NATIONAL BANK

CANADIAN BANKS FLEX GIC (5 years), Series 183, Investors Category

MARKET-LINKED GUARANTEED INVESTMENT CERTIFICATE (the "market-linked GIC")

INFORMATION STATEMENT DATED AUGUST 20, 2026 (the "Information Statement")

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

Issuer:	National Bank of Canada (the "Bank")
Product Code (Fundserv):	NBC10797
Issue Date:	September 23, 2026
Maturity Date:	September 23, 2031
Term:	5 years
Minimum Investment:	$500
Description:	The Canadian Banks GICs aim to provide you with a return at maturity linked to the price return of the common shares of 6 Canadian banks.
Variable Interest:	Variable Interest = Principal invested on the Issue Date × Reference Portfolio Return
Guaranteed Interest at Maturity:	3.50%, which is equivalent to an annually compounded rate of approximately 0.69%.
Maximum Interest at Maturity:	30.00% over the term of the Canadian Banks GIC, including the Guaranteed Interest, which is equivalent to an annually compounded rate of approximately 5.39%.
Fees:	No selling fee.
Eligibility for CDIC Coverage:	Yes, subject to maximum CDIC coverage limitations and to applicable conditions.
Dividends and/or Distributions Reinvested:	No. The Reference Portfolio Return is a price return and will not take into account the return constituted by the payment of dividends and/or distributions on the Reference Shares comprising the Reference Portfolio.
Sale Back to the Bank:	You will be able to sell your Canadian Banks 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 last valuation date a Bid Price for the Canadian Banks GIC and to purchase such Canadian Banks GIC on behalf of the Bank for resale to the Bank and cancellation. If you decide to sell the Canadian Banks GIC back to the Bank prior to maturity, **you may receive less than the principal invested on the Issue Date**, even if the performance of the Reference Portfolio up to that time has been positive. The daily Bid Price will be determined by the Bid Provider based on its assessment of the market value of the Canadian Banks GIC. **The amount indicated on your statements before maturity could therefore be less than your principal invested on the Issue Date**. Your principal invested on the Issue Date is fully guaranteed by the Bank only at maturity. See "Transfers; No Secondary Market; Sale of the Market-Linked GIC to the Bank".
Secondary Market:	No secondary market. The Canadian Banks GIC will not be listed on any stock exchange and no secondary market will be provided.
Transfers:	The Canadian Banks GIC will not be transferable to other investors prior to maturity.
Eligibility for Investment:	Eligible for RRSPs (including LIRAs), RRIFs (including LIFs), RESPs, RDSPs, DPSPs, TFSAs and FHSAs.
Certain Canadian Federal Income Tax Considerations:	See "Certain Canadian Federal Income Tax Considerations – Taxable Investors" for a summary of certain income tax considerations applicable to an investment in the Canadian Banks GIC.
Risk Factors:	Prospective investors should carefully consider all of the information set forth in this Information Statement 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 Canadian Banks GICs.

CONDITIONS SPECIFIC TO THE INVESTMENT

Canadian Banks Flex GIC (5 years), Series 183, Investors Category (the "Canadian Banks GIC")

Investors of the Canadian Banks GIC will be entitled to receive on the Maturity Date repayment of the principal invested on the Issue Date. In addition, depending on the performance of the Reference Portfolio (as defined below), investors will be entitled to receive a variable interest including the Guaranteed Interest (the "Variable Interest"). The Maturity Date will be five years following the Issue Date. Payment of the principal invested on the Issue Date and any Variable Interest will be made on the Maturity Date.

Variable Interest

The Variable Interest payment is calculated as follows:

Variable Interest = Principal invested on the Issue Date × Reference Portfolio Return

The Reference Portfolio Return at maturity will be no less than 3.50% of the principal invested on the Issue Date (the "Guaranteed Interest") (which is equivalent to a compounded annual rate of return of approximately 0.69%) and will be limited to a maximum of 30.00% of the principal invested on the Issue Date (the "Maximum Interest") (which is equivalent to a compounded annual rate of return of approximately 5.39%).

No interest or any other amount will be paid during the term of the Canadian Banks GIC. Notwithstanding whether the Reference Portfolio Return is positive or not at maturity, the Canadian Banks GIC will generate the Guaranteed Interest. However, if the Reference Portfolio Return is not greater than 3.50%, the Canadian Banks GIC will generate only the Guaranteed Interest in addition to the principal invested on the Issue Date.

Reference Portfolio

The Variable Interest on the Canadian Banks GIC is based on the price return of the common shares of 6 Canadian banks (the "Reference Shares") included in the following reference portfolio (the "Reference Portfolio"):

Reference Shares	Primary Exchange	Ticker Symbol
Bank of Montreal	Toronto	BMO
The Bank of Nova Scotia	Toronto	BNS
Canadian Imperial Bank of Commerce	Toronto	CM
National Bank of Canada	Toronto	NA
Royal Bank of Canada	Toronto	RY
The Toronto-Dominion Bank	Toronto	TD

Except for the Bank, none of the entities comprising the Reference Portfolio have any involvement with respect to the Canadian Banks GIC or the preparation of this document and such entities do not assume any responsibility or liability in respect of the Canadian Banks GIC, and further, they make no representation as to the soundness of the purchasing of the Canadian Banks GIC. The Canadian Banks GIC is not sponsored, endorsed or promoted by such entities. All information included in this document with respect to the Reference Shares and the issuers of those Reference Shares is taken solely from information published by such issuers or by the providers of the Reference Shares or other publicly available information. The Bank and its affiliates have not reviewed the public information disseminated by these entities (other than the Bank) and assume no liability in respect of the accuracy and completeness of information disseminated by such entities (other than the Bank).

