

## Prospectus Supplement

### To the Short Form Base Shelf Prospectus Dated August 17, 2020

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 August 17, 2020 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, 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. 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 Investor Relations, National Bank of Canada, National Bank Tower, 600 de La Gauchetière Street West, 4th Floor, Montréal, Québec H3B 4L2, (1-866-517-5455) and are also available electronically at [www.sedar.com](http://www.sedar.com).

New Issue

Prospectus Supplement

April 15, 2021



## NATIONAL BANK OF CANADA

**\$500,000,000**

**4.05% Limited Recourse Capital Notes, Series 2  
(Non-Viability Contingent Capital (NVCC))  
(Subordinated Indebtedness)**

**\$500,000,000**

**500,000 Non-cumulative 5-Year Fixed Rate Reset First Preferred Shares Series 45  
(Non-Viability Contingent Capital (NVCC))**

National Bank of Canada (the "**Bank**") is offering \$500,000,000 aggregate principal amount of 4.05% Limited Recourse Capital Notes, Series 2 (Non-Viability Contingent Capital (NVCC)) (Subordinated Indebtedness) (the "**Notes**"). The Notes will mature on August 15, 2081. The Bank will pay interest on the Notes in equal (subject to the reset of the interest rate and the adjustment for the first coupon) semi-annual instalments in arrears on February 15 and August 15 of each year, with the first payment on August 15, 2021. From the date of issue to, but excluding, August 15, 2026, the interest rate on the Notes will be fixed at 4.05% per annum. Starting on August 15, 2026 and on every fifth anniversary of such date thereafter until August 15, 2076 (each such date, an "**Interest Reset Date**"), the interest rate on the Notes will be reset at an interest rate per annum equal to the Government of Canada Yield on the business day prior to such Interest Reset Date (each, an "**Interest Rate Calculation Date**") plus 3.045%. See page S-10 for a definition of Government of Canada Yield. Assuming the Notes are issued on April 21, 2021, the first interest payment on the Notes on August 15, 2021 will be in an amount of \$12.871232877 per \$1,000 principal amount of Notes.

This Prospectus Supplement (as defined below), together with the short form base shelf prospectus dated August 17, 2020 (the "**Accompanying Prospectus**") to which it relates, also qualifies the distribution of 500,000 Non-Cumulative 5-Year Fixed Rate Reset First Preferred Shares Series 45 (Non-Viability Contingent Capital (NVCC)) of the Bank (the "**Series 45 Preferred Shares**"), at a price of \$1,000 per share to be issued to the Limited Recourse Trustee (as defined herein) in connection with the issuance of the Notes. The Series 45 Preferred Shares offered hereby will be issued concurrently with the closing of the offering of the Notes.

**The Notes are intended to qualify as the Bank's additional Tier 1 capital within the meaning of the regulatory capital adequacy requirements to which the Bank is subject. In the event of a non-payment by the Bank of the principal amount of, interest on or redemption price for the Notes when due, the sole remedy of holders of Notes shall be the delivery of the Limited Recourse Trust Assets (as defined below), which initially shall consist of the Series 45 Preferred Shares. See "Description of the Notes – Limited Recourse".**

The Notes will be the Bank's direct unsecured obligations constituting subordinated indebtedness for the purpose of the *Bank Act* (Canada) (the "**Bank Act**") which, if the Bank becomes insolvent or is wound-up (prior to the occurrence of a Trigger Event (as defined below)), will rank: (a) subordinate in right of payment to the prior payment in full of all Higher Ranked Indebtedness (as defined below), including certain Subordinated Indebtedness

(as defined below) and (b) in right of payment equally with the Bank’s Junior Subordinated Indebtedness (as defined below) (other than Junior Subordinated Indebtedness which by its terms ranks subordinate to the Notes) and will be subordinate in right of payment to the claims of the Bank’s depositors and other unsubordinated creditors, provided that in any such case, in case of the Bank’s non-payment of the principal amount of, interest on or redemption price for the Notes when due, the sole remedy of the holders of the Notes shall be the delivery of the Limited Recourse Trust Assets. Upon the occurrence of a Recourse Event (as defined below), including a Trigger Event or if the Bank becomes insolvent or bankrupt or subject to the provisions of the Winding-up and Restructuring Act (Canada) (the “**WURA**”) (which is an event of default under the Series 2 Trust Indenture (as defined below)), the status and subordination provisions of the Notes will not entitle the holders of the Notes to any claims against the Bank other than recourse to the Limited Recourse Trust Assets. If the Limited Recourse Trust Assets that are delivered to holders of the Notes under such circumstances comprise Series 45 Preferred Shares or common shares of the Bank (“**Common Shares**”), such Series 45 Preferred Shares or Common Shares will rank on parity with all other first preferred shares of the Bank (“**First Preferred Shares**”) or Common Shares, as applicable. See “Description of the Notes”.

**The Notes will not be deposits insured under the *Canada Deposit Insurance Corporation Act* or any other deposit insurance regime designed to ensure the payment of all or a portion of a deposit upon the insolvency of a deposit taking institution.**

In the event of the redemption of the Series 45 Preferred Shares prior to the Transfer Date (as defined below), outstanding Notes with an aggregate principal amount equal to the aggregate face amount of the Series 45 Preferred Shares redeemed will be automatically redeemed. Upon the occurrence of certain regulatory and tax events, the Bank may, with the approval of the Superintendent of Financial Institutions (Canada) (the “**Superintendent**”), redeem all of the Notes. In the event that there is non-payment by the Bank of interest on the Notes on an Interest Payment Date (as defined below), and the Bank has not cured such non-payment by subsequently paying such interest prior to the fifth business day following such Interest Payment Date, a Recourse Event (as defined below) will have occurred and, on the Failed Coupon Payment Date (as defined below), the Notes shall automatically and immediately be redeemed for a redemption price equal to the principal amount of the Notes together with accrued and unpaid interest to, but excluding, the Failed Coupon Payment Date (the “**Redemption Price**”). From and after the Failed Coupon Payment Date, all Notes will cease to be outstanding, each holder of the Notes will cease to be entitled to interest thereon, and any certificates representing the Notes will represent only the right to receive upon surrender thereof the Redemption Price. If the Bank does not pay the applicable Redemption Price in cash under such circumstances, the Bank’s obligation to pay the Redemption Price will be satisfied by the delivery by the Bank of the Limited Recourse Trust Assets to which the recourse of the holders of the Notes will be limited. See “Description of the Notes – Redemption” and “Description of Series 45 Preferred Shares – Redemption”.

An investment in the Notes (and Series 45 Preferred Shares and Common Shares upon delivery of the Limited Recourse Trust Assets, including upon the occurrence of a Trigger Event) bears certain risks. See “Risk Factors” beginning on page S-36 of this Prospectus Supplement and page 13 of the Accompanying Prospectus.

	<b>Price to the Public</b>	<b>Agents’ Fee</b>	<b>Net Proceeds to the Bank<sup>(1)</sup></b>
Per \$1,000 principal amount of Notes.....	\$1,000	\$10	\$990
Total.....	\$500,000,000	\$5,000,000	\$495,000,000

(1) After deducting the Agents’ fee shown in the table above, but before deducting expenses of the offering, estimated to be approximately \$550,000, all of which will be paid by the Bank.

The purchase price for the Series 45 Preferred Shares qualified hereby shall be satisfied by funds deposited by the Bank with the Limited Recourse Trustee as Limited Recourse Trust Assets. As a result, no proceeds will be raised from the offering of the Series 45 Preferred Shares pursuant to this Prospectus Supplement.

National Bank Financial Inc., as sole book runner, TD Securities Inc., BMO Nesbitt Burns Inc., CIBC World Markets Inc., RBC Dominion Securities Inc., Scotia Capital Inc., J.P. Morgan Securities Canada Inc., Desjardins Securities Inc., iA Private Wealth Inc., Manulife Securities Incorporated, Wells Fargo Securities Canada, Ltd., Casgrain & Company Limited, HSBC Securities (Canada) Inc., Laurentian Bank Securities Inc., and Merrill Lynch Canada Inc. (collectively, the “**Agents**”), as agents, conditionally offer the Notes, subject to prior sale, on a best efforts basis, if, as and when issued by the Bank in accordance with the conditions contained in the agency agreement described under “Plan of Distribution” and subject to the approval of certain legal matters on behalf of

the Bank by McCarthy Tétrault LLP and tax matters by Osler, Hoskin & Harcourt LLP, and on behalf of the Agents by Torys LLP. See “Plan of Distribution”.

The Notes may only be offered and sold in Canada to “accredited investors” (as such term is defined in National Instrument 45-106 – *Prospectus Exemptions* (“**NI 45-106**”) or section 73.3 of the *Securities Act* (Ontario), as applicable) who are not individuals. Each Agent will represent and covenant, severally and not on a joint and several basis, to the Bank that it will only sell the Notes to such purchasers in Canada. **By purchasing a Note in Canada and accepting delivery of a purchase confirmation such purchaser will be deemed to represent to the Bank and the Agent from whom the purchase confirmation is received that such purchaser is an “accredited investor” (as such term is defined in NI 45-106 or section 73.3 of the Securities Act (Ontario), as applicable) who is not an individual.**

In order to qualify as additional Tier 1 capital within the meaning of OSFI’s regulatory Capital Adequacy Requirements (CAR) Guideline to which the Bank is subject, the Notes and the Series 45 Preferred Shares must satisfy certain requirements. These requirements include, among other things, that (i) the Notes and the Series 45 Preferred Shares have a minimum par or stated value of \$1,000, (ii) the Notes and the Series 45 Preferred Shares must be traded on institutional desks and therefore may not be listed on any exchange, (iii) the Notes may only be issued to institutional investors in the primary distribution, and (iv) the Notes may only be issued in minimum denominations of at least \$200,000 and integral multiples of \$1,000 in excess thereof.

