



ISSUE DATE

JUNE 28

12

# OPTI MARKET™NBC

## Diversified GICs Stability – Balanced – Performance SERIES 13, INVESTORS CATEGORY<sup>1</sup>

**SALES PERIOD:** MAY 22, 2012 TO JUNE 20, 2012  
**ISSUE DATE:** JUNE 28, 2012  
**MATURITY DATE:** JUNE 27, 2017



Diversified GICs offer an array of guaranteed investment certificates, allowing for optimal diversification in a single investment solution while ensuring peace of mind due to capital protection and a Guaranteed Interest at maturity. Choose from three distinct investment solutions which combine different weightings of a fixed-rate GIC, a GIC linked to Canadian equity markets and a GIC linked to global equity markets.

### THREE TURNKEY SOLUTIONS PROVIDING PRINCIPAL PROTECTION AT MATURITY:

- Diversified GIC – Stability, Series 13, Investors Category
- Diversified GIC – Balanced, Series 13, Investors Category
- Diversified GIC – Performance, Series 13, Investors Category

### INVESTMENT HIGHLIGHTS

- Term: 5 years
- Minimum investment: \$500
- Principal 100% protected at maturity
- Eligible for CDIC deposit insurance<sup>2</sup>
- Eligible for registered\* and non-registered accounts
- Exposure to foreign currency fluctuations

|                               | Guaranteed Interest at Maturity      | Maximum Interest at Maturity          |
|-------------------------------|--------------------------------------|---------------------------------------|
| Diversified GIC - Stability   | 8.54%<br>(1.65% compounded annually) | 22.54%<br>(4.15% compounded annually) |
| Diversified GIC - Balanced    | 5.91%<br>(1.16% compounded annually) | 27.91%<br>(5.05% compounded annually) |
| Diversified GIC - Performance | 3.29%<br>(0.65% compounded annually) | 33.29%<br>(5.91% compounded annually) |



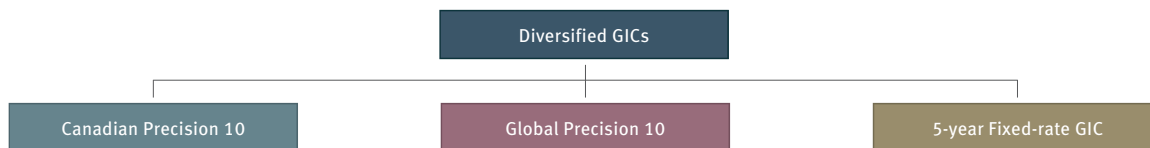
### FOR MORE INFORMATION

[nbc.ca/optimarket](http://nbc.ca/optimarket)  
1-888-4-TELNAT (1-888-483-5628)

\* For information on availability, please consult your advisor.

# OPTIMAL DIVERSIFICATION IN ONE INVESTMENT SOLUTION

THE DIVERSIFIED GICs ARE COMPRISED OF THREE REFERENCE ASSETS



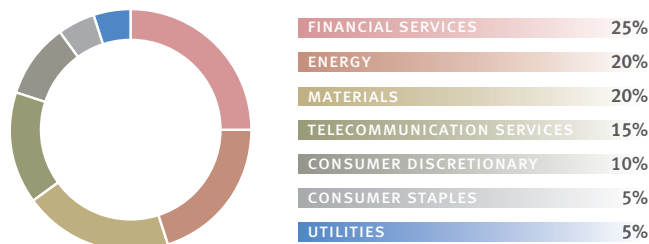
## CANADIAN PRECISION 10 GIC

REFERENCE SHARES OF THE CANADIAN PRECISION 10 EXPOSURE TO 20 CANADIAN COMPANIES

|                                         |                             |
|-----------------------------------------|-----------------------------|
| Barrick Gold Corporation                | Rogers Communications Inc.  |
| BCE Inc.                                | Royal Bank of Canada        |
| Enbridge Inc.                           | Shaw Communications Inc.    |
| Fortis Inc.                             | Suncor Energy Inc.          |
| Goldcorp Inc.                           | Teck Resources Limited      |
| Great-West Lifeco Inc.                  | TELUS Corporation           |
| Husky Energy Inc.                       | The Bank of Nova Scotia     |
| Metro Inc.                              | The Toronto-Dominion Bank   |
| Potash Corporation of Saskatchewan Inc. | Thomson Reuters Corporation |
| Power Corporation of Canada             | TransCanada Corporation     |

The return of the Reference Shares is a price return, and will not take into account dividends paid in respect of the Reference Share (3.63% as of May 4, 2012).

