

June 20, 2024



## **NATIONAL BANK OF CANADA – NOTICE TO HOLDERS**

National Bank of Canada (the “Bank”) wishes to inform holders of NBC Floating Market Rate Flex GIC, Series 5, Investors Category (the “market-linked GIC”) of the discontinuation and replacement of the 3-month CDOR (the “Discontinued Reference Rate”) and related amendments in accordance to the terms and conditions of such market-linked GIC.

All CDOR tenors, including the Discontinued Reference Rate tenor, will cease publication after June 28, 2024. Regulators have identified the Canadian Overnight Repo Rate Average (CORRA) (the “Successor Reference Rate”) as the recommended successor rate. Because of the inherent structural differences between the Discontinued Reference Rate and the Successor Reference Rate, regulators have recommended fallback language for instruments such as the market-linked GIC that set out the adjustments that are needed. In accordance with such recommendation, the Successor Reference Rate will replace the Discontinued Reference Rate for the market-linked GIC. More specifically, the Floating Interest Payments described in the market-linked GIC, for which the entire interest period falls after June 28, 2024, will be determined based on the daily compounded Successor Reference Rate + 0.32138% observed over the course of a quarterly period ending before the applicable Floating Interest Payment Date, as per the terms contained herein.

For a complete description of the adjustments to the Floating Interest Payments, please refer to Exhibit A.

Capital terms used but not defined herein have the meaning ascribed thereto in the market-linked GIC Information Statement dated November 21, 2019.

## EXHIBIT A

Capital terms used but not defined herein have the meaning ascribed thereto in the market-linked GIC Information Statement dated November 21, 2019.

(i) Floating Interest Payments payable on or before September 18, 2024

There is no adjustment to the Reference Rate for the quarterly Floating Interest Payments paid up to June 18, 2024 and for the quarterly Floating Interest Payment payable on September 18, 2024.

More specifically, with respect to the quarterly Floating Interest Payment payable on September 18, 2024, the Reference Rate fixed for the quarterly period on June 18, 2024 remains the 3-Month CDOR set on June 18, 2024, calculated based on an actual/365 (Fixed), subject to the Minimum Floating Interest and the Maximum Floating Interest.

(ii) Floating Interest Payments payable after September 18, 2024

For the quarterly Floating Interest Payment payable on December 18, 2024, the Reference Rate for the quarterly period ending on December 18, 2024 will be the rate of return of a daily compounded CORRA + 0.32138% computed during the Observation Period, calculated based on an actual/365 (Fixed), subject to the Minimum Floating Interest and the Maximum Floating Interest.

For the purposes of the foregoing:

“**Observation Period**” means the period from, and including, the date that is two CORRA Business Days preceding September 18, 2024 to, but excluding, the date that is two CORRA Business Days preceding December 18, 2024.

“**CORRA**” means, with respect to any CORRA Business Day, (1) the Canadian Overnight Repo Rate Average for such CORRA Business Day, as published on the CORRA Administrator’s website on the immediately following CORRA Business Day; (2) if the rate specified in (1) above does not so appear, the Canadian Overnight Repo Rate Average as published in respect of the first preceding CORRA Business Day for which the Canadian Overnight Repo Rate Average was published on the CORRA Administrator’s website. CORRA will not be published in respect of any day that is not a CORRA Business Day. For this reason, in determining Reference Rate, the daily CORRA rate applied for any CORRA Business Day in the Observation Period that immediately precedes one or more days that are not CORRA Business Day in the Observation Period will be multiplied by the number of calendar days from and including such Business Day to, but excluding, the following Business Day.

“**CORRA Administrator**” means the Bank of Canada (or any successor administrator of CORRA).

“**actual/365 (Fixed)**” means that interest shall be calculated on the basis of the actual number of days elapsed in a time period over a year of 365 days, regardless of whether accrual or payment occurs during a calendar leap year.

“**CORRA Business Day**” means any day (except for a Saturday or a Sunday) on which banks are open for business in Toronto, Ontario.

**MARKET-LINKED GUARANTEED INVESTMENT CERTIFICATE (the market-linked GIC) INFORMATION STATEMENT  
DATED NOVEMBER 21, 2019**

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

**INVESTMENT HIGHLIGHTS**

<b>Issuer:</b>	National Bank of Canada (the "Bank")
<b>Fundserv Code:</b>	NBC10805
<b>Issue Date:</b>	December 18, 2019
<b>Maturity Date:</b>	December 18, 2024
<b>Term:</b>	5 years
<b>Interest Payments:</b>	Quarterly floating interest payments equal to the Reference Rate (fixed quarterly), subject to a minimum of 1.50% and a maximum of 2.75%. All rates are per annum.
<b>Reference Rate:</b>	3-Month CDOR.
<b>Currency:</b>	Canadian dollars
<b>Minimum Investment:</b>	\$500
<b>Eligible for CDIC Coverage:</b>	Yes, subject to maximum CDIC coverage limitations and applicable conditions.
<b>Sale back to the Bank:</b>	You will be able to sell your market-linked GIC back to the Bank as provided herein. To this end, the Bank has appointed National Bank Financial Inc. as its agent to maintain on a daily basis until the third Business Day preceding the Maturity Date a Bid Price (as defined herein) for the market-linked GIC and to purchase such market-linked GIC on behalf of the Bank for resale to the Bank and cancellation. See "Transfers; No Secondary Market; Sale of the market-linked GIC to the Bank".
<b>Secondary Market:</b>	No secondary market. The market-linked GIC will not be listed on any stock exchange and no secondary market will be provided.
<b>Transfers:</b>	The market-linked GIC will not be transferable to other investors prior to maturity.

**CONDITIONS SPECIFIC TO THE INVESTMENT**
**NBC Floating Market Rate Flex GIC, Series 5, Investors Category (the "market-linked GIC")**

The initial principal amount will be invested on the Issue Date (the "principal invested on the Issue Date"). On the Maturity Date, investors in the market-linked GIC will be entitled to receive repayment of the principal invested on the Issue Date. In addition, during the term of the market-linked GIC, investors will be entitled to receive Floating Interest Payments. The Maturity Date will be five years following the Issue Date. Assuming an Issue Date on December 18, 2019 the Maturity Date will be on December 18, 2024.

