(c)(ii)(B), **"Floating Rate"**, **"Floating Rate Option"**, **"Floating Rate Payer"**, **"Designated Maturity"**, **"Rate Option"**, **"Reset Date"** and **"Swap Transaction"** have the meanings given to those terms in the 2006 ISDA Definitions (as amended, supplemented and updated from time to time, published by the International Swaps and Derivatives Association, Inc.) (the **"ISDA Definitions"**).

(d) *Rate of Interest for Index-Linked Interest Notes*

The Rate of Interest or amount of interest in respect of Index-Linked Interest Notes for each Interest Period shall be determined in the manner specified in the applicable Pricing Supplement and interest will accrue by reference to an Index or Formula as specified in the applicable Pricing Supplement.

(e) *Accrual of Interest*

Interest will cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgement) at the Rate of Interest in the manner provided in this Condition 4 to the Relevant Date (as defined in Condition 7).

(f) *Interest on Zero Coupon Notes*

Where a Note, the Interest Basis of which is specified to be Zero Coupon, is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as defined in Condition 5(d)).

(g) *Interest on Dual Currency Notes*

In the case of Dual Currency Notes, if the rate or amount of interest falls to be determined by reference to a Rate of Exchange or a method of calculating Rate of Exchange, the rate or amount of interest payable shall be determined in the manner specified in the applicable Pricing Supplement.

(h) *Interest on Partly-Paid Notes*

In the case of Partly-Paid Notes (other than Partly-Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid-up Nominal Amount of such Notes and otherwise as specified in the applicable Pricing Supplement.

(i) *Margin, Maximum Rate of Interest, Minimum Rate of Interest, Instalment Amounts and Redemption Amounts, Rate Multipliers and Rounding*

- (i) If any Margin or Rate Multiplier is specified in the applicable Pricing Supplement (either (x) generally, or (y) in relation to one or more Interest Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Periods, in the case of (y), calculated in accordance with (c)(iii) or (iv) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin or multiplying by such Rate Multiplier, subject always to the next paragraph.
- (ii) If any Maximum Rate of Interest or Minimum Rate of Interest, Instalment Amount, Early Redemption Amount or Final Redemption Amount is specified in the applicable Pricing Supplement, then any Rate of Interest, Instalment Amount, Early Redemption Amount or Final Redemption Amount shall be subject to such maximum or minimum, as the case may be. Unless otherwise specified in the applicable Pricing Supplement, the Minimum Rate of Interest shall be zero.
- (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures will be rounded to seven significant figures (with halves

being rounded up) and (z) all currency amounts which fall due and payable will be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes “unit” means, with respect to any currency other than euro, the lowest amount of such currency which is available as legal tender in the country of such currency and, with respect to euro means 0.01 euro.

(j) *Calculations*

The amount of interest payable per Calculation Amount in respect of any Note for any period shall be equal to the product of the Rate of Interest (adjusted as required by Condition 4(i)), the Calculation Amount specified in the applicable Pricing Supplement and the Day Count Fraction for such period, unless an Interest Amount (or a formula for its calculation) is specified in respect of such period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period will be the sum of the amounts of interest payable in respect of each of those Interest Periods.

(k) *Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts and Instalment Amounts*

As soon as practicable after the Relevant Time on each Interest Determination Date or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quote or make any determination or calculation, it will determine such rates and calculate the amount of interest payable (the “**Interest Amount**”) of the Notes for the relevant Interest Period, calculate the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amounts or Instalment Amount, obtain such quote or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount, Optional Redemption Amount or any Instalment Amount to be notified to the Fiscal Agent, the Registrar (if applicable), the Bank, each of the Paying Agents, the Noteholders and any other Calculation Agent appointed in respect of the Notes which is to make a further calculation upon receipt of such information. The Interest Amounts and the Interest Payment Date so provided may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 9, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no notification of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quote and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

(l) *Linear Interpolation*

Where Linear Interpolation is specified as being applicable in respect of an Interest Period in the applicable Pricing Supplement, the Rate of Interest for such Interest Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Benchmark (where Screen Rate Determination is specified as applicable in the applicable Pricing Supplement) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Pricing Supplement), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which rates are available next longer than the length of the relevant Interest Period

provided however that if there is no rate available for the period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

(m) *Definitions*

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“Benchmark” means either the London interbank offered rate (**“LIBOR”**), the Euro-zone interbank offered rate (**“EURIBOR”**) or such other reference rate specified in the applicable Pricing Supplement.

“Calculation Agent” means such entity as may be specified in the applicable Pricing Supplement as the Calculation Agent.

“Day Count Fraction” means, in respect of the calculation of an amount of interest on any Note for any period of time not comprising a complete year (whether or not constituting an Interest Period, the **“Calculation Period”**):

- (i) If **“Actual/365”** or **“Actual/Actual (ISDA)”** is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if **“Actual/365 (Fixed)”** is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 365;
- (iii) if **“Actual/360”** is specified in the applicable Pricing Supplement, the actual number of days in the Calculation Period divided by 360;
- (iv) if **“Actual/365 (Sterling)”** is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 or, in the case the last day of the Interest Period falls in a leap year, 366;
- (v) if **“30/360”**, **“360/360”** or **“Bond Basis”** is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where,

“Y₁” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D₁” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

- (vi) if “**30E/360**” or “**Eurobond Basis**” is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where,

“Y₁” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D₁” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D₂ will be 30;

- (vii) if “**30E/360 (ISDA)**” is so specified, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where,

“Y₁” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day included the Calculation Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“D₁” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30; and

(viii) if “**Actual/Actual (ICMA)**” is specified in the applicable Pricing Supplement,

(A) where the Calculation Period is equal to or shorter than the Determination Period during which the Calculation Period ends, the number of days in such Calculation Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year; or

(B) in the case of Notes where the Calculation Period is longer than the Determination Period during which the Calculation Period ends, the sum of:

(1) the number of days in such Calculation Period falling in the Determination Period in which the Calculation Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year; and

(2) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year.

“**Determination Period**” means the period from (and including) a Determination Date to but excluding the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date).

“**Effective Date**” means, with respect to any Floating Rate to be determined on an Interest Determination Date, the date specified as such in the applicable Pricing Supplement or, if none is so specified, the first day of the Interest Period to which such Interest Determination Date relates.

“**euro**” means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the functioning of the European Union, as amended.

“**Interest Amount**” means the amount of interest payable per Calculation Amount calculated in accordance with Condition 4(i) or as specified in the applicable Pricing Supplement and in the case of Fixed Rate Notes, if so specified in the applicable Pricing Supplement, shall mean Fixed Coupon Amount(s) or the Broken Amount(s).

“**Interest Commencement Date**” means the date of issue of the Notes (the “**Issue Date**”) or such other date as may be specified in the applicable Pricing Supplement.

“**Interest Determination Date**” means, with respect to a Rate of Interest and Interest Period, the date specified as such in the Pricing Supplement or, if none is so specified and the Specified Currency is not euro, (i) the first day of such Interest Period if the Specified Currency is Sterling or (ii) the day falling two Relevant Business Days in London for the Specified Currency prior to the first day of such Interest Period if the Specified Currency is neither Sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Period if the Specified Currency is euro.

“**Interest Period**” means the period beginning on, and including, the Interest Commencement Date and ending on, but excluding, the first Interest Payment Date and each successive period beginning on, and

including, an Interest Payment Date and ending on, but excluding, the next succeeding Interest Payment Date.

"Nominal Amount" means the Nominal Amount specified in the applicable Pricing Supplement.

"Page" means such page, section, caption, column or other part of a particular information service (including, but not limited to, the Reuters Money 3000 Service ("**Reuters**")) as may be specified herein for the purpose of providing a Relevant Rate, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be specified by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to that Relevant Rate.

"Rate of Interest" means the rate of interest payable from time to time in respect of the Notes and which is either specified, or calculated in accordance with the provisions hereof.

"Reference Banks" means the institutions specified as such in the applicable Pricing Supplement or, if none, four major banks (which are unaffiliated with the Issuer) selected by the Calculation Agent in the interbank market (or, if appropriate, money market) which are most closely connected with the Benchmark (which, if EURIBOR is the relevant Benchmark, shall be Europe).

"Relevant Business Day" means:

- (i) in the case of a Specified Currency other than euro, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre for that currency and each other place (if any) specified in the applicable Pricing Supplement as an Additional Business Centre and if TARGET is specified as an Additional Business Centre, a TARGET Business Day; and/or
- (ii) in the case of euro, a day on which the TARGET System is open (a "**TARGET Business Day**") and on which commercial banks are open for business in each place (if any) specified in the applicable Pricing Supplement as an Additional Business Centre.

"Relevant Financial Centre" means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the financial centre as may be specified in the applicable Pricing Supplement or, if none is so specified, the financial centre with which the Benchmark is most closely connected (which, in the case of EURIBOR, shall be Europe) or, if none is so connected, London.

"Relevant Rate" means the Benchmark for a Representative Amount of the Specified Currency for a period (if applicable or appropriate to the Benchmark) equal to the Specified Duration commencing on the Effective Date determined in accordance with the Primary Source specified in the applicable Pricing Supplement.

"Relevant Time" means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre specified in the applicable Pricing Supplement or, if no time is specified, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Specified Currency in the interbank market in the Relevant Financial Centre (and for this purpose "**local time**" means with respect to Europe as a Relevant Financial Centre, Central European time).

"Representative Amount" means, with respect to any Floating Rate to be determined on an Interest Determination Date, the amount specified in the applicable Pricing Supplement or, if none is specified, an amount that is representative for a single transaction in the relevant market at the time.

"Specified Currency" means the currency specified as such in the applicable Pricing Supplement or, if none is specified, the currency in which the Notes are denominated.

“Specified Denomination” means the denomination of a Note as may be agreed between the Bank and the relevant Dealer(s) and as indicated in the applicable Pricing Supplement.

“Specified Duration” means, with respect to any Floating Rate to be determined in accordance with a Screen Rate Determination on an Interest Determination Date, the duration specified in the applicable Pricing Supplement or, if none is specified, a period of time equal to the relative Interest Period, ignoring any adjustment pursuant to Condition 4(b).

“TARGET System” means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

(n) Calculation Agent and Reference Banks

The Bank will procure that there shall at all times be four Reference Banks (or such other number as may be required) with offices in the Relevant Financial Centre and one or more Calculation Agents if provision is made for them in the Conditions applicable to the Notes and for so long as any Notes are outstanding. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank, then the Bank will appoint another Reference Bank with an office in the Relevant Financial Centre to act as such in its place. Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for any Interest Period or to calculate the Interest Amounts, Instalment Amount or the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount (as the case may be) or to comply with any other requirements, the Bank will appoint the London office of a leading bank engaged in the interbank market that is most closely connected with the calculation or determination to be made by the Calculation Agent to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

5. Redemption, Purchase and Options

(a) Final Redemption

Unless previously redeemed or purchased and cancelled as provided below or its maturity is extended pursuant to any Bank's or Noteholders' option in accordance with Condition 5(e) or (f), each Note will be redeemed at its Final Redemption Amount (which, unless otherwise provided in a Pricing Supplement, shall be at least 100 per cent. of its nominal amount) on the Maturity Date specified on each Note.

(b) Redemption for Taxation Reasons

The Notes may be redeemed at the option of the Bank in whole, but not in part, on any Interest Payment Date (if the Note is a Floating Rate Note) or at any time (if the Note is not a Floating Rate Note), on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 13 (which notice shall be irrevocable), at their Early Redemption Amount (which unless otherwise specified in a Pricing Supplement shall be 100 per cent. of their Nominal Amount), (together with interest accrued to the date fixed for redemption), if (i) the Bank has or will become obliged to pay additional amounts as provided or referred to in Condition 7 as a result of any change in, or amendment to, the laws or regulations of Canada or any province thereof or in the case of Notes issued by a branch of the Bank outside Canada, of the country in which such branch is located or any political subdivision or any authority or agency thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date, and (ii) such obligation cannot be avoided by the Bank taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest

date on which the Bank would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Bank shall deliver to the Fiscal Agent a certificate signed by two senior officers of the Bank stating that the Bank is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Bank so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Bank has or will become obliged to pay such additional amounts as a result of such change or amendment.

(c) *Purchases*

The Bank and any of its subsidiaries in the ordinary course of their dealing in securities may at any time purchase Notes in the open market or otherwise at any price.

(d) *Early Redemption of Zero Coupon Notes*

- (i) The Early Redemption Amount payable in respect of any Note which does not bear interest prior to the Maturity Date, the Early Redemption Amount of which is not linked to an index and/or a formula, upon redemption of such Note pursuant to Condition 5(b) or upon it becoming due and payable as provided in Condition 9 shall be the Amortised Face Amount (calculated as provided below) of such Note.
- (ii) Subject to the provisions of sub-paragraph (iii) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown in the applicable Pricing Supplement, shall be such rate as would produce an Amortised Face Amount equal to the Issue Price of the Notes if they were discounted back to their Issue Price on the Issue Date) compounded annually. Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction specified in the applicable Pricing Supplement.
- (iii) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 5(b) or upon it becoming due and payable as provided in Condition 9 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as though the reference therein to the date on which the Note becomes due and payable were replaced by a reference to the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph will continue to be made (as well after as before judgement), until the Relevant Date unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest which may accrue in accordance with Condition 4(d).

(e) *Redemption at the Option of the Bank ("**Issuer Call Option**") and Exercise of Bank's Options*

If an Issuer Call Option is specified in the applicable Pricing Supplement, the Bank may, on giving not less than 10 nor more than 30 days irrevocable notice to the Noteholders (or such other notice period as may be specified herein) in accordance with Condition 13 redeem, or exercise any Bank's option (as may be described herein) in relation to, all or, if so specified in the applicable Pricing Supplement, some of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption.

All Notes in respect of which any such notice is given shall be redeemed, or the Bank's option shall be exercised, on the date specified in such notice in accordance with this Condition 5.

If so provided herein, the Bank shall redeem a specified number of the Notes on the date or dates so provided. Any such redemption of Notes shall be at their Optional Redemption Amount together with interest accrued to the date fixed for redemption which may, if so specified herein, be payable in instalments or otherwise. Notice of such redemption shall be irrevocably given to the Noteholders in accordance with Condition 13.

In the case of a partial redemption or a partial exercise of the Bank's option, the notice to Noteholders shall also contain the serial numbers of the Notes to be redeemed or in respect of which such option has been exercised, which shall have been drawn in such place as the Fiscal Agent may approve and in such manner as it deems appropriate, subject to compliance with any applicable laws.

Any such redemption or exercise must relate to Notes of a Nominal Amount at least equal to the Minimum Redemption Amount to be redeemed specified herein and no greater than the Maximum Redemption Amount to be redeemed specified herein.

*(f) Redemption at the Option of Noteholders ("**Noteholder Put Option**") and Exercise of Noteholders' Options*

If a Noteholder Put Option is specified in the applicable Pricing Supplement, the Bank shall, at the option of the holder of any such Note upon the holder giving not less than 10 nor more than 30 days notice (or such other notice period as may be specified herein), redeem such Note on the Optional Redemption Date(s) so provided at its Optional Redemption Amount together with interest accrued to the date fixed for redemption.

To exercise such option or any other Noteholders' option which may be set out herein, the holder must deposit the Certificate representing such Note(s) with the Registrar or any Transfer Agent (in the case of Registered Notes) at its specified office, together with a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the Noteholders' Option Period. No Certificate so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Bank.

(g) Redemption by Instalments

Unless previously redeemed or purchased and cancelled as provided in this Condition 5 or the relevant Instalment Date (being one of the dates so specified herein) is extended pursuant to any Bank's or Noteholder's option in accordance with Condition 5(e) or (f), each Note which provides for Instalment Dates and Instalment Amounts will be partially redeemed on each Instalment Date at the Instalment Amount specified in the applicable Pricing Supplement. The outstanding Nominal Amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the Nominal Amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused on presentation of the related Receipt, in which case, such amount shall remain outstanding until the Relevant Date relating to such Instalment Amount.

(h) Cancellation

All Notes purchased by or on behalf of the Bank or any of its subsidiaries may be surrendered for cancellation, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, will, together with all Notes redeemed by the Bank, be cancelled forthwith. Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Bank in respect of any such Notes shall be discharged.

(i) *Other Notes*

The Early Redemption Amount payable in respect of any Note (other than the Notes described in (d) above), upon redemption of such Note pursuant to Condition 5(b) or upon it becoming due and payable as provided in Condition 9, shall be the Final Redemption Amount unless otherwise specified in the applicable Pricing Supplement.

(j) *Partly-Paid Notes*

Partly-Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition 5 and the provisions specified in the applicable Pricing Supplement.

6. Payments

(a) *Registered Notes*

- (i) Payments of principal (which for the purposes of this Condition 6(a) shall include final Instalment Amounts but not other Instalment Amounts) in respect of Registered Notes will be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.
- (ii) Interest (which for the purpose of this Condition 6(a) shall include all Instalment Amounts other than final Instalment Amounts) on Registered Notes will be paid to the person shown on the Register at the close of business (i) in the case of a Registered Note, the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) prior to the due date for payment thereof and (ii) in the case of a Certificate, on the fifteenth day before the due date for payment thereof (the "**Record Date**"). Payments of interest on each Registered Note will be made in the currency in which such payments are due by cheque drawn on a bank in the principal financial centre of the country of the currency concerned and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register maintained by the Registrar. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the Specified Currency maintained by the payee with a bank in the principal financial centre of the country of that currency.

(b) *Payments subject to fiscal or other laws*

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment but without prejudice to the provisions of Condition 9 and (ii) the FATCA Withholding Tax Rules (as defined in Condition 7).