### SECTOR DIVERSIFICATION OF THE CANADIAN PRECISION 10 GIC



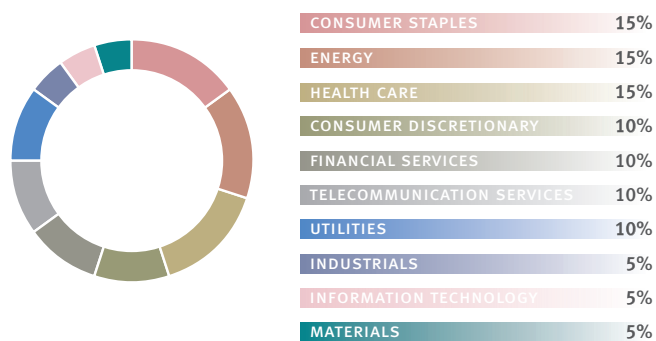
## GLOBAL PRECISION 10 GIC

REFERENCE SHARES OF THE GLOBAL PRECISION 10 EXPOSURE TO 20 INTERNATIONAL COMPANIES

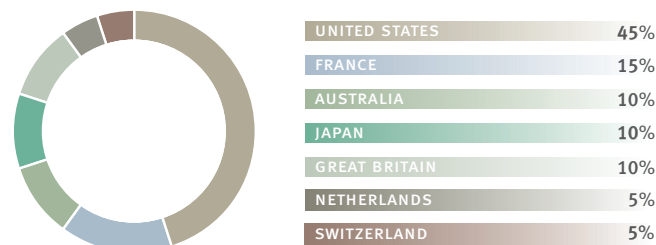
|                         |                               |
|-------------------------|-------------------------------|
| 3M Company              | Kinder Morgan Energy Partners |
| Altria Group Inc.       | McDonald's Corporation        |
| BHP Billiton Ltd.       | Nintendo Co. Ltd.             |
| Commonwealth Bank Group | Novartis AG                   |
| SabMiller Inc.          | Pfizer Inc.                   |
| France Telecom SA       | Royal Dutch Shell PLC         |
| General Mills Inc.      | Sony Corporation              |
| GDF Suez                | Southern Company              |
| HSBC Holdings PLC       | Total SA                      |
| Johnson & Johnson Inc.  | Verizon Communications Inc.   |

The return of the Reference Shares is a price return, and will not take into account dividends paid in respect of the Reference Share (4.42% as of May 4, 2012).

### SECTOR DIVERSIFICATION OF THE GLOBAL PRECISION 10 GIC

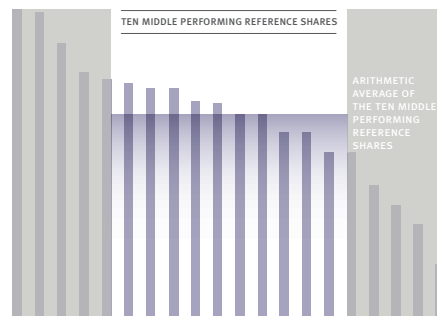


### GEOGRAPHIC DIVERSIFICATION OF THE GLOBAL PRECISION 10 GIC



For each of the Canadian Precision 10 and the Global Precision 10, the five Reference Shares with the highest return and the five Reference Shares with the lowest return are ignored and the Reference Asset Return is an arithmetic average of the price return of the ten middle performing Reference Shares over the period starting on the Issue Date of the Diversified GIC and ending on the Valuation Date, subject to a maximum of 40% and a minimum of 0%.

