

Prospectus Supplement

To the Short Form Base Shelf Prospectus Dated December 1, 2014

No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

This prospectus supplement, together with the short form base shelf prospectus dated December 1, 2014 to which it relates, as amended or supplemented, and each document incorporated by reference into this prospectus supplement or into the short form base shelf prospectus, constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities.

These securities have not been, and will not be, registered under the Securities Act of 1933 of the United States of America, as amended (the "1933 Act"), or under any state securities laws and, subject to certain exceptions, may not be offered, sold or delivered, directly or indirectly, in the United States of America, its territories or possessions, or for the account or benefit of U.S. persons, except as permitted by the Underwriting Agreement (as defined herein) and pursuant to an exemption from the registration requirements of the 1933 Act and applicable state securities laws. Reference is made to "Plan of Distribution".

Information has been incorporated by reference in this prospectus supplement and the short form base shelf prospectus from documents filed with securities commissions or similar authorities in Canada. Reference is made to "Documents Incorporated by Reference". Copies of the documents incorporated herein or therein by reference may be obtained on request without charge from the Corporate Secretary, National Bank of Canada, National Bank Tower, 600 de La Gauchetière Street West, Montréal, Québec, H3B 4L2, (514) 394-6081 and are also available electronically at www.sedar.com.

New Issue

Prospectus Supplement

October 2, 2015



NATIONAL BANK OF CANADA

\$300,004,000
(7,160,000 Shares)

Common Shares

This offering (the "Offering") of common shares (the "Common Shares") of National Bank of Canada (the "Bank") under this prospectus supplement (the "Prospectus Supplement") consists of 7,160,000 Common Shares (the "Offered Shares") at a price of \$41.90 per Offered Shares.

The Common Shares are listed for trading on the Toronto Stock Exchange (the "TSX") under the symbol "NA". On October 1, 2015, the last trading day before the public announcement of the Offering, the closing sale price of the Common Shares on the TSX was \$43.16. Reference is made to "Market for Securities".

The Bank has applied to list the Offered Shares on the TSX. Listing will be subject to the Bank fulfilling all of the requirements of the TSX.

Price: \$41.90 per Common Share

National Bank Financial Inc., TD Securities Inc., BMO Nesbitt Burns Inc., CIBC World Markets Inc., RBC Dominion Securities Inc., Scotia Capital Inc., Canaccord Genuity Corp., Cormark Securities Inc., Desjardins Securities Inc., Dundee Securities Ltd., GMP Securities L.P., Laurentian Bank Securities Inc., Manulife Securities Incorporated, Brookfield Financial Corp., Barclays Capital Canada Inc. and Macquarie Capital Markets Canada Ltd. (collectively, the "Underwriters"), as principals, conditionally offer the Offered Shares, subject to prior sale, if, as and when issued by the Bank and accepted by the Underwriters in accordance with the conditions contained in the Underwriting Agreement referred to under "Plan of Distribution" and subject to the approval of certain legal matters on behalf of the Bank by McCarthy Tétrault LLP and on behalf of the Underwriters by Torys LLP.

National Bank Financial Inc., one of the Underwriters, is a wholly-owned subsidiary of the Bank. Therefore, the Bank is a related and connected issuer of National Bank Financial Inc. under applicable securities legislation. Reference is made to "Plan of Distribution".

	Price to the Public	Underwriters' Fee	Net Proceeds to the Bank ⁽¹⁾
Per Common Share	\$41.90	\$1.676	\$40.224
Total.....	\$300,004,000	\$12,000,160	\$288,003,840

(1) Before deduction of expenses of the issue estimated at \$375,000, which, together with the Underwriters' fee, are payable by the Bank.

In connection with this offering, the Underwriters may over-allot or effect transactions which stabilize or maintain the market price of the Common Shares in accordance with applicable market stabilization rules. Such transactions, if commenced, may be discontinued at any time.

The Underwriters may decrease the price at which the Offered Shares are distributed from the initial offering price of \$41.90. Reference is made to "Plan of Distribution".

