

CANADIAN Blue Chip III Deposit Notes™

SERIES 33

SALES PERIOD: JANUARY 16, 2012 TO MARCH 2, 2012 AT 4 P.M.

ISSUANCE DATE: ON OR ABOUT MARCH 9, 2012

BANK EARLY REDEMPTION: ON OR ABOUT JUNE 9, 2016

MATURITY DATE: ON OR ABOUT SEPTEMBER 9, 2020

INVESTMENT HIGHLIGHTS

8.5-YEAR TERM

PRINCIPAL PROTECTION

- Principal fully protected at maturity by National Bank of Canada.

VARIABLE RETURN

- The return at maturity, if any, is linked to the price performance of a Reference Portfolio composed of the common shares of 20 Canadian companies.
- May be called for redemption by National Bank of Canada 4.25 years after the Issuance Date at \$135.98 per Deposit Note for an annual compounded rate of return of approximately 7.50% on the Bank Early Redemption Day.
- The Reference Share Return is a price return, and will not take into account dividends (approximately 3.87% as of January 9, 2012).

LIQUIDITY

- A daily secondary market subject to availability and to early trading charges within the first 720 days from and including the Issuance Date, up to \$6.00 per Deposit Note. A Holder who sells Deposit Notes prior to maturity may receive less than the Initial Deposit Amount per Deposit Note.

ELIGIBILITY

- Eligible for all types of accounts (RRSP, RRIIF, DPSP, RESP, RDSP and TFSA).
- Low \$1,000 minimum subscription (10 Deposit Notes).

The Deposit Notes are not conventional fixed income investments. There are risks associated with this investment. Investors should read the Information Statement dated January 16, 2012 for more detailed risk disclosure and complete information on the Deposit Notes. Please refer to our website for the list of the different terms and conditions, if any, of previous series issued by the Bank. Where an investor purchases Deposit Notes, by phone or in person, the advisor must at the time verbally highlight certain information in respect of the Deposit Notes contained under the heading Oral Disclosure for Sales in Person or by Telephone.

FUNDSEV CODE: NBC1612

FOR MORE INFORMATION



Canadian Blue Chip III Deposit Notes™, Series 33

TARGET INVESTORS

- Investors looking to participate in the growth of a diversified portfolio composed of the common shares of 20 Canadian companies;
- Investors looking to diversify their portfolio across different sectors in the Canadian equity markets through large market capitalization companies. Information Technology and Health Care sectors are not represented;
- Investors seeking protection of their capital at maturity;
- Investors who, in order to benefit from the Deposit Notes structure and capital protection, are prepared to waive the aggregate dividend yield provided by each Reference Share, representing approximately 32.90% (which represents an annual return of approximately 3.87%) over the term, on the assumption that the dividend yield remains constant and that the dividends are not reinvested;
- Investors seeking the potential for higher returns in a low interest rate environment;
- Investors with a long-term investment horizon who are prepared to hold the Deposit Notes to maturity;
- Investors who do not need or do not expect certainty of return and can accept seeing the value of their investment in the Deposit Notes diminish over time due to inflation; and
- Investors who are prepared to assume the risks as described in the Risk Factors section in the Information Statement.

REFERENCE PORTFOLIO RETURN CALCULATION

The Deposit Notes provide a return over the 8.5-year maturity that is linked to the price performance of a Reference Portfolio composed of the common shares of 20 Canadian companies.

The Deposit Notes are callable for redemption 4.25 years after the Issuance Date at \$135.98 per Deposit Note for an annual compounded rate of return of approximately 7.50%. If the Bank does not exercise its right to call the Deposit Notes, the Variable Return at maturity is unlimited.

On the Maturity Payment Date, Holders will be entitled to receive, in respect of each Deposit Note held, repayment of their Initial Deposit Amount. In addition, if the Reference Portfolio Return at maturity is positive, Holders will be entitled to receive a Variable Return equal to the product of \$100 and the Reference Portfolio Return. If the Reference Portfolio Return is negative or nil at maturity, no Variable Return will be paid.

The Reference Portfolio Return is the arithmetic average of the Reference Share Returns of the 20 Reference Shares over the period starting on the Issuance Date of the Deposit Notes and ending on the Valuation Date. The return of each Reference Share, will be that of the Reference Share's percentage gain or loss measured from its closing price on the Issuance Date to its closing price on the Valuation Date.