(c) *Appointment of Agents*

The Fiscal Agent, the Paying Agents, the Registrar, Transfer Agents and the Calculation Agent initially appointed by the Bank and their respective specified offices are listed below. The Fiscal Agent, the Paying Agents, the Registrar, Transfer Agents and the Calculation Agent act solely as agents of the Bank and do not assume any obligation or relationship of agency or trust for or with any Noteholder. The Bank reserves the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent, the Registrar or any Transfer Agent and to appoint additional or other Paying Agents or Transfer Agents, provided that the Bank will at all times maintain (i) a Fiscal Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) a Calculation Agent where the Conditions so require one, (v) a Paying Agent, and (vi) such other agents as may be agreed between the Bank and the relevant Dealer(s).

Notice of any such change or any change of any specified office will promptly be given to the Noteholders in accordance with Condition 13.

(d) *Accrued Interest*

If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the Certificate representing it, as the case may be. Interest accrued on a Note which only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the Certificate representing it.

(e) *Non-Business Days*

If any date for payment in respect of any Note is not a business day, the holder shall not be entitled to payment until the next following business day and shall not be entitled to any interest or other sum in respect of such postponed payment. In this paragraph, “**business day**” means a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the relevant place of presentation, in such jurisdictions as shall be specified as “Financial Centres” in the Pricing Supplement and if TARGET is specified as a Financial Centre, a TARGET Business Day, and:

- (i) in the case of a payment in a Specified Currency other than euro, where payment is to be made by transfer to an account maintained with a bank in the Specified Currency, on which foreign exchange transactions may be carried on in the Specified Currency in the principal financial centre of the country of such currency; or
- (ii) in the case of a payment in euro, which is a TARGET Business Day (as defined in the definition of “Relevant Business Day” in Condition 4(m)).

7. **Taxation**

All payments of principal and interest in respect of the Notes by or on behalf of the Bank will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or on behalf of Canada, any province or territory or political subdivision thereof or any authority or agency therein or thereof having power to tax, or in the case of Notes issued by a branch of the Bank located outside Canada, the country in which such branch is located or any political subdivision thereof or any authority or agency therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law, regulation or the administration thereof. In that event, the Bank will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders after such withholding or deduction shall equal the respective amounts of principal and interest, if any, which would have been received in respect of the Notes in the absence of such withholding or deduction; except that no additional amounts shall be payable with respect to any payment in respect of any Note:

- (a) to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of his having some connection with Canada or the country in which such branch is located otherwise than the mere holding of such Note;
- (b) to, or to a third party on behalf of, a holder in respect of whom such tax, duty, assessment or governmental charge is required to be withheld or deducted by reason of the holder being a person with whom the Bank is not dealing at arm's length (within the meaning of the *Income Tax Act* (Canada));

- (c) presented for payment more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amount on presenting the same for payment on the thirtieth such day, assuming that day to have been a Payment Date;
- (d) to, or to a third party on behalf of, a Noteholder who is, or who does not deal at arm's length with a person who is a "specified shareholder" (as defined in subsection 18(5) of the *Income Tax Act* (Canada)) of the Bank; or
- (e) to, or to a third party on behalf of, a holder who is liable for such taxes, duties, assessments or other governmental charges by reason of such holder's failure to comply with any certification, identification, documentation or other reporting requirement concerning the nationality, residence, identity or connection with Canada or the country in which such branch is located of such holder, if (i) compliance is required by law as a precondition to, exemption from, or reduction in the rate of, the tax, assessment or other governmental charge and (ii) the Issuer has given holders at least 30 days' notice that holders will be required to provide such certification, identification, documentation or other requirement; or
- (f) for or on account of any withholding tax or deduction imposed or collected pursuant to Sections 1471 through 1474 of the United States Internal Revenue Code of 1986, as amended (the "**Code**") (or any amended or successor version), any current or future regulations thereunder or official interpretations thereof, any agreement described in Section 1471(b)(1) of the Code, any intergovernmental agreement entered into between the United States and any other country in connection with the implementation of the foregoing, and any fiscal or regulatory legislation, rules or official practices adopted pursuant to any such intergovernmental agreement (the "**FATCA Withholding Tax Rules**").

As used in these Conditions, "**Relevant Date**" in respect of any Note means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date on which notice is duly given to the Noteholders in accordance with Condition 13 that, upon further presentation of the Note (or relative Certificate) being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) "**principal**" shall be deemed to include any premium payable in respect of the Notes, all Instalment Amounts, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 5 or any supplement to it, (ii) "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 4 or any supplement to it and (iii) "**principal**" and/or "**interest**" shall be deemed to include any additional amounts which may be payable under this Condition 7.

8. Prescription and Counterclaims

(a) *Prescription*

The obligations of the Issuer to pay principal and interest in respect of this Registered Note shall be prescribed (i) in respect of principal upon the expiry of 10 years following the respective due date for the payment of principal and (ii) in respect of interest upon the expiry of 5 years following the respective due date for the relevant payment of interest.

(b) *Counterclaims*

The Issuer hereby waives any right of set-off against the claims arising from the Registered Note as well as the exercise of any pledge, right of retention or other rights through which the claims of the Noteholder could be prejudiced to the extent that such rights belong to the security assets (*Sicherungsvermögen*) of an insurer within the meaning of § 125 of the German Insurance Supervisory Act (*Versicherungsaufsichtsgesetz*) or belong to funds covering the debt securities (*Deckungsmasse für Schuldverschreibungen*) and set up on the basis of domestic legislation, the same shall also be the case in the event of insolvency, administration (whether voluntary or involuntary) or similar proceedings to the extent permitted pursuant to applicable law. The same applies, in respect of a Noteholder that is a German mortgage bank (*Pfandbriefbank*) and in accordance with Section 29 Sentence 2 of the German Pfandbrief Act (*Pfandbriefgesetz*), as long as and to the extent the claims under the Registered Note belong to cover assets (*Deckungswerte*) of a German mortgage bank.

9. Events of Default

If any of the following events ("**Events of Default**") occurs and is continuing, the holder of any Note may give written notice to the Fiscal Agent at its specified office that such Note is immediately repayable, whereupon the Early Redemption Amount (which unless otherwise provided in a Pricing Supplement is 100 per cent. of its Nominal Amount) of such Note together with accrued interest to the date of payment shall become immediately due and payable:

- (a) if a default is made by the Bank for more than 30 days (in the case of interest) or five days (in the case of principal) in the payment on the due date of interest or principal in respect of any of the Notes; or
- (b) if the Bank shall become insolvent or bankrupt, or if a liquidator, receiver or receiver and manager of the Bank or any other officer having similar powers shall be appointed or if the Superintendent of Financial Institutions Canada shall have taken control of the assets of the Bank or of the Bank itself.

10. Modifications

The Bank shall only permit, without consent of the Noteholders:

- (i) any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders; or
- (ii) any modification of the Conditions or Notes which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of the law.

11. Replacement of Notes and Certificates

If a Note or Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, at the specified office of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Bank for the purpose and notice of whose designation is given to Noteholders in accordance with Condition 12, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note or Certificate is subsequently presented for payment, there will be paid to the Bank on demand the amount payable by the Bank in respect of such Notes or Certificates) and otherwise

as the Bank may require. Mutilated or defaced Notes or Certificates must be surrendered before replacements will be issued.

12. Notices

Notices to the holders of Registered Notes will be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing.

13. Branch of Account

For the purposes of the *Bank Act* (Canada) the branch of the Bank specified in the applicable Pricing Supplement shall be the branch of account (the “**Branch of Account**”) for the deposits evidenced by this Note.

This Note will be paid without the necessity of first being presented for payment at the Branch of Account.

If the Branch of Account is not in Canada, the Bank may change the Branch of Account for the deposits evidenced by this Note, upon not less than seven days’ prior notice to its holder given in accordance with Condition 12 and upon and subject to the following terms and conditions:

- (a) if this Note is denominated in yen, the Branch of Account shall not be in Japan;
- (b) the Bank shall indemnify and hold harmless the holders of the Notes against any tax, duty, assessment or governmental charge which is imposed or levied upon such holder as a consequence of such change, and shall pay the reasonable costs and expenses of the Fiscal Agent in connection with such change; and
- (c) notwithstanding (b) above, no change of the Branch of Account may be made unless immediately after giving effect to such change (i) no Event of Default, and no event which, after the giving of notice or lapse of time or both, would become an Event of Default shall have occurred and be continuing and (ii) payments of principal and interest on Notes of this Series to holders thereof (other than Excluded Holders, as hereinafter defined) shall not, in the opinion of external counsel to the Bank, be subject to any taxes, as hereinafter defined, to which they would not have been subject had such change not taken place. For the purposes of this section, an “**Excluded Holder**” means a holder of a Note of this Series who is subject to taxes by reason of his having some connection with the Relevant Jurisdiction other than the mere holding of a Note of this Series as a non resident of such Relevant Jurisdiction. “**Relevant Jurisdiction**” means and includes Canada, its provinces or territories and the jurisdiction in which the new Branch of Account is located, and “**taxes**” means and includes any tax, duty, assessment or other governmental charge imposed or levied in respect of the payment of the principal of the Notes of this Series or interest thereon for or on behalf of a Relevant Jurisdiction or any authority therein or thereof having power to tax.

14. Currency Indemnity

Any amount received or recovered in a currency other than the currency in which payment under the relevant Note is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Bank or otherwise) by any Noteholder in respect of any sum expressed to be due to it from the Bank shall only constitute a discharge to the Bank to the extent of the amount in the currency of payment under the relevant Note which such Noteholder is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to

the recipient under any Note, the Bank shall indemnify such Noteholder against any loss sustained by it as a result. In any event, the Bank shall indemnify such Noteholder against the cost of making any such purchase. For the purposes of this Condition 14, it will be sufficient for the Noteholder to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Bank's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or any other judgment or order.

15. Partial Invalidity

If any provision of these terms and conditions is or becomes invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not be affected. Such invalid, illegal or unenforceable provision shall be replaced by means of supplementary interpretation (*ergänzende Vertragsauslegung*) by a valid, legal and enforceable provision, which most closely approximates the commercial intention of the Issuer and the Noteholder. This shall also apply *mutatis mutandis* to any gaps (*Vertragslücken*) in these terms and conditions.

16. Governing Law and Jurisdiction

(a) Governing Law

The Registered Note and these Terms and Conditions are governed by the laws of the Federal Republic of Germany.

Any non-contractual rights and obligations arising out of or in connection with the Registered Note shall also be governed by the laws of the Federal Republic of Germany.

(b) Jurisdiction

The competent courts in Frankfurt am Main shall have non-exclusive jurisdiction (*nicht- ausschließlicher Gerichtsstand*) over any action or other legal proceedings arising out of or in connection with this Registered Note.

SCHEDULE

[Form of Assignment Agreement]

[Name and address of Noteholder]

ASSIGNMENT

The current noteholder (the "**Transferor**") of the registered note (*Namensschuldverschreibung*) [insert currency and aggregate principal amount] due [year of maturity] [insert serial number / Certificate number (the "**Registered Note**") hereby assigns [Currency] [insert assigned principal amount] of the principal amount evidenced by the Registered Note as well as all interests and rights in as from [date of transfer] ("**Transfer Date**") in respect thereof to

[Company's legal name)]

(the "**Transferee**")

[Address of Transferee].

1. The Transferor, hereby represents and warrants that the Registered Note is free from all liens, charges, encumbrances and other third party rights.

2. The Transferor will promptly notify the Issuer and the Registrar of the transfer and the Transfer Date by faxing them the completed letter in the Annex to this Assignment Agreement.

3. The Transferor will surrender the Certificate that has been issued in its name, together with the Assignment Agreement attached to it duly completed and executed, at the specified office of the Registrar as required pursuant to Clause 2.a of the Terms and Conditions.

4. The Transferee and the Transferor hereby request that

(i) the Transferee will be registered in the Register as new Noteholder of the Registered Note (provided that the Noteholder may not require the transfer of this Registered Note to be registered during a period of [15 calendar days] ending on any due date for any payment of principal or interest under the Registered Note. Any registration of transfer required during such period shall be deemed to have been required on the business day (being, for the purposes hereof, a day, other than a Saturday or Sunday, on which commercial banks are open for business in the place of the specified office of the Registrar) immediately following the last day of such period) after payment to the Issuer and/or the Registrar (or the giving of such indemnity as may be required from the Issuer or the Registrar) in respect of any tax or other duties which may be imposed in relation to the transfer, and

(ii) [***in case of a transfer of the Registered Note in whole, insert:*** a new Certificate shall be issued with respect to the Registered Note] [***in case of a transfer of a part only of the Registered Note, insert:*** new Certificates in respect of the balance transferred and the balance not transferred (as the case may be) shall be issued] within [seven] business days (being, for the purposes hereof, a day, other than a Saturday or Sunday, on which commercial banks are open for business in the place of the specified office of the Registrar) following the surrender of the original Certificate, together with this Assignment Agreement attached to it duly completed and executed, at the specified office of the Registrar.

5. The Transferee agrees and acknowledges that the Issuer and/or the Registrar may request prior to the issue of any new Certificate and/or any registration in the Register, to the extent it considers necessary, the delivery of further information and/or documents (including a certified copy of a current extract from the commercial register) with respect to the identity of the Transferee.

6. This assignment and transfer will become valid upon registration thereof in the Register. **[if mailing of this Registered Note is requested please insert:** [Each of the Transferor and the] [The] Transferee hereby asks the Issuer to mail (at the risk of the addressee) the new Certificate[s] representing the newly issued Registered Note to the Transferee [in case of a partly transfer insert: and to the Transferor] to [its][their respective] address[es] specified above at the risk of the [respective] addressee.]

7. [Each of the Transferor and the] [The] Transferee hereby authorises the production of the new Certificate[s] in any administrative or legal proceedings instituted in connection with the Registered Notes to which the Certificate relates.

8. This assignment will be governed by the laws of the Federal Republic of Germany. Place of performance and place of jurisdiction will be Frankfurt Main in the Federal Republic of Germany.

Dated: [•]

[insert name of Transferor]

By: _____

Name:

Title:

[insert name of Transferee]

By: _____

Name:

Title:

Authenticated by:

[Registrar] as Registrar

By: _____

Name:

Title:

Annex to the Form of Assignment Agreement

[Form of notice from the Transferor to Issuer]

To

[Issuer] (the "**Issuer**")

[Currency] [•] Registered Bond due [•], dated [•]

We hereby inform you that we have assigned to [•] (the "**Transferee**") all of our rights under the Registered Note, in particular including the claim for payment of principal and interest and all other rights by contract and by operation of law, as against the Issuer pursuant to the assignment agreement, dated [•], attached hereto.

Transfer Date [•]

Last Interest Payment Date [•]

Next Interest Payment Date [•]

Contact Details of Transferee

Name: [•]

Address: [•]

Phone: [•]

Fax: [•]

Attn.: [•]

Account Details of Transferee

Bank: [•]

Account Number: [•]

Bank Code: [•]

IBAN: [•]

BIC: [•]

Sincerely yours,

[Transferor]

By: _____

Name:

Title:

Attachment:

USE OF PROCEEDS

Except as otherwise specified in the applicable Pricing Supplement in the case of Exempt Notes, the net proceeds from each issue of Notes will be added to the general funds of the Bank.

OVERVIEW OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Initial Issue of Notes

Unless otherwise agreed upon between the Bank and the relevant Dealer(s) and specified in the applicable Final Terms or, in the case of the Exempt Notes, applicable Pricing Supplement, each Tranche of Bearer Notes having an original maturity of more than one year will initially be represented by a temporary Global Note and each Tranche of Bearer Notes having an original maturity of one year or less will initially be represented by a permanent Global Note, in each case, in bearer form without Coupons, Receipts or Talons attached.

Global Notes representing Bearer Notes which are stated in the applicable Final Terms or, in the case of the Exempt Notes, applicable Pricing Supplement to be issued in NGN form and Registered Global Notes held under the NSS will be delivered on or prior to the original issue date of the relevant Tranche to a Common Safekeeper for Clearstream, Luxembourg and/or Euroclear, Global Notes representing Bearer Notes which are stated in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement not to be issued in NGN form and Registered Global Notes not held under the NSS will be deposited on or prior to the issue date of the relevant Tranche with a Common Depositary for Clearstream, Luxembourg and/or Euroclear (or any other agreed clearing system) or be delivered outside a clearing system, as agreed between the Bank and the relevant Dealer(s).

Registered Notes which are held in Clearstream, Luxembourg and/or Euroclear (or any other agreed clearing system) will be represented by a Registered Global Note registered in the name of nominees for Clearstream, Luxembourg and/or Euroclear (or any other agreed clearing system), a common nominee for both, or in the name of a nominee for the Common Safekeeper, as the case may be.

Depositing Notes with a Common Safekeeper does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life.