Subscriptions will be received by the Underwriters subject to rejection or allotment in whole or in part and the right is reserved to close the subscription books at any time without notice. It is expected that closing will take place on October 9, 2015 or such later date as may be agreed upon by the Bank and the Underwriters, but in any event not later than November 6, 2015. A global certificate representing the Offered Shares distributed hereunder will be issued in registered form to CDS Clearing and Depository Services Inc. ("CDS"), or its nominee, and will be deposited with CDS on closing of this offering. A purchaser of Offered Shares will receive only a customer confirmation from the registered dealer who is a CDS participant and from or through whom the Offered Shares are purchased.

The Bank's head and registered office is located at the National Bank Tower, 600 de La Gauchetière Street West, 4th Floor, Montréal, Québec, H3B 4L2.

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About this Prospectus Supplement

This document consists of two parts, the first part is this prospectus supplement (the “Prospectus Supplement”), which describes the specific terms of this offering. The second part, the accompanying short form base shelf prospectus dated December 1, 2014 (the “Accompanying Prospectus”), gives more general information, some of which may not apply to this offering. If information in this Prospectus Supplement is inconsistent with the Accompanying Prospectus, investors should rely on the information in this Prospectus Supplement. This Prospectus Supplement, the Accompanying Prospectus and the documents incorporated by reference into each of them include important information about the Bank, the Offered Shares of the Bank being offered and other information investors should know before investing in the Offered Shares.

Caution Regarding Forward-Looking Statements

From time to time, the Bank makes written and oral forward-looking statements. Statements of this type are included in this Prospectus Supplement, such as those statements contained in the “Recent Developments” section of this Prospectus Supplement, and the Accompanying Prospectus, including those documents incorporated by reference, such as those statements contained in management’s discussion and analysis as contained in the Bank’s report to shareholders for the third quarter 2015 and in the “Major Economic Trends” and the “Outlook for National Bank” sections of the management’s discussion and analysis included in the Bank’s Annual Report for the year ended October 31, 2014 (the “2014 Annual Report”) , in other filings with Canadian securities regulators, and in other communications, for the purpose of describing the economic environment in which the Bank will operate during fiscal 2015 and the objectives it hopes to achieve for that period. These forward-looking statements are made in accordance with current securities legislation in Canada and the United States. They include, among others, statements with respect to the economy—particularly the Canadian and U.S. economies—market changes, observations regarding the Bank’s objectives and its strategies for achieving them, Bank-projected financial returns, statements relating to the financial impact of the Restructuring Charges (as defined herein) including the Bank’s ability to improve efficiency and realize expected costs savings, ongoing investigations relating to Maple Bank GmbH, the continued viability of Maple Bank GmbH, the value of the Bank’s investments in MFG (as defined herein), the expected capital level of the Bank and certain risks faced by the Bank. These forward-looking statements are typically identified by future or conditional verbs or words such as “outlook”, “believe”, “anticipate”, “estimate”, “project,” “expect,” “intend,” “plan,” and similar terms and expressions.

By their very nature, such forward-looking statements require assumptions to be made and involve inherent risks and uncertainties, both general and specific. Assumptions about the performance of the Canadian and U.S. economies in 2015 and how that will affect the Bank’s business are among the main factors considered in setting the

Bank's strategic priorities and objectives and in determining its financial targets, including provisions for credit losses. In determining its expectations for economic growth, both broadly and in the financial services sector in particular, the Bank primarily considers historical economic data provided by the Canadian and U.S. governments and their agencies.

There is a strong possibility that express or implied projections contained in these forward-looking statements will not materialize or will not be accurate. The Bank recommends that readers not place undue reliance on these statements, as a number of factors, many of which are beyond the Bank's control, could cause actual future results, conditions, actions or events to differ significantly from the targets, expectations, estimates or intentions expressed in the forward-looking statements. These factors include strategic risk, credit risk, market risk, liquidity risk, operational risk, regulatory risk, reputation risk, and environmental risk (all of which are described in more detail in the "Risk Management" section beginning on page 61 of the 2014 Annual Report), general economic environment and financial market conditions in Canada, the United States and certain other countries in which the Bank conducts business, including regulatory changes affecting the Bank's business, capital and liquidity; the situation with respect to the restructured notes of the master asset vehicle (MAV) conduits, in particular the realizable value of underlying assets; changes in the accounting policies the Bank uses to report its financial condition, including uncertainties associated with assumptions and critical accounting estimates; tax laws in the countries in which the Bank operates, primarily Canada and the United States (including the *U.S. Foreign Account Tax Compliance Act* (FATCA)); changes to capital and liquidity guidelines and to the manner in which they are to be presented and interpreted; changes to the credit ratings assigned to the Bank, and potential disruptions to the Bank's information technology systems, including evolving cyber attack risk.