**No underwriter has been involved in the issuance of the Series 45 Preferred Shares to the Limited Recourse Trustee.**

**National Bank Financial Inc. 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.** The decision to distribute the Notes and the determination of the terms of the distribution were made through negotiations between the Bank on the one hand and the Agents on the other hand. TD Securities Inc., a dealer 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 Agents for the offering. National Bank Financial Inc. will not receive any benefit in connection with this offering other than a portion of the Agents’ fee payable by the Bank.

The Toronto Stock Exchange (the “**TSX**”) has conditionally approved the listing of the Common Shares into which Series 45 Preferred Shares may be converted or for which the Notes may be redeemed upon the occurrence of a Trigger Event subject to us fulfilling all of the TSX’s requirements on or before May 31, 2021. Listing is subject to the approval of the TSX in accordance with its applicable listing requirements.

In connection with this offering, the Agents may, subject to applicable law, over-allot or effect transactions which stabilize or maintain the market price of the Notes at levels other than those which otherwise might prevail on the open market. Such transactions, if commenced, may be discontinued at any time. See “Plan of Distribution”.

**There is no market through which these securities may be sold and purchasers of Notes may not be able to resell Notes purchased under this Prospectus Supplement and purchasers of Series 45 Preferred Shares may not be able to resell Series 45 Preferred Shares purchased under this Prospectus Supplement. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See “Risk Factors”.**

Subscriptions for Notes received will be 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 April 21, 2021, or such later date as the Bank and the Agents may agree. The Notes will be issued in “book-entry only” form. The aggregate principal amount of the Notes will be issued in certificated or uncertificated form and registered in the name of CDS Clearing & Depository Services Inc. (“**CDS**”) or its nominee and will be deposited with CDS or its nominee on the closing date. No physical certificates evidencing the Notes will be issued to purchasers, except in certain limited circumstances, and registration will be made in the depository service of CDS. Purchasers of Notes will receive only a customer confirmation from the Agent or other registered dealer who is a participant in the depository service of CDS and from or through whom a beneficial interest in the Notes is purchased. See “Description of the Notes”.

In this Prospectus Supplement, unless otherwise specified, all dollar amounts are expressed in Canadian dollars.

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

The CUSIP No./ISIN for the Notes will be 63306AGP5/CA63306AGP53. The CUSIP No./ISIN for the Series 45 Preferred Shares will be 63307P409/CA63307P4096.

## Table of Contents

Prospectus Supplement	Page
About this Prospectus Supplement .....	S-5
Caution Regarding Forward-Looking Statements .....	S-5
Documents Incorporated by Reference.....	S-6
Eligibility for Investment.....	S-7
Prior Sales.....	S-8
Changes to Share Capital and Subordinated Indebtedness .....	S-8
Description of the Notes .....	S-9
Description of First Preferred Shares as a Class.....	S-19
Description of the Series 45 Preferred Shares .....	S-19
Description of Common Shares.....	S-25
Bank Act Restrictions and Approvals.....	S-26
Earnings Coverage Ratios.....	S-26
Ratings.....	S-26
Plan of Distribution .....	S-27
Certain Canadian Federal Income Tax Considerations.....	S-28
Use of Proceeds .....	S-33
Market for Securities .....	S-34
Transfer Agent and Registrar.....	S-36
Risk Factors .....	S-36
Legal Matters .....	S-45
Statutory Rights of Withdrawal and Rescission .....	S-46
Certificate of the Agents.....	C-1

### 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 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 Notes being offered, the First Preferred Shares of the Bank, the Common Shares of the Bank and other information investors should know before investing in the Notes.

### Caution Regarding Forward-Looking Statements

From time to time, the Bank makes written forward-looking statements such as those contained in this Prospectus Supplement, in documents incorporated by reference in this Prospectus Supplement, in other filings with Canadian securities regulators, and in other communications. In addition, representatives of the Bank may make forward-looking statements orally to analysts, investors, the media and others. All such statements are made in accordance with applicable securities legislation in Canada and the United States. Forward-looking statements in this Prospectus Supplement and in documents incorporated by reference in this Prospectus Supplement may include, but are not limited to, statements with respect to the economy—particularly the Canadian and U.S. economies—market changes, the Bank’s objectives, outlook and priorities for fiscal year 2021 and beyond, its strategies or future actions for achieving them, expectations for the Bank’s financial condition, the regulatory environment in which it operates, the potential impacts of — and the Bank’s response to — the COVID-19 pandemic, and certain risks it faces. These forward-looking statements are typically identified by future or conditional verbs or words such as “outlook”, “believe”, “foresee”, “forecast”, “anticipate”, “estimate”, “project”, “expect”, “intend”, “plan”, and similar expressions of future or conditional verbs such as “will”, “may”, “should”, “could” or “would”. Such forward-looking statements are made for the purpose of assisting the holders of the Bank’s securities and potential purchasers of the Bank’s securities in understanding the Bank’s financial position and results of operations as at and for the periods ended on the dates presented, as well as the Bank’s vision, strategic objectives and its financial performance targets, and may not be appropriate for other purposes.

By their very nature, these 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 2021, including in the context of the COVID-19 pandemic, and how that will affect the Bank's business are among the main factors considered in setting the Bank's strategic priorities and objectives, including provisions for credit losses. In determining its expectations for economic conditions, both broadly and in the financial services sector in particular, the Bank primarily considers historical economic data provided by the governments of Canada, the United States and certain other countries in which the Bank conducts business, as well as their agencies.

There is a strong possibility that the Bank's express or implied predictions, forecasts, projections, expectations or conclusions will not prove to be accurate, that its assumptions may not be confirmed and that its vision, strategic objectives and financial performance targets will not be achieved. The Bank recommends that readers not place undue reliance on forward-looking statements, as a number of factors, many of which are beyond the Bank's control, including the impacts of the COVID-19 pandemic, could cause actual results to differ significantly from the expectations, estimates or intentions expressed in these statements. These factors include credit risk, market risk, liquidity and funding risk, operational risk, regulatory compliance risk, reputation risk, strategic risk and environmental and social risk, all of which are described in more detail in the Risk Management section beginning on page 68 of the Bank's annual report for the year ended October 31, 2020 (the "**2020 Annual Report**"), and more specifically, general economic environment and financial market conditions in Canada, the United States and certain other countries in which the Bank conducts business; regulatory changes affecting the Bank's business; geopolitical and sociopolitical uncertainty; important changes in consumer behaviour; the housing and household indebtedness situation and real estate market in Canada; changes in the Bank's customers' and counterparties' performance and creditworthiness; 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; 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; potential disruption to key suppliers of goods and services to the Bank; potential disruptions to the Bank's information technology systems, including evolving cyberattack risk as well as identity theft and theft of personal information; and possible impacts of catastrophic events affecting local and global economies, including natural disasters and public health emergencies such as the COVID-19 pandemic.

Statements about the expected impacts of the COVID-19 pandemic on the Bank's business, results of operations, reputation, financial position and liquidity, and on the global economy may be inaccurate and differ, possibly materially, from what is currently expected as they depend on future developments that are highly uncertain and cannot be predicted.

The foregoing list of risk factors is not exhaustive. Additional information about these factors can be found in the COVID-19 Pandemic and Risk Management sections of the Bank's 2020 Annual Report and in the Bank's Report to Shareholders for the First Quarter of 2021 (the "**Q1 2021 Report**"), especially in the COVID-19 Pandemic section. 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 risks 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.

### **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 Notes and the Series 45 Preferred 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 and territory 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 1, 2020;

- (b) the audited annual consolidated financial statements for the year ended October 31, 2020, which include comparative audited annual consolidated financial statements for the year ended October 31, 2019, together with the Independent Auditor's Report issued to the shareholders of the Bank on the audited annual consolidated financial statements as at October 31, 2020 and 2019 and for the years then ended, and with the management's discussion and analysis as contained in the Bank's 2020 Annual Report;
- (c) the Bank's management proxy circular dated February 24, 2021 in connection with the Bank's annual meeting of shareholders to be held on April 23, 2021;
- (d) the unaudited interim condensed consolidated financial statements for the three-month period ended January 31, 2021, which include comparative unaudited interim condensed consolidated financial statements for the three-month period ended January 31, 2020, together with the management's discussion and analysis as contained in the Q1 2021 Report;
- (e) the Bank's material change report dated January 26, 2021 relating to the appointment of Laurent Ferreira as Chief Operating Officer of the Bank;
- (f) the indicative term sheet dated April 14, 2021 (the "**Indicative Term Sheet**") regarding the offering of the Notes and the Series 45 Preferred Shares; and
- (g) the final term sheet dated April 14, 2021 (the "**Final Term Sheet**") regarding the offering of the Notes and the Series 45 Preferred 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 National Instrument 41-101 – *General Prospectus Requirements*) 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 (including any amendments to, or an amended version of, the marketing materials) shall be deemed to be incorporated by reference in this Prospectus Supplement.

Any marketing materials, including the Indicative Term Sheet and the Final Term Sheet, are 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 or an amendment to 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 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 Osler, Hoskin & Harcourt LLP, tax counsel to the Bank, and Torys LLP, counsel to the Agents, based on the current provisions of the *Income Tax Act* (Canada) (the "**Tax Act**") and the regulations thereunder, the Notes and the Series 45 Preferred 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 ("**RESP**"), a registered disability savings plan ("**RDSP**"), a deferred profit sharing plan, (other than, in respect of the Notes, trusts governed by deferred profit sharing plans for which any employer is the Bank, or a

corporation with which the Bank does not deal at arm's length within the meaning of the Tax Act) or a tax-free savings account ("TFSA").

