

Pricing Supplement dated 9 January 2017



NATIONAL BANK OF CANADA

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

**Issue of National Bank of Canada U.S.\$197,000,000 Callable Zero Coupon Notes due 23
January 2047
(the "Notes") under a U.S.\$8,000,000,000 Euro Note Programme**

NO PROSPECTUS IS REQUIRED IN ACCORDANCE WITH DIRECTIVE 2003/7/EC (AS AMENDED) FOR THE ISSUE OF THE NOTES DESCRIBED BELOW.

PLEASE REFER TO THE ADDITIONAL RISK FACTOR UNDER ITEM 6 ADDITIONAL INFORMATION OF PART B HEREOF.

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 supplements to it dated 6 June 2016, 13 September 2016 and 6 December 2016 (the "**Prospectus**"). This document constitutes the Pricing Supplement of the Notes described herein and must be read in conjunction with such Prospectus. 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 the Pricing Supplement. The Prospectus is available for viewing during normal business hours and copies may be obtained at the registered office of the Issuer at 600 de La Gauchetière Street West, Montréal, Québec, H3B 4L2, Canada, and at the offices of each of the Managers at, 1F, No. 168, Dun Hua North Road, 10548, Taipei City, Taiwan (R.O.C) for Standard Chartered Bank (Taiwan) Limited or 7F.&8F.&18F, 2 Chung Ching S. Rd., Sec.1, Taipei 100, Taiwan (R.O.C.) for Sinopac Securities Corp. or No.101, Songren Rd., Xinyi Dist., Taipei City 11073, Taiwan (R.O.C.) for Capital Securities Corporation or No. 700, Mingshui Road, Zhongshan Dist. Taipei City 10462, Taiwan (R.O.C.) for KGI Securities Co. Ltd.

By investing in the Notes each investor represents that:

- (a) **Non-Reliance.** It is acting for its own account, and it has made its own independent decisions to invest in the Notes and as to whether the investment in the Notes is appropriate or proper for it based upon its own judgement and upon advice from such advisers as it has deemed necessary. It is not relying on any communication (written or oral) of the Issuer or any Dealer as investment advice or as a recommendation to invest in the Notes, it being understood that information and explanations related to the Conditions of the Notes shall not be considered to be investment advice or a recommendation to invest in the Notes. No communication (written or oral) received from the Issuer or any Dealer shall be deemed to be an assurance or guarantee as to the expected results of the investment in the Notes.
- (b) **Assessment and Understanding.** It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts the terms and conditions and the risks of the investment in the Notes. It is also capable of assuming, and assumes, the risks of the investment in the Notes.
- (c) **Status of Parties.** Neither the Issuer nor any Dealer is acting as fiduciary for or adviser to it in respect of the investment in the Notes.
1. Issuer: National Bank of Canada (the "Issuer" or the "Bank")
 2. Branch of Account for Notes: Montréal
 3. (i) Series Number: 2017-1
 - (ii) Tranche Number: 1
 - (iii) Date on which the Notes will be consolidated and form a single Series: Not Applicable
 4. Specified Currency or Currencies: United States dollars ("U.S.\$")
 5. Aggregate Nominal Amount:
 - (i) Series: U.S.\$197,000,000
 - (ii) Tranche: U.S.\$197,000,000
 6. Issue Price: 100 per cent. of the Aggregate Nominal Amount
 7. (i) Specified Denominations: U.S.\$250,000

	(ii) Calculation Amount:	U.S.\$250,000
8.	(i) Issue Date:	23 January 2017
	(ii) Interest Commencement Date:	Not Applicable
9.	Maturity Date:	23 January 2047 (subject to exercise of Issuer Call).
10.	Interest Basis:	Zero Coupon Note (further particulars specified below)
11.	Change of Interest or Redemption/Payment Basis:	Not Applicable
12.	Redemption / Payment Basis:	Redemption at 349.56796 per cent of their nominal amount
13.	Put/Call Options:	Issuer Call (further details specified below)
14.	Date of approval for issuance of Notes obtained :	Not Applicable
15.	Method of distribution:	Syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16.	Fixed Rate Note Provisions	Not Applicable
17.	Floating Rate Note Provisions	Not Applicable
18.	Zero Coupon Note Provisions	Applicable
	(i) Amortization Yield:	4.26 per cent. per annum
	(ii) Day Count Fraction in relation to Early Redemption Amounts:	30/360
19.	Index-Linked Interest/ Other Variable-Linked Interest Note Provisions	Not Applicable
20.	Dual Currency Note Provisions	Not Applicable