**Floating Interest Payments**

Interest is payable quarterly at a rate equal to the Reference Rate calculated based on an actual/365 (Fixed) basis set in advance (each a "Floating Interest Payment"), subject to the Minimum Floating Interest and the Maximum Floating Interest. Floating Interest Payments will be paid quarterly on the 18<sup>th</sup> day of each month of March, June, September and December starting on March 18, 2020 up to December 18, 2024 (the "Floating Interest Payment Dates"). If a Floating Interest Payment Date is not a Business Day, interest will be paid on the next Business Day, with adjustment for period end dates.

"**Minimum Floating Interest**" means 1.50% per annum.

"**Maximum Floating Interest**" means 2.75% per annum.

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**“Reference Rate”** will be equal to the 3-Month CDOR. The 3-Month CDOR is reset quarterly. It is set on each Floating Interest Payment Date for the following quarterly period. For the purposes of the foregoing, the 3-Month CDOR used for the first quarterly Floating Interest Payment payable on the first Floating Interest Payment Date shall be the 3-Month CDOR set on the Issue Date. It is important to note that the 3-Month CDOR determined on each Floating Interest Payment Date for the calculation of the next Floating Interest Payment will be fixed for the entire Floating Interest Payment period until but excluding the next Floating Interest Payment Date notwithstanding any market change in the 3-Month CDOR during that period. The 3-Month CDOR as of the date of November 15, 2019 was 1.97% on an annual basis.

**“3-Month CDOR”** means the Canadian Dealer Offered Rate (“CDOR”) for 3-month bankers’ acceptances as published daily and reported on Reuters Screen CDOR page as of 10:15 a.m., Toronto time.

**“actual/365 (Fixed)”** means that interest shall be calculated on the basis of the actual number of days elapsed in a time period over a year of 365 days, regardless of whether accrual or payment occurs during a calendar leap year.

### **Adjustments to the Reference Rate**

In certain cases, it may be necessary for the Calculation Agent to adjust the level of the Reference Rate and calculations to be made under the market-linked GIC. Examples of such situations are provided below.

If the Calculation Agent determines that a Market Disruption Event in respect of the Reference Rate has occurred and is continuing on a relevant date set for fixing the level of the Reference Rate for the purposes of calculating the Reference Rate (a “Valuation Date”) for the next Floating Interest Payment, then, subject to the Calculation Agent’s right to substitute the Reference Rate for another rate as set forth below, the level of the Reference Rate will be calculated on the basis that the relevant date set for fixing the level of the Reference Rate will be postponed to the next Business Day on which there is no Market Disruption Event. However, if the Valuation Date has not occurred on the second Business Day following the date originally scheduled as the Valuation Date, the level of the Reference Rate will be determined on such second Business Day and will be a value equal to the Calculation Agent’s estimate of the level at such Valuation Date, reasonably taking into account relevant market circumstances.

**“Market Disruption Event”** means, in respect to the Reference Rate, any event, circumstance or cause (whether or not reasonably foreseeable) beyond the control of the Calculation Agent or any person that does not deal at arm’s length with the Calculation Agent which has or could have a material adverse effect on the ability of the Bank and/or its affiliates to place, maintain or modify all or a material portion of a hedge with respect to the market-linked GIC. A Market Disruption Event may include, without limitation, the discontinuation or non-publication of the Reference Rate and the inability for market participants generally to effect transactions in, or obtain market values for, futures or options contracts relating to the Reference Rate at normal market conditions.

Moreover, if the calculation or publication of the Reference Rate is discontinued and a successor or substitute reference rate is calculated or published (such successor or substitute rate being referred to as a “Successor Reference Rate”), the Bank may (i) if the Calculation Agent determines, in its sole discretion, the Successor Reference Rate to be comparable to the Reference Rate (the “Discontinued Reference Rate”), decide to proceed with a substitution of the Discontinued Reference Rate by the Successor Reference Rate and any reference level for the Discontinued Reference Rate for the purposes of the market-linked GIC will be determined by reference to the level of such Successor Reference Rate, or (ii) consider this a special circumstance and proceed with a reimbursement under special circumstances. If no successor or substitute rate is provided with respect to a Discontinued Reference Rate, the Bank may (i) in its sole discretion, require the Calculation Agent to designate another reference rate to replace the Discontinued Reference Rate (such rate being also referred to herein as a “Successor Reference Rate”), provided that the Calculation Agent reasonably determines that the Successor Reference Rate is comparable to the Discontinued Reference Rate and with adjustments as may be determined by the Calculation Agent, or (ii) consider this as a special circumstance and proceed with a reimbursement under special circumstances.

In all cases, the Calculation Agent will make all appropriate decisions and adjustments in the interest of investors.

## Examples

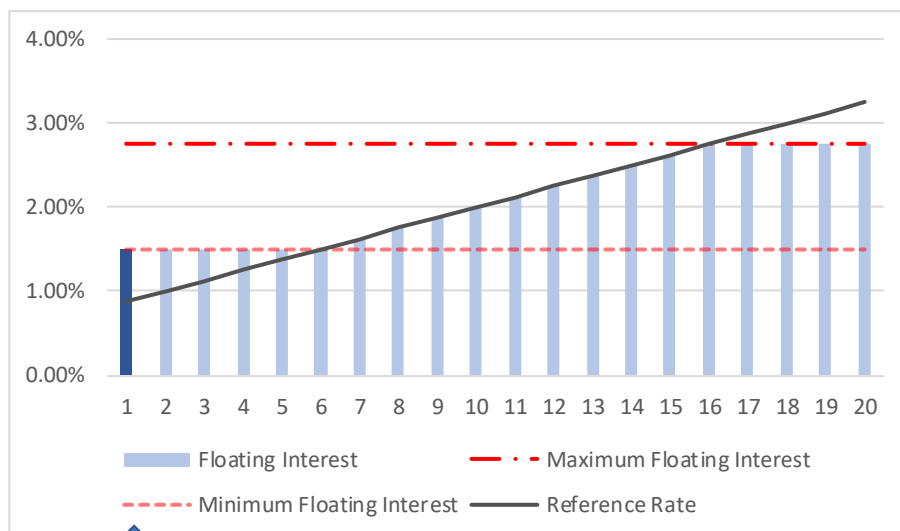
The following hypothetical examples are included for illustration purposes only and should not be construed as forecasts or projections. There can be no assurance that the results shown will be achieved

The following hypothetical examples show the Floating Interest Payments that could be payable for a given quarterly period of 90 days to an investor who invests the initial principal amount of \$10,000 in the market-linked GICs. These examples assume that the market-linked GIC has a 5-year term and is subject to a Minimum Floating Interest of 1.50% and Maximum Floating Interest of 2.75%.