The return of each of the Reference Shares will be that of the Reference Share's percentage gain or loss measured from its closing price on the Issue Date, converted into Canadian dollars at the FX rate on the Issue Date (for shares denominated in a foreign currency), to its closing price on the Valuation Date, converted into Canadian dollars at the FX Rate on the Valuation Date (for shares denominated in a foreign currency).



## FIXED-RATE GIC

The Reference Asset Return of the fixed-rate GIC is a percentage equal to 2.50%. The Reference Asset Return of the fixed-rate GIC is compounded annually over five years.

## CALCULATING THE VARIABLE INTEREST<sup>3</sup>

The Variable Interest of the Diversified GICs is based on the return of the three Reference Assets comprised in the Reference Portfolio. The Reference Portfolio Return is equal to the weighted average return of the Reference Assets, calculated as the sum of the Weighted Reference Asset Return of the Reference Assets.

The Variable Interest will be no less than the Guaranteed Interest and will be limited to the Maximum Interest. See details for each Diversified GIC in the table below.

No interest or any other amount will be paid during the term of the Diversified GICs. Notwithstanding whether the Reference Portfolio Return is positive or not at maturity, the Diversified GICs will generate the Guaranteed Interest. However, if the Reference Portfolio Return is not greater than the Guaranteed Interest, the Diversified GICs will generate only the Guaranteed Interest in addition to the principal invested on the Issue Date.

Fluctuations in currency exchange rates of the Reference Shares of the Global Precision 10 will affect the performance of the Reference Asset Return of the Global Precision 10 and therefore, the Reference Portfolio Return and as a result, the value of the Diversified GICs.

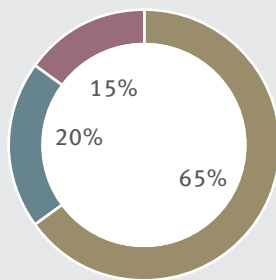
## ONE INVESTMENT SOLUTION - THREE CHOICES

The Diversified GICs offer three distinct investment solutions, each comprised of different Reference Asset Weights of the three Reference Assets.

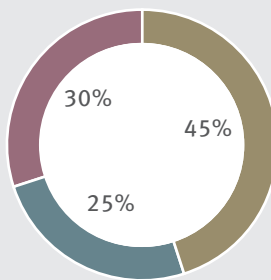
- Diversified GIC - Stability
- Diversified GIC - Balanced
- Diversified GIC - Performance

Choose the Diversified GIC that is right for you.