Notwithstanding that the Notes or the Series 45 Preferred Shares may be qualified investments for a trust governed by an RRSP, RRIF, RESP, RDSP or TFSA, the annuitant under an RRSP or RRIF, the subscriber of an RESP or the holder of an RDSP or a TFSA will be subject to a penalty tax with respect to the Notes or the Series 45 Preferred Shares, as the case may be, if the Notes or the Series 45 Preferred Shares are a "prohibited investment" for the RRSP, RRIF, RESP, RDSP or TFSA, as the case may be. Both the Notes and the Series 45 Preferred Shares will generally not be a "prohibited investment" provided the annuitant, the subscriber or the holder, as the case may be: (i) deals at arm's length with the Bank for purposes of the Tax Act; and (ii) does not have a "significant interest" (as defined in subsection 207.01(4) of the Tax Act) in the Bank. In addition, the Series 45 Preferred Shares will generally not be a "prohibited investment" for a trust governed by a TFSA, RDSP, RRSP, RRIF or RESP if they are "excluded property" (as defined in subsection 207.01(1) of the Tax Act) for such trusts. Holders of a TFSA or a RDSP, annuitants under an RRSP or RRIF and subscribers of an RESP should consult their own tax advisors regarding whether the Notes or the Series 45 Preferred Shares will be prohibited investments in their particular circumstances.

### Prior Sales

The Bank has not issued any Notes or First Preferred Shares or any other securities convertible into, or exchangeable for Notes or First Preferred Shares of the Bank during the 12 months preceding the date of this Prospectus Supplement, other than the issuance as of September 9, 2020 of \$500,000,000 of 4.3% Limited Recourse Capital Notes, Series 1 (Non-Viability Contingent Capital (NVCC)) (Subordinated Indebtedness) at a price of \$1,000 per \$1,000 principal amount of such notes and 500,000 Non-cumulative 5-Year Fixed Rate Reset First Preferred Shares Series 44 (Non-Viability Contingent Capital (NVCC)) at a price of \$1,000 per share.

### Changes to Share Capital and Subordinated Indebtedness

The following table sets out the consolidated capitalization of the Bank as at January 31<sup>st</sup>, 2021, before and after giving effect to (i) the sale by the Bank of the Notes and the Series 45 Preferred Shares, and (ii) the redemption by the Bank on May 15, 2021 of all of the outstanding Non-Cumulative 5-Year Rate Reset First Preferred Shares Series 34 (the "First Preferred Shares Series 34") for \$400 million. This table should be read in conjunction with the Bank's unaudited interim condensed consolidated financial statements and Q1 2021 Report for the three-month period ended January 31, 2021.

	<u>As at January 31, 2021</u>	<u>As adjusted as at January 31, 2021<sup>(1)(2)</sup></u>
	(\$ millions)	(\$ millions)
<b>Subordinated Debentures</b> .....	773	773
<b>Share Capital and other equity instruments</b> .....		
Preferred shares and other equity instruments .....	2,950	3,050
Common shares .....	3,094	3,094
<b>Contributed Surplus</b> .....	45	45
<b>Accumulated other comprehensive income (loss)</b> .....	(167)	(167)
<b>Retained Earnings</b> .....	10,998	10,993
<b>Total Shareholders' Equity</b> .....	16,920	17,015
<b>Total Capitalization</b>	17,693	17,788

Notes:

- (1) Giving effect to the receipt of anticipated gross proceeds from the sale of the Notes, which increased preferred shares and other equity instruments by \$500 million and reduced retained earnings by \$5 million. For accounting purposes, the Notes are compound instruments with both equity and liability features. The liability component of the Notes would have a nominal value and, as a result, the full proceeds to be received shall be presented as equity. For accounting purposes, the Series 45 Preferred Shares would be eliminated on the Bank's consolidated balance sheet prior to a Recourse Event. Accordingly, after giving effect to this offering, there would have been no change in First Preferred Shares as at January 31, 2021.
- (2) On March 17, 2021, the Bank announced its intention to redeem all of the outstanding First Preferred Shares Series 34 on May 15, 2021. The redemption of the First Preferred Shares Series 34 is expected to reduce preferred share capital by \$400 million.

## Description of the Notes

The following summarizes certain provisions of the Notes and the Series 2 Trust Indenture (as defined below), but does not describe every aspect of the Notes or the Series 2 Trust Indenture. This summary is subject to and qualified in its entirety by reference to all the provisions of the Notes and the Series 2 Trust Indenture, including the definitions of certain terms that are not defined in this Prospectus Supplement. In this summary, the Bank describes only some of the more important terms. You must look to the Series 2 Trust Indenture for a complete description of what the Bank summarizes below. A copy of the Series 2 Trust Indenture will be available on SEDAR at [www.sedar.com](http://www.sedar.com). The following description of the Notes supplements (and, where different from, supersedes) the description of the Notes in the Accompanying Prospectus.

### General

The Notes will be issued as subordinated debt securities under a trust indenture to be dated as of the closing date of the offering hereunder (the “**Series 2 Trust Indenture**”) between the Bank and Computershare Trust Company of Canada, as trustee (the “**Indenture Trustee**”). The Series 2 Trust Indenture will be subject to the provisions of the Bank Act and governed by the laws of Ontario and the federal laws of Canada applicable therein. Subject to regulatory capital requirements applicable to the Bank, there is no limit on the amount of limited recourse capital notes or other subordinated indebtedness the Bank may issue.

The Notes will be the Bank’s direct unsecured obligations constituting subordinated indebtedness for the purpose of the Bank Act which, if the Bank becomes insolvent or is wound-up (prior to the occurrence of a Trigger Event), will rank: (a) subordinate in right of payment to the prior payment in full of all Higher Ranked Indebtedness (as defined below), including certain Subordinated Indebtedness (as defined below) and (b) in right of payment equally with the Bank’s Junior Subordinated Indebtedness (as defined below) (other than Junior Subordinated Indebtedness which by its terms ranks subordinate to the Notes) and will be subordinate in right of payment to the claims of the Bank’s depositors and other unsubordinated creditors, provided that in any such case, in case of the Bank’s non-payment of the principal amount of, interest on or redemption price for the Notes when due, the sole remedy of the holders of the Notes shall be the delivery of the Limited Recourse Trust Assets. Upon the occurrence of a Recourse Event including a Trigger Event or if the Bank becomes insolvent or bankrupt or subject to the provisions of the WURA (which is an event of default under the Series 2 Trust Indenture), the status and subordination provisions of the Notes will not entitle the holders of the Notes to any claims against the Bank other than recourse to the Limited Recourse Trust Assets. If the Limited Recourse Trust Assets that are delivered to holders of the Notes under such circumstances comprise Series 45 Preferred Shares or Common Shares, such Series 45 Preferred Shares or Common Shares will rank on parity with all other First Preferred Shares or Common Shares, as applicable.

**The Notes will not be deposits insured under the Canada Deposit Insurance Corporation Act or any other deposit insurance regime designed to ensure the payment of all or a portion of a deposit upon the insolvency of a deposit taking institution.**

The Notes are not entitled to the benefits of any sinking fund.

### Principal, Interest and Maturity

The Notes will be issued in an aggregate principal amount of \$500,000,000 and will be repayable at 100% of the principal amount at maturity on August 15, 2081. The Bank will pay interest on the Notes in equal (subject to the reset of the interest rate and the adjustment for the first coupon) semi-annual instalments in arrears on February 15 and August 15 of each year (each, an “**Interest Payment Date**”), with the first payment on August 15, 2021. From the date of issue to, but excluding, August 15, 2026, the Notes will bear interest at the rate of 4.05% per annum. Starting on August 15, 2026 and on every fifth anniversary of such date thereafter until August 15, 2076 (each such date an “**Interest Reset Date**”), the interest rate on the Notes will be reset at an interest rate per annum equal to the Government of Canada Yield on the business day prior to such Interest Reset Date (each, an “**Interest Rate Calculation Date**”) plus 3.045%. Assuming the Notes are issued on April 21, 2021, the first interest payment on the Notes on August 15, 2021 will be in an amount of \$ 12.871232877 per \$1,000 principal amount of Notes. The principal of, and interest on, the Notes will be paid in Canadian dollars.

Each payment of interest on the Notes will include interest accrued to, but excluding, the applicable Interest Payment Date or the date of maturity (or earlier purchase or redemption, if applicable). Any payment of principal or interest required to be made on a day which is not a business day will be made on the next succeeding business day (without any additional interest or other payment in respect of the delay).

The “**Government of Canada Yield**” means, as at any Interest Rate Calculation Date for an Interest Reset Date, the bid yield to maturity on such date (assuming semi-annual compounding) of a Canadian dollar denominated non-callable Government of Canada bond with a term to maturity of five years as quoted as of 10:00 a.m. (Toronto time) on such date and which appears on the Bloomberg Screen GCAN5YR Page on such date; provided that, if such rate does not appear on the Bloomberg Screen GCAN5YR Page on such date, the Government of Canada Yield will mean the bid yield to maturity on such date, compounded semi-annually, which a non-callable Government of Canada nominal bond would be expected to carry if issued, in Canadian dollars in Canada, at 100% of its principal amount on such date with a term to maturity equal to the period from such Interest Reset Date to, but excluding, the next Interest Reset Date, as determined by two independent Canadian investment dealers (each of which is a member of the Investment Industry Regulatory Organization of Canada or any successor to or of the Investment Industry Regulatory Organization of Canada), other than National Bank Financial Inc., selected by the Bank, and based on a linear interpolation of the yields represented by the arithmetic average of bids observed in the market at or about 10:00 a.m. (Toronto time) on the relevant date for each of the two outstanding non-callable Government of Canada nominal bonds which have the terms to maturity which most closely spans the period from such Interest Reset Date to, but excluding, the next Interest Reset Date, where such arithmetic average is based in each case on the bids quoted by such independent investment dealers.