### Hypothetical example of the Reference Rate is less than the Minimum Floating Interest

For this hypothetical quarterly period, the 3-Month CDOR, reset at 0.88% at the start of the period, was lower than the Minimum Floating Interest of 1.50%. The floating interest for this quarterly period would therefore be equal to 1.50% per annum. As such, the investor would receive a Floating Interest Payment of \$36.99 at the end of the relevant quarterly period (equivalent to an annual return of 1.50%).

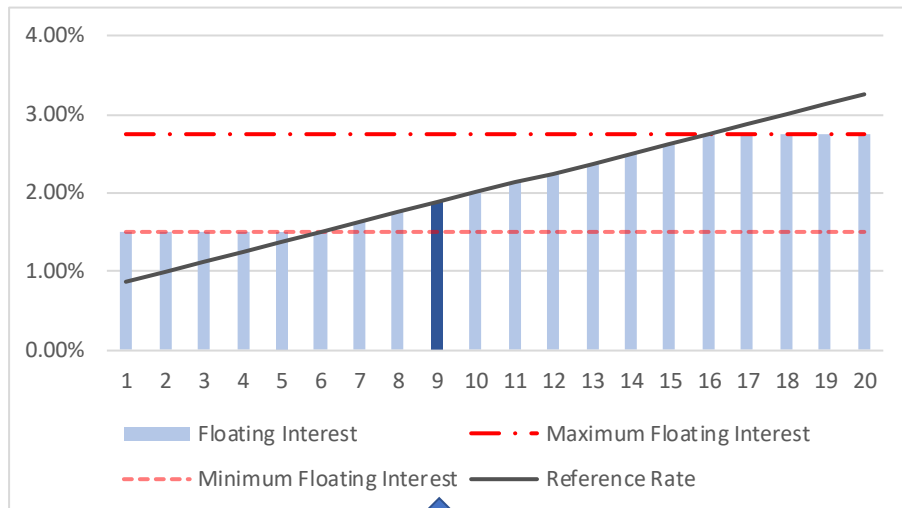
<b>Reference Rate</b>	0.88%
<b>Minimum Floating Interest</b>	1.50%
<b>Maximum Floating Interest</b>	2.75%
<b>Is the Reference Rate lower than the Minimum Floating Interest</b>	Yes
<b>Is the Reference Rate higher than the Maximum Floating Interest</b>	No
<b>Number of days</b>	90
<b>Floating interest</b>	1.50%
<b>Floating Interest Payment</b>	$\$10,000 \times 1.50\% \times 90/365 = \$36.99$



*Hypothetical example of the Reference Rate is greater than the Minimum Floating Interest and less than the Maximum Floating Interest*

For this hypothetical quarterly period, the 3-Month CDOR, reset at 1.88% at the start of the period, was higher than the Minimum Floating Interest of 1.50%, but lower than the Maximum Floating Interest of 2.75%. The floating interest for this quarterly period would therefore be equal to 1.88% per annum. As such, the investor would receive a Floating Interest Payment of \$46.36 at the end of the relevant quarterly period (equivalent to an annual return of 1.88 %).

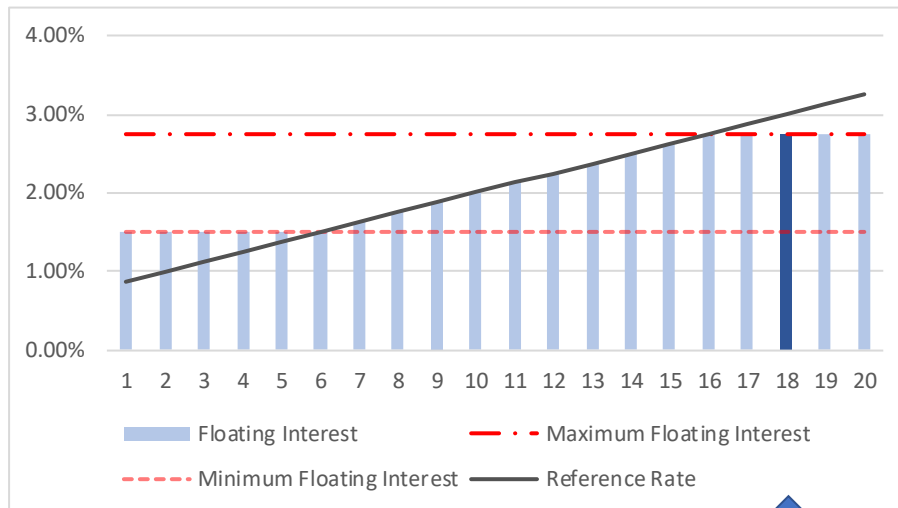
<b>Reference Rate</b>	1.88%
<b>Minimum Floating Interest</b>	1.50%
<b>Maximum Floating Interest</b>	2.75%
<b>Is the Reference Rate lower than the Minimum Floating Interest</b>	No
<b>Is the Reference Rate higher than the Maximum Floating Interest</b>	No
<b>Number of days</b>	90
<b>Floating interest</b>	1.88%
<b>Floating Interest Payment</b>	$\$10,000 \times 1.88\% \times 90/365 = \$46.36$



*Hypothetical example of the Reference Rate is greater than the Maximum Floating Interest*

For this hypothetical quarterly period, the 3-Month CDOR, reset at 3.00% at the start of the period, was higher than the Maximum Floating Interest of 2.75%. The floating interest for this quarterly period would therefore be equal to 2.75% per annum. As such, the investor would receive a Floating Interest Payment of \$67.81 at the end of the relevant quarterly period (equivalent to an annual return of 2.75%).