PROVISIONS RELATING TO REDEMPTION

21. Issuer Call Option Applicable

- (i) Optional Redemption Date(s): The 23th day of each month of January starting on January 23, 2019 to and including January 23, 2046.
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s):

Optional Redemption Date:	Redemption Price:	Aggregate Optional Redemption Amount in USD:	Optional Redemption Amount in USD per Calculation Amount :
23-Jan-19	108.7014760000%	214,141,907.72	271,753.69
23-Jan-20	113.3321588776%	223,264,355.20	283,330.40
23-Jan-21	118.1601088458%	232,775,412.76	295,400.27
23-Jan-22	123.1937294826%	242,691,644.16	307,984.32
23-Jan-23	128.4417823586%	253,030,314.48	321,104.46
23-Jan-24	133.9134022871%	263,809,405.88	334,783.51
23-Jan-25	139.6181132245%	275,047,680.64	349,045.28
23-Jan-26	145.5658448478%	286,764,712.68	363,914.61
23-Jan-27	151.7669498384%	298,980,887.56	379,417.37
23-Jan-28	158.2322219015%	311,717,473.40	395,580.55
23-Jan-29	164.9729145545%	324,996,644.52	412,432.29
23-Jan-30	172.0007607145%	338,841,497.20	430,001.90
23-Jan-31	179.3279931209%	353,276,144.24	448,319.98

23-Jan-32	186.9673656279%	368,325,707.08	467,418.41
23-Jan-33	194.9321754036%	384,016,386.72	487,330.44
23-Jan-34	203.2362860758%	400,375,487.36	508,090.72
23-Jan-35	211.8941518627%	417,431,479.44	529,735.38
23-Jan-36	220.9208427320%	435,214,062.68	552,302.11
23-Jan-37	230.3320706324%	453,754,181.84	575,830.18
23-Jan-38	240.1442168413%	473,084,105.52	600,360.54
23-Jan-39	250.3743604788%	493,237,489.20	625,935.90
23-Jan-40	261.0403082352%	514,249,406.76	652,600.77
23-Jan-41	272.1606253660%	536,156,429.28	680,401.56
23-Jan-42	283.7546680066%	558,996,695.96	709,386.67
23-Jan-43	295.8426168637%	582,809,953.52	739,606.54
23-Jan-44	308.4455123421%	607,637,658.64	771,113.78
23-Jan-45	321.5852911678%	633,523,025.24	803,963.23
23-Jan-46	335.2848245716%	660,511,103.28	838,212.06

- (iii) If redeemable in part: Not Applicable
- (iv) Notice period (if other than as set out in Condition 5(e)): A minimum of 10 New York, Toronto, Montreal, Taipei and London Business Days prior to the Optional Redemption Date
22. **Noteholder Put Option** Not Applicable
23. **Final Redemption Amount** U.S.\$873,919.90 per Calculation Amount (U.S.\$688,648,881.20 in aggregate)

24. **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: As per the Condition 5(d)

GENERAL PROVISIONS APPLICABLE TO THE NOTES

25. (i) Form of Notes: **Bearer Notes:**
Temporary Global Note exchangeable on or after 4 March 2017 for a Permanent Global Bearer Note which is exchangeable for Definitive Bearer Notes on in the limited circumstances specified in the Permanent Global Note
- (ii) New Global Note or Classic Global Note: Classic Global Note
26. Financial Centre(s) or other special provisions relating to Payment Dates: New York, Taipei, Montreal, Toronto and London
27. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): No
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
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
30. Redenomination, renominatisation and reconventioning provisions: Not Applicable