Reference Portfolio Return

The Reference Portfolio Return is the arithmetic average (expressed as a percentage and rounded to two decimal places) of the Reference Share Return of each of the Reference Shares comprising the Reference Portfolio, subject to a minimum of the Guaranteed Interest and a maximum of the Maximum Interest.

The Reference Portfolio is used solely as a notional reference for the purpose of calculating the Variable Interest. No actual funds will be invested in the purchase of Reference Shares. Investors will not be the owners of, or have any rights or interest in or to, the Reference Shares.

The Reference Portfolio Return calculation is based on the price return of the Reference Shares and will not take into account dividends and/or distributions paid by the issuers on account of each of the Reference Shares. As of August 6, 2026, the dividends and/or distributions paid on account of all the Reference Shares in the Reference Portfolio represented an annual indicative yield of approximately 2.72%, representing an aggregate yield of approximately 13.60% over the term of the Canadian Banks GIC, assuming that the dividends and/or distributions remain constant and are not reinvested.

The Reference Share Return will be equal to a number, expressed as a percentage, determined as per the following formula:

$$\frac{\text{Reference Share Final Average Value} - \text{Reference Share Initial Value}}{\text{Reference Share Initial Value}}$$

WHERE:

- "**Reference Share Initial Value**" will be equal to the Reference Share Price on the Issue Date.
- "**Reference Share Final Average Value**" will be equal to the average of the Reference Share Prices on July 2, 2031, on August 1, 2031 and on September 16, 2031 (each an "Average Valuation Date" and together, the "Average Valuation Dates").
- "**Reference Share Price**" means, on any day, the closing price of a Reference Share on the primary exchange on which the Reference Share is traded, as reported by such exchange, provided that if the primary exchange on which a particular Reference Share is traded is not open for trading on that day, if there is no closing price on that day or if there is a market disruption event affecting such Reference Share on that day, the closing price on the immediately preceding day on which such exchange is open for trading (and for which there is a closing price and no market disruption event) will be used, except if this occurs on the Issue Date or an Average Valuation Date, in which case the closing price on the immediately following day on which such exchange is open for trading (and for which there is a closing price and no market disruption event) will be used, up to a maximum postponement of five Business Days. If the closing of the primary exchange, the absence of a closing price or the market disruption event should last for five Business Days, the closing price of the relevant Reference Share will be a price determined on such fifth Business Day by the Calculation Agent in its sole discretion and in good faith using market-accepted practices.

The impact of market instability at the end of the term of the Canadian Banks GIC is reduced since the performance of the Reference Share used to calculate the Variable Interest will be based on the average of three Reference Share Prices of each Reference Share determined over the last three months of the term of the Canadian Banks GIC. As a result, a brief period of high market volatility at the end of the term of the Canadian Banks GIC is less likely to have a significant impact on the Variable Interest.

Adjustments to the Reference Portfolio

In certain cases, it may be necessary for the Calculation Agent to adjust the composition of the Reference Portfolio and calculations to be made under the Canadian Banks GIC. Examples of such situations are provided below.

In the event of a Potential Adjustment Event in respect of a Reference Share, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the relevant Reference Share and, if so, may (i) make the corresponding adjustments, if any, to any one or more of the Reference Share Initial Values, the Reference Share Return, or any other component or variable relevant to the determination of a Reference Share Price or the Variable Interest as the Calculation Agent determines appropriate to account for the diluting or concentrative effect and (ii) determine the effective date of the adjustments. A "Potential Adjustment Event" means, as determined by the Calculation Agent acting in good faith, any event that may have a diluting or concentrative effect on the theoretical value of the relevant Reference Shares, including a subdivision, consolidation or reclassification of the Reference Shares, an extraordinary dividend and shareholder right distribution.

Moreover, on or after the closing of a Merger Event, the Calculation Agent may either (i) (A) make adjustment(s), if any, to any one or more of the Reference Share Initial Value, the Reference Portfolio Return, or any other component or variable relevant to the determination of the Variable Interest as the Calculation Agent determines appropriate to account for the economic effect on the Canadian Banks GIC of the relevant Merger Event and (B) determine the effective date of the adjustments, or (ii) if the Calculation Agent determines that no adjustments that it could make under (i) will produce a commercially reasonable result, the Calculation Agent may replace the affected Reference Share as set forth below. A "Merger Event" means any transaction such as a consolidation, amalgamation, merger, binding unit exchange, take-over bid or similar transaction involving a Reference Share or the issuer thereof which happens on or before the date on which the return of the Reference Share is to be determined.