<b>Reference Rate</b>	3.00%
<b>Minimum Floating Interest</b>	1.50%
<b>Maximum Floating Interest</b>	2.75%
<b>Is the Reference Rate lower than the Minimum Floating Interest</b>	No
<b>Is the Reference Rate higher than the Maximum Floating Interest</b>	Yes
<b>Number of days</b>	90
<b>Floating interest</b>	2.75%
<b>Floating Interest Payment</b>	$\$10,000 \times 2.75\% \times 90/365 = \$67.81$





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## SUITABILITY CONSIDERATIONS AND GUIDELINES

An investment in the market-linked GIC is not suitable for all investors and even if suitable, investors should consider what part the market-linked GIC should serve in an overall investment plan.

The market-linked GIC has certain investment characteristics that differ from conventional fixed rate GICs offered by Canadian banks. The market-linked GIC does not provide investors with a defined income stream or return that can be calculated by reference to a fixed rate of interest that is determinable in advance. Your return on the market-linked GICs is reflected in the quarterly Floating Interest Payments, which in turn will depend on the Reference Rate throughout the term of the market-linked GICs and which, aside from the specified Minimum Floating Interest and Maximum Floating Interest, will only be determined quarterly on the day preceding the first day of each quarterly Floating Interest Payment period, except for the first Floating Interest Payment period where the Reference Rate will be fixed on the Issue Date. Your principal invested on the Issue Date will be repaid only if the market-linked GIC is held to maturity. Moreover, the value of an investment in the market-linked GIC may diminish over time owing to inflation and other factors that adversely affect the present value of future payments.

The Reference Rate will ultimately determine the amount of the Floating Interest Payments. Each investor should make its own investigation, have an understanding and form its own view on the Reference Rate. Neither the Bank nor any of its affiliates make any representation or express a view on the merits of the Reference Rate for the purposes of the investment.

The market-linked GIC is designed for investors who:

- Seek the protection at maturity of a guaranteed investment certificate combined with the return potential of Floating Interest Payments;
- Want exposure to the Reference Rate;
- Have an investment horizon of at least five years and who are prepared to hold the market-linked GIC until maturity;
- Are prepared to assume the risks associated with the market-linked GIC, including a return linked to the Reference Rate;
- Are prepared to assume the risk that they may receive only the repayment of the principal that they invested on the Issue Date and the Minimum Floating Interest Payments throughout the term of the market-linked GIC;
- Are ready to assume that the market-linked GIC is subject to a Maximum Floating Interest, and consequently prepared to receive Floating Interest Payments less than the full Reference Rate.

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## RISK FACTORS

**An investment in the market-linked GIC is not without risk.** An investment in the market-linked GIC is subject to certain risks that investors should carefully examine before purchasing the market-linked GIC, including the following factors. **Prospective investors that are not prepared to accept the following risks should not invest in the market-linked GIC.**

**Suitability for investment: The market-linked GIC may not be a suitable investment for some investors.** An investor should reach a decision to invest in the market-linked GIC after carefully considering, in conjunction with his or her advisor or otherwise, the suitability of the market-linked GIC in light of his or her investment objectives and the other information set out in this document. Neither the Bank nor the Agent makes any recommendation as to whether the market-linked GIC is a suitable investment for any person. The market-linked GIC has certain investment characteristics that differ from those of conventional fixed rate GICs. The market-linked GIC is not designed to be short-term trading instruments and is intended to be held to maturity.

**Maximum Floating Interest; the Floating Interest Payment may not reflect the full Reference Rate.** Because the Reference Rate is subject to the Maximum Floating Interest, each Floating Interest Payment of the market-linked GIC is capped on every Floating Interest Payment Dates. Investors will not be entitled to the full Reference Rate if it exceeds the Maximum Floating Interest.

**Reference Rate.** The Reference Rate used in the calculation of the Reference Rate is reset every three months. It is set on each Floating Interest Payment Date for the following interest period (except for the first Floating Interest Payment period where the Reference Rate will be set on the Issue Date). It is important to note that the Reference Rate determined for a particular Floating Interest Payment period will be fixed for the entire Floating Interest Payment period even though the Reference Rate may change during that period.

**Risk relating to the Reference Rate.** Changes or uncertainty in respect of the Reference Rate may affect the value or amount of the Floating Interest Payments under the market-linked GIC, including where the Reference Rate may not be available. Changes or uncertainty may cause the Reference Rate to disappear entirely, to perform differently than in the past (as a result of change in methodology or otherwise) or have other consequences which cannot be predicted, and such changes or uncertainty could have material adverse effect on the value of and return on the market-linked GIC.

**The 3-Month CDOR may be volatile.** The 3-Month CDOR is subject to volatility due to a variety of factors affecting interest rates generally and the rates of Canadian Treasury bills specifically, including: sentiment regarding underlying strength in the Canadian, U.S. and global economies; expectation regarding the level of price inflation; sentiment regarding credit quality in Canadian, U.S. and global credit markets; central bank policy regarding interest rates; and performance of capital markets. Increases in the 3-Month CDOR could result in the such rate exceeding the Maximum Floating Interest, resulting in capped Floating Interest Payment for such period. In a rising interest rate environment, this situation could perdure until maturity of the market-linked GIC.

**Payment at maturity of the principal invested on the Issue Date and payments during the term of the market-linked GIC of the Floating Interest Payments are unsubordinated and unsecured obligations of the Bank and are dependent on the creditworthiness of the Bank.** Because the obligation to make payments to investors of the GIC is incumbent upon the Bank, the likelihood that such investors will receive the payments owing to them in connection with the market-linked GIC, including the principal invested on the Issue Date, will be dependent upon the financial health and creditworthiness of the Bank, subject to the Canada Deposit Insurance Corporation coverage provided to investors in connection with the market-linked GIC.

**No independent calculations; conflict of interest.** The Bank, as Calculation Agent, will be solely responsible for calculating the Floating Interest Payments payable during the term and any other determination and calculation with respect to any payment in connection with the market-linked GIC. The Calculation Agent will also be solely responsible for determining whether a market disruption or extraordinary event has occurred and for making certain other determinations with regard to the market-linked GIC. No calculation agent other than the Bank or an affiliate will be retained to make or confirm the determinations and calculations made by the Calculation Agent.