The foregoing list of risk factors is not exhaustive. Additional information about these factors can be found in the "Risk Management and Other Risk Factors" sections of the 2014 Annual Report. Investors and others who rely on the Bank's forward-looking statements should carefully consider the above factors as well as the uncertainties they represent and the risk they entail. Except as required by law, the Bank does not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time, by it or on its behalf.

The forward-looking information contained in this document is presented for the purpose of interpreting the information contained herein and may not be appropriate for other purposes.

Documents Incorporated by Reference

This Prospectus Supplement is deemed to be incorporated by reference into the Accompanying Prospectus of the Bank solely for the purpose of the Offered Shares offered hereunder. Other documents are also incorporated or deemed to be incorporated by reference into the Accompanying Prospectus and reference should be made to the Accompanying Prospectus for full particulars.

The following documents have been filed with the securities regulatory authorities in each province of Canada and are specifically incorporated by reference into, and form an integral part of, this Prospectus Supplement:

- (a) the Bank's Annual Information Form dated December 4, 2014;
- (b) the unaudited interim condensed consolidated financial statements for the three and nine-month period ended July 31, 2015, which include comparative unaudited interim condensed consolidated financial statements for the three and nine-month period ended July 31, 2014, together with the management's discussion and analysis as contained in the Bank's report to shareholders for the third quarter 2015 (the "Third Quarter MD&A");
- (c) the audited annual consolidated financial statements for the year ended October 31, 2014, which include comparative audited annual consolidated financial statements for the year ended October 31, 2013, together with the management's discussion and analysis as contained in the Bank's 2014 Annual Report (the "Annual MD&A");
- (d) the Independent Auditor's Report issued to the shareholders of the Bank on the audited annual consolidated financial statements as at October 31, 2014 and 2013 and for the years then ended;

- (e) the Bank's management proxy circular dated February 20, 2015 in connection with the Bank's annual meeting of shareholders held on April 15, 2015;
- (f) the Bank's material change report dated October 1, 2015 relating to, among others, the Offering;
- (g) the template version (as defined in National Instrument 41-101 – General Prospectus Requirements (“NI 41-101”)) of the term sheet dated October 1, 2015 (the “Term Sheet”) regarding the offering of the Offered Shares.

Any documents of the type described in Section 11.1 of Form 44-101F1 – *Short Form Prospectus* filed by the Bank and any template version of marketing materials (as defined in NI 41-101) filed by the Bank with the securities commissions or similar authorities in Canada after the date of this Prospectus Supplement and prior to the termination of the offering contemplated hereby shall be deemed to be incorporated by reference in this Prospectus Supplement.

The Term Sheet is not part of this Prospectus Supplement to the extent that the contents thereof have been modified or superseded by a statement contained in this Prospectus Supplement.

Any statement contained in a document incorporated or deemed to be incorporated by reference in this Prospectus Supplement or the Accompanying Prospectus or contemplated in this Prospectus Supplement or the Accompanying Prospectus will be deemed to be modified or superseded for the purposes of this Prospectus Supplement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement will not to be deemed an admission for any purpose that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to constitute a part of this Prospectus Supplement.

Eligibility for Investment

In the opinion of McCarthy Tétrault LLP, counsel to the Bank, and Torys LLP, counsel to the Underwriters, based on the current provisions of the *Income Tax Act* (Canada) (the “Tax Act”) and the regulations thereunder, the Offered Shares, if issued on the date of this Prospectus Supplement, would be, on such date, qualified investments under the Tax Act and the regulations thereunder for a trust governed by a registered retirement savings plan (“RRSP”), a registered retirement income fund (“RRIF”), a registered education savings plan, a deferred profit sharing plan, a registered disability savings plan or a tax-free savings account (“TFSA”).