“**Bloomberg Screen GCAN5YR Page**” means the display designated as page “GCAN5YR<INDEX>” on the Bloomberg Financial L.P. service (or such other page as may replace the GCAN5YR page on that service for purposes of displaying Government of Canada bond yields).

A “**business day**” means a day on which the Bank, the Indenture Trustee and the Trustee are open for business in the City of Toronto, Ontario, or Montréal, Québec, other than a Saturday, Sunday or any statutory or civic holiday in the City of Toronto, Ontario, or Montréal, Québec.

### **Form, Denomination and Transfer**

The Notes will be issued only in minimum denominations of \$200,000 and integral multiples of \$1,000 in excess thereof.

The Notes will be issued in “**book-entry only**” form and must be purchased or transferred through participants in the depository service of CDS. See “Book-Entry-Only Securities” in the Accompanying Prospectus.

### **Subordination**

The Notes will be the Bank’s direct unsecured obligations constituting subordinated indebtedness for the purpose of the Bank Act and will therefore rank subordinate to the Bank’s deposits. **The Notes will not be deposits insured under the *Canada Deposit Insurance Corporation Act* or any other deposit insurance regime designed to ensure the payment of all or a portion of a deposit upon the insolvency of a deposit taking institution.** See “Description of the Notes – General”.

The Series 2 Trust Indenture provides that, if the Bank becomes insolvent or is wound-up (prior to the occurrence of a Trigger Event), the Notes will rank: (a) subordinate in right of payment to the prior payment in full of all Higher Ranked Indebtedness (including certain Subordinated Indebtedness) and (b) in right of payment equally with and not prior to Junior Subordinated Indebtedness (other than Junior Subordinated Indebtedness which by its terms ranks subordinate to the Notes) of the Bank, in each case from time to time outstanding, provided that in any such case, in case of the Bank’s non-payment of the principal amount of, interest on or redemption price for the Notes when due, the sole remedy of the holders of the Notes shall be the delivery of the Limited Recourse Trust Assets. As of January 31, 2021, the Bank had approximately \$327 billion of Higher Ranked Indebtedness, including deposits, outstanding which would rank ahead of the Notes. Upon the occurrence of a Recourse Event, including a Trigger Event or if the Bank becomes insolvent or bankrupt or subject to the provisions of the WURA (which is an event of default under the Series 2 Trust Indenture), the status and subordination provisions of the Notes will not entitle the holders of the Notes to any claims against the Bank other than recourse to the Limited Recourse Trust

Assets. If the Limited Recourse Trust Assets that are delivered to holders of the Notes under such circumstances comprise Series 45 Preferred Shares or Common Shares, such Series 45 Preferred Shares or Common Shares will rank on parity with all other First Preferred Shares or Common Shares, as applicable.

For these purposes,

- **“Higher Ranked Indebtedness”** means Indebtedness of the Bank then outstanding (including all Subordinated Indebtedness of the Bank then outstanding other than Junior Subordinated Indebtedness).
- **“Indebtedness”** at any time means the deposit liabilities of the Bank at such time; and all other liabilities and obligations of the Bank to third parties (other than fines or penalties which pursuant to the Bank Act are a last charge on the assets of the Bank in the case of insolvency of the Bank and obligations to shareholders of the Bank, as such) which would entitle such third parties to participate in a distribution of the Bank’s assets in the event of the insolvency or winding-up of the Bank.
- **“Junior Subordinated Indebtedness”** means Indebtedness which by its terms ranks equally in right of payment with, or is subordinate to, the Notes.
- **“Subordinated Indebtedness”** at any time means the Bank’s subordinated indebtedness within the meaning of the Bank Act.

## Events of Default

Under the Series 2 Trust Indenture there will be an event of default only if the Bank becomes insolvent or bankrupt or subject to the provisions of the *Winding-Up and Restructuring Act* (Canada), if the Bank goes into liquidation either voluntarily or under an order of a court of competent jurisdiction, passes a resolution for the winding-up, liquidation or dissolution of the Bank or otherwise acknowledges its insolvency. The Bank refers to such an event under the Series 2 Trust Indenture as an “event of default”. For certainty, none of (i) the non-payment of principal or interest on the Notes, (ii) the non-performance of any other covenant of the Bank in the Series 2 Trust Indenture or (iii) the occurrence of a Trigger Event shall constitute an event of default under the Series 2 Trust Indenture.

The occurrence of an event of default is a Recourse Event for which the sole remedy of holders of the Notes shall be delivery of the Limited Recourse Trust Assets to the holders of the Notes. See “Description of Notes – Limited Recourse”. The Series 2 Trust Indenture provides that, notwithstanding any other provision of the Series 2 Trust Indenture, the delivery of the applicable Limited Recourse Trust Assets to holders of the Notes will exhaust all remedies of such holders including in connection with any event of default.

There will be no right of acceleration in the event of a non-payment of principal or interest or a failure or breach in the performance of any other covenant of the Bank, although legal action could be brought to enforce such covenant, provided that, in the case of non-payment of principal or interest, the sole remedy for any such claims against the Bank shall be recourse to the applicable Limited Recourse Trust Assets. See “Description of Notes – Limited Recourse”.

Holders of a majority of the outstanding principal amount of the Notes then outstanding under the Series 2 Trust Indenture may, by resolution, direct and control the actions of the Indenture Trustee or of any holder of Notes who brings an action after the failure of the Indenture Trustee to act in any proceedings against the Bank. The Indenture Trustee must, within 30 days of becoming aware of an event of default, give notice to the holders of the Notes unless the Indenture Trustee reasonably determines that the withholding of notice of a continuing default is in the best interests of the holders.

A resolution or order for winding-up the Bank, with a view to its consolidation, amalgamation or merger with another entity or the transfer of its assets as an entirety to another entity, does not entitle a holder of Notes to demand payment of principal prior to maturity.

## Limited Recourse

In the event of a non-payment by the Bank of the principal amount of, interest on or redemption price for the Notes when due, the sole remedy of holders of Notes shall be the delivery of the assets held by Computershare Trust Company of Canada, as trustee (the “**Limited Recourse Trustee**”) of NBC LRCN Limited Recourse Trust (the “**Limited Recourse Trust**”) from time to time (“**Limited Recourse Trust Assets**”) in respect of the Notes.

The Limited Recourse Trust is a trust established under the laws of Manitoba, governed by an amended and restated declaration of trust dated as of September 9, 2020 (as may be further amended or restated from time to time, the “**Limited Recourse Trust Declaration**”) between the Bank, as settlor and beneficiary, and the Limited Recourse Trustee. The Limited Recourse Trust’s objective is to acquire and hold the Limited Recourse Trust Assets in accordance with the terms of the Limited Recourse Trust Declaration. The Limited Recourse Trustee will hold trust assets in respect of more than one series of limited recourse capital notes of the Bank, and the Limited Recourse Trustee will hold the trust assets for each such series of notes (including the Bank’s preferred shares) separate from the trust assets for any other series of such notes and shall deliver such trust assets only in respect of the relevant series of notes. The Limited Recourse Trust Assets in respect of the Notes may comprise of (i) Series 45 Preferred Shares, (ii) Common Shares issuable upon an NVCC Automatic Conversion, (iii) cash from the redemption of Series 45 Preferred Shares, or (iv) a combination thereof, depending on the circumstances. On the closing of the offering of the Notes, the Limited Recourse Trust Assets in respect of the Notes shall consist of 500,000 Series 45 Preferred Shares.

If a Recourse Event occurs, the Bank will, no later than one business day after the occurrence of such Recourse Event, notify the Limited Recourse Trustee of the occurrence of such Recourse Event. “**Recourse Event**” means any of the following: (i) on the maturity date, there is non-payment by the Bank of the principal amount of the Notes, together with any accrued and unpaid interest, thereon in cash, to but excluding the maturity date, (ii) a Failed Coupon Payment Date occurs, (iii) in connection with the redemption of the Notes, on the redemption date for such redemption, the Bank does not pay the applicable redemption price in cash, (iv) the occurrence of an event of default under the Series 2 Trust Indenture, or (v) the occurrence of a Trigger Event. “**Failed Coupon Payment Date**” means the fifth business day immediately following an interest payment date upon which the Bank does not pay interest on the Notes and has not cured such non-payment by subsequently paying such interest prior to such fifth business day.

Following receipt of a notice of a Recourse Event, the Limited Recourse Trustee and the Bank will cause the Limited Recourse Trust Assets in respect of the Notes to be delivered to the holders of Notes in accordance with the terms of the Limited Recourse Trust Declaration, provided that notwithstanding any other provision in the Limited Recourse Trust Declaration, the Bank reserves the right not to (i) deliver Series 45 Preferred Shares or Common Shares to any person whom the Bank or its transfer agent has reason to believe is an Ineligible Person (as defined below), or any person who, by virtue of that delivery, would become a Significant Shareholder (as defined below), or (ii) record in its securities register a transfer or issue of the Series 45 Preferred Shares or Common Shares, as the case may be, to any person whom the Bank or its transfer agent has reason to believe is an Ineligible Government Holder (as defined below) based on a declaration submitted to the Bank or its transfer agent by or on behalf of such person. In such circumstances, the Bank will hold, as agent for such persons, the Series 45 Preferred Shares or Common Shares, as the case may be, that would have otherwise been delivered to such persons and will attempt to facilitate the sale of such Series 45 Preferred Shares or Common Shares, as the case may be, to parties other than the Bank and its affiliates on behalf of such persons through a registered dealer to be retained by the Bank on behalf of such persons. Those sales (if any) may be made at any time and at any price. The Bank will not be subject to any liability for failure to sell such Series 45 Preferred Shares or Common Shares, as the case may be, on behalf of such persons or at any particular price on any particular day. The net proceeds received by the Bank from the sale of any such Series 45 Preferred Shares or Common Shares, as the case may be, will be divided among the applicable persons in proportion to the number of Series 45 Preferred Shares or Common Shares, as the case may be, that would otherwise have been delivered to them after deducting the costs of sale and any applicable withholding taxes.