*Upon the initial deposit of a Global Note representing Bearer Notes with the Common Depositary, or as the case may be, the appropriate depositary, or delivery to a Common Safekeeper, or, in the case of Registered Notes, the initial registration in the name of nominees for Clearstream, Luxembourg and/or Euroclear, or a common nominee for both, or, as the case may be, for the Common Safekeeper or any other agreed clearing system, and delivery of the applicable Registered Global Note to the appropriate depositaries, or a common depositary or the Common Safekeeper for Clearstream, Luxembourg and/or Euroclear (or such other agreed clearing system (each an “**Approved Intermediary**”)), each subscriber will be credited with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid. If the Global Note is a NGN, the amount of the Notes shall be the aggregate nominal amount from time to time entered in the records of Clearstream, Luxembourg and/or Euroclear and the records of such clearing systems shall be conclusive evidence of the nominal amount of Notes represented by the Global Notes and a statement issued by such clearing systems at any time shall be conclusive evidence of the records of the relevant clearing system at that time. Any reference herein to Clearstream, Luxembourg and/or Euroclear shall, whenever the context so permits, except in relation to Notes issued in NGN form or held under the NSS for registered global securities, be deemed to include a reference to any successor operator and/or successor clearing system and/or any additional or alternative clearing system as specified in the applicable Final Terms or, in the case of the Exempt Notes, applicable Pricing Supplement.*

Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Clearstream, Luxembourg and/or Euroclear or such Approved Intermediary as the holder of a Note represented by a Global Note or a Global Certificate must

look solely to Clearstream, Luxembourg and/or Euroclear or such Approved Intermediary for such person's share of each payment made by the Bank to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, save as specifically otherwise provided in the relevant Global Note and subject to and in accordance with the respective rules and procedures of Clearstream, Luxembourg, Euroclear or such Approved Intermediary. Such persons shall have no claim directly against the Bank in respect of payments due on the Notes for so long as the Notes are represented by such Global Note and such obligations of the Bank will be discharged by payment to the bearer of such Global Note or the registered holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid, save as specifically otherwise provided in the relevant Global Note.

Amendment to Conditions

The temporary Global Notes, the permanent Global Notes and Registered Global Notes (each a “**Global Note**”) and the Agency Agreement contain provisions which apply to the Notes which they represent, some of which modify the effect of the Conditions of the Notes set out in this document. The following is an overview of certain of those provisions:

1. Exchange

If the applicable Final Terms or, in the case of the Exempt Notes, applicable Pricing Supplement specifies that a temporary Global Note is issued in compliance with the D Rules, such temporary Global Note will be exchangeable in whole or in part for interests in a permanent Global Note or, if so provided in a temporary Global Note, for definitive Bearer Notes (as described in the next paragraph) after the date falling not earlier than 40 days after the Issue Date of the Notes upon certification as to non-United States beneficial ownership, in the case of Bearer Notes or, if applicable, for Certificates free of charge to the holder promptly after the Issue Date in the case of Registered Notes. If the applicable Final Terms or, in the case of the Exempt Notes, applicable Pricing Supplement specifies that a temporary Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable, each such temporary Global Note will be exchangeable, free of charge to the holder on or after the Exchange Date for Notes in definitive form. Each permanent Global Note is exchangeable, free of charge to the holder in whole (or, in the case of Partly-Paid Notes only, in part) at the request of the holder, (i) if so provided in a permanent Global Note, (ii) if a permanent Global Note is held on behalf of Clearstream, Luxembourg and/or Euroclear or an Approved Intermediary and such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so, or (iii) if an Event of Default occurs in relation to the Notes represented thereby for definitive Bearer Notes or (in the case of Exchangeable Bearer Notes) definitive Registered Notes by such holder giving notice to the Fiscal Agent, or by the Bank giving notice to the Fiscal Agent and the Noteholders of its intention to exchange (at the option, cost and expense of the Bank) such permanent Global Note for definitive Bearer Notes or (in the case of Exchangeable Bearer Notes) definitive Registered Notes, in each case on or after the Exchange Date specified in the notice.

The exchange of a permanent Global Note for definitive Bearer Notes at the request of a holder shall not be expressed to be applicable in the applicable Final Terms if the Notes are issued with a minimum Specified Denomination of at least €100,000 (or its equivalent in another currency) plus one or more higher integral multiples of another smaller amount (such as 1,000) in the relevant currency. Furthermore, such Specified Denominations construction is not permitted in relation to any issue of Notes which is to be represented by an issue by a Temporary Global Note exchangeable for definitive Bearer Notes.

On or after any due date for exchange the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Fiscal Agent. In exchange for any Global Note, or the part thereof to be exchanged, the Bank will (i) in the case of a

temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes or Registered Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes and/or Certificates, as the case may be. In this Prospectus, “**Definitive Notes**” means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons and Receipts in respect of interest or Instalment Amounts that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed and Certificates will be printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the relevant Schedules to the Agency Agreement. On exchange in full of each permanent Global Note, the Bank will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes or Certificates (as the case may be).

If the Global Note is in NGN form, on or after any due date for exchange, the Issuer will procure that details of such exchange be entered pro rata in the records of the relevant clearing system.

Notes which are represented by a Global Note will be transferable only in accordance with the then current rules and procedures of Clearstream, Luxembourg and/or Euroclear or Approved Intermediary or any other relevant clearing system, as the case may be.

“**Exchange Date**” means in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and in relation to a permanent Global Note, a day falling not less than 60 days, or in the case of an exchange for Registered Notes five days or in the case of an Event of Default 30 days after that on which the notice requiring exchange is given and on which commercial banks are open for business in the city in which the specified office of the Fiscal Agent is located and, except in the case of an exchange pursuant to (ii) above, in the cities in which the relevant clearing system is located.

2. Payment

No payment falling due more than 40 days after the Issue Date will be made on a temporary Global Note unless exchange for an interest in a permanent Global Note or for definitive Bearer Notes or Certificates is improperly withheld or refused. Payments on any temporary Global Note during the period up to 40 days after its Issue Date will only be made against presentation of certification as to non-United States beneficial ownership. All payments in respect of Notes represented by a Global Note which is not a NGN will be made against presentation for endorsement and, if no further payment is to be made in respect of the Notes, surrender of that Global Note to or to the order of the Fiscal Agent, the Registrar or such other Paying Agent as shall have been notified to the Noteholders for such purpose. In respect of Global Notes not in NGN form, a record of each payment so made will be endorsed in the appropriate schedule to each Global Note, which endorsement will be prima facie evidence that such payment has been made in respect of the Notes. Global Notes do not have any Coupons attached.

In respect of Global Notes representing Bearer Notes in NGN form or Registered Global Notes held under the NSS, a record of each payment shall be entered pro rata in the records of Clearstream, Luxembourg and/or Euroclear and, upon any such entry being made, the nominal amount of the Notes recorded in the records of Clearstream, Luxembourg and/or Euroclear and represented by the Global Note shall be reduced by the aggregate nominal amount of the Notes so redeemed or purchased and cancelled by the aggregate amount of such instalment so paid. Payments under any Notes in NGN form will be made to the holder of such Note. Each payment so made will discharge the Bank’s obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge.

“Business Day” means (unless otherwise stated in a Note) a day which is:

- (1) in the case of a Specified Currency other than euro, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets are open for general business (including dealings in foreign exchange and foreign currency deposits) and settle payments in the principal financial centre for that Specified Currency and in any other Additional Business Centre (including TARGET) specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement; or
- (2) if this Note is denominated, or if it is a Dual Currency Note, payable in euro, a day on which the TARGET System is operating credit or transfer instructions in respect of payments in euro and in any other Additional Business Centre specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement.

All payments on Registered Global Notes will be paid to the person shown on the register maintained by the Registrar at the close of the business day (in Clearstream, Luxembourg and/or Euroclear) prior to the due date for payment thereof (the **“Record Date”**).

3. Notices

So long as any Notes are represented by a Global Note and such Global Note is held on behalf of a clearing system, notices to Noteholders of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note except that so long as the Notes are listed on the Official List and admitted to trading on the Regulated Market or the Euro MTF Market of the Luxembourg Stock Exchange, or listed on another stock exchange or admitted to listing by any other relevant authority, the requirements of the relevant stock exchange or authority with respect to publication of notices and notification to Noteholders have been complied with.

4. Purchase and Cancellation

Cancellation of any Note surrendered for cancellation following its purchase will be effected by reduction in the Nominal Amount of the relevant Global Note.

5. Default

Each Global Note and Global Certificate provides that the holder may cause such Global Note, or a portion of it, or one or more Registered Notes represented by such Global Certificate to become due and repayable in the circumstances described in, and as limited by the restrictions set forth in, Condition 9 by stating in the notice to the Fiscal Agent or Registrar, as the case may be, the Nominal Amount of such Global Note or Registered Notes which is becoming due and repayable. Following the giving of a notice of an Event of Default by or through a Common Depositary the persons entitled to such portion as accountholders with a clearing system will acquire direct enforcement rights against the Bank under the terms of the relevant Global Note or Global Certificate, as the case may be.

6. Bank's Option

No drawing of Notes will be required under Condition 5 in the event that the Bank exercises any option relating to those Notes while all such Notes which are outstanding are represented by a Global Note. In the event that any option of the Bank is exercised in respect to some but not all of the Notes of any Series, the rights of accountholders with Clearstream, Luxembourg and/or Euroclear or such Approved Intermediary in respect of the Notes will be governed by the standard procedures of Clearstream, Luxembourg and/or Euroclear or such Approved Intermediary, and in respect of Notes in NGN form this shall be reflected in the records of Clearstream, Luxembourg and or Euroclear as either a pool factor or a reduction in nominal amount at their discretion.

7. *Noteholders' Option*

Any Noteholders' option may be exercised by the holder of a Global Note giving notice to the Fiscal Agent of the Nominal Amount of Notes in respect of which the option is exercised and, where the Global Note is not in NGN form, presenting such Global Note for endorsement of exercise within the time limits specified in the Conditions. Where the Global Note is in NGN form, the Bank shall procure that details of such exercise shall be entered pro rata in the records of the relevant clearing system and the nominal amount of the Notes recorded in those records will be reduced accordingly.

8. *Nominal Amount of Global Notes in NGN Form and Registered Global Notes held under the NSS*

Where a Global Note representing Bearer Notes is in NGN form or where a Registered Global Note is held under the NSS, the Bank shall procure that any exchange, payment, cancellation, exercise of any option or any right under the Notes, as the case may be, in addition to the circumstances set out above shall be entered in the records of the relevant clearing systems and upon any such entry being made, in respect of payments of principal, the nominal amount of the Notes represented by such Global Note shall be adjusted accordingly.

9. *Exempt Notes that are Partly-Paid Notes*

The provisions relating to Partly-Paid Notes will be contained in the applicable Pricing Supplement and thereby in Global Notes. While any instalments of the subscription moneys due from the holder of Partly-Paid Notes are overdue, no interest in a Global Note representing such Notes may be exchanged for an interest in a permanent Global Note or for definitive Bearer Notes. In the event that any Noteholder fails to pay any instalment due on any Partly-Paid Notes within the time specified, the Bank may be entitled to forfeit such Notes and shall have no further obligation to their holder in respect of them.

10. *Integral Multiples in Excess of the Specified Denomination*

*So long as the Notes are represented by a temporary Global Note or a permanent Global Note and the relevant clearing system(s) so permit, the Notes shall be tradeable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination) as provided in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement and higher integral multiples of at least 1,000 in the relevant currency if specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement (the "**Integral Amount**"), notwithstanding that no definitive Notes will be issued with a denomination above the Definitive Amount in such currency. The "**Definitive Amount**" shall be equal to two times the lowest Specified Denomination minus the Integral Amount. If a Global Note is exchangeable for definitive Notes at the option of the Noteholder, the Notes shall be tradeable only in principal amounts of at least the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination).*

NATIONAL BANK OF CANADA

Incorporation and Head Office

The Bank's roots date back to 1859 with the founding of Banque Nationale in Québec City, Québec, Canada. The Bank is a chartered bank governed by the *Bank Act* (Canada) and is named in Schedule I of the *Bank Act* (Canada). The head office of the Bank is located at 4th Floor, 600 De La Gauchetière Street West, Montréal, Québec, Canada H3B 4L2. The telephone number of the Bank is 1-514-394-6433.

Business of the Bank

The Bank is the parent company of its group subsidiaries and, together, is an integrated provider of financial services to retail, commercial, corporate and institutional clients. It operates in three business segments, Personal and Commercial, Wealth Management and Financial Markets, and offers a complete range of services: banking and investment solutions, insurance, wealth management, corporate and investment banking, mutual fund and pension fund management, and securities brokerage. Please refer to pages 22 to 37 of the 2015 Annual Report incorporated by reference in this Prospectus for a detailed description of each business segment.

The Bank had total assets in excess of \$219.3 billion as at 31 January 2016. It is the sixth largest bank in Canada in terms of assets (source: the Office of the Superintendent of Financial Institutions Canada (the "OSFI")) – Financial Data – Banks) with branches in almost every province. Clients in the United States, Europe and other parts of the world are served through a network of representative offices, subsidiaries and partnerships.

Major Shareholders

The *Bank Act* (Canada) contains restrictions on the issue, transfer, acquisition, beneficial ownership and voting of all shares of a chartered bank. The following is an overview of such restrictions. No person shall be a major shareholder of a bank if the bank has equity of \$12 billion or more. While the equity of the Bank is less than \$12 billion and the *Bank Act* (Canada) would otherwise permit a person to own up to 65% of any class of shares of the Bank, the Bank is deemed to be a bank to which the ownership restrictions for banks with equity of \$12 billion or more apply until the Minister of Finance (Canada) specifies, on application by the Bank, that these restrictions no longer apply to the Bank.

A person is a major shareholder of a bank where: (i) the aggregate of shares of any class of voting shares beneficially owned by that person, by entities controlled by that person and by any person associated or acting jointly or in concert with that person is more than 20% of that class of voting shares; or (ii) the aggregate of shares of any class of non-voting shares beneficially owned by that person, by entities controlled by that person and by any person associated or acting jointly or in concert with that person is more than 30% of that class of non-voting shares.

No person, or persons acting jointly or in concert, may have a significant interest in any class of shares of a Canadian chartered bank, including the Bank, unless the person first receives the approval of the Minister of Finance (Canada). For purposes of the *Bank Act* (Canada), a person has a significant interest in a class of shares of a bank where the aggregate of any shares of the class beneficially owned by that person, by entities controlled by that person and by any person associated or acting jointly or in concert with that person exceeds 10% of all of the outstanding shares of that class of shares of such bank.

The *Bank Act* (Canada) also prohibits the registration of a transfer or issue of any shares of the Bank to Her Majesty in right of Canada or of a province or any agent or agency of Her Majesty in either of those

rights, or to the government of a foreign country or any political subdivision, agent or agency of any of them except for certain cases that require the Minister of Finance's consent.

There are no measures in place to ensure that control of the Bank is not abused as the Bank has no major shareholders.

Issuer Ratings

Each of the Bank's debt securities ratings as at the date of this Prospectus received from a rating agency with which it cooperated are listed below.

Rating Agency	Long-term Senior Debt	Bank Subordinated Debt	Short-term Debt	Outlook
Moody's USA	Aa3	Baa1	P-1	Negative
S&P USA	A	BBB+	A-1	Stable
Fitch	A+	A	F1	Stable
DBRS	AA (low)	A (high)	R-1 (middle)	Negative

See pages 25 and 26 of the 2015 Annual Information Form incorporated by reference into this Prospectus for a definition of the categories of each of the credit ratings referred to above.

A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating agency.

CAPITALISATION OF THE BANK

The following table sets forth the consolidated capitalisation of the Bank as at 31 January 2016 and 31 October 2015, which has been derived from the Bank's 2016 First Quarter Report incorporated by reference in this Prospectus and the Audited Annual Consolidated Financial Statements of the Bank for the year ended 31 October 2015 incorporated by reference in this Prospectus. Redemptions referred to in the footnotes to the following table are all subject to the prior receipt of regulatory consents, including in all cases that of the Superintendent of Financial Institutions Canada. Save as disclosed in this Prospectus, there has been no material change in the capitalisation of the Bank since 31 October 2015.

		31 January 2016	31 October 2015
		Amount Outstanding	
		<i>(millions of dollars)</i>	
Bank debentures:			
4.70% due 2 November 2020	(1)	0	500
3.261% due 11 April 2022.....	(2)	1,000	1,000
Floating Rate, due 28 February 2087.....	(3)	<u>10</u>	<u>9</u>
Total		1,010	1,509
Fair value hedge adjustment.....		14	15
Unamortized issuance costs		<u>(3)</u>	<u>(2)</u>
		1,021	1,522
Innovative Instruments.....	(4)	975	975
Equity attributable to the Bank's shareholders:			
First preferred shares:			
Unlimited number of shares authorised without par value:			
Issued and Fully Paid:			
6,900,000 shares, Series 20.....	(5)	0	173
8,000,000 shares, Series 28.....	(6)	200	200
14,000,000 shares, Series 30.....	(7)	350	350
12,000,000 shares, Series 32.....	(8)	300	300
16,000,000 shares, Series 34.....	(9)	<u>400</u>	<u>0</u>
Total		1,250	1,023
Common shares without par value:			
Unlimited number of shares authorised			
337,535,140 shares issued and outstanding as at		2,623	2,614
31 January 2016 and 337,236,322 shares issued and			
outstanding as at 31 October 2015.....			
Contributed surplus, at end.....		68	67
Accumulated other comprehensive income		91	145
Retained earnings, at end		<u>6,593</u>	<u>6,705</u>
Total		<u>10,625</u>	<u>10,554</u>

- (1) On 2 November 2015, the Bank redeemed \$500 million of the medium term notes maturing on 2 November 2020 at a price equal to their nominal value plus accrued interest.
- (2) Redeemable at the option of the Bank; bearing interest at a rate of 3.261% until 11 April 2017 and thereafter at a floating rate equal to the rate on three-month CDOR plus 1.38%.
- (3) Denominated in foreign currency totalling U.S.\$7 million at 31 January 2016 (31 October 2015: U.S.\$7 million), bearing interest at an annual rate of 1/8% above the six-month London interbank offered rate (LIBOR); redeemable at the Bank's option since 28 February 1993.