Notwithstanding that the Offered Shares may be qualified investments for an RRSP, RRIF or TFSA (each a “Registered Plan”), if a Offered Share is a “prohibited investment” within the meaning of the Tax Act for a Registered Plan, the annuitant or holder of the Registered Plan, as the case may be, will be subject to penalty taxes as set out in the Tax Act. The Offered Shares generally will be prohibited investments for a Registered Plan if the annuitant or holder, as the case may be, of the Registered Plan: (i) does not deal at arm's length with the Bank for the purposes of the Tax Act; or (ii) has a “significant interest” (as defined in the Tax Act for purposes of the prohibited investment rules) in the Bank. The Offered Shares generally will not be prohibited investments if such securities are “excluded property” (as defined in the Tax Act for purposes of the prohibited investment rules) for trusts governed by a Registered Plan. Persons who intend to hold the Offered Shares in a Registered Plan should consult their own tax advisors in regard to the application of these rules in their particular circumstances.

Recent Developments

Restructuring Charges

On October 1, 2015, the Bank announced that it initiated certain restructuring initiatives in order to continue its transformation plan to meet the ever changing needs of its customers and to achieve greater operational

efficiencies. The Bank expects to take restructuring charges of approximately \$85 million in the fourth quarter, or \$64 million after tax (\$0.19 per Common Share) (the “Restructuring Charges”). The impact on the common equity tier 1 ratio (the “CET1 Ratio”) will be approximately 9 basis points. The Restructuring Charges relate to employee severance charges, premises optimization and professional fees. The Bank expects to realize approximately \$35 million of ongoing pretax cost savings as a result of this restructuring. These benefits will be fully realized in fiscal 2016; modest savings are expected in 2015.

The Bank’s CET1 Ratio was 9.5% as of July 31, 2015. The Bank estimates that its CET1 Ratio will be approximately 9.8% as at October 31, 2015 after accounting for the Offering and the Restructuring Charges.

Update on Maple Financial Group

Maple Bank GmbH, an indirect, wholly-owned subsidiary of Maple Financial Group Inc. (“MFG”), in which the Bank holds a 24.9% equity interest, is subject to an investigation by German prosecutors regarding alleged tax irregularities for taxation years 2006-2010. The Bank understands that German authorities are looking into the conduct of various current and former members of senior management of Maple Bank GmbH.

The Bank has been seeking additional information to assess the merits of the matter and the impact on the value of its investment, but is not yet able to do so. Given the seriousness of the reported allegations and the actions which may be taken by German regulatory authorities to address risks as to the continued viability of Maple Bank GmbH, the Bank considers its investment at risk of substantial loss. The Bank’s investment in MFG had a carrying value of \$165 million as at August 31, 2015. Should this investment be fully written down, the impact on the CET1 Ratio of the Bank would be approximately 13 basis points. MFG contributed less than 1% to the Bank’s annual net income in each of the last two years.

There is a risk that stakeholders may attempt to assert claims directly against shareholders of MFG as well. However, the Bank has had no involvement in any aspect of the tax transactions that are the subject of the investigation and is not aware of any basis on which such a claim would succeed.

Redemption of First Preferred Shares Series 20

On August 26, 2015, the Bank announced its intention to redeem all of the issued and outstanding non-cumulative fixed rate first preferred shares, Series 20 (the “First Preferred Shares Series 20”) on November 15, 2015 at a redemption price equal to \$25.50 per share together with all declared and unpaid dividends on such shares.

Redemption of Series 4 Medium Term Notes

On August 26, 2015, the Bank announced its intention to redeem all of the issued and outstanding 4.70% series 4 medium term notes due November 2, 2020 (the “Series 4 Medium Term Notes”) due November 2, 2020 on November 2, 2015 at a redemption price equal to 100% of the principal amount, together with any accrued and unpaid interest to but excluding the date of redemption.

