



National Bank S&P/TSX 60 Index-Linked GIC

Series 27, Investors Category¹

SALES PERIOD:

September 15, 2014 to October 17, 2014

ISSUE DATE:

October 24, 2014

MATURITY DATES:

3.5-year GIC: April 23, 2018

5-year GIC: October 23, 2019

INVESTMENT HIGHLIGHTS FOR THIS SERIES:

Participation Factor: 50% (3.5-year GIC)

Participation Factor: 70% (5-year GIC)

No maximum Variable Interest

Investment details

- ▶ Term: 3.5 or 5 years
- ▶ Minimum Investment: \$500
- ▶ 100% principal protected at maturity
- ▶ Eligible for the CDIC deposit insurance²
- ▶ Eligible for registered* and non-registered accounts

The S&P/TSX 60 Index-Linked GIC offers the growth potential of the S&P/TSX 60 Index (the "Reference Index") all while ensuring 100% principal protection at maturity. The Reference Index is composed of 60 Canadian companies in various sectors.

The Variable Interest is calculated based on the price performance of the Reference Index multiplied by the Participation Factor (please refer to page 3 for more details on Variable Interest calculation).

The Bank has issued previous series which may have different terms and conditions. Please refer to our website for the list of terms and conditions, compared to the previous series.



* For information on availability, please consult your advisor.

Reference Index

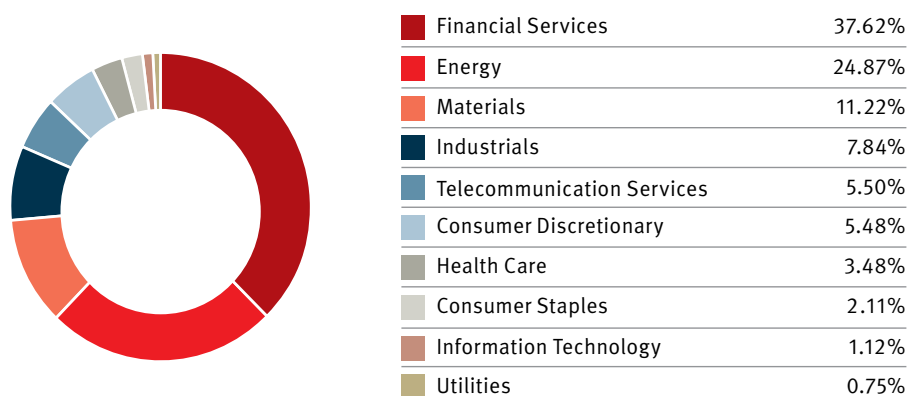
Exposure to the S&P/TSX 60 Index

The following securities represent the Reference Index's top 10 constituents in terms of weighting as of August 20, 2014.

Constituents	Sector	Weight
Royal Bank of Canada	Financial Services	8.31%
The Toronto-Dominion Bank	Financial Services	7.54%
The Bank of Nova Scotia	Financial Services	6.34%
Suncor Energy Inc.	Energy	4.54%
Canadian National Railway Company	Industrials	4.41%
Bank of Montreal	Financial Services	3.73%
Canadian Natural Resources Limited	Energy	3.58%
Enbridge Inc.	Energy	3.24%
Canadian Imperial Bank of Commerce	Financial Services	2.95%
Manulife Financial Corporation	Financial Services	2.92%

The Reference Index Return is a price return and will not take into account dividends paid by the constituents of the Reference Index (the dividends paid on account of all of the constituents of the Reference Index represented an annual return of approximately 2.72% as of August 20, 2014).

Sector Diversification



Variable Interest calculation

The Variable Interest is based on the price performance of the Reference Index over the term of the S&P/TSX 60 Index-Linked GIC and is calculated as follows:

$$\text{Variable Interest} = \text{Principal invested on the Issue Date} \times \text{Reference Index Return} \times \text{Participation Factor}$$

The Reference Index Return will be based on the average of three Closing Levels of the Reference Index determined over the last three months of the term of the S&P/TSX 60 Index-Linked GIC. As a result, a brief period of high market volatility at the end of the term of the S&P/TSX 60 Index-Linked GIC is less likely to have a significant impact on the Variable Interest.

The S&P/TSX 60 Index-Linked 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 that is determinable in advance.

Potential return

At maturity, the Variable Interest, if any, will not be subject to a cap. However, any positive Reference Index Return will be multiplied by a Participation Factor which will result in investors receiving less than 100% of such positive Reference Index Return.³

If the Reference Index does not generate a positive price return over the term of the S&P/TSX 60 Index-Linked GIC, the S&P/TSX 60 Index-Linked GIC will not generate any Variable Interest and, in this case, no return will be paid.

Scenario analysis

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

Hypothetical examples of a positive Variable Interest

The following tables are based on the assumption that the price return for the Reference Index will increase during the term of the S&P/TSX 60 Index-Linked GIC.