Subject to the foregoing restrictions regarding Ineligible Persons, Significant Shareholders and Ineligible Government Holders, (i) if the Limited Recourse Trust Assets consist of Series 45 Preferred Shares at the time a Recourse Event occurs, the Bank will deliver to each holder of Notes one Series 45 Preferred Share for each \$1,000 principal amount of Notes held, which shall be applied to the payment of the principal amount of the Notes, and such delivery of Series 45 Preferred Shares will be each holder’s sole remedy against the Bank for repayment of

the principal amount of the Notes and any accrued but unpaid interest thereon then due and payable, and (ii) upon the occurrence of a Recourse Event that is a Trigger Event, the Bank will deliver to each holder of Notes that holder's proportionate share of the Common Shares issued in connection with the Trigger Event. The number of Common Shares issuable in connection with the Trigger Event will be calculated based on a Share Value (as defined below) of \$1,000. Such Common Shares shall be applied to the payment of the principal amount of the Notes, and such delivery of Common Shares will be each holder's sole remedy against the Bank for repayment of the principal amount of the Notes and any accrued but unpaid interest thereon then due and payable. See "Description of Notes - Redemption Upon Occurrence of Non-Viability Contingent Capital Trigger Event" below.

The Limited Recourse Trustee shall distribute the proceeds from the redemption of the Series 45 Preferred Shares held by the Limited Recourse Trustee to the holders of the Notes.

The Limited Recourse Trust will continue until the earlier to occur of the following events: (i) no Notes (or any other limited recourse capital notes) are outstanding and held by a person other than the Bank; and (ii) each of the Limited Recourse Trustee and the Bank elects in writing to terminate the Limited Recourse Trust and such termination is approved by the holders of the Notes in accordance with the terms of the Series 2 Trust Indenture and the holders of any other limited recourse capital notes in accordance with the terms of the indentures under which they are issued.

Any amendment or supplement to the Limited Recourse Trust Declaration for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Limited Recourse Trust Declaration requires the prior consent of the holders of the Notes in accordance with the terms of the Series 2 Trust Indenture and the holders of any other limited recourse capital notes in accordance with the terms of the indentures under which they are issued.

By acquiring any Note, each holder irrevocably acknowledges and agrees with, and for the benefit of, the Bank and the Indenture Trustee that the delivery of the applicable Limited Recourse Trust Assets to a holder of the Notes shall exhaust all remedies of such holder under the Notes including in connection with any event of default. All claims of a holder of the Notes against the Bank shall be extinguished upon receipt by such holder of the applicable Limited Recourse Trust Assets. If the Bank does not deliver, or fails to cause the Limited Recourse Trustee to deliver, the applicable Limited Recourse Trust Assets to a holder of the Notes, the sole remedy of such holder for any claims against the Bank shall be recourse to the applicable Limited Recourse Trust Assets. The delivery of Limited Recourse Trust Assets to the holders of the Notes shall be deemed to be in full satisfaction of the Notes and shall extinguish all claims of such holder against the Bank. In case of any shortfall resulting from the value of the Limited Recourse Trust Assets being less than the principal amount of and any accrued and unpaid interest on the Notes, all losses arising from such shortfall shall be borne by the holders of the Notes.

The Bank has entered into an agreement (the "**NBC Indemnity Agreement**") to indemnify the Limited Recourse Trustee against certain claims, liabilities, losses and damages suffered by the Limited Recourse Trustee in connection with acting as trustee of the Limited Recourse Trust. The Limited Recourse Trustee has agreed to exercise and exhaust all its remedies against the Bank under the NBC Indemnity Agreement prior to exercising any rights of indemnity under the Limited Recourse Trust Declaration. Provided that the Limited Recourse Trustee has so exercised and exhausted its rights under the NBC Indemnity Agreement, the Limited Recourse Trustee will be indemnified and saved harmless by the Limited Recourse Trust Assets from and against all claims, liabilities, losses, damages, penalties, actions, suits, demands, levies, expenses and disbursements including, without limitation, any and all reasonable legal and adviser fees and disbursements, whether groundless or otherwise, including costs (including legal costs on a solicitor and client basis), charges and expenses in connection therewith, brought, commenced or prosecuted against it for or in respect of any act, deed, matter or thing whatsoever made, done, acquiesced in or omitted in or about or in relation to the execution of its duties as Limited Recourse Trustee and also from and against all other costs (including legal costs on a solicitor and client basis), charges, and expenses which it sustains or incurs in or about or in relation to the affairs of the Limited Recourse Trust, except such as may be incurred as a result of the wilful misconduct, gross negligence, fraud or bad faith of the Limited Recourse Trustee.

## Redemption

### *Automatic Redemption on Redemption of Series 45 Preferred Shares*

Upon redemption by the Bank of the Series 45 Preferred Shares held in the Limited Recourse Trust in accordance with the terms of such shares, outstanding Notes with an aggregate principal amount equal to the aggregate face amount of Series 45 Preferred Shares redeemed by the Bank shall automatically and immediately be redeemed, without any action on the part of, or the consent of, the holders of such Notes, for a cash amount equal to the principal amount of the Notes being redeemed together with accrued and unpaid interest to, but excluding, the date of redemption. The Limited Recourse Trust shall distribute the proceeds from the redemption of the Series 45 Preferred Shares held by the Limited Recourse Trustee to the holders of the Notes in partial satisfaction of such redemption price and the Bank shall be required to fund the balance in an amount equal to the accrued and unpaid interest. For certainty, to the extent that, in accordance with the terms of the Series 2 Trust Indenture, the Bank has immediately prior to or concurrently with such redemption of Series 45 Preferred Shares redeemed or purchased for cancellation outstanding Notes with an aggregate principal amount equal to the aggregate face amount of Series 45 Preferred Shares being redeemed, such requirement to redeem a corresponding number of Notes shall be deemed satisfied. See “Description of Series 45 Preferred Shares– Redemption” below for a description of the circumstances under which the Series 45 Preferred Shares may be redeemed by the Bank.

### *Redemption for Capital or Tax Reasons*

The Bank may, with the prior approval of the Superintendent and without the consent of the holders of the Notes, redeem all (but not less than all) of the Notes at any time upon at least 30 days and not more than 60 days prior written notice on or within 90 days following a regulatory event date or a tax event date. Any such redemption may not occur before the relevant regulatory event date or tax event date, but may occur on or after such regulatory event date or tax event date, as the case may be.

A “**regulatory event date**” means the date, before the Transfer Date, specified in a letter from the Superintendent to the Bank on which the Notes will no longer be recognized in full as eligible “Additional Tier 1 Capital” or will no longer be eligible to be included in full as risk-based “Total Capital” on a consolidated basis under the guidelines for capital adequacy requirements for banks in Canada as interpreted by the Superintendent.

A “**tax event date**” means the date, before the Transfer Date, on which the Bank has received an opinion of independent counsel of a nationally recognized law firm in Canada experienced in such matters (who may be counsel to the Bank) to the effect that, as a result of (i) any amendment to, clarification of, or change (including any announced prospective change) in, the laws, or any regulations thereunder, of Canada or any political subdivision or taxing authority thereof or therein, affecting taxation, (ii) any judicial decision, administrative pronouncement, published or private ruling, regulatory procedure, rule, notice, announcement, assessment or reassessment (including any notice or announcement of intent to adopt or issue such decision, pronouncement, ruling, procedure, rule, notice, announcement, assessment or reassessment) (collectively, an “**Administrative Action**”) or (iii) any amendment to, clarification of, or change in, the official position with respect to or the interpretation of any Administrative Action or any interpretation or pronouncement that provides for a position with respect to such Administrative Action that differs from the theretofore generally accepted position, in each case, by any legislative body, court, governmental authority or agency, regulatory body or taxing authority, irrespective of the manner in which such amendment, clarification, change, Administrative Action, interpretation or pronouncement is made known, which amendment, clarification, change or Administrative Action is effective or which interpretation, pronouncement or Administrative Action is announced on or after the date of issue of the Notes, there is more than an insubstantial risk (assuming any proposed or announced amendment, clarification, change, interpretation, pronouncement or Administrative Action is effective and applicable) that the Bank or the Limited Recourse Trust is, or may be, subject to more than a *de minimis* amount of additional taxes, duties or other governmental charges or civil liabilities because the treatment of any of its items of income, taxable income, expense, taxable capital or taxable paid-up capital with respect to the Notes or the Series 45 Preferred Shares (including dividends thereon) or other Limited Recourse Trust Assets or the Limited Recourse Trust, as or as would be reflected in any tax return or form filed, to be filed, or otherwise could have been filed, will not be respected by a taxing authority.

If the Bank redeems the Notes because of the occurrence of a regulatory event date or tax event date, it will do so at a redemption price per Note equal to the principal amount of the Note together with accrued and unpaid interest up to, but excluding the date of redemption.

### *Redemption Upon Occurrence of Non-Viability Contingent Capital Trigger Event*

Upon the occurrence of a Recourse Event that is a Trigger Event, each Series 45 Preferred Share will be automatically converted, without the consent of the holders of the Notes, the Limited Recourse Trustee or the Indenture Trustee, into Common Shares pursuant to an NVCC Automatic Conversion (as defined below), and immediately following such NVCC Automatic Conversion, each outstanding Note will automatically and immediately be redeemed, on a full and permanent basis, without any action on the part of, or the consent of, the holders of Notes, for the same number of Common Shares into which the Series 45 Preferred Shares converted pursuant to such NVCC Automatic Conversion (a “**Trigger Event Redemption**”).