- (4) Represents \$225 million of NBC CapS – Series 1 issued by NBC Capital Trust, \$400 million of NBC CapS II – Series 1 issued by NBC Asset Trust and \$350 million of NBC CapS II – Series 2 issued by NBC Asset Trust; for more information on the classification of the innovative capital instruments, refer to note 13 and to note 19 of the audited annual consolidated financial statements of the Bank for the year ended 31 October 2015 and to note 9 and note 15 of the unaudited interim condensed consolidated financial statements of the Bank for the quarter ended 31 January 2016.
- (5) On 16 November 2015, the Bank redeemed all of the 6,900,000 issued and outstanding non-cumulative fixed-rate Series 20 First Preferred Shares at a per-share price of \$25.50 for a total amount of \$176 million.
- (6) Redeemable in cash at the Bank's option, subject to the provisions of the *Bank Act* (Canada) and to OSFI approval, on or after 15 November 2017 and 15 November every five years thereafter, in whole or in part, at a price equal to \$25.00 per share, plus all dividends declared and unpaid thereon on the date fixed for redemption. Convertible into floating-rate non-cumulative Series 29 First Preferred Shares of the Bank, subject to certain conditions, on 15 November 2017 and on 15 November every five years thereafter. These shares carry a non-cumulative quarterly dividend of \$0.2375 for the initial period ending 15 November 2017. Thereafter, these shares carry a non-cumulative quarterly fixed dividend in an amount per share determined by multiplying the interest rate, equal to the sum of the 5-year Government of Canada bond-yield on the calculation date of the applicable fixed rate plus 2.43%, by \$25.00.
- (7) Redeemable in cash at the Bank's option, subject to the provisions of the *Bank Act* (Canada) and to OSFI approval, on or after 15 May 2019 and 15 May every five years thereafter, in whole or in part, at a price equal to \$25.00 per share, plus all dividends declared and unpaid thereon on the date fixed for redemption. Convertible into floating-rate non-cumulative Series 31 First Preferred Shares of the Bank, subject to certain conditions, on 15 May 2019 and on 15 May every five years thereafter. These shares carry a non-cumulative quarterly dividend of \$0.25625 for the initial period ending 15 May 2019. Thereafter, these shares carry a non-cumulative quarterly fixed dividend in an amount per share determined by multiplying the interest rate, equal to the sum of the 5-year Government of Canada bond-yield on the calculation date of the applicable fixed rate plus 2.40%, by \$25.00.

Upon the occurrence of a trigger event as defined by OSFI, each outstanding Series 30 preferred share will be automatically and immediately converted, on a full and permanent basis, without the consent of the holder, into a number of common shares of the Bank determined pursuant to an automatic conversion formula. This conversion will be calculated by dividing the value of the preferred shares, i.e., \$25.00 per share, plus all declared and unpaid dividends as at the date of the trigger event, by the value of the common shares. The value of the common shares will be the greater of a \$5.00 floor price or the current market price of the common shares. Current market price means the volume weighted average trading price of common shares for the ten consecutive trading days ending on the trading day preceding the date of the trigger event. If the common shares are not listed on an exchange when this price is being established, the price will be the fair value reasonably determined by the Bank's Board.

- (8) Redeemable in cash at the Bank's option, subject to the provisions of the *Bank Act* (Canada) and to OSFI approval, on or after 15 February 2020 and 15 February every five years thereafter, in whole or in part, at a price equal to \$25.00 per share, plus all dividends declared and unpaid thereon on the date fixed for redemption. Convertible into floating-rate non-cumulative Series 33 First Preferred Shares of the Bank, subject to certain conditions, on 15 February 2020 and on 15 February every five years thereafter. These shares carry a non-cumulative quarterly dividend of \$0.2438 for the initial period ending 15 February 2020. Thereafter, these shares carry a non-cumulative quarterly fixed dividend in an amount per share determined by multiplying the interest rate, equal to the sum of the 5-year Government of Canada bond-yield on the calculation date of the applicable fixed rate plus 2.25%, by \$25.00.

Upon the occurrence of a trigger event as defined by OSFI, each outstanding Series 32 preferred share will be automatically and immediately converted, on a full and permanent basis, without the consent of the holder, into a number of common shares of the Bank determined pursuant to an automatic conversion formula. This conversion will be calculated by dividing the value of the preferred shares, i.e., \$25.00 per share, plus all declared and unpaid dividends as at the date of the trigger event, by the value of the common shares. The value of the common shares will be the greater of a \$5.00 floor price or the current market price of the common shares. Current market price means the volume weighted average trading price of common shares for the ten consecutive trading days ending on the trading day preceding the date of the trigger event. If the common shares are not listed on an exchange when this price is being established, the price will be the fair value reasonably determined by the Bank's Board.

- (9) Redeemable in cash at the Bank's option, subject to the provisions of the *Bank Act* (Canada) and to OSFI approval, on or after 15 May 2021 and 15 May every five years thereafter, in whole or in part, at a price equal to \$25.00 per share, plus all dividends declared and unpaid thereon on the date fixed for redemption. Convertible into floating-rate non-cumulative Series 35 First Preferred Shares of the Bank, subject to certain conditions, on 15 May 2021 and on 15 May every five years thereafter. These shares carry a non-cumulative quarterly dividend of \$0.3500 for the initial period ending 15 May 2021. Thereafter, these shares carry a non-cumulative quarterly fixed dividend in an amount per share determined by multiplying the interest rate, equal to the sum of the 5-year Government of Canada bond-yield on the calculation date of the applicable fixed rate plus 4.90%, by \$25.00.

Upon the occurrence of a trigger event as defined by OSFI, each outstanding Series 34 preferred share will be automatically and immediately converted, on a full and permanent basis, without the consent of the holder, into a number of common shares

of the Bank determined pursuant to a non-viability contingent capital automatic conversion formula. This conversion will be calculated by dividing the value of the preferred shares, i.e., \$25.00 per share, plus all declared and unpaid dividends as at the date of the trigger event, by the value of the common shares. The value of the common shares will be the greater of a \$5.00 floor price or the current market price of the common shares. Current market price means the volume weighted average trading price of common shares for the ten consecutive trading days ending on the trading day preceding the date of the trigger event. If the common shares are not listed on an exchange when this price is being established, the price will be the fair value reasonably determined by the Bank's Board.

Events after the Consolidated Balance Sheet Date

Save as disclosed in this section of the Prospectus, there has been no material change in the capitalisation of the Bank since 31 January 2016.

DEPOSITS

Outstanding deposits of the Bank on a consolidated basis as at 31 January 2016 were \$131.1 billion and as at 31 October 2015 were \$128.8 billion. Deposits include a \$225 million deposit note presented as an innovative instrument in the table above.

DIRECTORS AND SENIOR OFFICERS OF THE BANK

Board of Directors

<u>Name</u>	<u>Principal Occupation and Address</u>
Raymond Bachand	Strategic Advisor, Norton Rose Fulbright Canada LLP 1, Place Ville Marie – Suite 2500 Montréal, Québec, Canada H3B 1R1
Maryse Bertrand	Corporate Director 1400, René-Lévesque Boulevard East Suite 226 Montréal, Québec, Canada H2L 2M2
Lawrence S. Bloomberg ¹	Advisor National Bank Financial Inc. 130 King Street West Toronto, Ontario, Canada M5X 1J9
Pierre Boivin	President and Chief Executive Officer Claridge Inc. 1170 Peel Street, 8 th Floor Montréal, Québec, Canada H3B 4P2
André Caillé	Corporate Director Senior Strategic Consultant at Junex Inc. 79, chemin Allard Lac-Brome, Québec, Canada J0E 1R0
Gillian H. Denham	Corporate Director 167 Dawlish Avenue Toronto, Ontario, Canada M4N 1H6
Richard Fortin	Corporate Director 603-1082 Charcot Street Boucherville, Québec, Canada J4B 0J5
Jean Houde	Chairman of the Board of Directors, Gaz Metro Inc. Chairman of the Board of Directors of Finance Montreal 1130, Sherbrooke Street West 16 th Floor Montréal, Québec, Canada H3A 2M8
Karen Kinsley.....	Corporate Director 71, Geneva Street Ottawa, Ontario, Canada K1Y 3N6
Louise Laflamme ¹	Corporate Director 131, l'île-Ducharme Street Rosemère, Québec, Canada J7A 4H8

Julie Payette	Chief Operating Officer, Montreal Science Centre 333, de la Commune West Montréal, Québec, Canada H2Y 2E2
Roseann Runte ¹	President and Vice-Chancellor, Carleton University 503 Tory Building 1125 Colonel By Drive Ottawa, Ontario, Canada K1S 5B6
Lino A. Saputo, Jr.	Chief Executive Officer of Saputo Inc. Vice-Chairman of the Board of Directors of Saputo Inc. 6869, Métropolitain Boulevard East St-Léonard, Québec, Canada H1P 1X8
Andrée Savoie	President and Managing Director Acadian Properties Ltd. 200 rue Champlain Street, Suite 210 Dieppe, New Brunswick, Canada E1A 1P1
Pierre Thabet	President, Boa-Franc Inc. 1255, 98 th Street Saint-Georges, Québec, Canada G5Y 8J5
Louis Vachon	President and Chief Executive Officer, National Bank of Canada 600 De La Gauchetière Street West 4 th Floor Montréal, Québec, Canada H3B 4L2

As at the date of this Prospectus, the Bank is not aware of any potential conflicts of interest between the duties owed to the Bank by the persons listed above and their private interests and external duties. If a director were to have a material interest in a matter being considered by the board of directors or any of its committees, such director would not participate in any discussions relating to, or any vote on, such matter.

¹ Lawrence S. Bloomberg, Louise Laflamme and Roseann Runte will not stand for re-election as director at the annual meeting of shareholders of the Bank to be held on 15 April 2016.

Office of the President

<u>Name</u>	<u>Position Held</u>
Brigitte Hébert	Executive Vice-President, Operations
William Bonnell	Executive Vice-President, Risk Management
Dominique Fagnoule	Executive Vice-President, Information Technology and Strategic Initiatives Office
Diane Giard	Executive Vice-President, Personal and Commercial Banking
Lynn Jeannot	Executive Vice-President, Human Resources and Corporate Affairs
Karen Leggett	Chief Marketing Officer and Executive Vice-President, Corporate Development
Luc Paiement	Executive Vice-President, Wealth Management, Chairman of the Board, President and Chief Executive Officer, National Bank Financial Ltd., Co-President of the Board and Co-Chief Executive Officer, National Bank Financial Inc.
Ghislain Parent	Chief Financial Officer and Executive Vice-President – Finance and Treasury
Ricardo Pascoe	Executive Vice-President, Financial Markets
Louis Vachon	President and Chief Executive Officer

The full address of the senior officers is the head office of the Bank, 4th Floor, 600 De La Gauchetière Street West, Montréal, Québec, Canada H3B 4L2.

CERTAIN MATERIAL INCOME TAX CONSIDERATIONS

Canada

The following overview describes the principal Canadian federal income tax considerations generally applicable to a holder of Notes who acquires, as beneficial owner, the Notes, including entitlements to all payments thereunder, pursuant to this Prospectus and who, for the purposes of the *Income Tax Act* (Canada) and the regulations thereunder (the “**Act**”) and any applicable income tax convention, and at all relevant times, (i) is not resident or deemed to be resident in Canada, (ii) deals at arm’s length with the Bank and any Canadian resident (or deemed Canadian resident) to whom the holder assigns or otherwise transfers the Notes, (iii) does not use or hold and is not deemed to use or hold the Notes in or in the course of carrying on a business in Canada, (iv) does not receive any payment of interest (including any amounts deemed to be interest) on the Notes in respect of a debt or other obligation to pay an amount to a person with whom the Bank does not deal at arm’s length, (v) is not an “authorized foreign bank” (as defined in the Act), (vi) is not a “specified shareholder” and deals at arm’s length with each person who is a “specified shareholder” of the Bank for purposes of the thin capitalization rules in the Act and (vii) is not an insurer carrying on an insurance business in Canada and elsewhere (a “**Non-resident Holder**”).

This overview is based upon the provisions of the Act in force on the date hereof and counsel’s understanding of the current administrative policies and assessing practices of the Canada Revenue Agency published in writing prior to the date hereof. This overview takes into account all specific proposals to amend the Act publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “**Proposed Amendments**”) and assumes that all Proposed Amendments will be enacted in the form proposed. However, no assurances can be given that the Proposed Amendments will be enacted as proposed, or at all. This overview does not otherwise take into account or anticipate any changes in law, or administrative policy or assessing practice whether by legislative, regulatory, administrative or judicial action, nor does it take into account provincial, territorial or foreign income tax legislation, which may differ from those discussed herein. Subsequent developments could have a material effect on the following description. This overview assumes that no interest paid on the Notes will be in respect of a debt or other obligation to pay an amount to a person with whom the Bank does not deal at arm’s length, within the meaning of the Act.

This overview is of a general nature only and is not, and is not intended to be, legal or tax advice in respect of any particular issuance of Notes, the terms and conditions of which will be material to the Canadian federal income tax considerations with respect thereto. The Canadian federal income tax considerations may also be supplemented, amended and/or replaced in a Drawdown Prospectus or a supplemental prospectus, based on the terms and conditions of the Notes issued pursuant to such Drawdown Prospectus or supplemental prospectus, as the case may be. If Notes are otherwise issued without disclosure of Canadian federal income tax considerations, prospective purchasers of Notes should consult their own tax advisors.

This overview is of a general nature only and is not, and is not intended to be, legal or tax advice to any particular holder. This overview is not exhaustive of all Canadian federal income tax considerations. Accordingly, prospective purchasers of Notes should consult their own tax advisors with respect to their particular circumstances.

Interest paid or credited or deemed to be paid or credited by the Bank on a Note (including amounts on account of, or in lieu of, or in satisfaction of interest) to a Non-resident Holder will not be subject to Canadian non-resident withholding tax, unless all or any portion of such interest (other than on a “prescribed obligation” described below) is contingent or dependent on the use of or production from

property in Canada or is computed by reference to revenue, profit, cash flow, commodity price or any other similar criterion or by reference to dividends paid or payable to shareholders of any class or series of shares of the capital stock of a corporation ("**Participating Debt Interest**"). A "**prescribed obligation**" is a debt obligation the terms or conditions of which provide for an adjustment to an amount payable in respect of the obligation for a period during which the obligation was outstanding, which adjustment is determined by reference to a change in the purchasing power of money and no amount payable in respect thereof, other than an amount determined by reference to a change in the purchasing power of money, is contingent or dependent upon the use of, or production from, property in Canada or is computed by reference to any of the criteria described in the definition of Participating Debt Interest. *If any interest payable on a Note, or any portion of the principal amount of a Note in excess of its issue price, is to be calculated by reference to an index, security, commodity or formula, such interest or principal, as the case may be, may be subject to Canadian non-resident withholding tax.*

In the event that a Note is redeemed, cancelled, repurchased or purchased by the Bank or any other person resident or deemed to be resident in Canada from a Non-resident Holder or is otherwise assigned or transferred by a Non-resident Holder to a person resident or deemed to be resident in Canada for an amount which exceeds, generally, the issue price thereof, or in certain cases, the price for which such Note was assigned or transferred to the Non-resident Holder by a person resident or deemed resident in Canada, the excess may be deemed to be interest and may, together with any interest that has accrued or is deemed to have accrued on the Note to that time, be subject to non-resident withholding tax if the Note is not considered an "excluded obligation" and such interest or deemed interest is Participating Debt Interest. A Note will be an "excluded obligation" for this purpose if the Note is not an "indexed debt obligation", the Note was issued for an amount not less than 97% of its principal amount (as defined for the purposes of the Act), and the Note's yield, expressed in terms of an annual rate (determined in accordance with the Act) on the amount for which the Note was issued, does not exceed 4/3 of the interest stipulated to be payable on the Note, expressed in terms of an annual rate on the Note's outstanding principal amount from time to time. An "**indexed debt obligation**" is a debt obligation the terms or conditions of which provide for an adjustment to an amount payable in respect of the obligation for a period during which the obligation was outstanding that is determined by reference to a change in the purchasing power of money.

Generally, there are no other Canadian federal taxes on income (including taxable capital gains) payable by a Non-resident Holder in respect of the holding or disposition of a Note.

United Kingdom

The comments below are of a general nature based on current United Kingdom law and HM Revenue & Customs practice. In providing these comments, we have assumed that the Exempt Notes will be issued on the same terms as the Notes which are not Exempt Notes. They relate only to the position of persons who are the absolute beneficial owners of their Notes and Coupons and may not apply to certain classes of persons such as dealers or certain professional investors. United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Prospective Noteholders who are in any doubt as to their own tax position or who may be subject to tax in a jurisdiction other than the United Kingdom should consult their professional advisors.

Notes issued by the Bank's London Branch Only

1. While the Bank's London branch continues to be a bank for the purposes of section 878 of the Income Tax Act 2007 ("**ITA 2007**") and the interest on such Notes is paid in the ordinary course of that business, interest may be paid without withholding or deduction for or on account of income tax.

2. Interest on a Note issued by the Bank's London branch which cannot be paid gross under paragraph 1 above but which Note continues to be listed on a recognised stock exchange within the meaning of section 1005 of ITA 2007 may be paid without withholding or deduction for or on account of income tax. The Luxembourg Stock Exchange is a recognised Stock Exchange for these purposes. Securities will be treated as listed on the Luxembourg Stock Exchange if they are both admitted to trading on the Luxembourg Stock Exchange and officially listed in Luxembourg in accordance with provisions corresponding to those generally applicable in countries in the European Economic Area.