The Bank, as Calculation Agent, may have economic interests that differ from and may be adverse to those of the market-linked GIC investors, including with respect to certain determinations that the Calculation Agent must make in connection with the amounts owing by the Bank under the terms and conditions of the market-linked GIC.

In addition, the Bank or more of the Bank's affiliates may, at the present or in the future, publish research reports with respect to movements in interest rates generally or the Reference Rate specifically. This research is modified from time to time without notice and may express opinions or provide recommendations that are inconsistent with purchasing or holding the market-linked GIC. Any of these activities may affect the market value of the market-linked GIC.

**The market-linked GIC could be redeemed prior to maturity under a reimbursement under special circumstances.** If a special circumstance (as defined in this document) occurs, the Bank may redeem the market-linked GICs before their maturity pursuant to a reimbursement under special circumstances. Upon the occurrence of a special circumstance where the Bank decides to reimburse the market-linked GIC, the Calculation Agent will establish a value for the market-linked GIC, acting in good faith in accordance with market-accepted methods, based on a number of interrelated factors, such as the level and volatility of the Reference Rate, interest rates in general and the time remaining to maturity. Such value will be the reimbursement amount, and will not be less than the principal invested on the Issue Date and the accrued portion of the interest payments to be made under the market-linked GIC.

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**The occurrence of a Market Disruption Event could postpone any Valuation Date, which may affect the applicable Floating Interest Payment.** The occurrence of a Market Disruption Event with respect to the Reference Rate, as determined by the Calculation Agent acting in good faith, could lead to a postponement of any of the Valuation Dates up to a maximum of two Business Days, after which the Calculation Agent will use a value established in good faith according to market-accepted practices. If there is a postponement of one of the Valuation Dates owing to the occurrence of a Market Disruption Event or the absence of a level for the Reference Rate on such day, the Floating Interest Payment that would be payable to an investor could be substantially lower than the Floating Interest Payment that would have been otherwise payable had the Valuation Date not been postponed.

**The market-linked GIC is not transferable to other investors; No trading market for the market-linked GIC.** Investors should be willing to hold the market-linked GIC to maturity. The market-linked GIC is not transferable to other investors prior to maturity. If you purchase the market-linked GIC through a dealer, you may not be able to transfer the market-linked GIC to an investment account held with another dealer. The market-linked GIC will not be listed on any stock exchange and no secondary market will be provided.

**Sale back to the Bank at Bid Price; many factors affect the value of the market-linked GIC; Bid Prices for the market-linked GIC may not reflect changes in the level of the Reference Rate.** You will be able to sell your market-linked GIC back to the Bank at the Bid Price, as provided herein. To this end, the Bank has appointed the Bid Provider (National Bank Financial Inc.) as its agent to quote on a daily basis a price based on its assessment of the market value for the market-linked GIC (the "Bid Price") and to purchase from investors that wish to sell back their market-linked GIC prior to maturity such market-linked GIC on behalf of the Bank for resale to the Bank and cancellation.

The Bid Provider will provide a daily Bid Price under normal market conditions. If any Market Disruption Event occurs, the Bid Provider will generally deem that normal market conditions do not exist. In such instances, there may be no Bid Price quoted and investors may be unable to sell back their market-linked GIC to the Bank.

The fact that the Bank will be the sole purchaser of the market-linked GIC may affect the Bid Price such an investor will receive from the Bid Provider. The Bid Provider will carry out its bid making activities in good faith and in accordance with applicable regulations governing its business.

The price at which an investor will be able to sell the particular market-linked GIC prior to maturity may be at a discount (which could be substantial) from the amount that would be payable if the particular market-linked GIC were maturing on such day, based upon one or more factors, even if the level of the Reference Rate has increased since the Issue Date. Many factors independent of the Bank's creditworthiness may affect the Bid Price for the particular market-linked GIC. These factors include those detailed under "Transfers; No Secondary Market; Sale of the market-linked GIC to the Bank". The effect of any one factor may be offset or magnified by the effect of another factor.

Furthermore, the sale of the market-linked GIC back to the Bank will need to be effected using Fundserv (as defined below under the section entitled "Fundserv"). The sale of market-linked GICs using Fundserv is not like standard over-the-counter markets for debt instruments maintained by registered dealers and carries certain restrictions, including selling procedures that require the initiation of an irrevocable sale order at a Bid Price that will not be known prior to placing such sale order. See "Fundserv".

**Conflicts of interest may affect the Bid Provider.** The Bid Provider for the market-linked GIC is a wholly-owned subsidiary of the Bank. Under the market-linked GIC, the interests of the investors and the Bank may be different. The Bid Provider will carry out its activities in good faith and in accordance with applicable regulations governing its business.

**Neither the Bank nor the Agent nor the Bid Provider make any representation or warranty as to the accuracy or completeness of the information regarding the Reference Rate.** All information regarding the Reference Rate and provider thereof contained in this Information Statement will be obtained from publicly available information, without independent verification. Neither the Bank nor the Agent nor the Bid Provider make any representation or warranty as to the accuracy or completeness of such information. Each investor, as an investor in the market-linked GIC, should make its own investigation regarding the Reference Rate.

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## TRANSFERS; NO SECONDARY MARKET; SALE OF THE MARKET-LINKED GIC TO THE BANK

Investors should be willing to hold the market-linked GIC to maturity. The market-linked GIC is not transferable to other investors prior to maturity.

The market-linked GIC will not be listed on any stock exchange and no secondary market will be provided.

You will however be able to sell your market-linked GIC back to the Bank at the Bid Price. To this end, the Bank has appointed the Bid Provider (National Bank Financial Inc.) as its agent to quote on a daily basis a Bid Price based on its assessment of the market value for the market-linked GIC and to purchase from investors that wish to sell back their market-linked GIC prior to maturity such market-linked GIC on behalf of the Bank for resale to the Bank and cancellation.