In the event that an entity included in the Reference Portfolio becomes insolvent or files for bankruptcy or similar insolvency proceedings before the Maturity Date, the Calculation Agent will attribute a nil value to the common shares of that entity. If an entity in the Reference Portfolio is delisted or in the event of any other special circumstances that would affect its inclusion in the Reference Portfolio, the Calculation Agent may decide to replace it. In such a case, the Calculation Agent will try to replace it with an entity of similar size, sector of activity and geographic area, or as it deems appropriate under the circumstances.

Before the Issue Date, the Bank may replace a maximum of two Reference Shares currently included in the Reference Portfolio, if certain material events, financial or otherwise, occur in respect of such Reference Share that the Bank may consider, at its sole discretion, to be detrimental to the interest of investors in the Canadian Banks GIC. Any replacement Reference Share selected for replacement shall be of an issuer of a similar size operating in a similar industry. The Bank is not in the obligation to replace a Reference Share even if certain material events detrimental to the investor occur in respect of such Reference Share.

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

EXAMPLES

The following hypothetical examples are included for illustration purposes. The amounts and all other variables used in the following examples are hypothetical, are rounded for illustration purposes and are not forecasts or projections of the Reference Portfolio Return or the performance of the market-linked GIC. There can be no assurance that the results shown will be achieved.

Hypothetical example of a Maximum Interest

The following table is based on the assumption that closing prices for the Reference Shares will **increase** during the term of the Canadian Banks GIC.

Reference Share	Reference Share Initial Value	Reference Share Price at Average Valuation Date 1 (A)	Reference Share Price at Average Valuation Date 2 (B)	Reference Share Price at Average Valuation Date 3 (C)	Reference Share Final Average Value (A + B + C) / 3	Reference Share Return
Bank of Montreal	$192.46	$220.70	$317.56	$298.31	$278.86	44.89%
The Bank of Nova Scotia	$102.10	$117.42	$165.40	$162.34	$148.39	45.33%
Canadian Imperial Bank of Commerce	$129.80	$100.63	$212.87	$197.30	$170.27	31.18%
National Bank of Canada	$166.91	$165.24	$272.06	$255.37	$230.89	38.34%
Royal Bank of Canada	$232.37	$231.74	$374.12	$350.88	$318.91	37.23%
The Toronto-Dominion Bank	$130.37	$155.80	$208.59	$203.25	$189.21	45.14%

Arithmetic average of the Reference Share Returns	40.35%
Reference Portfolio Return at maturity (Min: 3.50%, Max: 30.00%)	30.00%
Variable Interest payable at maturity ($1,000 investment)	$300.00

In this example, the arithmetic average of the Reference Share Returns is 40.35%. The Reference Portfolio Return at maturity is subject to the Maximum Interest of 30.00%. Therefore, the Variable Interest payable at maturity on a $1,000 investment would be $300.00, representing an annualized return of approximately 5.39%.

Hypothetical example of a positive Variable Interest

The following table is based on the assumption that closing prices for the Reference Shares will **increase** during the term of the Canadian Banks GIC.

Reference Share	Reference Share Initial Value	Reference Share Price at Average Valuation Date 1 (A)	Reference Share Price at Average Valuation Date 2 (B)	Reference Share Price at Average Valuation Date 3 (C)	Reference Share Final Average Value (A + B + C) / 3	Reference Share Return
Bank of Montreal	$192.46	$210.36	$268.10	$221.91	$233.45	21.30%
The Bank of Nova Scotia	$102.10	$108.84	$139.16	$121.40	$123.13	20.60%
Canadian Imperial Bank of Commerce	$129.80	$134.47	$173.02	$157.84	$155.11	19.50%
National Bank of Canada	$166.91	$180.76	$226.33	$192.95	$200.01	19.83%
Royal Bank of Canada	$232.37	$244.69	$323.69	$275.59	$281.32	21.07%
The Toronto-Dominion Bank	$130.37	$134.28	$185.13	$153.84	$157.75	21.00%

Arithmetic average of the Reference Share Returns	20.55%
Reference Portfolio Return at maturity (Min: 3.50%, Max: 30.00%)	20.55%
Variable Interest payable at maturity ($1,000 investment)	$205.50

In accordance with the Variable Interest calculation, the Reference Portfolio Return is 20.55%. The Variable Interest payable at maturity on a $1,000 investment would be $205.50 in this example, representing an annualized return of approximately 3.81%.

Hypothetical example of a Guaranteed Interest

The following table is based on the assumption that closing prices for the Reference Shares will **decrease** during the term of the Canadian Banks GIC.

Reference Share	Reference Share Initial Value	Reference Share Price at Average Valuation Date 1 (A)	Reference Share Price at Average Valuation Date 2 (B)	Reference Share Price at Average Valuation Date 3 (C)	Reference Share Final Average Value (A + B + C) / 3	Reference Share Return
Bank of Montreal	$192.46	$124.90	$173.21	$163.59	$153.90	-20.03%
The Bank of Nova Scotia	$102.10	$100.06	$93.93	$82.70	$92.23	-9.67%
Canadian Imperial Bank of Commerce	$129.80	$56.20	$114.22	$106.44	$92.29	-28.90%
National Bank of Canada	$166.91	$85.47	$158.56	$165.24	$136.43	-18.26%
Royal Bank of Canada	$232.37	$129.62	$209.13	$197.51	$178.76	-23.07%
The Toronto-Dominion Bank	$130.37	$87.85	$117.33	$110.81	$105.33	-19.20%

Arithmetic average of the Reference Share Returns	-19.86%
Reference Portfolio Return at maturity (Min: 3.50%, Max: 30.00%)	3.50%
Variable Interest payable at maturity ($1,000 investment)	$35.00

Since the Reference Portfolio Return is negative in this example, only the Guaranteed Interest of 3.50% would be payable at maturity, representing an annualized return of approximately 0.69%.