If the Notes cease to be listed on a recognised stock exchange, interest on Notes issued by the United Kingdom branch of the Bank may be paid without deduction on account of United Kingdom income tax if the conditions set out in section 888A of ITA 2007 for qualifying private placements are met. These are that the Exempt Notes should not be listed on a recognised stock exchange, that their term should not exceed 50 years, that their value equal or exceed £10 million, that they be entered into for genuine commercial reasons (by both the Bank and Noteholders), that the Bank should reasonably believe that it is not connected to Noteholders and *vice versa*, and that the Bank should hold a 'creditor certificate' (which, in turn, requires that each Noteholder be resident in a jurisdiction which has a double taxation treaty with the United Kingdom containing a non-discrimination article) for each investor.

In all other cases interest will generally be paid under deduction of income tax at the basic rate (currently 20%) subject to the availability of other relief or to any direction to the contrary from HM Revenue & Customs in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty.

3. The interest on the Notes issued by the Bank's London branch has a United Kingdom source and accordingly may be chargeable to United Kingdom tax by direct assessment. Where the interest is paid without withholding or deduction, the interest will not be assessed to United Kingdom tax in the hands of holders of the Notes who are not resident in the United Kingdom, except where such persons carry on a trade, profession or vocation in the United Kingdom through a United Kingdom branch or agency, or in the case of a corporate holder, carries on a trade through a permanent establishment in the United Kingdom, in connection with which the interest is received or to which the Notes are attributable, in which case (subject to exemptions for interest received by certain categories of agent) tax may be levied on the United Kingdom branch or agency or permanent establishment.

4. Noteholders should note that the provisions relating to additional amounts referred to in Condition 7 of the Notes would not apply if HM Revenue & Customs sought to assess directly the person entitled to the relevant interest, to United Kingdom tax. However, exemption from or reduction of such United Kingdom tax liability might be available under an applicable double taxation treaty.

5. Where interest has been paid under deduction of United Kingdom income tax, Noteholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in an applicable double taxation treaty.

Notes issued by both the Bank's London Branch and the Bank

1. Persons in the United Kingdom paying (i) interest to or receiving interest on behalf of another person who is an individual or (ii) paying amounts due on redemption of any Notes which constitute deeply discounted securities as defined in Chapter 8 of Part 4 of the Income Tax (Trading and Other Income) Act 2005 to or receiving such amounts on behalf of another person who is an individual, may be required to provide certain information to HM Revenue & Customs regarding the identity of the payee or person entitled to the interest and, in certain circumstances, such information may be exchanged with tax authorities in other countries.

2. Noteholders who are not resident in the United Kingdom will have no United Kingdom tax liability on a disposal of the Notes unless the Notes are attributable to a United Kingdom branch or agency or permanent establishment through which the non-resident carries on a trade, profession or vocation in the United Kingdom.

3. Noteholders should be aware that the application of certain provisions of United Kingdom tax legislation, in particular the deeply discounted securities and loan relationships legislation, may have the effect that, where Notes are issued in more than one Tranche, the tax treatment of subsequent Tranches may be different from the tax treatment of earlier Tranches.

Luxembourg

The comments below are of a general nature based on the Bank's understanding of Grand Duchy of Luxembourg law and practice as of the date of this Prospectus and is subject to any change in law that may take effect after such date. The following information does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the Notes. It is not intended to be, nor should it be considered to be, legal or tax advice to any particular Noteholder. It is a description of the essential material Luxembourg tax consequences with respect to the Notes and may not include tax considerations that arise from rules of general application or that are generally assumed to be known to Noteholders. Prospective holders or beneficial owners of the Notes should therefore consult their tax advisor with respect to their particular circumstances, the effects of state, local or foreign laws to which they may be subject and as to their tax position.

Please be aware that the residence concept used under the respective headings below applies for Luxembourg income tax assessment purposes only. Any reference in the present section to a tax, duty, levy impost or other charge or withholding of a similar nature refers to Luxembourg tax law and/or concepts only. Also, please note that a reference to Luxembourg income tax encompasses corporate income tax (*impôt sur le revenu des collectivités*), municipal business tax (*impôt commercial communal*), a solidarity surcharge (*contribution au fonds pour l'emploi*), a temporary equalisation tax (*impôt d'équilibrage budgétaire temporaire*), as well as personal income tax (*impôt sur le revenu*) generally. Corporate taxpayers may further be subject to net worth tax (*impôt sur la fortune*), as well as other duties, levies or taxes. Corporate income tax, municipal business tax, as well as the solidarity surcharge invariably apply to most corporate taxpayers resident of Luxembourg for tax purposes. Individual taxpayers are generally subject to personal income tax, to the solidarity surcharge, as well as to the temporary equalisation tax (*impôt d'équilibrage budgétaire*). Under certain circumstances, where an individual taxpayer acts in the course of the management of a professional or business undertaking, municipal business tax may apply as well.

Luxembourg tax residency of the Noteholders

Noteholders will not become resident, or be deemed to be resident, in Luxembourg by reason only of the holding of the Notes, or the execution, performance, delivery, exchange and/or enforcement of the Notes.

Withholding tax on interest

Luxembourg non-resident individuals

Under the Luxembourg tax law currently in effect, there is no withholding tax on payments of interest (including accrued but unpaid interest) made to a Luxembourg non-resident Noteholder. There is also no Luxembourg withholding tax, upon repayment of the principal or upon redemption or exchange of the Notes.

Luxembourg resident individuals

Under the Luxembourg law dated 23 December 2005 (hereafter, the "**Law**"), a 10% Luxembourg final withholding tax is levied as of 1 January 2006 on interest payments or similar income made by Luxembourg paying agents to (or for the immediate benefit of) Luxembourg individual residents. This withholding tax also applies on accrued interest received upon disposal, redemption or repurchase of the Notes. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth. Responsibility for the withholding of tax in application of the Law is assumed by the Luxembourg paying agent within the meaning of the Law.

Taxation of Luxembourg non-resident Noteholders

Holders of Notes who are Luxembourg non-residents and who have neither a permanent establishment nor a permanent representative in Luxembourg with which the holding of the Notes is connected are not liable to any Luxembourg income tax, whether they receive payments of principal, payments of interest (including accrued but unpaid interest), payments received upon the redemption of the Notes, or realise capital gains on the sale, redemption, repurchase, disposal or exchange, in any form whatsoever, of any Notes.

Holders who are non-residents of Luxembourg and who have a permanent establishment or a permanent representative in Luxembourg to which or whom the Notes are attributable are liable to Luxembourg income tax on any interest received or accrued, as well as any reimbursement premium received at maturity and any capital gain realised on the sale or disposal, in any form whatsoever, of the Notes and have to include this income in their taxable income for Luxembourg income tax assessment purposes.

Taxation of Luxembourg resident Noteholders

Luxembourg resident individuals

An individual Noteholder, acting in the course of the management of his/her private wealth, is subject to Luxembourg income tax in respect of interest received, accrued but unpaid interest in case of disposal of the Notes, redemption premiums or issue discounts under the Notes, except if a final withholding tax has been levied on such payments in accordance with the Law.

Under Luxembourg domestic tax law, gains realised upon the sale, disposal or redemption of the Notes, by an individual Noteholder, who is a resident of Luxembourg for tax purposes and who acts in the course of the management of his/her private wealth, are not subject to Luxembourg income tax, provided this sale or disposal **took place more than six months after the acquisition of the Notes and the Notes do not constitute Zero Coupon Notes**. Gains realised by an individual Noteholder of Zero Coupon Notes, who acts in the course of the management of his/her private wealth and who is a resident of Luxembourg for tax purposes must include the difference between the sale, repurchase, exchange or redemption price and the issue price of a Zero Coupon Notes in his/her taxable income.

An individual Noteholder, who acts in the course of the management of his/her private wealth and who is a resident of Luxembourg for tax purposes, has further to include the portion of the gain corresponding to accrued but unpaid income in respect of the Notes in his/her taxable income, insofar as the accrued but unpaid interest is indicated separately in the agreement.

Luxembourg resident individual Noteholders acting in the course of the management of a professional or business undertaking to whom the Notes are attributable, have to include any interest received or accrued, as well as any gain realised on the sale or disposal of the Notes, in their taxable income for Luxembourg income tax assessment purposes. Taxable gains are determined as being the difference

between the sale, repurchase or redemption price (including accrued but unpaid interest) and the lower of the cost or book value of the Notes sold or redeemed.

Luxembourg corporate residents

Luxembourg corporate Noteholders, who are resident of Luxembourg for tax purposes, must include any interest received or accrued, as well as any gain realised on the sale or disposal of the Notes, in their taxable income for Luxembourg income tax assessment purposes. Taxable gains are determined as being the difference between the sale, repurchase or redemption price (including but unpaid interest) and the lower of the cost or book value of the Notes sold or redeemed.

Luxembourg resident companies benefiting from a special tax regime

Luxembourg resident corporate Noteholders which benefit from a special tax regime, such as (i) undertakings for collective investment governed by the amended law of 17 December 2010, (ii) specialised investment funds governed by the amended law of 13 February 2007, and (iii) family wealth management companies governed by the amended law of 11 May 2007, are tax exempt entities in the Grand-Duchy of Luxembourg and thus income derived from the Notes, as well as gains realised thereon, are not subject to income taxes.

Net Wealth Tax

Luxembourg resident Noteholders, as well as non-resident Noteholders who have a permanent establishment or a permanent representative in Luxembourg to which or whom the Notes are attributable, are subject to Luxembourg Net Wealth Tax (impôt sur la fortune) on such Notes, except if the Noteholder is (i) a resident or non-resident individual taxpayer, (ii) an undertaking for collective investment subject to the amended law of 17 December 2010 (except for the minimum Net Wealth Tax), (iii) a securitization company governed by the amended law of 22 March 2004 on securitization (except for the minimum Net Wealth Tax), (iv) a company governed by the amended law of 15 June 2004 on venture capital vehicles(except for the minimum Net Wealth Tax), (v) a specialized investment fund governed by the amended law of 13 February 2007 or (vi) a family wealth management company governed by the amended law of 11 May 2007.

Other Taxes

There is no Luxembourg registration tax, stamp duty or any other similar tax or duty payable in Luxembourg by Noteholders as a consequence of the issue of the Notes, nor will any of these taxes be payable as a consequence of a subsequent transfer, redemption or exchange of the Notes, unless the documents relating to the Notes are registered in Luxembourg (except in case of voluntary registration in Luxembourg).

No Luxembourg estate or inheritance tax is levied on the transfer of the Notes upon death of a Noteholder in cases where the deceased was not a resident of Luxembourg for inheritance tax purposes at the time of his/her death. Where an individual Holder is a resident for inheritance tax purposes of Luxembourg at the time of his/her death, the Notes are included in his/her taxable estate for inheritance tax purposes. No Luxembourg gift tax is levied on the transfer of the Notes by gift, unless the gift is registered in Luxembourg.

FATCA (United States)

The Foreign Account Tax Compliance provisions of the Hiring Incentives to Restore Employment Act were enacted in March 2010 in an effort to assist the Internal Revenue Service (“**IRS**”) in enforcing United States taxpayer compliance.

Among other requirements, to comply with FATCA, a “foreign financial institution” as defined under the Code (an “**FFI**”), such as the Issuer, must (i) enter into an agreement with the IRS agreeing to certain information reporting requirements (an “**FFI Agreement**”), (ii) comply with an intergovernmental agreement between the United States and the country in which it is located, or (iii) otherwise be exempt from such requirements. An FFI Agreement requires providing certain information regarding the FFI’s “U.S. account holders” (which could include holders of custodial accounts and holders of the FFI’s debt or equity (other than debt or equity interests that are “regularly traded on an established securities market”)) to the IRS. If an FFI does not comply with FATCA, a 30% withholding tax will be imposed on certain United States source payments to that FFI and, beginning 1 January 2019, on the disposition proceeds from the sale of assets that give rise to United States source dividend and interest payments (“**FATCA Withholding**”). Further, FATCA Withholding will be imposed on certain “passthru payments” (i.e., payments to a non-compliant FFI made by an FFI that has entered into an FFI Agreement. Pursuant to these rules, FATCA Withholding may be imposed on certain payments to the Issuer or on certain disposition proceeds if it does not comply with FATCA.

A withholding tax may also be imposed under FATCA on certain payments made by FFIs that have entered into FFI Agreements to (a) non-compliant FFIs (as described in the paragraph above) or (b) certain non-FFIs that do not provide adequate information to the Issuer regarding themselves or their U.S. account holders (each a “**Recalcitrant Holder**”). In the event of any such withholding tax imposed on payments to holders of Notes, there will be no “gross up” (or any other additional amount) payable by way of compensation to the holder for the deducted amount. In addition, a holder or beneficial owner of Notes that would be required to provide such necessary information must, to the extent the Issuer is subject to an applicable non- United States law that would otherwise prohibit the provision of information relating to the holder or beneficial owner of the Note to the IRS, (i) execute a valid waiver of such non- United States law or (ii) dispose of the Notes or its interest therein within a reasonable time.

The FATCA Withholding regime will apply to “foreign passthru payments” (a term not yet defined by legislation or regulation) no earlier than 1 January 2019. This withholding would potentially apply to payments in respect of (i) any Notes characterized as debt (or which are not otherwise characterized as equity and have a fixed term) for United States federal tax purposes that are issued on or after the grandfathering date, which is the later of 1 January 2019 and the date that is six months after the date on which final United States Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, or which are materially modified on or after the grandfathering date and (ii) any Notes characterized as equity or which do not have a fixed term for United States federal tax purposes, whenever issued. If Notes are issued before the grandfathering date, and additional Notes of the same series are issued on or after that date, the additional Notes may not be treated as grandfathered, which may have negative consequences for the existing Notes, including a negative impact on market price.

The United States and Canada have entered into an IGA to facilitate the implementation of FATCA (the “**U.S.-Canada IGA**”). The U.S.-Canada IGA is based largely on the Model 1 IGA under which an FFI in Canada in compliance with the U.S.-Canada IGA could be treated as a “Reporting Canadian Financial Institution” (“**RCFI**”) not subject to withholding under FATCA on any payments it receives. Further, such a RCFI generally would not be required to withhold under FATCA (or any law implementing an IGA) (any such withholding would constitute FATCA Withholding) from payments it makes (unless it has agreed to do so under the United States “qualified intermediary”, “withholding foreign partnership” or “withholding foreign trust” regimes).

The Issuer expects to be treated as a RCFI pursuant to the U.S.-Canada IGA and does not anticipate being obliged to deduct any FATCA Withholding on payments it makes. There can be no assurance, however, that the Issuer will be treated as a RCFI, or that it would in the future not be required to deduct FATCA Withholding from payments it makes. Accordingly, the Issuer and financial institutions through which payments on the Notes are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Notes is made is not a Participating FFI, a RCFI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

“Participating FFI” means a “foreign financial institution” that is a “participating foreign financial institution” (as each such term is defined pursuant to sections 1471 through 1474 of the Internal Revenue Code of 1986, as amended, and any regulations thereunder or official interpretations thereof) as from the effective date of withholding on “foreign passthru payments” (a term not yet defined by legislation or regulation).

If an amount in respect of FATCA Withholding were to be deducted or withheld from interest, principal or other payments made in respect of the Notes, neither the Issuer nor any paying agent nor any other person would, pursuant to the conditions of the Notes, be required to pay additional amounts as a result of the deduction or withholding. As a result, investors may receive less interest or principal than expected.

Though it is uncertain at this time how the FATCA regime will apply to Notes held through clearing systems, whilst the Notes are in global form and held within Euroclear and/or Clearstream, Luxembourg or similar clearing systems, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, any paying agent and the common depositary, given that each of the entities in the payment chain between the Issuer and the clearing systems is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the clearing systems. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA Withholding. However, definitive notes will only be printed in remote circumstances.

FATCA is particularly complex and its application is uncertain. The above description is based in part on regulations, official guidance and the U.S.-Canada IGA, all of which are subject to change. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.

The Proposed Financial Transactions Tax

On 14 February 2013, the European Commission published a proposal (the “**Commission’s Proposal**”) for a Directive for a common financial transactions tax (“**FTT**”) in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “**participating Member States**”). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No 1287/2006 are expected to be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a

participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

Subject to the terms and conditions contained in an amended and restated Dealer Agreement dated as of 10 March 2016 (the “**Dealer Agreement**” which expression shall include any amendment or supplements thereto or restatements thereof) between the Bank and the Permanent Dealers, the Notes will be offered on a continuous basis by the Bank to the Permanent Dealers, however the Bank has reserved the right to sell Notes directly on its own behalf to Dealers which are not Permanent Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer(s). The Notes may also be sold by the Bank through the Dealers, acting as agents of the Bank. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches which are solidarily (the Québec civil law concept similar to joint and several liability) underwritten by two or more Dealers. Notes may also be offered directly to persons other than Dealers.

The Bank will pay each relevant Dealer a commission depending upon maturity in respect of Notes subscribed or procured for subscription by it. The Bank has agreed to reimburse the Dealers for certain of their expenses incurred in connection with the establishment of the Programme and the issue of Notes under the Programme.

The Dealer Agreement also provides that Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out below) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, in applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph below headed “General”.

The Bank has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement may be terminated in relation to all the Dealers or any of them by the Bank or, in relation to itself and the Bank only, by any Dealer, at any time on giving not less than ten business days’ notice.