Fractions of Common Shares will not be issued or delivered pursuant to a Trigger Event Redemption and no cash payment will be made in lieu of a fractional Common Share. Notwithstanding any other provision of the Notes, the redemption of the Notes in connection with an NVCC Automatic Conversion shall not be an event of default and the only consequence of a Trigger Event and the resulting Trigger Event Redemption under the provisions of the Notes will be the redemption of the Notes for Limited Recourse Trust Assets (being Common Shares). Upon a Trigger Event Redemption, the principal amount of the Notes, together with any accrued but unpaid interest on the Notes, will be deemed paid in full by the delivery of the Limited Recourse Trust Assets (being Common Shares) and the holders of Notes shall have no further rights and the Bank shall have no further obligations under the Series 2 Trust Indenture. Upon a Trigger Event Redemption, each holder of Notes will receive the number of Common Shares in proportion to the principal amount of the outstanding Notes held by such holder (any accrued and unpaid interest will not be taken into account).

Upon an NVCC Automatic Conversion, the Bank reserves the right not to (i) deliver some or all, as applicable, of the Common Shares issuable thereupon to any Ineligible Person or any person who, by virtue of the operation of the NVCC Automatic Conversion, would become a Significant Shareholder through the acquisition of Common Shares or (ii) record in its securities register a transfer or issue of the Common Shares to any person whom the Bank or its transfer agent has reason to believe is an Ineligible Government Holder based on a declaration submitted to the Bank or its transfer agent by or on behalf of such person. In such circumstances, the Bank will hold, as agent for such persons, the Common Shares that would have otherwise been delivered to such persons and will attempt to facilitate the sale of such Common Shares to parties other than the Bank and its affiliates on behalf of such persons through a registered dealer to be retained by the Bank on behalf of such persons. Those sales (if any) may be made at any time and at any price. The Bank will not be subject to any liability for failure to sell such Common Shares on behalf of such persons or at any particular price on any particular day. The net proceeds received by the Bank from the sale of any such Common Shares will be divided among the applicable persons in proportion to the number of Common Shares that would otherwise have been delivered to them upon the NVCC Automatic Conversion after deducting the costs of sale and any applicable withholding taxes. For the purposes of the foregoing:

- “**Ineligible Government Holder**” means any person who is the federal or a provincial government in Canada or agent or agency thereof, or the government of a foreign country or any political subdivision of a foreign country, or any agent or agency of a foreign government, in each case to the extent that the recording in the Bank’s securities register of a transfer or issue of any share of the Bank to such person would cause the Bank to contravene the Bank Act.
- “**Ineligible Person**” means any person whose address is in, or whom the Bank or the transfer agent has reason to believe is a resident of, any jurisdiction outside of Canada to the extent that the issuance or delivery by the Bank to such person, upon a NVCC Automatic Conversion, of Common Shares or Preferred Shares (i) would require the Bank to take any action to comply with securities, banking or analogous laws of such jurisdiction, or (ii) would cause the Bank to be in violation of any law to which the Bank is subject.
- “**Significant Shareholder**” means any person who beneficially owns, directly or indirectly, through entities controlled by such person or persons associated with or acting jointly or in concert with such person (as determined in accordance with the Bank Act), shares of any class of the Bank in excess of 10% of the total number of outstanding shares of that class in contravention of the Bank Act.

At any time prior to a Trigger Event, in the event of the Bank's liquidation, dissolution or winding-up, the Limited Recourse Trustee and the Bank will cause the Limited Recourse Trust Assets in respect of the Notes to be delivered to the holders of Notes in accordance with the terms of the Limited Recourse Trust Declaration. See "Description of Notes – Limited Recourse". If a Trigger Event has occurred, all Notes will have been redeemed for Limited Recourse Trust Assets, being, at such time, Common Shares which will rank on parity with all other Common Shares.

#### *Automatic Redemption on Failed Coupon Payment Date*

If a Failed Coupon Payment Date occurs, a Recourse Event will have occurred and, on the Failed Coupon Payment Date, the Notes shall automatically and immediately be redeemed, without any action on the part of, or the consent of, the holders of Notes, for a cash amount equal to the Redemption Price. From and after the Failed Coupon Payment Date, all Notes will cease to be outstanding, each holder of the Notes will cease to be entitled to interest thereon, and any certificates representing the Notes will represent only the right to receive upon surrender thereof the Redemption Price. If the Bank does not pay the applicable Redemption Price in cash under such circumstances, the Bank's obligation to pay the Redemption Price will be satisfied by the delivery of the Limited Recourse Trust Assets to which the recourse of the holders of the Notes will be limited. See "Description of Notes – Limited Recourse".

#### **Purchase for Cancellation**

In addition, the Bank may (subject to the approval of the Superintendent) purchase Notes in the market or by tender or by private contract at such price or prices and upon such terms and conditions as the Bank in its absolute discretion may determine, subject, however, to any applicable law restricting the purchase of Notes.

In the event of either a redemption of Notes or a purchase of Notes, the Bank will, in either case, cancel any Notes so redeemed or purchased, as the case may be.

#### **No Restriction on Other Indebtedness**

The Bank may create, issue or incur any other Indebtedness which, in the event of the insolvency or winding-up of the Bank, would rank in right of payment in priority to, equally with, or subordinate to the Notes.

#### **Mergers and Similar Events**

Under the Series 2 Trust Indenture, the Bank is generally permitted to merge, amalgamate, consolidate or otherwise combine with another entity. The Bank is also permitted to convey, transfer or lease substantially all of its assets to another entity. However, the Bank may not take any of these actions unless all the following conditions are met:

- when the Bank merges, amalgamates, consolidates or otherwise combines with, or conveys, transfers or leases substantially all of its assets, the surviving, resulting or acquiring entity must be a corporation, partnership or trust, must be organized and validly existing and must be legally responsible for the Notes, whether by agreement, operation of law or otherwise;
- the merger, amalgamation, consolidation or other combination, or conveyance, transfer or lease of assets must not cause an event of default, including any event which, after notice or lapse of time or both, would become an event of default, on the Notes; and
- the Bank has delivered an officer's certificate and a legal opinion to the Indenture Trustee stating that such transaction complies with the Series 2 Trust Indenture.

If the conditions described above are satisfied with respect to the Notes, the Bank will not need to obtain the approval of the holders of the Notes in order to merge, amalgamate or consolidate or to sell or lease its assets. Also, these conditions will apply only if the Bank wishes to merge, amalgamate or consolidate with another entity or sell substantially all of its assets to another entity. The Bank will not need to satisfy these conditions if it enters into other types of transactions, including any transaction in which the Bank acquires the stock or assets of another

entity, any transaction that involves a change of control but in which the Bank does not merge or consolidate and any transaction in which the Bank sells or leases less than substantially all of its assets. It is possible that this type of transaction may result in a reduction in the Bank's credit ratings or market perceptions about the Bank's credit ratings, may negatively affect the Bank's operating results or may impair the Bank's financial condition. Holders of the Notes, however, will have no approval right with respect to any transaction of this type.

### **Modification and Waiver of the Notes**

There are three types of changes the Bank can make to the Series 2 Trust Indenture and the Notes.

*Changes Requiring Approval of All Holders.* First, there are changes that cannot be made to the Series 2 Trust Indenture or the Notes without specific approval of each holder of the Notes. The following is a list of those types of changes:

- a change in the stated maturity date or Interest Payment Dates of the Notes;
- a reduction of the principal amount of, or rate of interest on, the Notes;
- a reduction of the amount payable upon a redemption of the Notes;
- a change in the currency of payment on the Notes;
- a change in the place of payment for the Notes;
- an impairment of a holder's right to sue for payment;
- a reduction of the percentage in principal amount of Notes the consent of whose holders is needed to modify or amend the Series 2 Trust Indenture;
- a reduction of the percentage in principal amount of Notes the consent of whose holders is needed to waive compliance with certain provisions of the Series 2 Trust Indenture or to waive certain defaults; or
- a modification of any other aspect of the provisions dealing with modification and waiver of the Series 2 Trust Indenture.

In addition, a modification of certain provisions of, or termination of, the Limited Recourse Trust Declaration requires the specific approval of each holder of the Notes.

*Changes Requiring a Majority Vote.* The second type of change to the Series 2 Trust Indenture or the Notes requires a vote in favour by holders of Notes owning not less than a majority of the outstanding principal amount of the Notes.

Most changes not requiring the approval of all holders fall into this category, except for clarifying changes and certain other changes that would not adversely affect in any material respect holders of the Notes. The Bank may not modify the subordination provisions of the Series 2 Trust Indenture in a manner that would adversely affect in any material respect the outstanding Notes without the consent of the holders of a majority of the outstanding principal amount of the Notes.

*Changes Not Requiring Approval.* The third type of change to the Series 2 Trust Indenture or the Notes does not require any vote by holders of Notes. This type is limited to clarifications and certain other changes that would not adversely affect in any material respect holders of the Notes.

Notes will not be considered outstanding, and therefore not eligible to vote, if the Bank has given a notice of redemption and deposited or set aside in trust for the holders money for the redemption of the Notes.

The Bank will generally be entitled to set any day as a record date for the purpose of determining the holders of outstanding Notes that are entitled to vote or take other action under the Series 2 Trust Indenture. In certain limited circumstances, the Indenture Trustee will be entitled to set a record date for action by holders. The Bank or the Indenture Trustee, as applicable, may shorten or lengthen this period from time to time. This period, however, may not extend beyond the 180<sup>th</sup> day after the record date for the action.