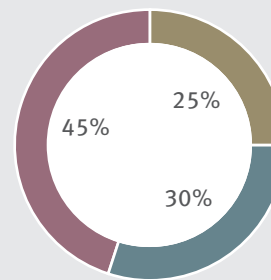
DIVERSIFIED GIC – STABILITY



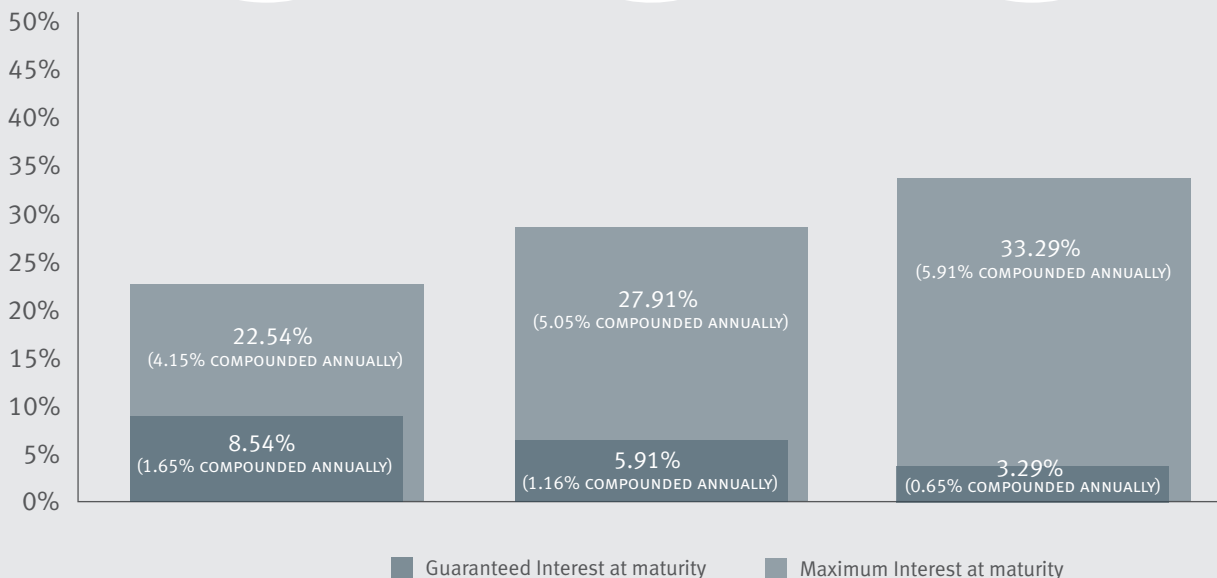
DIVERSIFIED GIC – BALANCED



DIVERSIFIED GIC – PERFORMANCE



- Fixed-rate GIC
- Canadian Precision 10
- Global Precision 10



The above graph illustrates the Guaranteed Interest and the Maximum Interest for each of the Diversified GICs. In order for each of the Diversified GIC to pay the Maximum Interest at maturity, the Reference Asset Return of each of the Canadian Precision 10 and the Global Precision 10 must be equal to their maximum Reference Asset Return. There can be no assurance that any specific Reference Asset Return will be achieved.

## SCENARIO ANALYSIS: DIVERSIFIED GIC - BALANCED

The following hypothetical examples are related to the **Diversified GIC - Balanced** and are included for illustrative purposes only and should not be construed as forecasts or projections. There can be no assurance that the results shown will be achieved.

### Example #1 – Hypothetical Example of a Maximum Interest

|                       | Arithmetic average of the ten middle performing Reference Shares | Reference Asset Return (Precision 10 are subject to a minimum of 0% and a maximum of 40.00%) | Reference Asset Weight* | Weighted Reference Asset Return | Reference Portfolio Return |
|-----------------------|------------------------------------------------------------------|----------------------------------------------------------------------------------------------|-------------------------|---------------------------------|----------------------------|
| 5-year fixed-rate GIC | n.a                                                              | 13.14%<br>(2.50% compounded annually)                                                        | 45%                     | 5.91%                           | 27.91%<br>(5.05% p.a)      |
| Canadian Precision 10 | 58.04%                                                           | 40.00%                                                                                       | 25%                     | 10.00%                          |                            |
| Global Precision 10   | 58.47%                                                           | 40.00%                                                                                       | 30%                     | 12.00%                          |                            |

### Example #2 – Hypothetical Example of a Positive Variable Interest

|                       | Arithmetic average of the ten middle performing Reference Shares | Reference Asset Return (Precision 10 are subject to a minimum of 0% and a maximum of 40.00%) | Reference Asset Weight* | Weighted Reference Asset Return | Reference Portfolio Return |
|-----------------------|------------------------------------------------------------------|----------------------------------------------------------------------------------------------|-------------------------|---------------------------------|----------------------------|
| 5-year fixed-rate GIC | n.a                                                              | 13.14%<br>(2.50% compounded annually)                                                        | 45%                     | 5.91%                           | 23.60%<br>(4.33% p.a)      |
| Canadian Precision 10 | 58.04%                                                           | 40.00%                                                                                       | 25%                     | 10.00%                          |                            |
| Global Precision 10   | 25.62%                                                           | 25.62%                                                                                       | 30%                     | 7.68%                           |                            |