Persons into whose hands this Prospectus or any Final Terms, Pricing Supplement or Drawdown Prospectus comes are required by the Bank and the Dealer to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or have in their possession or distribute such offering material, in all cases at their own expense.

Other relationships

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer in the ordinary course of business.

In addition, in the ordinary course of their business activities, the Dealers and/or their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account or for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Bank or Bank’s affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Bank routinely hedge their credit exposure to the Bank consistent with their customary risk management policies. Typically, such Dealers and/or their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. The Dealers and/or their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

United States

Regulation S, Category 2, TEFRA D, unless TEFRA C is specified as applicable in the applicable Final Terms or (in the case of Exempt Notes) applicable Pricing Supplement or the TEFRA rules are specified as not applicable in the applicable Final Terms or (in the case of Exempt Notes) applicable Pricing Supplement.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Notes in bearer form having a maturity of more than one year are subject to United States tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a U.S. person, except in certain transactions permitted by United States tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code of 1986 and regulations promulgated thereunder.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver the Notes of any identifiable Tranche, (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of such Tranche (as determined, and certified to the Bank, by the Fiscal Agent, or in the case of Notes issued on a syndicated basis, the Lead Manager(s)) within the United States or to, or for the account or benefit of, U.S. persons, it will not engage in any directed selling efforts with respect to the Notes of any Tranche, and it will have sent to each dealer to which it sells Notes during the restricted period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Each issuance of Exempt Notes that are Index Linked Notes and Dual Currency Notes will be subject to such additional United States selling restrictions as the Bank and the relevant Dealer may agree, as specified in the applicable Pricing Supplement. Each Dealer will be required to agree that it will offer, sell or deliver such Notes only in compliance with such additional United States selling restrictions.

Canada

No prospectus in relation to the Notes has been filed with the securities regulatory authority in any province or territory of Canada. The Notes have not been, and will not be, qualified for sale under the securities laws of Canada or any province or territory of Canada. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or distributed, and that it will not offer, sell or distribute, any Notes, directly or indirectly, in Canada or to, or for the benefit of, any resident thereof in contravention of the securities laws of Canada or any province or territory of Canada. Notes offered in Canada may be subject to additional Canadian selling restrictions as the Bank and the relevant Dealer may agree. Each Dealer will be required to agree that it will offer, sell or distribute such Notes only in compliance with such additional Canadian selling restrictions and only pursuant to an exemption from the requirement to file a prospectus in the province or territory of Canada in which such offer, sale or distribution is made. Each Dealer has

agreed, and each further Dealer appointed under the Programme will be required to agree, not to distribute or deliver this Prospectus, or any other offering material or advertisement relating to the Notes, in Canada in contravention of the securities laws of any province or territory of Canada.

Public Offer Selling Restrictions under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a **“Relevant Member State”**), each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the **“Relevant Implementation Date”**) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Prospectus as completed by the Final Terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State:

- (b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) at any time to fewer than 150 natural or legal persons (other than qualified investors, as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer(s) nominated by the Issuer for any such offer;
- (d) at any time if the denomination per Note being offered amounts to at least €100,000; or
- (e) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (a) to (d) above shall require the publication by the Issuer or any Dealer(s) of a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an **“offer of Notes to the public”** in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression **“Prospectus Directive”** means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measures in the Relevant Member State.

Selling Restrictions Addressing Additional United Kingdom Securities Laws

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA would not, if the Issuer was not an authorised person apply to the Issuer; and
- (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Notes in, from or otherwise involving the United Kingdom.

Republic of France

This Prospectus has not been submitted for clearance to the Autorité des marchés financiers in France.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Prospectus, the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement or any other offering material relating to the Notes, and that such offers, sales and distributions have been and will be made in France only to (i) providers of investment services relating to portfolio management for the account of third parties, and/or (ii) qualified investors (*investisseurs qualifiés*), other than individuals all defined in, and in accordance with, articles L 411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier*.

Selling Restrictions with respect to German Registered Notes

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that this document cannot be construed as a prospectus for German Registered Notes neither in accordance with the Prospectus Directive nor under German national laws. Pursuant to Article 2 No. 3.c) and No. 4 of the German Capital Investment Act (*Vermögensanlagegesetz*), the Registered Notes will only be offered

- (ii) for a minimum price of at least €200,000 per German Registered Note per investor or
- (iii) to professional investors

and will therefore be exempted from the prospectus requirements under the German Capital Investment Act.

Italy

The offering of any Notes has not been registered pursuant to Italian securities legislation and, accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that no Notes have been offered, sold or delivered, and will not be offered, sold or delivered, nor may copies of the Prospectus or any other document relating to the Notes be distributed in the Republic of Italy ("**Italy**") except:

- (1) to "**qualified investors**" (*investitori qualificati*) pursuant to Article 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the "**Financial Services Act**") and Article 34-*ter*, first paragraph, letter b) of CONSOB Regulation No. 11971 of 14 May 1999, as amended ("**Regulation No. 11971**"); or
- (2) in any other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-*ter* of Regulation No. 11971.

Any offer, sale or delivery of any Notes or distribution of copies of the Prospectus and any supplement thereto or any other document relating to the Notes in Italy under (1) or (2) above must be:

- (a) made by investment firms, banks or financial intermediaries permitted to conduct such activities in Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of 29 October 2007 (as amended from time to time) and Legislative Decree No. 385 of 1 September 1993, as amended (the "**Banking Act**");

- (b) in compliance with Article 129 of the Banking Act, as amended from time to time, and the implementing guidelines of the Bank of Italy, as amended from time to time, pursuant to which the Bank of Italy may request information on the issue or the offer of securities in Italy; and
- (c) in compliance with any other applicable laws and regulations or requirements imposed by CONSOB or other Italian authority.

Please note that in accordance with Article 100-bis of the Financial Services Act, where no exemption from the rules on public offerings applies under (1) and (2) above, the subsequent distribution of the Notes on the secondary market in Italy must be made in compliance with the public offer and the prospectus requirement rules provided under the Financial Services Act and Regulation No. 11971. Failure to comply with such rules may result in the sale of such Notes being declared null and void and in the liability of the intermediary transferring the financial instruments for any damages suffered by the investors.

The Netherlands

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that any Notes will only be offered in The Netherlands to Qualified Investors (as defined in the Prospectus Directive), unless such offer is made in accordance with the Dutch Financial Supervision Act (Wet op het financieel toezicht).

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) it has not offered or sold, and will not offer or sell, in Hong Kong, by means of any document, any Notes (except for Notes which are a “structured product” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the “SFO”)) other than (i) to persons whose ordinary business is to buy or sell shares or debentures (whether as principal or agent); or (ii) to “professional investors” within the meaning of the SFO and any rules made under the SFO; or (iii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (b) it has not issued, or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made thereunder.

Japan

No registration pursuant to article 4, paragraph 1 of the Financial Instruments and Exchange Act of Japan (Law No. 25 of 1948, as amended) (the “FIEA”) has been made or will be made with respect to the Notes. Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or

to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Law (Law No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan except pursuant to an exemption from the registration requirements of, and otherwise under circumstances which will result in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time.

Singapore

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that this Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of the Singapore Statutes (the “**Securities and Futures Act**”). Accordingly, each Dealer has represented, warranted, and agreed and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that the Notes may not be offered or sold or made the subject of an invitation for subscription or purchase nor may the Prospectus or any other document or material in connection with the offer or sale or invitation for subscription or purchase of any Notes be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the Securities and Futures Act) pursuant to Section 274 of the Securities and Futures Act, (b) to a relevant person (as defined in Section 275(2) of the Securities and Futures Act) or to any person pursuant to Section 275(1) of the Securities and Futures Act or to any person pursuant to Section 275(1A) of the Securities and Futures Act, and in accordance with the conditions specified in Section 275 of the Securities and Futures Act or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the Securities and Futures Act.

Where the Notes are subscribed or purchased under Section 275 of the Securities and Futures Act by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the Securities and Futures Act)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor,

securities (as defined in Section 239(1) of the Securities and Futures Act) of that corporation or the beneficiaries’ rights and interest (however described) in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the Notes pursuant to an offer under Section 275 of the Securities and Futures Act except:

- (1) to an institutional investor or to a relevant person defined in Section 275(2) of the Securities and Futures Act or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the Securities and Futures Act; or
- (2) where no consideration is or will be given for the transfer; or
- (3) where the transfer is by operation of law; or
- (4) pursuant to Section 276(7) of the Securities and Futures Act; or

- (5) as specified in Regulation 32 of the Securities and Futures (Offer of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

General

No action has been or will be taken by the Bank or the Dealers which would permit a public offering of the Notes, or distribution of this Prospectus or of any other offering material in any jurisdiction where action for that purpose is required. The Dealer Agreement provides that each Dealer will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Prospectus or any offer or offering material, in all cases at its own expense.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification may be set out in a supplement to this Prospectus, a Drawdown Prospectus or, in the case of Exempt Notes, the applicable Pricing Supplement.

FORM OF FINAL TERMS

This form of Final Terms is for use in connection with the issue of Notes other than Exempt Notes.

Final Terms dated []



NATIONAL BANK OF CANADA

(A bank governed by the Bank Act (Canada))

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
(the “Notes”) under a US\$8,000,000,000 Euro Note Programme
[by the [London Branch] [Montréal Branch] of National Bank of Canada]
(the “Bank”)

PART A - CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Prospectus dated 10 March 2016 [and the supplement(s) to it dated •] which [together] constitute[s] a base prospectus ([the Prospectus as so supplemented,] the “**Prospectus**”) for the purposes of the Prospectus Directive. As used herein, “**Prospectus Directive**” means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) and includes any relevant implementing measures in a Member State of the European Economic Area). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Prospectus. Full information on the Bank and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus. The Prospectus is available for viewing during normal business hours and copies may be obtained at the registered office of the Bank, 4th Floor, 600 de La Gauchetière Street West, Montréal, Québec, H3B 4L2, Canada, and at the office of the Fiscal Agent, Registrar, Transfer Agent and Calculation Agent, Citibank, N.A., London Branch, 14th Floor, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom. The Prospectus has been published on the website of the Luxembourg Stock Exchange at www.bourse.lu.]

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Prospectus dated [11 March 2015 / 13 March 2014 / 15 March 2013 / 22 September 2011 / 22 September 2010 / 22 September 2009 / 17 April 2008 / 13 March 2007 / 17 March 2006] [which are incorporated by reference in the Prospectus dated 10 March 2016. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Prospectus dated 10 March 2016 [and the supplement(s) to it dated •], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Directive (the Prospectus as so supplemented, the “**Prospectus**”), save in respect of the Conditions which are extracted from the Prospectus dated [original date] [and the supplement(s) to it dated •]. As used herein, “**Prospectus Directive**” means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) and includes any relevant implementing measures in a Member State of the European Economic Area).

Full information on the Bank and the offer of the Notes is only available on the basis of the combination of these Final Terms, the Prospectus [and the supplement(s) to it dated •]. The Prospectus has been published on the website of the Luxembourg Stock Exchange at *www.bourse.lu*.]

1. [(i)] Series Number: []
(Condition 1)

[(ii)] Tranche Number: []
(Condition 1)

[(iii)] Date on which the Notes will be consolidated and form a single Series: [Not Applicable] [The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [] on []/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 19 below [which is expected to occur on or about []]].]
2. Specified Currency or Currencies: []
(Condition 1)
3. Aggregate Nominal Amount:
(Condition 1)

[(i)] Series: []
[(ii)] Tranche: []
4. Issue Price: [] per cent. of the Aggregate Nominal Amount [plus accrued interest from []]
(Condition 5)
5. (i) Specified Denominations: [] [[] [and integral multiples of [] in excess thereof up to and including []]. No Notes in definitive form will be issued with a denomination above [].]
(Condition 1)

(ii) Calculation Amount: []
(Condition 4)
6. (i) Issue Date: []
(Condition 4)

(ii) Interest Commencement Date: [] [Issue Date] [Not Applicable]
(Condition 4)
7. Maturity Date: [] [Interest Payment Date falling in or nearest to []]
(Condition 5) []]
8. Interest Basis: [[] per cent. Fixed Rate Note]
(Condition 4) [] month [[currency] LIBOR]] [EURIBOR] [] +/- [] per cent. Floating Rate Note]
[Zero Coupon Note]
(further particulars specified below)

- | | | |
|-----|--|---|
| 9. | Change of Interest Basis:
(Condition 4) | [Not Applicable] [For the period from (and including) the Interest Commencement Date, up to (but excluding) [•] paragraph [13/14] applies and for the period from (and including) [•] up to (and including) the Maturity Date, paragraph [13/14] applies. |
| 10. | Redemption / Payment Basis:
(Condition 5) | Subject to early redemption or purchase, redemption at [par] [] on the Maturity Date. |
| 11. | Put/Call Options:
(Condition 5) | [Not Applicable]
[Noteholder Put]
[Issuer Call]
[(further particulars specified below)] |
| 12. | Date [Board] approval for issuance of Notes obtained:
(Condition 3) | [] [and []], respectively] [Not Applicable] |

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- | | | |
|-----|--|--|
| 13. | Fixed Rate Note Provisions
(Condition 4) | [Applicable] [Applicable from []]] [Not Applicable]
<i>(If not applicable, delete the remaining sub-paragraphs of this paragraph)</i> |
| | (i) Fixed Rate[(s)] of Interest: | [] per cent. per annum payable in arrear on each Interest Payment Date |
| | (ii) Interest Payment Date(s): | [] [and []]] in each year up to and including the Maturity Date, commencing [], subject to adjustment in accordance with the Business Day Convention set out in (iii) below / not subject to any adjustment, as the Business Day Convention in (iv) below is specified to be No Adjustment] |
| | (iii) Business Day Convention: | [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] [No Adjustment] |
| | (iv) Additional Business Centre(s): | [] [Not Applicable] |
| | (v) Fixed Coupon Amount(s): | [[] per [] Calculation Amount] [Not Applicable] |
| | (vi) Broken Amount(s): | [] per Calculation Amount, payable on the Interest Payment Date falling in/on [] [Not Applicable] |
| | (vii) Day Count Fraction: | [Actual/Actual (ICMA)] [30/360] [Actual/365 (Fixed)] |
| | (viii) Determination Dates: | [[] in each year] [Not Applicable] |

- (ix) Person responsible for calculating Interest Amount(s) (if not the Agent): [[] shall be the Calculation Agent] [Not Applicable]
14. **Floating Rate Note Provisions** (Condition 4) [Applicable] [Applicable from []] [Not Applicable]
- (i) Specified Period(s): [] [Not Applicable]
- (ii) Specified Interest Payment Date(s): [[] [and []]] in each year, commencing [], subject to adjustment in accordance with the Business Day Convention set out in (iv) below / not subject to any adjustment, as the Business Day Convention in (iv) below is specified to be No Adjustment] [Not Applicable]
- (iii) First Interest Payment Date: []
- (iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention] [No Adjustment]
- (v) Additional Business Centre(s): [] [TARGET] [Not Applicable]
- (vi) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination]
- (vii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Fiscal Agent): [[] shall be the Calculation Agent] [Not Applicable]
- (viii) Screen Rate Determination: [Applicable] [Not Applicable]
- Benchmark: [[] month] [[currency] LIBOR] [EURIBOR] []
- Relevant Time: []
- Interest Determination Date(s): [Second London business day prior to the start of each Interest Period]
[First day of each Interest Period]
[Second day on which the TARGET System is open prior to the start of each Interest Period]
[[] business day[s] prior to the start of each Interest Period]
- Primary Source for Floating Rate: [[] Screen Page] [Reference Banks]

- Reference Banks	[[], [], [] and []] [Not Applicable] [as set out in the definition of “Reference Banks” in Condition 4(k)]
- Relevant Financial Centre:	[] [London]
- Representative Amount:	[] [as set out in the definition of “Representative Amount” in Condition 4(k)]
- Effective Date:	[] [as set out in the definition of “Effective Date” in Condition 4(k)]
- Specified Duration:	[]
(ix) ISDA Determination:	[Applicable] [Not Applicable]
- Floating Rate Option:	[]
- Designated Maturity:	[]
- Reset Date:	[]
(x) Linear Interpolation:	[Not Applicable] [Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation]
(xi) Margin(s):	[[+/-] [] per cent. per annum] [Not Applicable]
(xii) Multiplier:	[] [Not Applicable]
(xiii) Minimum Rate of Interest:	[[] per cent. per annum] [Not Applicable]
(xiv) Maximum Rate of Interest:	[[] per cent. per annum] [Not Applicable]
(xv) Day Count Fraction:	[Actual/365] [Actual/Actual (ISDA)] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [360/360] [Bond Basis] [30/360] [30/360 (ISDA)] [30E/360] [Actual/Actual (ICMA)]
15. Zero Coupon Note Provisions (Condition 4)	[Applicable] [Not Applicable]
(i) Amortisation Yield:	[] per cent. per annum
(ii) Day Count Fraction in relation to Early Redemption Amounts:	[30/360] [Actual/365 (Sterling)] [Actual/360] [Actual/365] [Act / Act (ICMA) where the Determination Dates are []]

PROVISIONS RELATING TO REDEMPTION

16. **Issuer Call Option** [Applicable] [Not Applicable]
(Condition 5)
- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount(s): [] per Calculation Amount
- (iii) if redeemable in part: [Applicable] [Not Applicable]
- (a) Minimum Redemption Amount: [[] per Calculation Amount] [Not Applicable]
- (b) Maximum Redemption Amount: [[] per Calculation Amount] [Not Applicable]
- (iv) Notice period: []
17. **Noteholder Put Option** [Applicable] [Not Applicable]
(Condition 5)
- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount(s): [] per Calculation Amount
- (iii) Notice period: []
18. **Final Redemption Amount** [] per Calculation Amount
19. **Early Redemption Amount**
(Condition 5)
- Early Redemption Amount(s)
per Calculation Amount
payable on redemption for
taxation reasons or on event
of default or other early
redemption: [[] per Calculation Amount] [As per Condition 5(d)]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

20. (i) Form of Notes: [Bearer Notes:
(Condition 1) [Temporary Global Note exchangeable on or after [] for
a Permanent Global Bearer Note which is exchangeable for
Definitive Bearer Notes on [] days' notice/at any time/in
the limited circumstances specified in the Permanent Global
Note]
[Temporary Global Note exchangeable on or after [] for
Definitive Notes on or after []]

[Exchangeable Bearer Note exchangeable for Registered Notes in [specify global or definitive form]

[Permanent Global Note exchangeable for Definitive Notes on [] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]]

[Registered Notes:

[Registered Global Notes registered in the name of a nominee for [a Common Depositary for Clearstream, Luxembourg and/or Euroclear/a Common Safekeeper for Clearstream, Luxembourg and/or Euroclear (that is, held under the NSS)]]

[Permanent Global Registered Note/Permanent Global Registered Notes exchangeable for Definitive Registered Notes in the limited circumstances specified in the Permanent Global Registered Note]

[Definitive Registered Notes]]

(ii) New Global Note or Classic Global Note:
(Condition 1)

[New Global Note] [Classic Global Note] [Not Applicable]

21. Financial Centre(s): [] [Not Applicable]
(Condition 6)

22. Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):
(Condition 4) [No/Yes. As the Notes have more than 27 coupon payments, talons may be required if, on exchange into definitive form, more than 27 coupon payments are remaining.]