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| 31. | Consolidation provisions: | Not Applicable |
| 32. | Other final terms: | <p>(i) The first sentence of Condition 6(h) shall be replaced by the following: 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 day which is a business day unless it would thereby fall into the next calendar month, in which event the holder shall be entitled to such payment on the immediately preceding business day, and shall not be entitled to any interest or other sum in respect of such postponed payment.</p> <p>(ii) In the event that the Issuer determines in good faith that the performance of the Issuer's obligations under the Notes or any arrangement made to hedge the Issuer's obligations under the Notes have or will become unlawful, illegal or otherwise prohibited in whole or in part as a result of compliance with any applicable present or future law, rule, regulation, judgment, order or directive of any governmental, administrative, legislative or judicial authority or power, or in the interpretation thereof, the Issuer having given to Holders a minimum of 10 New York, Toronto, Montreal, Taipei and London Business Days prior to the Optional Redemption Date (which notice shall be irrevocable), may, on expiry of such notice redeem all, but not some only, of the Notes, each Note being redeemed at the Early Redemption Amount specified in item 24 above.</p> |

DISTRIBUTION

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| 33. | (i) Method of distribution: | Syndicated |
| | (ii) If syndicated, names of Manager(s): | Standard Chartered Bank (Taiwan) Limited
Sinopac Securities Corp.
Capital Securities Corporation
KGI Securities Co. Ltd. |
| | (iii) Stabilising Manager (s) (if any): | Not Applicable |

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| 34. | If non-syndicated, name [and addresses]* of Dealer(s): | Not Applicable |
| 35. | US selling restrictions: | Regulation S Category 2; TEFRA D Rules applicable |
| 36. | Additional selling restrictions:
(including any modifications to those contained in the Prospectus noted above) | <p><u>General Selling and Transfer Restrictions required by Taiwan law</u></p> <p>The Notes have not been, and shall not be, offered, sold or re-sold, directly or indirectly to investors other than "professional institutional investors" as defined under Paragraph 2, Article 4 of the Financial Consumer Protection Act of the ROC ("Professional Institutional Investors") as amended from time to time. Purchasers of the Notes are not permitted to sell or otherwise dispose of the Notes except by transfer to a Professional Institutional Investor.</p> |
| 37. | Governing Law and Jurisdiction: | Laws of the Province of Québec and the federal laws of Canada applicable therein. |
| 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 |
| 39. | Additional tax disclosure (or amendments to disclosure in the Prospectus): | See ROC Tax in item 6 Additional Information |

THIRD PARTY INFORMATION

Not Applicable

PURPOSE OF PRICING SUPPLEMENT

This Pricing Supplement comprises the final terms required for the issue and the listing on the TPEx 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

LAURENT FERREIRA

PART B - OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

Application is expected to be made by the Bank (or on its behalf) for the Notes to be listed on the Taipei Exchange in the Republic of China ("TPEX") for the listing and trading of the Notes on the TPEX. TPEX is not responsible for the content of this document and the Prospectus and any supplement or amendment thereto and no representation is made by TPEX to the accuracy or completeness of this document and the Prospectus and any supplement or amendment thereto. TPEX expressly disclaims any and all liability for any losses arising from, or as a result of the reliance on, all or part of the contents of this document and the Prospectus and any supplement or amendment thereto. Admission to the listing and trading of the Notes on the TPEX shall not be taken as an indication of the merits of the Bank or the Notes. The Notes are expected to be traded on the TPEX pursuant to the applicable rules of the TPEX. Effective date of listing of the Notes on the TPEX is on or about 23 January 2017.