Consolidated Capitalization of the Bank

The following table sets forth the consolidated capitalization of the Bank as at July 31, 2015, before and after giving effect to the sale by the Bank of the Offered Shares, the redemption by the Bank of its \$500,000,000 Series 4 Medium Term Notes, the redemption by the Bank of its 6,900,000 outstanding First Preferred Shares Series 20 and the Restructuring Charges, as further discussed in the table. This table should be read in conjunction with the Bank’s unaudited interim condensed consolidated financial statements and the Bank’s management’s discussion and analysis for the nine-month period ended July 31, 2015:

	<u>As at July 31, 2015</u>	<u>As adjusted as at July 31,</u> <u>2015⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾</u>
	(\$ millions)	(\$ millions)
Subordinated Debentures	1,530	1,030
Innovative Instruments⁽⁵⁾	980	980
Shareholders' Equity		
Preferred	1,023	850
Common	2,313	2,613
Contributed Surplus	62	62
Retained Earnings	6,500	6,421
Accumulated other comprehensive income	234	234
Total Shareholders' Equity	10,132	10,180
Total Capitalization	12,642	12,190

Notes:

- (1) Adjusted to give effect to the sale by the Bank of the Common Shares contemplated by this prospectus supplement, which increased common share capital by \$300 million and reduced retained earnings by \$12 million.
- (2) On August 26, 2015, the Bank announced its intention to redeem all of the 6,900,000 issued and outstanding First Preferred Shares Series 20 on November 15, 2015 at a redemption price equal to \$25.50 per share (for an aggregate price of \$175,950,000) together with all declared and unpaid dividends on such shares. The redemption reduced preferred share capital by \$173 million and retained earnings by \$3 million.
- (3) On August 26, 2015, the Bank announced its intention to redeem all of the issued and outstanding Series 4 Medium Term Notes on November 2, 2015 at a redemption price equal to 100% of the principal amount, together with any accrued and unpaid interest to but excluding the date of redemption.
- (4) On October 1, 2015, the Bank announced that it initiated certain restructuring initiatives and that it expects to take restructuring charges of approximately \$85 million in the fourth quarter, or \$64 million after tax.
- (5) 400,000 NBC CapS II- Series 1 and 350,000 NBC CapS II Series 2 issued by NBC Asset Trust presented in Non-controlling interest and \$225 million deposit from NBC Capital Trust presented in Deposits.

Details of the Offering

See “Description of Common Shares” in the Accompanying Prospectus for a description of the terms and provisions of the Common Shares. As of October 1, 2015, there were 329,695,421 Common Shares outstanding. After giving effect to the issue of the Offered Shares, there will be 336,855,421 Common Shares outstanding.

Bank Act Restrictions and Approvals

The Accompanying Prospectus sets out a summary of the restrictions contained in the *Bank Act* (Canada) (the “Bank Act”) concerning the declaration and payment of dividends. The Bank does not anticipate that such restrictions will prevent a declaration or payment of dividends on the Offered Shares in the normal course and the Superintendent has not made any direction to the Bank pursuant to the Bank Act regarding its capital or its liquidity. The Accompanying Prospectus also sets out a summary of the restrictions contained in the Bank Act concerning the issue, transfer, acquisition, beneficial ownership and voting of all shares of the Bank.

Plan of Distribution

Pursuant to an agreement (the “Underwriting Agreement”) dated October 2, 2015 between the Bank and the Underwriters, the Bank has agreed to sell and the Underwriters have jointly and not solidarily (the equivalent of severally at common law) agreed to purchase on October 9, 2015, or on such other date not later than November 6, 2015 as may be agreed upon, subject to the terms and conditions contained therein, all but not less than all of the 7,160,000 Offered Shares at a price of \$41.90 per share payable in cash to the Bank against delivery of the Offered Shares. The offering price was determined by negotiations between the Bank and the Underwriters. The Underwriting Agreement provides that the Underwriters will be paid an underwriting fee per share equal to \$1.676 with respect to Offered Shares sold.

The obligations of the Underwriters under the Underwriting Agreement may be terminated at their discretion on the basis of their assessment of the state of the financial markets and may also be terminated upon the occurrence of certain stated events. The Underwriters are, however, obligated to take up and pay for all of the Offered Shares if any of the Offered Shares are purchased under the Underwriting Agreement.

The Bank has applied to list the Offered Shares on the TSX. Listing will be subject to the Bank fulfilling all of the requirements of the TSX.