In addition to the aforementioned approvals, the Bank will not without, but may from time to time with, the consent of the Superintendent, make any change to the Series 2 Trust Indenture which might affect the classification afforded the Notes from time to time for capital adequacy requirements pursuant to the Bank Act and the regulations and guidelines thereunder, including the OSFI Capital Adequacy Requirements (CAR) Guideline, as may be amended from time to time.

### **Additional Amounts**

All payments in respect of Notes shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed unless such withholding or deduction is required by law.

In the event that any amounts are required to be deducted or withheld for, or on behalf of Canada or any province or territory thereof, the Bank shall pay such additional amount as may be necessary, in order that each holder of a Note, after deduction or withholding of such taxes, duties, assessments or governmental charges, will receive the full amount then due and payable that would have been received by such holder had no deduction or withholding been required, provided that no such additional amounts shall be payable with respect to any Note:

- (i) held by or on behalf of a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note by reason of his being connected with Canada or any province or territory thereof other than by the mere holding of such Note;
- (ii) to, or to a third party on behalf of, a holder in respect of whom such tax, duty, assessment or governmental charge is required to be withheld or deducted by reason of the holder or any other person entitled to payments under the Notes being a person with whom the Bank is not dealing at arm's length (within the meaning of the Tax Act), or being a person who is, or does not deal at arm's length with any person who is a "specified shareholder" of the Bank for the purposes of the thin capitalization rules in the Tax Act;
- (iii) presented for payment more than 30 days after of the date on which the payment in respect of the Notes first became due and payable or the date on which payment thereof is duly provided for, whichever occurs later, except to the extent that the holder thereof would have been entitled to such additional amount on presenting the same for payment on the thirtieth such day;
- (iv) if such tax or governmental charge is on account of an estate, inheritance, gift, sale, transfer, personal property or similar tax or governmental charge;
- (v) to, or to a third party on behalf of, a holder who is liable for such taxes, duties, assessments or other governmental charges by reason of such holder's failure to comply with any certification, identification, documentation or other reporting requirement concerning the nationality, residence, identity or connection with Canada or any province or territory thereof, if (i) compliance is required by law as a precondition to, exemption from, or reduction in the rate of, the tax, assessment or other governmental charge and (ii) the Bank has given holders at least 30 days' notice that holders will be required to provide such certification, identification, documentation or other requirement;
- (vi) to a holder who is a fiduciary or partnership or other than the sole beneficial owner of such payment to the extent a beneficiary or settlor with respect to such fiduciary or a member of such partnership or beneficial owner would not have been entitled to the additional amounts had such beneficiary, settlor, member or beneficial owner held its interest in the Note directly; or
- (vii) for any withholding or deduction imposed or levied pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") or otherwise imposed

pursuant to Sections 1471 through 1474 of the Code or any regulations or agreements thereunder, official interpretations thereof, or law implementing an intergovernmental approach thereto.

At least 30 days prior to each date on which any payment under or with respect to the Notes is due and payable (unless such obligation to pay additional amounts arises after the 30th day prior to the date on which payment under or with respect to the Notes is due and payable, in which case it will be promptly thereafter), if the Bank will be obligated to pay additional amounts with respect to such payment, the Bank will deliver to the Indenture Trustee an officer's certificate stating that such additional amounts will be payable and the amounts so payable and setting forth such other information as is necessary to enable the Indenture Trustee to pay such additional amounts to the holders of such Notes on the payment date.

### **Description of First Preferred Shares as a Class**

The First Preferred Shares of each series rank *pari passu* with the First Preferred Shares of every other series and outstanding First Preferred Shares (including any First Preferred Shares issued hereunder if a Trigger Event has not occurred as contemplated under the specific Non-Viability Contingent Capital provisions applicable to such First Preferred Shares) are entitled to preference over the second preferred shares and Common Shares of the Bank and over any other shares ranking junior to the First Preferred Shares with respect to the payment of dividends and in the distribution of property in the event of the Bank's liquidation, dissolution or winding-up.

Concurrently with the closing of the offering of the Notes, the Series 45 Preferred Shares will be issued as a series of First Preferred Shares of the Bank. Reference is made to the description of the First Preferred Shares of the Bank as a class under the heading "Description of First Preferred Shares" in the Accompanying Prospectus.

The authorized First Preferred Share capital of the Bank consists of an unlimited number of First Preferred Shares without nominal or par value, issuable for a maximum aggregate consideration of \$5 billion or the equivalent thereof in foreign currencies.

### **Description of the Series 45 Preferred Shares**

#### **Definition of Terms**

The following definitions are relevant to the Series 45 Preferred Shares.

**"Annual Fixed Dividend Rate"** means, for any Subsequent Fixed Rate Period, the rate (expressed as a percentage rate rounded down to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the sum of the Government of Canada Yield on the applicable Fixed Rate Calculation Date plus 3.045%.

**"Bloomberg Screen GCAN5YR Page"** means the display designated as page "GCAN5YR<INDEX>" on the Bloomberg Financial L.P. service (or such other page as may replace the GCAN5YR page on that service) for purposes of displaying Government of Canada bond yields.

**"Board of Directors"** means the board of directors of the Bank.

**"business day"** means a day on which the Bank, the Indenture Trustee and the Trustee are open for business in the City of Toronto, Ontario, or Montréal, Québec, other than a Saturday, Sunday or any statutory or civic holiday in the City of Toronto, Ontario, or Montréal, Québec.

**"Fixed Period End Date"** means August 15, 2026 and each August 15 every fifth year thereafter.

**"Fixed Rate Calculation Date"** means, for any Subsequent Fixed Rate Period, the business day prior to the first day of such Subsequent Fixed Rate Period.

**"Government of Canada Yield"** on any Fixed Rate Calculation Date, means the bid yield to maturity on such date (assuming semi-annual compounding) of a Canadian dollar denominated non-callable Government of Canada bond with a term to maturity of five years as quoted as of 10:00 a.m. (Toronto time) on such date and which appears on the Bloomberg Screen GCAN5YR Page on such date; provided that, if

such rate does not appear on the Bloomberg Screen GCAN5YR Page on such date, the Government of Canada Yield will mean the bid yield to maturity on such date, compounded semi-annually, which a non-callable Government of Canada nominal bond would be expected to carry if issued, in Canadian dollars in Canada, at 100% of its principal amount on such date with a term to maturity equal to the period from such Fixed Rate Calculation Date to, but excluding, the next Fixed Rate Calculation Date, as determined by two independent Canadian investment dealers (each of which is a member of the Investment Industry Regulatory Organization of Canada or any successor to or of the Investment Industry Regulatory Organization of Canada), other than National Bank Financial Inc., selected by the Bank, and based on a linear interpolation of the yields represented by the arithmetic average of bids observed in the market at or about 10:00 a.m. (Toronto time) on the relevant date for each of the two outstanding non-callable Government of Canada nominal bonds which have the terms to maturity which most closely spans the period from such Fixed Rate Calculation Date to, but excluding, the next Fixed Rate Calculation Date, where such arithmetic average is based in each case on the bids quoted by such independent investment dealers.

**“Initial Annual Fixed Dividend Rate”** means, for the Initial Fixed Rate Period, the rate equal to the interest rate per annum on the Notes in effect as of the Transfer Date, provided that if the Transfer Date is on or after the Maturity Date, it means the rate (expressed as a percentage rounded to the nearest one hundred-thousandth of one percent (with 0.000005% being rounded up)) equal to the Government of Canada Yield on the business day prior to the Maturity Date (and in such case, for purposes of the definition of Government of Canada Yield, such day shall be deemed to be a “Fixed Rate Calculation Date” and such Initial Fixed Rate Period shall be deemed to be a “Subsequent Fixed Rate Period”), plus 3.045%.

**“Initial Fixed Rate Period”** means, (i) if the Transfer Date is prior to August 15, 2026, the period from and including the Transfer Date to, but excluding, August 15, 2026 and (ii) if the Transfer Date is on or after August 15, 2026, the period from and including the Transfer Date, to but excluding the first Fixed Period End Date following the Transfer Date.

**“Initial Reset Date”** means, (i) if the Transfer Date is prior to August 15, 2026, August 15, 2026, and (ii) if the Transfer Date is on or after August 15, 2026, the first Fixed Period End Date following the Transfer Date.

**“Maturity Date”** has the meaning given to such term in the Series 2 Trust Indenture.

**“Subsequent Fixed Rate Period”** means the period from and including the Initial Reset Date to, but excluding, the next Fixed Period End Date and each five year period thereafter from and including such Fixed Period End Date to, but excluding, the next Fixed Period End Date.

**“Transfer Date”** means the date on which all of the Series 45 Preferred Shares have been delivered to the holders of the Notes in accordance with the terms of the Series 2 Trust Indenture and the Limited Recourse Trust Declaration.

## **Issue Price**

The Series 45 Preferred Shares will have an issue price of \$1,000 per share.

## **Dividends**

Prior to the Transfer Date, the holders of the Series 45 Preferred Shares shall not be entitled to receive dividends.

Following the Transfer Date, during the Initial Fixed Rate Period, the holders of Series 45 Preferred Shares will be entitled to receive and the Bank will pay thereon as and when declared by the Board of Directors, subject to the provisions of the Bank Act, fixed rate non-cumulative preferential cash dividends, payable semi-annually on the fifteenth day of each of February and August of each year, in an amount per share per annum determined by multiplying the applicable Initial Annual Fixed Dividend Rate by \$1,000; provided that, whenever it is necessary to compute any dividend amount in respect of the Series 45 Preferred Shares for a period of less than one full semi-

annual dividend period, such dividend amount shall be calculated on the basis of the actual number of days in the period and a year of 365 days.