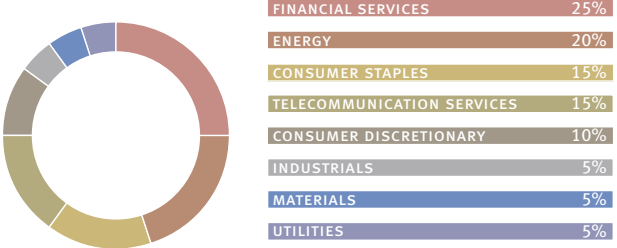
The Reference Share Return is a price return, and will not take into account dividends paid in respect of the Reference Shares (which represents an annual return of approximately 3.87% as of January 9, 2012).

REFERENCE PORTFOLIO

EXPOSURE TO 20 CANADIAN COMPANIES

- | | |
|------------------------------------|--------------------------------|
| BCE Inc. | Rogers Communications Inc. |
| Bank of Montreal | Saputo Inc. |
| Canadian Imperial Bank of Commerce | Shoppers Drug Mart Corporation |
| Canadian National Railway Company | Shaw Communications Inc. |
| Encana Corporation | Sun Life Financial Inc. |
| Enbridge Inc. | Teck Resources Limited |
| Fortis Inc. | Telus Corporation |
| Husky Energy Inc. | The Toronto-Dominion Bank |
| Loblaw Companies Limited | Thomson Reuters Corporation |
| Power Corporation of Canada | TransCanada Corporation |

SECTOR DIVERSIFICATION



SCENARIO ANALYSIS

These examples are included for illustration purposes only. The amounts used are hypothetical and are not forecasts or projections of the price performance of the Reference Portfolio or the Deposit Notes. No assurance can be given that the results shown in these examples will be achieved.

HYPOTHETICAL EXAMPLE OF A POSITIVE VARIABLE RETURN

The following table is based on the assumption that most of the price returns for the Reference Shares will increase during the 8.5-year term.

REFERENCE SHARE	REFERENCE SHARE PRICE ON THE ISSUANCE DATE (\$)	REFERENCE SHARE PRICE ON THE VALUATION DATE (\$)	REFERENCE SHARE RETURN
Bank of Montréal	58.29	111.13	90.64%
BCE Inc.	42.18	34.37	-18.52%
Canadian Imperial Bank Of Commerce	75.59	173.97	130.15%
Canadian National Railway Company	80.01	92.13	15.15%
Enbridge Inc.	37.52	97.08	158.74%
EnCana Corporation	19.25	59.21	207.58%
Fortis Inc.	33.12	60.63	83.06%
Husky Energy Inc.	24.59	57.88	135.38%
Loblaw Companies Ltd.	37.14	228.26	514.59%
Power Corporation of Canada	23.70	49.87	110.42%
Rogers Communications Inc.	39.00	100.95	158.85%
Saputo Inc.	38.23	76.13	99.14%
Shaw Communications Inc.	41.63	26.06	-37.40%
Shoppers Drug Mart Corporation	20.65	72.96	253.32%
Sun Life Financial Inc.	19.90	58.23	192.61%
Teck Resources Ltd.	38.55	218.09	465.73%
Telus Corporation	57.00	110.15	93.25%
Thomson Reuters Corporation	28.36	189.74	569.04%
Toronto-Dominion Bank	77.32	117.00	51.32%
TransCanada Corporation	43.33	77.63	79.16%

ARITHMETIC AVERAGE OF THE REFERENCE SHARE RETURNS 167.61%

VARIABLE RETURN \$167.61

MATURITY REDEMPTION AMOUNT PAYABLE \$267.61

In this example, the arithmetic average of the Reference Share Returns of the 20 Reference Shares is 167.61%. If the Bank does not exercise its right to call the Deposit Notes prior to maturity, the Variable Return will be \$167.61 and the Maturity Redemption Amount payable on the Maturity Payment Date will be \$267.61 (approximately 12.28% compounded annually over 8.5 years).

HYPOTHETICAL EXAMPLE OF A NIL VARIABLE RETURN

The following table is based on the assumption that most of the price returns for the Reference Shares will decrease during the 8.5-year term.