After the Underwriters have made a reasonable effort to sell all of the Offered Shares at \$41.90 per share, the Underwriters may subsequently reduce, and thereafter change, from time to time, the price at which the Offered Shares are offered to an amount not greater than \$41.90 per share and, in such case, the compensation realized by the Underwriters will be decreased by the amount that the aggregate price paid by purchasers for the Offered Shares is less than the gross proceeds paid by the Underwriters to the Bank.

The Offered Shares have not been and will not be registered under the 1933 Act or any state securities laws and may not be offered or sold within the United States, territories or possessions or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the 1933 Act) except in transactions exempt from the registration requirements of the 1933 Act.

In connection with this offering, the Underwriters may, subject to applicable laws, over-allot or effect transactions which stabilize or maintain the market price of the Offered Shares at a level other than that which might otherwise prevail in the open market.

Pursuant to the policy statement of certain securities regulators, the Underwriters may not, throughout the period of distribution of Offered Shares, bid for or purchase Offered Shares. The foregoing restriction is subject to certain exceptions including: (i) a bid or purchase permitted under the Universal Market Integrity Rules for the Investment Industry Regulatory Organization of Canada relating to market stabilization and passive market making activities; and (ii) a bid or purchase made for and on behalf of a customer where the order was not solicited during the period of the distribution, provided that the bid or purchase was not engaged in for the purpose of creating actual or apparent active trading in, or raising the price of such securities.

As a result of these activities, the price of the Offered Shares may be higher than the price that otherwise might exist in the open market. Such transactions, if commenced, may be discontinued at any time. The Underwriters may carry out these transactions on any stock exchange on which the Offered Shares are listed, in the over-the-counter market, or otherwise.

National Bank Financial Inc., one of the Underwriters, is an indirect wholly-owned subsidiary of the Bank. As a result, the Bank is a related and connected issuer to National Bank Financial Inc. under applicable securities legislation. The decision to distribute the Offered Shares and the determination of the terms of the distribution were made through negotiation between the Bank and the Underwriters. TD Securities Inc., an Underwriter, in respect of which the Bank is not a related or connected issuer, has participated in the structuring and pricing of the offering and in the due diligence activities performed by the Underwriters for the offering and review of this Prospectus Supplement. National Bank Financial Inc. will not receive any benefit in connection with this offering other than its share of the Underwriters' fee payable by the Bank.

Use of Proceeds

The net proceeds to the Bank from the sale of the Offered Shares, after deducting the estimated expenses of the issue and the underwriting fee will amount to \$287,628,840. Such net proceeds will be added to the Bank's funds and will be used for general business purposes and will qualify as common equity tier 1 capital for the Bank.

Prior Sales

The following chart summarizes the issuances by the Bank of Common Shares and securities convertible or exercisable into Common Shares for the period from October 1, 2014 through October 1, 2015:

Date of Issuance	Description of Transaction / Securities Issued	Number of Securities Issued	Issue Price per Common Share
October 9, 2014	Issuance of Non-Cumulative 5-Year Rate-Reset Series 32 First Preferred Shares	12,000,000	Solely in accordance with the Non-Viable Capital Contingency Provisions ⁽¹⁾ ; the greater of (i) \$5.00, and (ii) the current market price of the Common Shares as defined in the relevant share conditions
November 3, 2014	Dividend Reinvestment Plan	164,360	54.15
December 10, 2014	Grant of Stock Options	3,170,260	47.93 ⁽²⁾
February 2, 2015	Dividend Reinvestment Plan	140,639	47.38
May 1st, 2015	Dividend Reinvestment Plan	125,468	49.07
August 4, 2015	Dividend Reinvestment Plan	210,449	45.42
October 1, 2014 to October 1, 2015	Exercise of Stock Options	1,065,834	32.08 ⁽³⁾

(1) Effective January 1, 2013 in accordance with capital adequacy requirements adopted by the Office of the Superintendent, non-common capital instruments issued after January 1, 2013, including first preferred shares, must include terms providing for the full and permanent conversion of such securities into common shares upon the occurrence of certain trigger events relating to financial viability (the “Non-Viable Capital Contingency Provisions”) in order to qualify as regulatory capital.

(2) Exercise price

(3) Weighted average exercise price

Market for Securities

The Common Shares are listed on the TSX under the symbol “NA”.