SUITABILITY CONSIDERATIONS AND GUIDELINES

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

The Canadian Banks GIC is not a conventional fixed income investment, as it does not provide investors with a defined income stream or a return that can be calculated by reference to a fixed or floating rate of interest that is determinable in advance (except for the Guaranteed Interest).

The Variable Interest, other than the Guaranteed Interest, of the Canadian Banks GIC (if any), unlike the return on conventional fixed income investments offered by Canadian banks, is uncertain in that if the Reference Portfolio does not generate a positive price return at maturity greater than the Guaranteed Interest, the Canadian Banks GIC will produce no additional Variable Interest on the investor's principal invested on the Issue Date. There is no assurance that the Reference Portfolio will be able to generate a positive price return at maturity. Therefore, there is no assurance that an investor will receive any amount at maturity other than the repayment of the principal invested on the Issue Date and the Guaranteed Interest. Your principal invested on the Issue Date will be repaid only if the Canadian Banks GIC is held to maturity. Moreover, the value of an investment in the Canadian Banks GIC may diminish over time owing to inflation and other factors that adversely affect the present value of future payments.

The performance of the Reference Shares will ultimately determine the Reference Portfolio Return and thus, the Variable Interest. Each investor should make its own investigation, have an understanding and form its own view on each of the Reference Shares. Neither the Bank nor any of its affiliates make any representation or express a view on the merits of the Reference Shares for the purposes of the investment.

The Canadian Banks GIC is designed for investors who:

- Seek the protection at maturity of a guaranteed investment certificate combined with the return potential of the market;
- Want exposure to a portfolio composed of the Reference Shares;
- Have an investment horizon of at least 5 years and are prepared to hold the Canadian Banks GIC to maturity;
- Are prepared to assume the risks associated with the Canadian Banks GIC, including a return tied to the performance of the Reference Portfolio;
- In order to benefit from the Canadian Banks GIC structure and capital protection at maturity, are prepared to waive the aggregate dividend and/or distribution yield provided by the issuers of the Reference Shares over the term of the Canadian Banks GIC to maturity, assuming that the dividends and/or distributions remain constant and are not reinvested;
- Are prepared to assume the risk that, at maturity, they may receive only the repayment of the principal invested on the Issue Date and the Guaranteed Interest;
- Are ready to assume that the Canadian Banks GIC is subject to the Maximum Interest and any positive Reference Portfolio Return beyond the Maximum Interest will not yield any additional return for the Canadian Banks FGIC; and
- Are willing to accept a guaranteed return less than that of fixed-rate GICs for the potential to earn a higher market-linked return.

RISK FACTORS

An investment in the Canadian Banks GIC is subject to certain risks that investors should carefully examine before purchasing the Canadian Banks GIC, including the following risk factors. **Prospective investors that are not prepared to accept the following risks should not invest in the Canadian Banks GIC.**

Suitability for investment. An investor should reach a decision to invest in the Canadian Banks GIC after carefully considering, in conjunction with his or her advisor or otherwise, the suitability of the Canadian Banks GIC in light of his or her investment objectives and the other information set out in this document. The Canadian Banks GIC may not be a suitable investment for some investors.

Uncertain return until maturity. The Variable Interest, other than the Guaranteed Interest, if any, on the Canadian Banks GIC will not be known until maturity. There can be no assurance that the Canadian Banks GIC will generate a positive Variable Interest payment in addition to the Guaranteed Interest. Such Guaranteed Interest may not be sufficient to cover the level of inflation over the term of the Canadian Banks GIC, in which case investors would suffer a reduction in the value of their investment over the term of the Canadian Banks GIC. The Canadian Banks GIC is linked to the price return of the Reference Shares in the Reference Portfolio. There is, moreover, no guarantee that the price of the Reference Shares will have appreciated over the term of the Canadian Banks GIC since the Issue Date.

Return on the Canadian Banks GIC limited to the Maximum Interest. Because of the Maximum Interest, the Variable Interest on the Canadian Banks GIC is capped at maturity. Investors will not be able to participate in the full Reference Portfolio Return if its appreciation exceeds this maximum rate of return.The Variable Interest will not reflect the return that could be realized if an investor actually owned the Reference Shares included in the Reference Portfolio and held such investment for a similar period.

Price return of the Reference Shares. The return of the Reference Shares used to calculate the Reference Portfolio Return is a price return and will not take into account dividends and/or distributions paid on such shares. Therefore, the return of each Reference Share will not reflect the full appreciation in the Reference Shares when including dividends and/or distributions.