THIRD PARTY INFORMATION

[[] has been extracted from []. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [], no facts have been omitted which would render the reproduced information inaccurate or misleading.] [Not Applicable]

Signed on behalf of National Bank of Canada:

By: _____

Duly authorised

PART B - OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Listing/Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to [the Official List of the Luxembourg Stock Exchange] [*specify other*] and to trading on [the Luxembourg Stock Exchange's regulated market] [*specify other*] with effect from [].] [Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to [the Official List of the Luxembourg Stock Exchange] [*specify other*] and to trading on [the Luxembourg Stock Exchange's regulated market] [*specify other*] with effect from [].] [Not Applicable]
- (ii) Estimate of total expenses related to admission to trading: []

2. RATINGS

Ratings: The [Programme] [Notes to be issued] [have been/has/is/are expected to be] [rated] [have not been rated]. [The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally]:

[S&P Canada: []]

[Moody's Canada: []]

[[Other]: []]

[[S&P Canada] [Moody's Canada] [] is not established in the European Union and has not applied for registration under Regulation (EC) No. 1060/2009, as amended (the "**CRA Regulation**"). The ratings [[have been]/[are expected to be]] endorsed by [Standard and Poor's Credit Market Services Europe Ltd.] [Moody's Investors Service Ltd.] in accordance with the CRA Regulation.]

[ESMA is obliged to maintain on its website a list of credit rating agencies registered in accordance with the CRA Regulation. This list must be updated within 5 working days of ESMA's adoption of any decision to withdraw the registration of a credit rating agency under the CRA Regulation. The list is located on ESMA's website at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>.]

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the [Managers/Dealers], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and its affiliates in the ordinary course of business.] []

4. YIELD

Indication of yield: []

5. OPERATIONAL INFORMATION

ISIN: []

Common Code: []

Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A., their addresses and the relevant identification number(s): [] [Not Applicable]

Delivery: Delivery [against/free of] payment

Names and addresses of additional Paying Agent(s) (if any), Registrar(s) or Transfer Agent(s): [] [None]

Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the international central securities depositories ("ICSDs") as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper)][*include this text for Registered Notes*] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that the Eurosystem eligibility criteria have been met.]

[No. Whilst the designation is specified as "no" at the date of this Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper)][*include this text for Registered Notes*]. Note that this does not necessarily mean that the Notes will then

be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

[Not Applicable]

6. DISTRIBUTION

- (i) Method of distribution: [Syndicated] [Non-syndicated]
- (ii) If syndicated, names of Manager(s): [] [Not Applicable]
- (iii) If non-syndicated, name of Dealer(s): [] [Not Applicable]

7. TEFRA RULES

US selling restrictions (categories of potential investors to which the Notes are offered):

Regulation S Category 2; [TEFRA D Rules applicable]
[TEFRA C Rules applicable] [TEFRA Rules not applicable]

FORM OF PRICING SUPPLEMENT FOR EXEMPT NOTES

This form of Pricing Supplement is for use in connection with the issue of Exempt Notes, including, but not limited to, issues of German Registered Notes.

NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH DIRECTIVE 2003/71/EC FOR THE ISSUE OF NOTES DESCRIBED BELOW.

Notes in italics in this Form of Pricing Supplement are intended for reference purposes only, will not appear in actual Pricing Supplement documents and are not binding on the Issuer.

Pricing Supplement dated []



NATIONAL BANK OF CANADA

(A bank governed by the Bank Act (Canada))

**Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
under a US\$8,000,000,000 Euro Note Programme**

[(Insert any specific additional risk factors, if appropriate)]

[PART A - CONTRACTUAL TERMS]

Any person making or intending to make an offer of the Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer.

Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Prospectus dated 10 March 2016 [and the supplement[s] to it dated [•]] (the “**Prospectus**”). This document constitutes the Pricing Supplement of the Notes described herein and must be read in conjunction with such Prospectus [as so supplemented]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Prospectus [as so supplemented]. References in the Conditions to “Final Terms” shall be deemed to be references to this Pricing Supplement. The Prospectus [and the supplement[s] to it dated [•]], together with the documents incorporated by reference therein are available for viewing during normal business hours and copies may be obtained at the registered office of the Issuer, 4th Floor, 600 de La Gauchetière Street West, Montréal, Québec, H3B 4L2, Canada, and at the office of the Fiscal Agent, Registrar, Transfer Agent and Calculation Agent, Citibank, N.A., London Branch, 14th Floor, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom.]

[The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date.]

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Prospectus dated [11 March 2015 / 13 March 2014 / 15 March 2013 / 22 September 2011 / 22 September 2010 / 22 September 2009 / 17 April 2008 / 13 March 2007 / 17 March 2006] which are incorporated by reference in the Prospectus dated 10 March 2016. This documents constitutes the Pricing Supplement of the Notes and must be read in conjunction with the Prospectus dated 10 March 2016 [and the supplement(s) to it dated •] (the “**Prospectus**”), save in respect of the Conditions which are extracted from the Prospectus dated [original date]. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement, the Prospectus [and the supplement(s) to it dated •]. References in the Conditions to “Final Terms” shall be deemed to be references to this Pricing Supplement. The Prospectus [and the supplement[s] to it dated [•]], together with the documents incorporated by reference therein are available for viewing during normal business hours and copies may be obtained at the registered office of the Issuer, 4th Floor, 600 de La Gauchetière Street West, Montréal, Québec, H3B 4L2, Canada, and at the office of the Fiscal Agent, Registrar, Transfer Agent and Calculation Agent, Citibank, N.A., London Branch, 14th Floor, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom.]

[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs (in which case the sub-paragraphs which are not applicable can be deleted). Italics denote guidance for completing the Pricing Supplement.]

1. Issuer: National Bank of Canada
2. Branch of Account for Notes: [Montréal] [London] / [*specify other*]
3. [(i)] Series Number: []
 [(ii)] Tranche Number: [] (*Not to be completed for German Registered Notes.*)
 [(iii)] Date on which the Notes will be consolidated and form a single Series: [Not Applicable] [The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [*describe Notes*] on [*insert date*]/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 25 below [which is expected to occur on or about [*insert date*]]]. (*Not to be completed for German Registered Notes.*)
4. Specified Currency or Currencies: []
5. Aggregate Nominal Amount:
 [(i)] Series: [*Insert total principal amount [of outstanding Tranches, including the Tranche which is the subject of the Pricing Supplement]*]
 [(ii)] Tranche: [] [(*Not to be completed for German Registered Notes.*)]
6. Issue Price: [] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date (in the case of fungible issues only, if applicable)*]]

7. (i) Specified Denominations: [] *[(In the case of German Registered Notes the Nominal Amount equals the Specified Denomination.)]*
- [N.B. – where Bearer Notes with multiple denominations are being used, the following sample wording should be followed:*
- [[] [and integral multiples of [] in excess thereof up to and including []. No Notes in definitive form will be issued with a denomination above [].]*
- (ii) Calculation Amount: *[If there is only one Specified Denomination and no integral multiples in excess thereof, insert the Specified Denomination. If there is more than one Specified Denomination and no integral multiples in excess thereof, insert the highest common factor of the Specified Denominations. If there are integral multiples in excess of the Specified Denominations, insert the highest common factor of the integral multiples and the Specified Denominations.] [Note: There must be a common factor in the case of integral multiples in excess of the Specified Denomination(s) or two or more Specified Denominations.]*
8. (i) Issue Date: []
- (ii) Interest Commencement Date: [Specify / Issue Date] [Not Applicable]
9. [(i)] Maturity Date: [] [Interest Payment Date falling in or nearest to [] []]
[(Specify date or (for Floating Rate Notes) Interest Payment Date falling in the relevant month and year)]
- [(ii)] Extended Maturity Date: []
10. Interest Basis: [[] per cent. Fixed Rate Note]
- [] month [[currency] LIBOR]/EURIBOR/Other (specify reference rate)] +/- [] per cent. Floating Rate Note]
- [Zero Coupon Note]
- [Index-Linked Interest Note]
- [Dual Currency Interest Note]
- [Other (specify)]
- (further particulars specified below)
11. Redemption/Payment Basis: [Subject to early redemption or purchase, redemption at [par] on the Maturity Date]
- [Index-Linked Redemption Note]
- [Dual Currency Redemption Note]
- [Partly Paid Note]
- [Instalment Note]
- [Other (specify)]

12. Change of Interest or Redemption/ Payment Basis: [Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis]
13. Put/Call Options: [Not Applicable]
[Noteholder Put]
[Issuer Call]
[(further particulars specified below)]
14. Date [Board] approval for issuance of Notes obtained: [] [and []], respectively] [Not Applicable]
(N.B. Only relevant where Board (or similar) authorisation is required for a particular Tranche of Notes)
15. Method of distribution: [Syndicated] [Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16. **Fixed Rate Note Provisions** [Applicable] [Applicable from []] [Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Fixed Rate[(s)] of Interest: [] per cent. per annum [payable [annually/ semi annually/quarterly/ monthly] in arrear]
- (ii) Interest Payment Date(s): [] [and []] in each year up to and including the Maturity Date, commencing [], subject to adjustment in accordance with the Business Day Convention set out in (iii) below / not subject to any adjustment, as the Business Day Convention in (iv) below is specified to be No Adjustment
(N.B. This will need to be amended in the case of long or short coupons. See "Broken Amounts")
- (iii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention] [No Adjustment]
- (iv) Additional Business Centre(s): [] [Not Applicable]
- (v) Fixed Coupon Amount(s): [[] per [] Calculation Amount] [Not Applicable]
- (vi) Broken Amount(s): [[] per Calculation Amount, payable on the Interest Payment Date falling [in / on] []] [Not Applicable]
- (vii) Day Count Fraction: [Actual/Actual (ICMA)] [30/360] [Actual/365 (Fixed)] [Specify whether Actual/Actual (ICMA), 30/360 or Actual/365 (Fixed) applies to interest to be calculated for a period other than a full year (see Condition 4(a) for description)]

- (viii) Determination Dates: [] in each year [*insert Interest Payment Dates ignoring issue date or maturity date in the case of long or short first or last coupon*] [Not Applicable] (*N.B. only relevant where Day Count Fraction is Actual/Actual (ICMA)*) [*N.B. Actual/Actual (ICMA) is normally appropriate for Fixed Rate Notes denominated in all currencies other than U.S. dollars*]
- (ix) Person responsible for calculating Interest Amount(s) (if not the Agent): [[] shall be the Calculation Agent] [Not Applicable]
- (x) Other terms relating to the method of calculating interest for Fixed Rate Notes: [Not Applicable/*give details*]
17. **Floating Rate Note Provisions** [Applicable] [Applicable from []] [Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Specified Period(s): [] [Not Applicable]
- (ii) Specified Interest Payment Dates: [[] [and []] in each year, commencing [], subject to adjustment in accordance with the Business Day Convention set out in (iv) below / not subject to any adjustment, as the Business Day Convention in (iv) below is specified to be No Adjustment] [Not Applicable]
- (iii) First Interest Payment Date: []
- (iv) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)] [No Adjustment]
- (v) Additional Business Centre(s): [] [TARGET] [Not Applicable]
- (vi) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/other (*give details*)]
- (vii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Fiscal Agent): [] shall be the Calculation Agent
- (viii) Screen Rate Determination: [Applicable] [Not Applicable]
- Benchmark: [] (*Specify LIBOR, EURIBOR or other Benchmark although additional information be required if other – including fallback provisions*)

- Relevant Time: []
- Interest Determination Date(s): [Second London business day prior to the start of each Interest Period]
[First day of each Interest Period]
[Second day on which the TARGET System is open prior to the start of each Interest Period]
[[] business day[s] prior to the start of each Interest Period]
(Second London business day prior to the start of each Interest Period if LIBOR (other than sterling LIBOR or euro LIBOR) and the first day of each Interest Period if sterling LIBOR and the second day on which the TARGET System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)
- Primary Source for Floating Rate: [] (*Specify relevant screen page or "Reference Banks"*)
- Reference Banks: [[], [], [] and [] (*Specify four*)]
[Not Applicable] [as set out in the definition of "Reference Banks" in Condition 4(m)]
- Relevant Financial Centre: []
(Specify the financial centre most closely connected to the Benchmark)
- Representative Amount: [] [as set out in the definition of "Representative Amount" in Condition 4(m)] (*Specify if screen or Reference Bank quotations are to be given in respect of a transaction of a specified notional amount*)
- Effective Date: [] [as set out in the definition of "Effective Date" in Condition 4(m)] (*Specify if quotations are not to be obtained with effect from commencement of the Interest Period*)
- Specified Duration: [] (*Specify period for quotation if not duration of Interest Period*)
- (ix) ISDA Determination: [Applicable] [Not Applicable]
 - Floating Rate Option (which may refer to a Rate Option specified in the ISDA Definitions): []
 - Designated Maturity: []
 - Reset Date: []
- (x) Linear Interpolation: [Not Applicable] [Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation]
- (xi) Margin(s): [[+/-] [] per cent. per annum] [Not Applicable]

- (xii) Multiplier: [] [Not Applicable]
- (xiii) Minimum Rate of Interest: [[] per cent. per annum] [Not Applicable]
- (xiv) Maximum Rate of Interest: [[] per cent. per annum] [Not Applicable]
- (xv) Day Count Fraction: [Actual/365] [Actual/Actual (ISDA)]
[Actual/365 (Fixed)]
[Actual/365 (Sterling)]
[Actual/360] [360/360] [Bond Basis]
[30/360] [30/360 (ISDA)]
[30E/360]
[Actual/Actual (ICMA)]
[]
- (xvi) Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: []
18. **Zero Coupon Note Provisions** [Applicable] [Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Amortisation Yield: [] per cent. per annum
- (ii) Any other formula/basis of determining “**Amortised Face Amount**” (as described in Condition 5(d)) or other amounts payable: []
- (iii) Day Count Fraction: []
19. **Index-Linked Interest/ Other Variable-Linked Interest Note Provisions** [Applicable] [Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Index/Formula/other variable: *[give or annex details]*
- (ii) Calculation Agent responsible for calculating Rate(s) of Interest and/or Interest Amounts: [Citibank, N.A., London Branch, 14th Floor, Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom]

- (iii) Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or other variable: []
- (iv) Determination Date(s): []
- (v) Provisions for determining Coupon where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: []
- (vi) Interest Period(s): []
- (vii) Specified Interest Payment Dates: []
- (viii) Business Day Convention: [Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
- (ix) Additional Business Centre(s): []
- (x) Minimum Rate of Interest: [[] per cent. per annum] [Not Applicable]
- (xi) Maximum Rate of Interest: [[] per cent. per annum] [Not Applicable]
- (xii) Day Count Fraction: []
- (xiii) Other terms or special conditions: *(Note any additional disclosure requirements under the Principal Protected Notes Regulation (Canada))*
20. **Dual Currency Note Provisions** [Applicable] [Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Rate of Exchange/method of calculating Rate of Exchange: [give details]

- (ii) Calculation Agent, if any,
responsible for
calculating the principal
and/or interest due: [insert name and address]
- (iii) Provisions applicable
where calculation by
reference to Rate of
Exchange impossible or []
impracticable:
- (iv) Person at whose option
Specified Currency(ies)
is/are payable: []

PROVISIONS RELATING TO REDEMPTION

21. **Issuer Call Option** [Applicable] [Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)
- (i) Optional Redemption
Date(s): []
- (ii) Optional Redemption
Amount(s) of each Note
and method, if any, of
calculation of such
amount(s): [] per Calculation Amount
- (iii) If redeemable in part: [Applicable] [Not Applicable]
- (a) Minimum
Redemption
Amount: [[] per Calculation Amount] [Not Applicable]
- (b) Maximum
Redemption
Amount: [[] per Calculation Amount] [Not Applicable]
- (iv) Notice period (if other
than as set out in
Condition 5I): []
(If setting notice periods which are different to those provided in the terms and conditions, issuers are advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which requires a minimum 5 business days' notice period) and custodians, as well as any other notice requirements which may apply, for example, as between the issuer and its fiscal agent or any trustee.)
22. **Noteholder Put Option** [Applicable] [Not Applicable]
(If not applicable, delete the remaining sub-paragraphs of this paragraph)