The Bid Provider will maintain until the third Business Day preceding the Maturity Date, under normal market conditions, a daily Bid Price for the market-linked GIC. If any Market Disruption Event occurs, the Bid Provider will generally deem that normal market conditions do not exist. In such instances, there may be no Bid Price quoted and investors may be unable to sell back their market-linked GIC to the Bank.

**If you decide to sell the market-linked GIC back to the Bank prior to maturity, you may receive less than the principal invested on the Issue Date, even if the level of the Reference Rate has increased since the Issue Date.** See “Risk Factors – Sale back to the Bank at Bid Price; many factors affect the value of the market-linked GIC; Bid Prices for market-linked GIC may not reflect the changes to the level of the Reference Rate.”

The sale of the market-linked GIC back to the Bank will need to be effected using Fundserv. Fundserv carries certain restrictions with respect to the sale of market-linked GICs, including the selling procedures that require an irrevocable sale order be initiated at a Bid Price that will not be known prior to initiating such sale order. See “Fundserv”.

There will not be any market for the market-linked GIC other than the ability to sell back the market-linked GIC to the Bank under the conditions described above. If you cannot accept that the transfer and sale is limited in this way or you must have the ability to sell back to the Bank at all times, you should not invest in the market-linked GIC.

**Factors affecting the bid price of the market-linked GIC.** The Bid Price of a market-linked GIC will be determined by the Bid Provider at any time, acting in its sole discretion, based on its assessment of the market value of the market-linked GIC and will be dependent upon a number of factors, which may include, among other things:

- **interest rates in the market** – an increase in interest rates with durations that are longer than the Reference Rate will adversely affect the price of the market-linked GIC;
- **the changes in the level of the Reference Rate since the Issue Date** – a decrease of the level of the Reference Rate will adversely affect the price of the market-linked GIC;
- **the time remaining until the maturity of the market-linked GIC** – where the value may be discounted prior to such time;
- **the volatility of the Reference Rate** (i.e., the frequency and magnitude of changes in the level of the Reference Rate) – high volatility in the level of the Reference Rate may adversely affect the return and therefore the price of the market-linked GIC;
- **economic, financial, political, regulatory or judicial events that affect the level of the Reference Rate** – which will affect the level of the Reference Rate and therefore the return and price of the market-linked GIC;
- **the creditworthiness of the Bank** – a deterioration of the creditworthiness of the Bank may bring uncertainty as to the capacity of paying amounts owed under the market-linked GIC at maturity, and therefore adversely affect the demand for and price of the market-linked GIC; and
- **the Bank’s costs relating to the market-linked GIC, including the cost of hedging its obligations under the market-linked GIC** – When offering a Bid Price for a market-linked GIC, the Bid Provider will consider the price it will receive when it will sell back the market-linked GIC to the Bank, which price will reflect the Bank’s costs relating to the manufacture, sale and hedging of the market-linked GIC.

The effect of any one factor may be offset or amplified by the effect of another factor. The relationship among these factors is complex and may also be influenced by various political, economic and other factors that can affect the market value of, and Bid Price for, a market-linked GIC. In particular, you should realize that any Bid Price for a market-linked GIC may have a non-linear sensitivity to the increases and decreases in the level of the Reference Rate. As well, the market value and Bid Price for a market-linked GIC may be substantially affected by changes in the level of interest rates independent of the changes to the level of the Reference Rate.

Moreover, while the payment at maturity is based on the principal invested on the Issue Date, the pricing of the market-linked GIC will factor in the Bank’s costs relating to the market-linked GIC, including the cost of hedging its obligations under the market-linked GIC. As a result, assuming no change in market conditions and any other relevant factors highlighted herein that may affect the Bid Price of the market-linked GIC, the market value and the Bid Price will likely be lower than the original issue price.

You should consult your investment advisors as to whether it would be more favorable in the circumstances at any time to sell the market-linked GIC or to hold the market-linked GIC until maturity. You should also consult and rely on your own tax advisors as to the tax consequences arising from a sale of a market-linked GIC prior to the Maturity Date as compared to holding the market-linked GIC until the Maturity Date. See “Certain Canadian Federal Income Tax Considerations”.

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## FUNDSERV

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

In order to purchase market-linked GIC using Fundserv, the full principal amount must be delivered to the Bank in immediately available funds prior to the Issue Date. Despite delivery of such funds, the Bank reserves the right not to accept any offer to purchase a market-linked GIC, in whole or in part. If a subscription for a market-linked GIC is not accepted (in whole or in part) or the market-linked GICs are not issued to you for any reason, such funds will be returned forthwith to you. In any case, if the market-linked GICs are not issued for any reason as determined by the Bank, no interest or other compensation will be paid to you on such funds.

**Sale of market-linked GICs to the Bank.** If you wish to sell back the market-linked GICs to the Bank prior to maturity, you will be subject to certain procedures and limitations and you should consult with your financial advisor in advance in order to understand the timing and other procedural requirements and limitations of selling. You will not be able to negotiate a sale price for the market-linked GICs. Instead, you will need to initiate an irrevocable request to sell the market-linked GIC in accordance with the then established procedures of Fundserv. Provided that you initiate the redemption request by 1:00 p.m. (Montreal time) on any Business Day, the request will be treated on the same day. Any request received after such time or on a day that is not a Business Day will be deemed to be a request sent and received in respect of the following Business Day. Sale of the market-linked GIC will be effected at a sale price established after the close of market on the day the request is treated, equal to the Bid Price on the applicable day, as posted by the Bid Provider.

The Bid Provider will provide the Bank for posting, under normal market conditions, a Bid Price for the market-linked GICs on a daily basis, which value may also be used for valuation purposes in any statement sent to the investors. The Bid Price will actually represent the Bid Provider's bid price for the market-linked GICs (i.e., the price it is offering to purchase market-linked GICs) for the applicable day. There is no guarantee that the Bid Price for any day is the highest bid price possible for the market-linked GICs, but will represent the Bid Provider's bid price generally available to all investors, including clients of the Bid Provider.

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## GENERAL CONDITIONS OF THE INVESTMENT

### MARKET-LINKED GUARANTEED INVESTMENT CERTIFICATE (the market-linked GICs) INFORMATION STATEMENT DATED NOVEMBER 21, 2019

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1. The initial principal amount is fully guaranteed at maturity by the Bank. The initial principal amount will be invested on the Issue Date (the “principal invested on the Issue Date”).
2. The Calculation Agent will be National Bank of Canada.  