Use of the Reference Share Final Average Value. In order to reduce the impact of the market instability, the Reference Portfolio Return is calculated using the Reference Share Final Average Value which is an average of the Reference Share Price determined on each of the Average Valuation Dates. Had the Reference Portfolio Return been calculated otherwise, for instance, where only one Reference Share Price is determined on one valuation date, the Reference Portfolio Return may have been higher and as a result, generate a higher Variable Interest.

Adjustments to the composition of the Reference Portfolio. The composition of the Reference Portfolio may be subject to changes and adjustments as described herein. Such changes or adjustments will have an impact on the arithmetic average of the Reference Share Return and, consequently, the Variable Interest.

Unsubordinated and unsecured obligations of the Bank. Because the obligation to make payments to investors of the Canadian Banks GIC (i.e., the principal invested on the Issue Date and the Variable Interest, including the Guaranteed Interest) is incumbent upon the Bank, the likelihood that such investors will receive the payments owing to them in connection with the Canadian Banks GIC, including the principal invested on the Issue Date, will be dependent upon the financial health and creditworthiness of the Bank.

No independent calculations; conflict of interest. The Bank, as Calculation Agent, will be solely responsible for calculating the Reference Share Returns, the Reference Portfolio Return, the Variable Interest, including the Guaranteed Interest, payable at maturity and any other determination and calculation with respect to any payment in connection with the Canadian Banks 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 Canadian Banks GIC and the Reference Portfolio. 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 Canadian Banks 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 Canadian Banks GIC.

In addition, the Bank and its affiliates may engage in trading activities that are neither on behalf of Canadian Banks GIC investors nor on their own behalf. These trading activities may present a conflict between the interests of Canadian Banks GIC investors and the interests that the Bank and/or its affiliates have in their proprietary accounts in facilitating transactions, including block trades and other derivatives transactions, for their clients and in accounts under their management. These trading activities, if they influence the value of the Canadian Banks GIC, could be adverse to the interests of Canadian Banks GIC investors. The Bank and its affiliates may, at present or in the future, engage in business with issuers of Reference Shares comprising the Reference Portfolio, including by granting loans and providing advisory services to such entities. These services could include investment banking services, merger and acquisition services and advisory services. These activities may present a conflict between the obligations of the Bank and its affiliates and the interests of Canadian Banks GIC investors.

Moreover, subsidiaries of the Bank may have published research reports, and in the future are likely to publish research reports on all or part of the issuers of the Reference Shares comprising the Reference Portfolio. Such research may be modified without notice and represent opinions or recommendations that are inconsistent with purchasing or holding the Canadian Banks GIC. Any of these activities of the Bank or its affiliates may affect the price of the Reference Shares comprising the Reference Portfolio and, consequently, the value of Canadian Banks GIC and the interest payable thereon.

Finally, one of the issuers of the Reference Shares comprising the Reference Portfolio is the Bank. The Bank does not expect to benefit specifically from the inclusion of its common shares in the Reference Portfolio. The Bank will conduct its operations in the normal course without any particular focus on the impact this may have on the performance of the Reference Portfolio and the Canadian Banks GIC. It is possible that decisions taken by the Bank as part of its ongoing activities negatively impact the price of its common shares and the performance of the Reference Portfolio.

Impact of the hedging transactions of the Bank. The Bank and/or its affiliates may hedge all or part of the Bank's anticipated exposure in connection with the Canadian Banks GIC by purchasing and selling Reference Shares and/or exchange-traded and/or over-the-counter options on any of the Reference Shares comprising the Reference Portfolio and/or futures or futures contracts or by taking positions in any other instruments they may wish to use in connection with hedging. The Bank and its affiliates may also modify a hedge position throughout the term of the Canadian Banks GIC, including on an Average Valuation Date. The Bank and its affiliates may also from time to time buy or sell the Reference Shares comprising the Reference Portfolio or derivatives related to such Reference Shares in connection with their normal business practices. Although the Bank does not believe that such activities will have a material impact on the price of these options, futures or futures contracts or on the price or level of the Reference Shares comprising the Reference Portfolio, there is no assurance that the Bank or its affiliates will have no impact on the price or level of the Reference Shares or on the value of the Reference Portfolio of the Canadian Banks GIC as a result of such activities. It is possible that the Bank could receive substantial returns or incur substantial losses from these activities while the market value of Canadian Banks GIC or the value of the Reference Portfolio declines.

Reimbursement under special circumstances. If a special circumstance (as defined in this document) occurs, the Bank may redeem the Canadian Banks GIC before its maturity pursuant to a reimbursement under special circumstances. Upon the occurrence of a special circumstance where the Bank decides to reimburse the Canadian Banks GIC, the Calculation Agent will establish a value for the Canadian Banks GIC, acting in good faith in accordance with market-accepted methods, based on a number of interrelated factors, such as the appreciation and volatility of the Reference Shares, interest rates 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 Guaranteed Interest. Under such circumstances, the investor will not be able to participate fully in the increase in the Reference Portfolio that might have occurred up to the payment date pursuant to a reimbursement under special circumstances. Investors may only be entitled to receive their principal invested on the Issue Date and the accrued portion of the Guaranteed Interest.