2. OPERATIONAL INFORMATION

ISIN Code:	XS1549381090
Common Code:	154938109
Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, <i>société anonyme</i> , their addresses and the relevant identification number(s):	Not Applicable
Delivery:	Delivery against 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:	Not Applicable

3. ADDITIONAL INFORMATION

ROC TAXATION

The following summary of certain taxation provisions under ROC law is based on current law and practice and that the Notes will be issued, offered, sold and re-sold, directly or indirectly, to professional institutional investors as defined under Paragraph 2, Article 4 of the Financial Consumer Protection Act of the ROC only. It does not purport to be comprehensive and does not

constitute legal or tax advice. Investors (particularly those subject to special tax rules, such as banks, dealers, insurance companies and tax-exempt entities) should consult with their own tax advisers regarding the tax consequences of an investment in the Notes.

Interest on the Notes

As the issuer of the Notes is not an ROC statutory tax withholder, there is no ROC withholding tax on the interest to be paid on the Notes.

ROC corporate holders must include the interest receivable under the Notes as part of their taxable income and pay income tax at a flat rate of 17 per cent. (unless the total taxable income for a fiscal year is under NT\$120,000), as they are subject to income tax on their worldwide income on an accrual basis. The alternative minimum tax ("**AMT**") is not applicable.

Sale of the Notes

In general, the sale of corporate bonds or financial bonds is subject to 0.1 per cent. securities transaction tax ("**STT**") on the transaction price. However, Article 2-1 of the Securities Transaction Tax Act prescribes that STT will cease to be levied on the sale of corporate bonds and financial bonds from 1 January 2010 to 31 December 2026. Therefore, the sale of the Notes will be exempt from STT if the sale is conducted on or before 31 December 2026. Starting from 1 January 2027, any sale of the Notes will be subject to STT at 0.1 per cent. of the transaction price, unless otherwise provided by the tax laws that may be in force at that time.

Capital gains generated from the sale of bonds are exempt from income tax. Accordingly, ROC corporate holders are not subject to income tax on any capital gains generated from the sale of the Notes. However, ROC corporate holders should include the capital gains in calculating their basic income for the purpose of calculating their AMT. If the amount of the AMT exceeds the ordinary income tax calculated pursuant to the Income Basic Tax Act (also known as AMT Act) of the ROC, the excess becomes the ROC corporate holders' AMT payable. Capital losses, if any, incurred by such holders could be carried over 5 years to offset against capital gains of same category of income for the purposes of calculating their AMT.

ROC SETTLEMENT AND TRADING

Investors with a securities book-entry account with a Taiwan securities broker and a foreign currency deposit account with a Taiwan bank may request the approval of the Taiwan Depository & Clearing Corporation ("**TDCC**") to the settlement of the Notes through the account of TDCC with Euroclear or Clearstream, Luxembourg and if such approval is granted by the TDCC, the Notes may be so cleared and settled. In such circumstances, TDCC will allocate the respective book-entry interest of such investor in the Notes to the securities book-entry account designated by the investor in the Taiwan. The Notes will be traded and settled pursuant to the applicable rules and operating procedures of TDCC and the TPEx as domestic bonds.

In addition, an investor may apply to TDCC (by filing in a prescribed form) to transfer the Notes in its own account with Euroclear or Clearstream, Luxembourg to the TDCC account with Euroclear or Clearstream, Luxembourg for trading in the domestic market or vice versa for trading in overseas markets.

For holders who hold their interest in the Notes through an account opened and held by TDCC with Euroclear or Clearstream, Luxembourg, distributions of principal and/or interest for the Notes to such holders may be made by payment services banks whose systems are connected to TDCC to the foreign currency deposit accounts of the holders. Such payment is expected to be made on the second Taiwanese business day following TDCC's receipt of such payment (due to time difference, the payment is expected to be received by TDCC one Taiwanese business day after the distribution date). However, when the holders will actually receive such distributions may vary depending upon the daily operations of the Taiwan banks with which the holder has the foreign currency deposit account.

ADDITIONAL RISK FACTOR

Application will be made for the listing of the Notes on the TPEX. No assurance can be given as to whether the Notes will be, or will remain, listed on the TPEX. If the Notes fail to or cease to be listed on the TPEX, certain investors may not invest in, or continue to hold or invest in, the Notes. See "No obligation to maintain listing" on page 25 of the Prospectus under "Risk Factors – Risk related to the Notes generally".