The Calculation Agent is responsible for all calculations and decisions concerning the market-linked GIC; it will calculate the interest payments and will determine if a market disruption or an extraordinary event has occurred. All the Calculation Agent’s decisions will bind the investors of the market-linked GIC. The Calculation Agent will act in good faith in accordance with accepted market practises.
3. A market-linked GIC issued by the Bank that is payable in Canada in Canadian dollars and has a term no longer than five years is insured by the Canada Deposit Insurance Corporation (CDIC), subject to the maximum dollar limit of CDIC coverage and applicable conditions. More information about CDIC deposit insurance can be found in the “Protecting Your Deposits” brochure, available online at [www.cdic.ca](http://www.cdic.ca) or by telephone at 1-800-461-2342.
4. A minimum investment of \$500 is required for any investment in a market-linked GIC. The Bank reserves the right to discontinue accepting subscriptions at any time without notice. The Bank may in its sole discretion, at any time prior to the Issue Date, elect whether or not to proceed in whole or in part with the issue of a market-linked GIC. If for any reason the closing of this offering does not occur, any unaccepted initial principal amount will be returned to investors, without interest or charge. Moreover, the Bank may, in its sole discretion, postpone the Issue Date to a later date within thirty days following the Issue Date specified in this Information Statement. In such case, the Maturity Date and other payment dates will be adjusted in order to correspond to the end of the term following the market-linked GIC’s Issue Date.
5. The investment is in Canadian dollars. The principal invested on the Issue Date and interest, if any, will be repaid in Canadian dollars.
6. The Bank has entered into an agency agreement with National Bank Investments Inc. (the “Agent”) pursuant to which the Agent has agreed to offer market-linked GICs for sale on a best effort basis. The Agent is a wholly owned subsidiary of the Bank.
7. The market-linked GICs are offered only in the provinces and territories in Canada where permitted by law. Market-linked GICs may be subject to other restrictions in a given province or territory.
8. Principal invested on the Issue Date will be repaid on the Maturity Date and the interest payments on the relevant payment dates, during the Bank’s regular business hours.
9. Before the Maturity Date of the market-linked GIC and in accordance with the conditions set forth in the contract between the investor and his advisor or broker, it is the investor’s responsibility to give the relevant instructions to his advisor or broker with respect to the reinvestment, at maturity, of the principal invested on the Issue Date. If the investor has not provided the Bank with instructions regarding the payment of those amounts payable following the Maturity Date, amounts owed pursuant to the market-linked GIC will be reinvested into a renewable fixed rate guaranteed investment certificate issued by the Bank for one year at no charge to the investor.
10. Interest payments on a market-linked GIC are based on variations of the underlying reference rate. Such reference rate may fluctuate up or down. These fluctuations will have a direct impact on the returns of market-linked GICs.
11. It is possible that a disruption in the calculation or publication of a component of the underlying reference rate or any other event beyond the control of the Bank, may occur and affect the ability of the Calculation Agent to calculate the return or to fulfill any other obligation. In such case, the Bank may not comply with the general and specific conditions of the market-linked GIC and in such case, the Calculation Agent may take any measures deemed necessary, including, without limitation, an adjustment of the amount payable before or at maturity of the market-linked GIC, deferral of the calculation or payment of the return, a different determination of the return or the use of a replacement reference rate. The Calculation Agent will be solely responsible for determining and calculating the underlying reference rate.  

The Calculation Agent will also decide whether a Market Disruption Event has occurred and make any other decisions necessary with regard to the market-linked GICs. All the decisions and calculations made by the Calculation Agent are in its sole discretion and, except for obvious errors, are final and binding.
12. If a special circumstance (as defined below) occurs, the Bank may redeem the market-linked GICs before their maturity pursuant to a reimbursement under special circumstances. Upon the occurrence of a special circumstance where the Bank decides to reimburse the market-linked GICs, the Calculation Agent will establish a value for the market-linked GICs, acting in good faith in accordance with market-accepted methods, based on a number of interrelated factors, such as the level and volatility of the underlying reference rate and the time remaining to maturity. Such value will be the reimbursement amount, and will not be less than the principal invested on the Issue Date and if applicable, the accrued portion of the interest payments. Investors may only be entitled to receive their principal invested on the Issue Date and if applicable, the accrued portion of the interest payment. A “special circumstance” means a

circumstance of a taxation nature where, in the opinion of the Bank, acting reasonably and in good faith, an amendment or a change is made to an act, regulation, policy, taxation practice or administration or to the interpretation of an act, regulation, policy, taxation practice policy or taxation administration which would make it illegal or, from the Bank's perspective, disadvantageous from a legislative, regulatory or financial point of view, for the market-linked GIC to remain outstanding.

13. There is no assurance that an investment in the market-linked GIC will be eligible for protection under the Canadian Investor Protection Fund (CIPF). An investor should take the necessary steps in order to verify the product's eligibility with respect to the protection under the CIPF and, where applicable, consult with his or her investment advisor as to whether the investor's investment in the market-linked GIC is eligible for protection in light of such investor's particular circumstances.

14. Investors shall be entitled to a right of cancellation, which must be exercised within two Business Days after the later of (i) the day on which the agreement to purchase the market-linked GIC is entered into, and (ii) the day on which this Information Statement is provided to the purchaser.

The agreement to purchase the market-linked GIC will be entered into (i) if the order to purchase is received via telephone or electronic means, on the day on which the order to purchase is received, and (ii) if the order to purchase is received in person, on the later of the second day following (a) the day on which the Information Statement is provided to the investor and (b) the day on which the order to purchase is received.

Investors will be deemed to have been provided the Information Statement (i) on the day recorded as the time of sending by the server or other electronic transmission system, if provided by electronic means; (ii) on the day recorded as the time of sending by a fax machine, if provided by fax; (iii) five Business Days after the postmark date, if provided by mail; and (iv) when it is received, in any other case.