Occurrence of a market disruption event. The occurrence of a market disruption event with respect to one or more Reference Shares, as determined by the Calculation Agent acting in good faith, could lead to a postponement of any of the Average Valuation Dates in respect of the affected Reference Shares up to a maximum of five Business Days, after which the Calculation Agent will use a value for the affected Reference Shares established in good faith according to market-accepted practices. If there is a postponement of one of the Average Valuation Dates in respect of one or more Reference Shares of the Reference Portfolio owing to the occurrence of a market disruption event or the absence of a closing price for any such Reference Shares on such day or the primary exchange for any such Reference Shares being closed on such date, the return that would be payable to an investor at maturity could be substantially lower than the return that would have been otherwise payable at maturity had the Average Valuation Date not been postponed.

No ownership interest in the Reference Shares. An investment in the Canadian Banks GIC does not constitute an investment in the Reference Shares included in the Reference Portfolio. The Reference Portfolio Return does not reflect the full performance of the Reference Portfolio that could be realized if investors held the Reference Shares directly. An investor will not be a beneficial owner of the Reference Shares during the term of the Canadian Banks GIC and therefore will not be entitled to receive any dividends and/or distributions paid on the Reference Shares, nor will the investor be entitled to any recourse to the Reference Shares to satisfy amounts owing under the Canadian Banks GIC or to acquire Reference Shares by virtue of their ownership of the Canadian Banks GIC. Moreover, an investor will not be entitled to any voting rights or to other control rights that holders of Reference Shares may have.

No transfer to other investors and no secondary market. 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.

Sale back to the Bank at Bid Price. You will be able to sell your Canadian Banks 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 Canadian Banks GIC (the "Bid Price") and to purchase from holders that wish to sell back their Canadian Banks GIC prior to maturity such Canadian Banks 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 the trading markets for one or more of the underlying interest are disrupted, or if trading of one or more of the underlying interest is suspended or terminated, or if any other 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 holders 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 a holder 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.

Holders choosing to sell their market-linked GIC back to the Bank prior to maturity will receive an amount which may not necessarily reflect the return of the underlying interest up to the date of such sale. The price at which a holder 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. 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".

Risk of conflict of interest of 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 holders 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.

Risk factors related to the Reference Shares in the Reference Portfolio

Certain risk factors applicable to investors who invest directly in the Reference Shares comprising the Reference Portfolio of the Canadian Banks GIC may apply indirectly to an investment in a Canadian Banks GIC to the extent that those risk factors could indirectly adversely affect the Reference Portfolio Return and, consequently, the potential Variable Interest, other than the Guaranteed Interest of the Canadian Banks GIC. Some of these risk factors are described below:

***Risks relating to equities*.** The Reference Portfolio is composed of equity securities. As a result, investors will be exposed to equities. The value of most investments and, in particular, equity securities, including the Reference Shares, is affected by changes in general market conditions and by changes in investors' perception of inflation expectations and the condition of the issuers of equity securities. These changes may be caused by actual or anticipated corporate developments, changes in interest rates, changes in the level of inflation, global or regional political, economic or credit crises and other political and economic developments. These changes can affect the price of equity securities which can move up or down, without any predictability. These changes can affect the price of the Reference Shares, which can increase or decrease unforeseeably. It is possible that the price of the Reference Shares might not appreciate after the Issue Date and could in fact fall. A decline in the price of the Reference Shares would therefore be detrimental to the Reference Portfolio.

Risks related to the concentration in the financial sector. The Reference Portfolio is concentrated in the Canadian financial services sector, and in particular the largest Canadian banks. As a result, the return of the Reference Portfolio may be more volatile than a portfolio of more broadly diversified in terms of sectors and/or geography and may fluctuate substantially over short periods of time. A financial services company is one that is primarily involved in banking, mortgage finance, consumer finance, specialized finance, investment banking and brokerage, asset management and custody, corporate lending, insurance or financial investments. This makes the Canadian Banks GIC more susceptible to adverse economic or regulatory occurrences affecting this sector. Concentration of investments in financial services companies such as the issuers of the Reference Shares include the following risks: (a) financial services companies may suffer a setback if regulators change the rules under which they operate; (b) unstable interest rates can have a disproportionate effect on the financial services sector; (c) financial services companies comprising the Reference Portfolio may themselves have concentrated portfolios, such as a high level of loans to real estate developers, which makes them vulnerable to economic conditions that affect that sector; (d) financial services companies have been affected by increased competition, which could adversely affect the profitability or viability of such companies; (e) financial services companies have been significantly and negatively affected by the downturn in the subprime mortgage lending markets and the resulting impact on the world's economies; and (f) any downturn in the Canadian, U.S. or global economies or political instability, which may result in higher unemployment, lower family income, lower corporate earnings, lower business investment and/or lower consumer spending, may adversely impact the performance and/or the financial condition of financial services companies.

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 Canadian Banks 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 Canadian Banks GIC and to purchase from holders that wish to sell back their Canadian Banks GIC prior to maturity such Canadian Banks GIC on behalf of the Bank for resale to the Bank and cancellation.