3.5-year GIC:

Reference Index Initial Value	780.00
Reference Index Final Average Value (A + B + C) / 3	975.00
Average Valuation Date 1 (A)	950.00
Average Valuation Date 2 (B)	990.00
Average Valuation Date 3 (C)	985.00
Reference Index Return (975.00 - 780.00) / 780.00	25.00%
Participation Factor	50.00%
Variable Interest payable at maturity (\$1,000 investment) (\$1,000.00 x 25.00% x 50.00%)	\$125.00

In accordance with the Variable Interest calculation, the Reference Index Return of 25.00% is multiplied by the Participation Factor of 50.00%. The Variable Interest payable at maturity on a \$1,000 investment would be \$125.00 in the example above, representing an annualized return of approximately 3.42%.

5-year GIC:

Reference Index Initial Value	780.00
Reference Index Final Average Value (A + B + C) / 3	1,053.00
Average Valuation Date 1 (A)	1,025.00
Average Valuation Date 2 (B)	1,074.00
Average Valuation Date 3 (C)	1,060.00
Reference Index Return (1,053.00 - 780.00) / 780.00	35.00%
Participation Factor	70.00%
Variable Interest payable at maturity (\$1,000 investment) (\$1,000.00 x 35.00% x 70.00%)	\$245.00

In accordance with the Variable Interest calculation, the Reference Index Return of 35.00% is multiplied by the Participation Factor of 70.00%. The Variable Interest payable at maturity on a \$1,000 investment would be \$245.00 in the example above, representing an annualized return of approximately 4.48%.

Hypothetical examples of a nil Variable Interest

The following tables are based on the assumption that the price return for the Reference Index will decline during the term of the S&P/TSX 60 Index-Linked GIC.

3.5-year GIC:

Reference Index Initial Value	780.00
Reference Index Final Average Value (A + B + C) / 3	741.00
Average Valuation Date 1 (A)	730.00
Average Valuation Date 2 (B)	750.00
Average Valuation Date 3 (C)	743.00
Reference Index Return (741.00 - 780.00) / 780.00	-5.00%
Participation Factor	50.00%
Variable Interest payable at maturity (\$1,000 investment)	\$0.00

Since the Reference Index Return is negative, the Variable Interest payable at maturity would be nil in the example above.

5-year GIC:

Reference Index Initial Value	780.00
Reference Index Final Average Value (A + B + C) / 3	741.00
Average Valuation Date 1 (A)	730.00
Average Valuation Date 2 (B)	750.00
Average Valuation Date 3 (C)	743.00
Reference Index Return (741.00 - 780.00) / 780.00	-5.00%
Participation Factor	70.00%
Variable Interest payable at maturity (\$1,000 investment)	\$0.00

Since the Reference Index Return is negative, the Variable Interest payable at maturity would be nil in the example above.



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Should you have any questions, do not hesitate to contact us.

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Legal notice

Risk factors

An investment in the S&P/TSX 60 Index-Linked GIC involves a variety of risks which all investors should consider prior to making this investment. These risks are summarized in the Information Statement (25889-002 (2014-09-15)) and you are encouraged to read the Information Statement carefully.

Suitability considerations and guidelines

An investment in the S&P/TSX 60 Index-Linked GIC is not suitable for all investors and even if suitable, investors should consider what part the S&P/TSX 60 Index-Linked GIC should serve in an overall investment plan. The Information Statement includes a summary of various suitability considerations and guidelines. You are encouraged to read the Information Statement carefully.

- 1 The National Bank S&P/TSX 60 Index-Linked GIC, Series 27, Investors Category, 3.5-year term herein referred to as "3.5-year GIC" and the National Bank of Canada S&P/TSX 60 Index-Linked GIC, Series 27, Investors Category, 5-year term herein referred to as "5-year GIC" and together with the 3.5-year GIC, as "S&P/TSX 60 Index-Linked GIC".
- 2 The S&P/TSX 60 Index-Linked GIC is a deposit eligible for deposit insurance by the Canada Deposit Insurance Corporation (CDIC), subject to the maximum dollar limit of CDIC coverage and applicable conditions. More information about CDIC deposit insurance can be found in the "Protecting Your Deposits" brochure (available online at cdic.ca or by telephone at 1-800-461-2342).
- 3 A change in the Reference Index has a direct impact on the Variable Interest payable at maturity. No interest or any other amount will be paid during the term of the S&P/TSX 60 Index-Linked GIC.

The statements contained herein are based upon information which we believe to be reliable but we cannot represent that they are complete or accurate. The complete information related to this issue of the S&P/TSX 60 Index-Linked GIC will be contained in an Information Statement which will be sent to investors prior to the Issue Date. This document is provided for information purposes only and does not constitute an offer to sell or a solicitation to buy the S&P/TSX 60 Index-Linked GIC referred to herein. All information about the S&P/TSX 60 Index-Linked GIC is available at nbc.ca/optimarket and on request to your advisor or by calling 1-888-4-TelNat (1-888-483-5628).

The S&P/TSX 60 Index-Linked GIC is not a conventional fixed income investment. The S&P/TSX 60 Index-Linked GIC is not suitable for all types of investors. An investment in the S&P/TSX 60 Index-Linked GIC is subject to a number of risk factors. Potential purchasers should consult the Information Statement before investing. The Bank has issued previous series which may have different terms and conditions. Please refer to our website for the list of terms and conditions, compared to the previous series.

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