REFERENCE SHARE	REFERENCE SHARE PRICE ON THE ISSUANCE DATE	REFERENCE SHARE PRICE ON THE VALUATION DATE	REFERENCE SHARE RETURN
Bank of Montréal	58.29	92.30	58.35%
BCE Inc.	42.18	16.98	-59.74%
Canadian Imperial Bank Of Commerce	75.59	53.04	-29.83%
Canadian National Railway Company	80.01	37.87	-52.67%
Enbridge Inc.	37.52	22.48	-40.09%
EnCana Corporation	19.25	25.22	31.01%
Fortis Inc.	33.12	15.64	-52.78%
Husky Energy Inc.	24.59	29.45	19.76%
Loblaw Companies Ltd.	37.14	46.14	24.23%
Power Corporation of Canada	23.70	12.88	-45.65%
Rogers Communications Inc.	39.00	28.81	-26.13%
Saputo Inc.	38.23	31.73	-17.00%
Shaw Communications Inc.	41.63	9.61	-76.92%
Shoppers Drug Mart Corporation	20.65	20.71	0.29%
Sun Life Financial Inc.	19.90	18.71	-5.98%
Teck Resources Ltd.	38.55	66.39	72.22%
Telus Corporation	57.00	39.08	-31.44%
Thomson Reuters Corporation	28.36	23.76	-16.22%
Toronto-Dominion Bank	77.32	30.95	-59.97%
TransCanada Corporation	43.33	21.44	-50.52%

ARITHMETIC AVERAGE OF THE REFERENCE SHARE RETURNS -17.95%

VARIABLE RETURN \$0.00

MATURITY REDEMPTION AMOUNT PAYABLE \$100.00

In this example, the arithmetic average Reference Share Returns of the 20 Reference Shares is -17.95%. If the Bank does not exercise its right to call the Deposit Notes prior to maturity, the Variable Return will be nil and the Maturity Redemption Amount payable on the Maturity Payment Date will be \$100 because the Deposit Notes are principal-protected at maturity.

RISK FACTORS

Prospective investors should carefully consider all of the information set forth in the Information Statement dated January 16, 2012 and, in particular, should evaluate the specific risk factors set forth under "Risk Factors" for a discussion of certain risks involved in evaluating an investment in the Deposit Notes. **Prospective investors who are not prepared to accept the following risks should not invest in the Canadian Blue Chip III Deposit Notes™.** Such risk factors include, without limitation, the following:

RISKS RELATING TO THE OFFERING OF DEPOSIT NOTES, INCLUDING:

- Suitability for investment: Deposit Notes may not be a suitable investment for some investors.
- Uncertain return until maturity; No guarantee that the Deposit Notes will show any return; Deposit Notes are linked to the price performance of the Reference Shares.
- Reference Share Return will not reflect the full appreciation of the Reference Shares when including dividends.
- Holders have no ownership interest in the Reference Shares.
- No guarantee of a secondary market and possible illiquidity of any developing secondary market.
- Return on the Deposit Notes will be limited upon a Bank early redemption.
- Deposit Notes could be redeemed prior to maturity under a Reimbursement Under Special Circumstances.
- Postponement of the Valuation Date may affect the payment at maturity.
- Payments at maturity of the Initial Deposit Amount and of the Variable Return (if any) are unsubordinated and unsecured obligations of the Bank and are dependent on the creditworthiness of the Bank.
- Deferred Payment.
- Deposit Notes will not be insured under the Canada Deposit Insurance Corporation Act.
- Deposit Notes may not be eligible for protection under the Canadian Investor Protection Fund or any other deposit insurance regime.
- Conflict of interest may affect the calculation agent, the Agent and the Market Maker.
- Hedging transactions may affect the Reference Shares.
- Deposit Notes are not qualified by prospectus.
- Taxation.

RISKS RELATING TO THE REFERENCE SHARES

- Trading prices.
- Exposure to equities.
- Potential replacement of the Reference Shares.
- Neither the Bank nor the Agent nor the Market Maker make any representation or warranty as to the accuracy or completeness of the information regarding the Reference Shares.

This is only a synopsis of certain terms of the Canadian Blue Chip III Deposit Notes™, Series 33. Investors should read the Information Statement dated January 16, 2012 for more detailed and complete information on all aspects of the Deposit Notes.

CONFIDENTIAL MEMORANDUM

This memorandum has been prepared for the use of the investment specialists only. Its content is not to be reproduced or distributed to the public. 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 Deposit Notes will be contained in an Information Statement which will be sent to investors prior to the closing date. Capitalized terms used herein and not otherwise defined have the meaning ascribed thereto in the Information Statement of the Deposit Notes. This memorandum is for information purposes only and does not constitute an offer to sell or a solicitation of an offer to buy the Deposit Notes referred to herein.

The Canadian Blue Chip III Deposit Notes™ are principal protected at maturity. Variation in the Reference Portfolio Return will have a direct impact on the return payable. **It is possible that no return will be paid.** Deposit Notes are not suitable for all types of investors. An investment in the Deposit Notes is subject to a number of risk factors. Potential purchasers should consult the Information Statement before investing in the Deposit Notes. The Deposit Notes will not be insured under the *Canada Deposit Insurance Corporation Act*.

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