The Bid Provider will maintain until the last valuation date, under normal market conditions, a daily Bid Price for the market-linked GIC. If the trading markets for one or more of the underlying interest are disrupted, or if trading of one or more of the underlying interest is suspended or terminated, or if any other 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 holders may be unable to sell back their market-linked GIC to the Bank. The Bid Provider may also, in its sole discretion, stop maintaining a daily Bid Price for the market-linked GIC at any time without any prior notice to holders.

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 performance of the Reference Portfolio up to that time has been positive. See "Risk Factors – Sale back to the Bank at Bid Price".

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 trading 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 are 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 will adversely affect the price of the market-linked GIC;
- **the return of each underlying interest since the Issue Date** – a negative return 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 each underlying interest** (i.e., the frequency and magnitude of changes in the price of each underlying interest) – high volatility may adversely affect the price of each underlying interest, adversely affecting the Reference Portfolio Return and therefore the price of the market-linked GIC;
- **economic, financial, political, regulatory or judicial events that affect the price of each underlying interest** – which will affect the return of each underlying interest and therefore the Reference Portfolio Return and price of the market-linked GIC;
- **the liquidity and market price of each underlying interest and the other factors that affect each underlying interest markets generally** – poor liquidity and price will adversely affect the return of each underlying interest and therefore the Reference Portfolio 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 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 prices of each underlying interest (i.e., the Bid Price of a market-linked GIC will increase and decrease at a different rate compared to the percentage increases and decreases in the prices of each underlying interest). As well, the Bid Price for a market-linked GIC may be substantially affected by changes in the level of interest rates independent of performance of each underlying interest.

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 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. See “Certain Canadian Federal Income Tax Considerations - Taxable Investors”.

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 a market-linked GIC using Fundserv, the full principal invested on the Issue Date 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 the order is received before 1:00 p.m. (Montréal time) or such other time as may be established by the Bid Provider (the “Sale Deadline 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 before the Sale Deadline Time on the following Business Day. The 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 holders. 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 it will represent the Bid Provider’s bid price generally available to all holders.

GENERAL CONDITIONS OF THE INVESTMENT

1. The initial principal amount and the guaranteed interest (if any) are both 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 payable at maturity, the variation of the applicable underlying asset value on the Issue Date and the Average Valuation Dates 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 practices.

3. A market-linked GIC issued by the Bank is a deposit eligible for deposit insurance by the Canada Deposit Insurance Corporation (the "CDIC"), subject to the maximum dollar limit of CDIC coverage and to applicable conditions. More information about CDIC deposit insurance can be found in the "Protecting Your Deposits" brochure (available online at 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 issuance of the market-linked GIC does not occur, all subscription funds 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 relevant dates set out herein will be postponed by an equivalent number of Business Days.

5. The investment is in Canadian dollars. The principal invested on the Issue Date and interest, if any, will be paid in Canadian dollars.

6. The market-linked GICs are offered only in the provinces and territories in Canada where permitted by law. The market-linked GICs may be subject to other restrictions in a given province or territory.

7. Principal invested on the Issue Date and Variable Interest, if any, will be paid on the Maturity Date of this investment or on the payment date of the guaranteed interest, if any, during the Bank's regular business hours.

8. Prior to the Maturity Date 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 (and of the Variable Interest, if any).

   When the investor is an individual who has not provided the Bank with instructions regarding the payment of those amounts payable on 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 and subject to prior notice. When the investor is not an individual, these amounts will be deposited into the cash of his account.

9. Variable Interest on a market-linked GIC is based on variation of the value of the underlying asset, including, without limitation, a Reference Index, Reference Share, Reference Unit or Reference Portfolio. Such underlying asset value may fluctuate up or down. These fluctuations will have a direct impact on the returns of market-linked GICs. **The return of the underlying asset could therefore be nil; in this case, no interest (other than the guaranteed interest, if any) would be paid.**

10. The rate of return at maturity or at any other specified time period is not an annual interest rate, unless otherwise specified.

11. It is possible that a disruption in the financial markets, a change in the calculation or publication of the underlying asset 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 underlying asset. The Calculation Agent will be solely responsible for determining and calculating the return of the applicable underlying asset.

    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. A "market disruption event" means, with respect to an underlying asset, any *bona fide* event, circumstance or cause (whether or not reasonably foreseeable) beyond the reasonable control of the Calculation Agent or any person that does not deal at arm's length with the Calculation Agent which has or will have a material adverse effect on the ability of the Bank generally to place, maintain or modify hedge positions in respect of any underlying asset or the market-linked GICs. A market disruption event may include, without limitation, a suspension, absence or material limitation of trading or subscription, a regulatory change or any event having a material adverse effect on the financial markets.

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 appreciation and volatility of the underlying asset 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 guaranteed interest. Under such circumstances, the investor will not be able to participate fully in the increase of the underlying asset that might have occurred up to the payment date pursuant to a reimbursement under special circumstances. Investors may only be entitled to receive their principal invested on the Issue Date and if applicable, the accrued portion of the guaranteed interest. A "special circumstance" means an event where, in the opinion of the Bank acting reasonably and in good faith, an amendment or a change is made (or, in the case of a taxation statute or regulation, is proposed to be made) to a taxation statute or regulation, to taxation practices, policies or administration, or to the interpretation of any of the foregoing by any court, tribunal or other governmental or regulatory authority, or an event occurs, now or in the future, caused by circumstances beyond the control of the Bank making (or, in the case of a taxation statute or regulation, which would, if enacted or implemented, make) it illegal or disadvantageous, from a legislative or regulatory point-of-view, or disadvantageous, from a financial point-of-view, for the Bank to allow the market-linked GIC of such series 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 (the "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 investor.