Upon cancellation of the purchase of the market-linked GIC, the purchaser will be entitled to a refund of the principal invested on the Issue Date. To exercise their right of cancellation, the investor may contact their branch advisor or their broker with whom their account is held.

15. All information regarding the market-linked GIC is available on the Bank's Internet Banking Solutions, on the website [www.nbc.ca](http://www.nbc.ca), by contacting your branch advisor, by calling 1-888-4-TELNAT or by contacting an investment service representative from National Bank Direct Brokerage at 514-866-6755 or 1-800-363-3511.

16. The terms of the market-linked GICs may be amended by the Bank without the consent of the investors if, in the reasonable opinion of the Bank, the amendment would not materially and adversely affect the interest of the investors. In all other cases, the Bank will provide investors a notice of the amendment prior to making the amendment or without delay after the amendment is made.

17. The Bank will give notice to the investors of any material events relating to the market-linked GICs, including any amendments to the market-linked GICs that impacts interest payable under the market-linked GICs. All notices to the investors will be validly given once published on the website [www.nbc.ca](http://www.nbc.ca).

18. In this document, "Business Day" means every day, other than a Saturday or a Sunday or a day on which commercial banks in either Montreal or Toronto are required or authorized by law to remain closed.

19. Market-linked GICs will not be transferable between investors and will not be listed on any stock exchange or other market. As described in the Information Statement, investors will be able to sell their market-linked GIC back to the Bank through National Bank Financial Inc., the Bid Provider, which shall be appointed as agent to the Bank to place a daily Bid Price for the market-linked GICs under normal market conditions and purchase market-linked GICs on behalf of the Bank for resale to the Bank and cancellation.

20. Funds delivered to the Bank prior to the Issue Date will be held in escrow pending closing of the offering of the market-linked GICs. A purchaser of market-linked GICs will receive from the Bank credit for interest accruing on funds so delivered at a rate of 1.00% per annum from and including the first Business Day after such funds are received by the Bank to but excluding the Issue Date. For the avoidance of doubt, such interest will not be payable in cash but will be added to the principal invested on the Issue Date. Despite delivery of such funds, the Bank reserves the right not to accept any offer to purchase market-linked GICs, in whole or in part. If a subscription for market-linked GICs is not accepted (in whole or in part) or market-linked GICs are not issued to the investors for any reason, such funds will be returned forthwith to the investor. In such case and notwithstanding the foregoing, no interest or other compensation will be paid to the investor on such funds.

21. Notwithstanding the foregoing, no interest or any other amount will be paid during the selling period.

Investors should be aware that market-linked GICs are not securities issued by a mutual fund and that investors do not benefit from certain rights and recourses otherwise provided by certain securities laws in connection with the issuance of such securities, including the right to receive a prospectus and other current information documents provided by issuers, right of rescission and certain other rights to rescind a purchase, revise the purchase price or seek damages in case documents show false or misleading information. However, investors will receive a copy of this Information Statement, which grants investors in certain circumstances a contractual right of rescission described herein.

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## CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS - TAXABLE INVESTORS

### To the persons concerned:

The following is a summary of the principal federal income tax implications in Canada that generally apply to individuals (other than trusts) who purchase the market-linked GIC from the Bank who, at all times, for the purposes of the *Income Tax Act* (Canada) (the "Tax Act") are residents of Canada, and who hold the market-linked GIC until maturity outside of a registered plan (such as a Registered Retirement Savings Plan, a Registered Retirement Income Fund, a Registered Education Savings Plan, a Registered Disability Savings Plan, a Tax-free Savings Account or a Deferred Profit Sharing Plan). The information provided below is based on the provisions of the Tax Act and the regulations thereunder ("Regulations") in effect on the date that this summary was drafted, all specific proposed amendments to the Tax Act and its Regulations as publicly announced by the Minister of Finance prior to the date on which this summary was drafted, and certain administrative policies and practices of the Canada Revenue Agency. Provincial and foreign tax considerations have not been addressed in this document and may differ from the federal income tax consequences discussed herein.

This summary is of a general nature; it is not exhaustive of all Canadian federal income tax considerations and does not constitute legal or tax advice to investors. No advice is provided concerning the Canadian federal income tax on the specific situation of a particular investor.

**Please consult your tax specialist with respect to your situation.**

### Inclusion in income:

The full amount of any interest on the funds delivered prior to the Issue Date, any interest payments made under the terms of the market-linked GICs, and any alternate return in the event that the payment of all remaining interest amounts in respect of the market-linked GICs is accelerated as a result of a reimbursement under special circumstances will generally be included in your income in the taxation year that includes the date on which such amounts are paid.

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## INFORMATION CONCERNING REGISTERED PLANS

Based on the legislation in effect on the date hereof, the market-linked GICs will, at the Issue Date, be qualified investments under the Tax Act for trusts governed by registered retirement savings plans ("RRSPs"), registered retirement income funds ("RRIFs"), registered education savings plans ("RESPs"), registered disability savings plans ("RDSPs"), deferred profit-sharing plans ("DPSPs") (other than DPSPs to which contributions are made by the Bank or a person or partnership with which the Bank does not deal at arm's length within the meaning of the Tax Act) and tax-free savings accounts ("TFSA"). If the market-linked GICs are "prohibited investments" (within the meaning of the Tax Act) for an RRSP, a RRIF, an RESP, an RDSP or a TFSA, the annuitant of the RRSP or the RRIF, the subscriber of the RESP, or the holder of the RDSP or the TFSA (as the case may be) (the "Plan Holder") will be subject to a penalty tax as set out in the Tax Act. The market-linked GICs will be "prohibited investments" (within the meaning of the Tax Act) for an RRSP, a RRIF, an RESP, an RDSP or a TFSA belonging to a Plan Holder who has a "significant interest" (as defined in the Tax Act) in the Bank or who does not deal at arm's length with the Bank for the purposes of the Tax Act. Investors should consult their own tax advisors in this regard.

To the extent that a RRIF disposes of a market-linked GIC prior to maturity and, as discussed under "Risk Factors" above, receives less than the initial principal amount thereof, the "minimum amount" (as defined in the Tax Act) required to be withdrawn by an investor of the RRIF would generally not be reduced or otherwise impacted for the taxation year in which the disposition occurs.