### Example #3 – Hypothetical Example of a Positive Variable Interest

|                       | Arithmetic average of the ten middle performing Reference Shares | Reference Asset Return (Precision 10 are subject to a minimum of 0% and a maximum of 40.00%) | Reference Asset Weight* | Weighted Reference Asset Return | Reference Portfolio Return |
|-----------------------|------------------------------------------------------------------|----------------------------------------------------------------------------------------------|-------------------------|---------------------------------|----------------------------|
| 5-year fixed-rate GIC | n.a                                                              | 13.14%<br>(2.50% compounded annually)                                                        | 45%                     | 5.91%                           | 12.00%<br>(2.29% p.a)      |
| Canadian Precision 10 | 24.35%                                                           | 24.35%                                                                                       | 25%                     | 6.09%                           |                            |
| Global Precision 10   | -4.39%                                                           | 0.00%                                                                                        | 30%                     | 0.00%                           |                            |

### Example #4 – Hypothetical Example of a Guaranteed Interest

|                       | Arithmetic average of the ten middle performing Reference Shares | Reference Asset Return (Precision 10 are subject to a minimum of 0% and a maximum of 40.00%) | Reference Asset Weight* | Weighted Reference Asset Return | Reference Portfolio Return |
|-----------------------|------------------------------------------------------------------|----------------------------------------------------------------------------------------------|-------------------------|---------------------------------|----------------------------|
| 5-year fixed-rate GIC | n.a                                                              | 13.14%<br>(2.50% compounded annually)                                                        | 45%                     | 5.91%                           | 5.91%<br>(1.16% p.a)       |
| Canadian Precision 10 | -8.61%                                                           | 0.00%                                                                                        | 25%                     | 0.00%                           |                            |
| Global Precision 10   | -18.16%                                                          | 0.00%                                                                                        | 30%                     | 0.00%                           |                            |

\*The weights used in the example above are for the **Diversified GIC – Balanced**. Please refer to the Information Statement for examples pertaining to the Diversified GIC - Stability and Diversified GIC - Performance.

Please see Information Statement dated May 22, 2012 for complete details with respect to the examples.

#### RISK FACTORS

An investment in the Diversified GICs involves a variety of risks which all investors should consider prior to making this investment. These risks are summarized in the Information Statement and you are encouraged to read the Information Statement carefully.

#### SUITABILITY CONSIDERATIONS AND GUIDELINES

An investment in each of the Diversified GICs is not suitable for all investors and even if suitable, investors should consider what role the Diversified GICs should serve in an overall investment plan. The Information Statement includes a summary of various suitability considerations and guidelines. You are encouraged to read the Information Statement carefully.

1. The Diversified GIC - Stability, Series 13, Investors Category, the Diversified GIC - Balanced, Series 13, Investors Category, the Diversified GIC - Performance, Series 13, Investors Category herein referred to as "Diversified GICs".
2. The Diversified GICs is a deposit eligible for deposit insurance by the Canada Deposit Insurance Corporation (CDIC), subject to the maximum dollar limit of CDIC coverage. More information about CDIC deposit insurance can be found in the "Protecting Your Deposits" brochure (available online at [cdic.ca](http://cdic.ca) or by telephone at 1-800-461-2342).
3. The change in the Reference Asset Return has a direct impact on the Variable Interest. If the Reference Portfolio does not generate a positive price return at maturity that is greater than the Guaranteed Interest, the Diversified GICs will generate only the Guaranteed Interest in addition to the principal invested on the Issue Date.

The statements contained herein are based upon information which we believe to be reliable but we cannot represent that they are complete or accurate. The complete information related to this issue of the Diversified GICs will be contained in an Information Statement which will be sent to investors prior to the Issue Date. This document is provided for information purposes only and does not constitute an offer to sell or a solicitation to buy the Diversified GICs referred to herein. All information about the Diversified GICs is available at [nbc.ca/optimarket](http://nbc.ca/optimarket) and on request to your advisor or at 1-888-4-TELNAT (1-888-483-5628).

Other than the Guaranteed Interest, the Diversified GICs are not a conventional fixed income investment. The Diversified GICs are not suitable for all types of investors. An investment in the Diversified GICs is subject to a number of risk factors. Potential purchasers should consult the Information Statement before investing. The Bank has issued previous series which may have different terms and conditions. Please refer to our website for the list of terms and conditions, compared to the previous series.

Capitalized terms used and not otherwise defined herein have the meaning ascribed thereto in the Information Statement.

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