    The agreement to purchase the market-linked GIC will be entered into (i) if the order to purchase is received via telephone, on the day on which the order to purchase is received, and (ii) if the order to purchase is received in person or by electronic means, on the later of (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 on the transmission report as the time of sending, 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, investors will be entitled to a refund of the principal invested on the Issue Date. To exercise their right of cancellation, investors may contact their branch advisor or the broker with whom their account is held.

15. All information regarding the market-linked GIC, including the most recent Bid Price of the market-linked GIC and the last available measures on which the Variable Interest is determined, is available on the Bank's Internet Banking Solutions, on the website www.nbc.ca, by contacting your branch advisor or by calling 1-888-483-5628.

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.

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 Montréal or Toronto are required or authorized by law to remain closed. Unless otherwise mentioned, if any day on which an action specified in this Information Statement is required to be taken in respect of the market-linked GICs falls on a day which is not a Business Day, such action may be postponed to the following Business Day.

19. The market-linked GICs will not be transferable between investors and will not be listed on any stock exchange or other market. As described in this Information Statement, investors will be able to sell their market-linked GICs back to the Bank through National Bank Financial Inc., the Bid Provider, which shall be appointed as agent to the Bank to provide 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. In case of the investor's death prior to the Maturity Date, his successor may either (i) sell back the market-linked GICs to the Bank at the Bid Price (see "Transfers; No Secondary Market; Sale of the Market-Linked GIC to the Bank"); (ii) transfer the market-linked GICs to the successor's account, which must be held at the Bank; or (iii) proceed with a combination of (i) and (ii). To exercise any of these options, the successor may contact a branch advisor or the broker with whom the account is held.

    In the event of a transfer as described under (ii), only the principal invested on the Issue Date by the initial purchaser will be guaranteed at maturity, notwithstanding the market-linked GIC's value at the time of the transfer as indicated on his statement.

21. Funds delivered to the Bank prior to the Issue Date will be held in escrow pending issuance 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.

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

23. If the payment of the full amount of the Variable Interest (if any) would result in payment of interest at a criminal rate, defined in the *Criminal Code* (Canada) as an annual percentage rate of interest exceeding 35%, such payment would be prohibited by the *Criminal Code*. Accordingly, the Bank reserves the right to defer payment of a portion of such amount until the earliest time that it may be lawfully paid.

24. The market-linked GICs will be governed by and construed in accordance with the laws of the Province of Québec and the laws of Canada applicable therein. Moreover, by subscribing to the market-linked GICs, investors will be agreeing with the Bank to irrevocably attorn to the exclusive jurisdiction of the courts of the Provinces of Québec and Ontario with respect to any matters arising out of this Information Statement or any matter related to the market-linked GICs.

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 cancel 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 cancellation described herein.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS – TAXABLE INVESTORS

To the persons concerned:

The following is a summary as of the date hereof 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, a First Home 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 published in writing by the Canada Revenue Agency prior to the date hereof. Provincial and foreign tax considerations have not been addressed in this document and may differ materially 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:

In certain circumstances, provisions of the Tax Act can deem interest to accrue on a "prescribed debt obligation" (as defined for purposes of the Tax Act), which includes a market-linked GIC. Based on an understanding of the Canada Revenue Agency's administrative policies and assessing practices, and except as described below with respect to any guaranteed minimum interest, there should be no deemed accrual of interest on the market-linked GIC under these provisions prior to the date on which the Variable Interest becomes calculable.

In the case of investments in a market-linked GIC with guaranteed minimum interest, an investor must generally include in computing his or her income for a particular year the portion of such guaranteed minimum interest that accrues or is deemed to accrue up to and including each anniversary of the issuance of such market-linked GIC occurring during the particular year.

The amount by which the final value of the investment that is determined at the maturity of the market-linked GIC exceeds (A) the total of the principal amount of the market-linked GIC and (B) the portion of guaranteed minimum interest, if applicable, that has been included in the calculation of the investor's income for any previous year will be included in the investor's income for the taxation year in which the date of maturity of the market-linked GIC falls.

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

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", including locked-in retirement accounts ("LIRAs")), registered retirement income funds ("RRIFs", including life income funds ("LIFs")), 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 an employer with which the Bank does not deal at arm's length within the meaning of the Tax Act), tax-free savings accounts ("TFSAs") and first home savings accounts ("FHSAs"), each as defined in the Tax Act. If the market-linked GICs are "prohibited investments" (within the meaning of the Tax Act), for an RRSP, a RRIF, an RESP, an RDSP, a TFSA or a FHSA, the annuitant of the RRSP or the RRIF, the subscriber of the RESP, or the holder of the RDSP, the TFSA or the FHSA (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, a TFSA or a FHSA 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.