Trading Price and Volume

The following table shows the monthly price ranges and total monthly volumes of Common Shares traded on the TSX for each month in the twelve month period ended October 1, 2015.

Month	<u>Common Shares (NA)</u>		
	High	Low	Total Volume
October 1, 2015	\$43.25	\$42.52	1,694,672
September 2015	\$44.20	\$41.55	24,192,338
August 2015	\$46.47	\$39.35	24,936,284
July 2015	\$47.33	\$43.55	17,947,174
June 2015	\$49.65	\$46.60	24,133,356
May 2015	\$50.26	\$47.94	17,658,414
April 2015	\$49.47	\$45.65	16,712,836
March 2015	\$48.72	\$45.27	24,209,262
February 2015	\$48.72	\$44.45	23,057,345
January 2015	\$50.35	\$44.15	34,000,605
December 2014	\$53.18	\$44.73	38,161,481
November 2014	\$55.50	\$52.22	16,964,757
October 2014	\$53.09	\$48.71	20,270,474

Transfer Agent and Registrar

Computershare Trust Company of Canada, at its principal offices in the cities of Vancouver, Calgary, Winnipeg, Toronto and Montréal, will be the transfer agent and registrar for the Offered Shares.

Risk Factors

An investment in the Offered Shares is subject to certain risks including those set out in the Accompanying Prospectus, the document incorporated by reference (including subsequently filed document incorporated by reference) and the following. From time to time, the stock market experiences significant price and volume volatility that may affect the market price for reasons unrelated to the Bank's performance. Also, the financial markets are generally characterized by extensive interconnections among financial institutions. As such, defaults by other financial institutions in Canada, the United States or other countries could adversely affect the Bank and the market price of the Offered Shares. Additionally, the value of the Common Shares is subject to market value fluctuations based upon factors which influence the Bank's operations, such as legislative or regulatory developments, competition, technological change and global capital market activity. Prospective investors should consider the categories of risks identified and discussed in the Annual Information Form, the Annual MD&A and the Third Quarter MD&A, each of which is incorporated herein by reference, including credit risk, market risk, liquidity risk, operational risk, reputational risk and environmental risk.

Legal Matters

Legal matters in connection with the issue and sale of the Offered Shares will be passed upon, on behalf of the Bank, by McCarthy Tétrault LLP and, on behalf of the Underwriters, by Torys LLP. The partners, associates and counsel of each of McCarthy Tétrault LLP and Torys LLP beneficially own, directly or indirectly, less than 1% of the issued and outstanding securities of the Bank or of any associate or affiliate of the Bank.

Statutory Rights of Withdrawal and Rescission

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal adviser.

Certificate of the Underwriters

Dated: October 2, 2015

To the best of our knowledge, information and belief, the short form base shelf prospectus dated December 1, 2014, together with the documents incorporated in the prospectus by reference, as supplemented by the foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities offered by the prospectus and this supplement as required by the *Bank Act* (Canada) and the regulations thereunder and by the securities legislation of all provinces of Canada.

NATIONAL BANK FINANCIAL INC.

(s) Maude Leblond

TD SECURITIES INC.

(s) Jonathan Broer

BMO NESBITT BURNS INC.

(s) Gregoire Baillargeon

CIBC WORLD MARKETS INC.

(s) Paul St-Michel

RBC DOMINION SECURITIES INC.

(s) John Bylaard

SCOTIA CAPITAL INC.

(s) Elaine Barsalou

CANACCORD GENUITY CORP.

(s) Sanjiv Samant

CORMARK SECURITIES INC.

(s) Roger Poirier

DESJARDINS SECURITIES INC.

(s) A. Thomas Little

DUNDEE SECURITIES LTD.

(s) Aaron Unger

GMP SECURITIES L.P.

(s) Eric Desrosiers

LAURENTIAN BANK SECURITIES INC.

(s) Michel Richard

MANULIFE SECURITIES INCORPORATED

(s) David MacLeod

BROOKFIELD FINANCIAL CORP.

(s) Ilias Konstantopoulos

BARCLAYS CAPITAL CANADA INC.

(s) Adam Sinclair

MACQUARIE CAPITAL MARKETS CANADA LTD.

(s) Mike Mackasey