- (i) Optional Redemption Date(s): []
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [] per Calculation Amount
- (iii) Notice period (if other than as set out in Condition 5(f)): []
- (If setting notice periods which are different to those provided in the terms and conditions, issuers are advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which requires a minimum 15 business days' notice period) and custodians, as well as any other notice requirements which may apply, for example, as between the issuer and its fiscal agent or any trustee.)*
23. **Final Redemption Amount** [] per Calculation Amount
- In cases where the Final Redemption Amount is Index-Linked or other variable-linked:
- (i) Index/Formula/variable: [give or annex details]
- (ii) Calculation Agent responsible for calculating the Final Redemption Amount: [insert name and address]
- (iii) Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable: []
- (iv) Determination Date(s): []
- (v) Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted: []
- (vi) Payment Date: []

(vii) Minimum Final Redemption Amount: [] per Calculation Amount

(viii) Maximum Final Redemption Amount: [] per Calculation Amount

24. **Early Redemption Amount**

Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same): [[] per Calculation Amount / as per Condition 5(d)] / other / see Appendix]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

25. (i) Form of Notes:

[Bearer Notes:

[Temporary Global Note exchangeable on or after (*Specify Exchange Date*) for a Permanent Global Bearer Note which is exchangeable for Definitive Bearer Notes on [] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]

[Temporary Global Note exchangeable on or after (*Specify Exchange Date*) for Definitive Notes on or after [] (*Specify Exchange Date*)]

[Exchangeable Bearer Note exchangeable for Registered Notes in [specify global or definitive form]

[Permanent Global Note exchangeable for Definitive Notes on [] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]

[If item 6(i) provides for a Specified Denomination and higher integral multiples, the option to exchange into Definitive Notes on [] days' notice/at any time must be disapplied]

[Registered Notes:

[Registered Global Notes registered in the name of a nominee for [a Common Depositary for Clearstream, Luxembourg and/or Euroclear/a Common Safekeeper for Clearstream, Luxembourg and/or Euroclear (that is, held under the NSS)]]

[Permanent Global Registered Note/Permanent Global Registered Notes exchangeable for Definitive Registered Notes in the limited circumstances specified in the Permanent Global Registered Note]

[Definitive Registered Notes]

[German Registered Notes in definitive form] (*German Registered Notes, as they do not qualify as securities pursuant to Article 2 no. 1 of the German Securities Prospectus Act*

(Wertpapierprospektgesetz), have been included as additional information only and for the purpose of describing the Programme. Therefore, this document cannot be construed as a prospectus for German Registered Notes. Pursuant to Article 2 No. 3.c) and No. 4 of the German Capital Investment Act (Vermögensanlagengesetz), the Registered Notes will only be offered (i) for a minimum price of at least €200,000 per German Registered Note per investor or (ii) to professional investors and will therefore be exempted from the prospectus requirements under the German Capital Investment Act.])

- | | |
|---|---|
| (ii) New Global Note or Classic Global Note: | [New Global Note] [Classic Global Note] [Not Applicable] |
| 26. Financial Centre(s) or other special provisions relating to Payment Dates: | <p>[Not Applicable/give details.</p> <p><i>Note that this item relates to the place of payment, and not interest period end dates, to which items 16(iv) and 18(ix) relate]</i></p> |
| 27. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): | [Yes/No. If yes, give details] |
| 28. Details relating to Partly-Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: | [Not Applicable/give details] |
| 29. Details relating to Instalment Notes: amount of each instalment (" Instalment Amount "), date on which each payment is to be made (" Instalment Date "): | [Not Applicable/give details] |
| 30. Redenomination, renominisation and reconventioning provisions: | [Not Applicable/The provisions annexed to this Pricing Supplement apply] |

31. Consolidation provisions: [Not Applicable/The provisions annexed to this Pricing Supplement apply]
32. Other final terms: [Not Applicable/give details]
[Insert additional steps that may only be taken following approval by an Extraordinary Resolution in accordance with Condition 10(a)]

DISTRIBUTION

33. (i) Method of distribution: [Syndicated] [Non-syndicated]
 [(ii)] If syndicated, names of Manager(s): [Not Applicable] [] (give names)
(Include names and addresses of entities agreeing to underwrite the issue on a firm commitment basis and names and addresses of the entities agreeing to place the issue without a firm commitment or on a "best efforts" basis if such entities are not the same as Managers.)
 [(iii)] Stabilisation Manager(s) (if any): [Not Applicable] [] (give name(s))
34. If non-syndicated, name [and addresses] of Dealer(s): [Not Applicable] [] (give name(s) [and address(es)])
35. US selling restrictions: Regulation S Category 2; [TEFRA D Rules applicable] [TEFRA C Rules applicable] [TEFRA Rules not applicable]
36. Additional selling restrictions: [Not Applicable] []
(including any modifications to those contained in the Prospectus noted above)
37. Governing Law and Jurisdiction: [Laws of the Province of Québec and the federal laws of Canada applicable therein.]
[in case of German Registered Notes, insert:
 Governing Law: Laws of the Federal Republic of Germany
 Place of Jurisdiction. The competent courts in Frankfurt am Main shall have non-exclusive jurisdiction (*nicht-ausschließlicher Gerichtsstand*) over any action or other legal proceedings arising out of or in connection with this Registered Note.]
38. The aggregate principal amount of Notes issued has been translated into U.S. dollars at the rate of [], producing a sum of: [Not Applicable] [U.S.\$[]]

39. Additional tax disclosure (or [Not Applicable] []
amendments to disclosure in
the Prospectus):

THIRD PARTY INFORMATION

[[] has been extracted from []. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [], no facts have been omitted which would render the reproduced information inaccurate or misleading.] [Not Applicable]

[PURPOSE OF PRICING SUPPLEMENT

This Pricing Supplement comprises the final terms required for the issue [and] [the admission to trading on [*specify relevant stock exchange/market*] of the Notes described herein pursuant to the U.S.\$8,000,000,000 Euro Note Programme of National Bank of Canada.]

Signed on behalf of National Bank of Canada:

By: _____

Duly authorised

PART B - OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

Listing/Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [the Luxembourg Stock Exchange's Euro MTF Market and listed on the official list of the Luxembourg Stock Exchange] [the Luxembourg Stock Exchange's regulated market] *(This option may only be applicable to money market instruments with a maturity of less than twelve months)* [other] with effect from [].]
[Application is expected to be made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [the Luxembourg Stock Exchange's Euro MTF Market] [the Luxembourg Stock Exchange's regulated market] *(This option may only be applicable to money market instruments with a maturity of less than twelve months)* and listed on the official list of the [Luxembourg Stock Exchange] [other] with effect from [].] [Not Applicable.]

(Where documenting a fungible issue need to indicate that original securities are already admitted to trading.)

[2. USE OF PROCEEDS

Use of Proceeds: *(Only required if the use of proceeds is different to that stated in the Prospectus)]*

3. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

[(i) Reasons for the offer: []]

[(ii)] Estimated net proceeds: []]

[(iii)] Estimated total expenses: []]

[4. PERFORMANCE OF THE INDEX/FORMULA/OTHER VARIABLE AND OTHER INFORMATION CONCERNING THE UNDERLYING

[Include details of where past and future performance and volatility of the index/formula can be obtained.]

[Where the underlying is an index composed by the Issuer of a member of its group, include the name of the index and a description.]

[[Where the underlying is an index provided by a legal entity acting in association with, or on behalf, the issuer, include the name of the index, and (i) a description, or (ii) include wording below:

[The complete set of rules of the index and information on the

performance of the index are freely accessible on [the Issuer's] [or/and] [index provider's] website, and the governing rules (including methodology of the index for the selection and the rebalancing of the components of the index, description of market disruption events and adjustment rules) are based on predetermined and objective criteria.]

[Where the underlying is an index but the index is not composed by the Issuer of a member of its group, include the name of the index and details of where the information about the index can be obtained.]

[Where the underlying is an index basket, include details of the relevant weightings of each index in the basket.]

[]

5. OPERATIONAL INFORMATION

ISIN: []

Common Code: []

Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A., their addresses and the relevant identification number(s): [Not Applicable/give name(s) and number(s) [and address(es)]]

Delivery: Delivery [against/free of] payment

Name(s) and address(es) of Initial Paying (s), Registrar(s) and Transfer Agent(s): []

Names and addresses of additional Paying Agent(s) (if any), Registrar(s) or Transfer Agent(s): [None/specify]

Intended to be held in a manner which would allow Eurosystem eligibility: [Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the international central securities depositories ("ICSDs") as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper)][include this text for Registered Notes] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that the Eurosystem eligibility criteria have been met.]

[No. Whilst the designation is specified as "no" at the date of this Pricing Supplement, should the Eurosystem eligibility criteria be amended in the future such that the Notes are

capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper)][*include this text for Registered Notes*]. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

[Not Applicable]

[6. ADDITIONAL INFORMATION

[] [Not Applicable]

GENERAL INFORMATION

Approval, Listing on the Official List and Admission to Trading on the Regulated Market or the Euro MTF Market

Application has been made to the CSSF to approve this document as a base prospectus for the Bank. Application has been made to the Luxembourg Stock Exchange to approve this document as (i) a 'simplified prospectus' for the purposes of Part III of the Prospectus Act 2005 in respect of money market instruments having a maturity of less than twelve months and (ii) a base prospectus for the Bank for the purposes of Part IV of the Prospectus Act 2005 in respect of Exempt Notes (other than money market instruments mentioned in (i) above and German Registered Notes) to be admitted to the Euro MTF Market. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be listed on the Official List and admitted to trading on the Regulated Market or the Euro MTF Market. The Regulated Market is a regulated market for the purposes of MiFID whilst the Euro MTF Market is not a regulated market for the purposes of MiFID.

Listing on Other Stock Exchanges and Admission to Other Markets

Notes may also be listed or admitted to trading on such other or further stock exchange(s) or market(s) as may be agreed between the Issuer and the relevant Dealer(s) in relation to such issue. The Bank may also issue unlisted Notes and/or Notes not admitted to trading on any market.

Passporting

The Issuer may, on or after the date of this Prospectus, make applications for one or more certificates of approval under Article 18 of the Prospectus Directive, to be issued by the CSSF to the competent authority in any Member State.

This Prospectus has not been submitted to the clearance procedures of the *Autorité des marchés financiers* of France.

Authorisation

The Bank has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes and from time to time in connection with a particular issue of Notes, will obtain such necessary consents, approvals and authorisations as may be necessary for the issue and performance of the relevant Notes. The establishment and renewals of the Programme and the issue of Notes thereunder were authorised by Resolutions of the Board of Directors of the Bank passed on 25 September 1997, 16 December 1999, 18 December 2003, 28 February 2008, 29 January 2009, 10 December 2009, 8 December 2010 and pursuant to resolution No. 15 dated 28 October 2015.

Legending

Each Bearer Note, Receipt, Coupon and Talon will bear the following legend substantially to the following effect: "Any U.S. person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".

Legal and Arbitration Proceedings

Other than as disclosed on pages 93 and 184 of the 2015 Annual Report incorporated by reference in this Prospectus, neither the Bank nor any of its subsidiaries is or has been involved in any governmental,

legal and arbitration proceedings relating to claims or amounts that are material in the context of the issue of the Notes or that may have, or have had in the recent past, significant effects on the Bank's financial position or profitability, nor, so far as the Bank is aware, are any such proceedings pending or threatened during the 12 months before the date of this Prospectus.

No Significant Change / No Material Adverse Change

As at the date hereof, there has been no significant change in the financial position of the Bank or the Bank and its subsidiaries taken as a whole since 31 January 2016, being the date of the latest interim unaudited published consolidated financial statements of the Bank, and no material adverse change in the prospects of the Bank and its subsidiaries taken as a whole since 31 October 2015, being the date of the latest annual audited published consolidated financial statements of the Bank.

Clearing Systems

Notes have been accepted for clearance through the Clearstream, Luxembourg and Euroclear systems. The Common Code and the International Securities Identification Number (ISIN) for each Series of Notes will be set out in the applicable Final Terms or, in the case of Exempt Notes, applicable Pricing Supplement. The applicable Final Terms or, in the case of Exempt Notes, applicable Pricing Supplement shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information (including address). The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210, Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855, Luxembourg. The address of any other alternative clearing system and associated securities identification numbers will be specified in the applicable Final Terms or, in the case of Exempt Notes, the applicable Pricing Supplement.

Documents Available for Inspection

Copies of the latest Annual Information Form, Audited Consolidated Financial Statements of the Bank, the latest Quarterly Report to Shareholders of the Bank and each Final Terms or (in the case of Exempt Notes) the Pricing Supplement (save that Pricing Supplement will only be applicable available for inspection by the holder of such Notes and such holder must produce evidence satisfactory to the Bank and the Paying Agent as to its holding of Notes and identity) for Notes that are listed on the Official List or any other stock exchange may be obtained, and copies of the Agency Agreement will be available for inspection, at the specified offices of each of the Paying Agents during normal business hours, so long as this Prospectus remains in effect and any of the Notes is outstanding. The Bank does not publish non-consolidated financial statements. Copies of the Subscription Agreement and the Final Terms in respect of any Tranche of Notes listed on the Official List and copies of the charter and by-laws of the Bank may be obtained at the specified office of the Paying Agent in Luxembourg during normal business hours so long as this Prospectus remains in effect and any of the Notes of any such Tranche is outstanding.

The Prospectus, any Supplement, any Drawdown Prospectus, the Final Terms noted above and the documents incorporated by reference in this Prospectus (see "Documents Incorporated by Reference") will also be available on the website of the Luxembourg Stock Exchange at www.bourse.lu.

Independent Auditor

Deloitte LLP, who is authorised and regulated as a Canadian chartered accountant and registered independent auditor by the Canadian Institute of Chartered Accountants and subject to oversight by the Canadian Public Accountability Board, issued a report dated 1 December 2015 to the shareholders of the Bank in which they expressed an unmodified opinion on the consolidated financial statements as at 31

October 2015 and 2014, which were prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board. The fiscal year of the Bank ends as of 31 October in each year. Deloitte LLP is on the Register of Third Country Auditors maintained by the CSSF in accordance with the European Commission Decision of 29 January 2011 (Decision 2011/30/EU).

Yield

In relation to any Tranche of Fixed Rate Notes other than Exempt Notes, an indication of the yield in respect of such Notes will be specified in the applicable Final Terms. The yield is calculated at the Issue Date of the Notes on the basis of the relevant Issue Price. The yield indicated will be calculated as the yield to maturity as at the Issue Date of the Notes and will not be an indication of future yield.

Price and Amount of Notes

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer at the time of issue in accordance with prevailing market conditions.

NATIONAL BANK OF CANADA

Head Office

4th Floor
600 De La Gauchetière Street West
Montréal, Québec
Canada H3B 4L2

London Branch

71 Fenchurch Street
London EC3M 4HD
United Kingdom

FISCAL AGENT, PAYING AGENT, REGISTRAR, TRANSFER AGENT and CALCULATION AGENT

Citibank, N.A., London Branch

14th Floor
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

PAYING AGENTS

National Bank of Canada

71 Fenchurch Street
London EC3M 4HD
United Kingdom

KBL European Private Bankers S.A.

43, boulevard Royal
L-2955 Luxembourg
Grand Duchy of Luxembourg

LEGAL ADVISERS

*To the Bank
as to Canadian Law*

McCarthy Tétrault LLP
Suite 2500
1000 De La Gauchetière Street
West
Montréal, Québec
Canada H3B 0A2

*To the Dealers
as to Canadian Law*

*To the Dealers
as to UK Taxation Law*

*To the Dealers
as to German Law*

Norton Rose Fulbright LLP
3 More London Riverside
London SE1 2AQ
United Kingdom

Norton Rose Fulbright LLP
3 More London Riverside
London SE1 2AQ
United Kingdom

Norton Rose Fulbright LLP
Taunustor 1 (TaunusTurm)
60310 Frankfurt am Main
Germany

Norton Rose Fulbright Canada LLP
1, Place Ville Marie
Bureau 2500
Montréal, Québec
Canada H3B 1R1

INDEPENDENT AUDITOR TO THE BANK

Deloitte LLP
Chartered Professional Accountants
La Tour Deloitte
1190 Avenue des Canadiens-de-Montréal
Suite 500
Montréal, Québec
Canada H3B 0M7

LUXEMBOURG LISTING AGENT and TRANSFER AGENT

KBL European Private Bankers S.A.

43, boulevard Royal
L-2955 Luxembourg
Grand Duchy of Luxembourg

ARRANGERS

BNP Paribas

10 Harewood Avenue
London NW1 6AA
United Kingdom

National Bank Financial Inc.

71 Fenchurch Street
London EC3M 4HD
United Kingdom

DEALERS

BNP Paribas

10 Harewood Avenue
London NW1 6AA
United Kingdom

Citigroup Global Markets Limited

Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

**Credit Suisse Securities (Europe)
Limited**

One Cabot Square
London E14 4QJ
United Kingdom

HSBC Bank plc

8 Canada Square
London E14 5HQ
United Kingdom

J.P. Morgan Securities plc

25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

Lloyds Bank plc

10 Gresham Street
London EC2V 7AE
United Kingdom

National Bank Financial Inc.

71 Fenchurch Street
London EC3M 4HD
United Kingdom