During each Subsequent Fixed Rate Period, after the Initial Fixed Rate Period, the holders of Series 45 Preferred Shares will be entitled to receive fixed non-cumulative preferential cash dividends, as and when declared by the Board of Directors, subject to the provisions of the Bank Act, payable semi-annually on the fifteenth day of each of February and August of each year, in the amount per share per annum determined by multiplying the Annual Fixed Dividend Rate applicable to such Subsequent Fixed Rate Period by \$1,000.

The Bank will determine the Annual Fixed Dividend Rate applicable to a Subsequent Fixed Rate Period on the Fixed Rate Calculation Date. Such determination will, in the absence of manifest error, be final and binding upon the Bank and upon all holders of Series 45 Preferred Shares. The Bank will, on the Fixed Rate Calculation Date, give written notice of the Annual Fixed Dividend Rate for the ensuing Subsequent Fixed Rate Period to all registered holders of the then outstanding Series 45 Preferred Shares.

If the Board of Directors does not declare a dividend, or any part thereof, on the Series 45 Preferred Shares, on or before the dividend payment date for a particular semi-annual period, then the entitlement of the holders of the Series 45 Preferred Shares to receive such dividend, or to any part thereof, for such semi-annual period will be forever extinguished.

The Bank is restricted under the Bank Act from paying dividends on the Series 45 Preferred Shares in certain circumstances. Refer to “Bank Act Restrictions and Restrictions on Payment of Dividends” of the Accompanying Prospectus.

## **Redemption**

Except for a Special Event Redemption (as defined below) or a Note Repurchase Redemption (as defined below), the Series 45 Preferred Shares will not be redeemable prior to July 15, 2026. Subject to the provisions of the Bank Act, the prior consent of the Superintendent and to the provisions described below under the heading “Description of Series 45 Preferred Shares - Restrictions on Dividends and Retirement of Shares”, the Bank may (i) before the Transfer Date, redeem all but not less than all of the outstanding Series 45 Preferred Shares, at the Bank’s option without the consent of the holder, during the period from July 15 to and including August 15, 2026 and during the period from July 15 to and including August 15 every fifth year thereafter by the payment of an amount in cash for each share redeemed of \$1,000, and (ii) on or after the Transfer Date, redeem all or any part of the outstanding Series 45 Preferred Shares, at the Bank’s option without the consent of the holder, during the period from July 15 to and including August 15, 2026 and during the period from July 15 to and including August 15 every fifth year thereafter by the payment of an amount in cash for each share redeemed of \$1,000 together with all declared and unpaid dividends to the date fixed for redemption.

Upon the occurrence of a Special Event Date prior to the Transfer Date, subject to the provisions of the Bank Act and to the provisions described below under the heading “Description of Series 45 Preferred Shares - Restrictions on Dividends and Retirement of Shares”, the Bank may, at its option, without the consent of the holder, at any time within 90 days following a Special Event Date and with the prior written approval of the Superintendent, redeem the Series 45 Preferred Shares, in whole but not in part, by the payment of an amount in cash for each share redeemed of \$1,000 (a “**Special Event Redemption**”) and apply the proceeds of such redemption towards the redemption of the Notes. “**Special Event Date**” means a regulatory event date or a tax event date as such terms are defined under the heading “Description of Notes – Redemption - Redemption for Capital or Tax Reasons”.

If at any time prior to the Transfer Date, the Bank, with the prior written approval of the Superintendent, purchases Notes, in whole or in part, by tender offer, open market purchases, negotiated transactions or otherwise, for cancellation, then, subject to the provisions of the Bank Act and to the provisions described below under the heading “Description of Series 45 Preferred Shares - Restrictions on Dividends and Retirement of Shares”, the Bank shall, immediately before such purchase and with the prior written approval of the Superintendent, without the consent of the holder, cause such number of Series 45 Preferred Shares with an aggregate face amount equal to the aggregate principal amount of Notes purchased for cancellation by the Bank, by the payment of an amount in cash for each share redeemed of \$1,000 (a “**Note Repurchase Redemption**”) to be cancelled.

Concurrently with or upon the maturity of the Notes, subject to the provisions of the Bank Act and to the provisions described below under the heading “Description of Series 45 Preferred Shares - Restrictions on Dividends and Retirement of Shares”, with the prior written approval of the Superintendent, the Bank may redeem all of the outstanding Series 45 Preferred Shares, at the Bank’s option, by the payment of an amount in cash for each share redeemed of \$1,000.

Reference is also made to the provisions described in the Accompanying Prospectus under the heading “Bank Act Restrictions and Restrictions on Payment of Dividends”.

Notice of any redemption other than a Special Event Redemption will be given by the Bank to the registered holders not more than 60 days and not less than 15 days prior to the redemption date. Notice of any Special Event Redemption will be given by the Bank to registered holders not more than 60 days and not less than 30 days prior to the redemption date. Where, on or after the Transfer Date, less than all the outstanding Series 45 Preferred Shares are at any time to be redeemed, the shares to be redeemed will be redeemed *pro rata*, disregarding fractions.

All redemptions of the Series 45 Preferred Shares are subject to the prior written approval of the Superintendent.

The Series 45 Preferred Shares do not have a fixed maturity and are not redeemable at the option of the holders. Reference is made to “Risk Factors”.

#### **Purchase for Cancellation**

From and after the Transfer Date, subject to the provisions of the Bank Act, the prior consent of the Superintendent and the provisions described below under the heading “Description of Series 45 Preferred Shares - Restrictions on Dividends and Retirement of Shares”, the Bank may at any time purchase for cancellation any of the Series 45 Preferred Shares in the open market at the lowest price or prices at which in the opinion of the Board of Directors such shares are obtainable.

#### **Conversion of Series 45 Preferred Shares Upon Occurrence of Non-Viability Contingent Capital Trigger Event**

Upon the occurrence of a Trigger Event, each outstanding Series 45 Preferred Share will automatically and immediately be converted, on a full and permanent basis, into a number of Common Shares equal to  $(\text{Multiplier} \times \text{Share Value}) \div \text{Conversion Price}$  (rounding down, if necessary, to the nearest whole number of Common Shares) (a “**NVCC Automatic Conversion**”). For the purposes of the foregoing:

“**Conversion Price**” means the greater of (i) \$5.00, and (ii) the Current Market Price of the Common Shares. The floor price of \$5.00 is subject to adjustment in the event of (i) the issuance of Common Shares or securities exchangeable for or convertible into Common Shares to all holders of Common Shares as a stock dividend, (ii) the subdivision, redivision or change of the Common Shares into a greater number of Common Shares, or (iii) the reduction, combination or consolidation of the Common Shares into a lesser number of Common Shares. The adjustment shall be computed to the nearest one-tenth of one cent provided that no adjustment of the floor price shall be required unless such adjustment would require an increase or decrease of at least 1% of the floor price then in effect.

“**Current Market Price**” of the Common Shares means the volume weighted average trading price of the Common Shares on the TSX, if such shares are then listed on the TSX, for the 10 consecutive trading days ending on the trading day preceding the date of the Trigger Event. If the Common Shares are not then listed on the TSX, for the purpose of the foregoing calculation reference shall be made to the principal securities exchange or market on which the Common Shares are then listed or quoted or, if no such trading prices are available, “Current Market Price” shall be the fair value of the Common Shares as reasonably determined by the Board of Directors.

“**Multiplier**” means 1.0.

“**Share Value**” means \$1,000 plus declared and unpaid dividends, if any, as at the date of the Trigger Event.

“**Trigger Event**” has the meaning set out in the OSFI Guideline for Capital Adequacy Requirements (CAR), Chapter 2 – Definition of Capital, effective November 2018, as such term may be amended or superseded by OSFI from time to time, which term currently provides that each of the following constitutes a Trigger Event:

- the Superintendent publicly announces that the Bank has been advised, in writing, that the Superintendent is of the opinion that the Bank has ceased, or is about to cease, to be viable and that, after the conversion of all contingent instruments and taking into account any other factors or circumstances that are considered relevant or appropriate, it is reasonably likely that the viability of the Bank will be restored or maintained; or
- a federal or provincial government in Canada publicly announces that the Bank has accepted or agreed to accept a capital injection, or equivalent support, from the federal government or any provincial government or political subdivision or agent or agency thereof without which the Bank would have been determined by the Superintendent to be non-viable.

Fractions of Common Shares will not be issued or delivered pursuant to a NVCC Automatic Conversion and no cash payment will be made in lieu of a fractional Common Share. Notwithstanding any other provision of the Series 45 Preferred Shares, the conversion of such shares shall not be an event of default and the only consequence of a Trigger Event under the provisions of such shares will be the conversion of such shares into Common Shares.

In the event of a capital reorganization, consolidation, merger or amalgamation of the Bank or comparable transaction affecting the Common Shares, the Bank will take necessary action to ensure that holders of Series 45 Preferred Shares, as applicable, receive, pursuant to a NVCC Automatic Conversion, the number of Common Shares or other securities that such holders would have received if the NVCC Automatic Conversion occurred immediately prior to the record date for such event.

#### **Right Not to Deliver Shares upon Conversion**

Upon a NVCC Automatic Conversion, the Bank reserves the right not to (a) deliver some or all, as applicable, of the Common Shares issuable thereupon to any person whom the Bank or its transfer agent has reason to believe is an Ineligible Person or any person who, upon a NVCC Automatic Conversion, would become a Significant Shareholder, or (b) record in its securities register a transfer or issue of the Common Shares to any person whom the Bank or its transfer agent has reason to believe is an Ineligible Government Holder based on a declaration submitted to the Bank or its transfer agent by or on behalf of such person. In such circumstances, the Bank will hold, as agent for such persons, the Common Shares that would have otherwise been delivered to such persons and will attempt to facilitate the sale of such Common Shares to parties other than the Bank and its affiliates on behalf of such persons through a registered dealer to be retained by the Bank on behalf of such persons. Those sales (if any) may be made at any time and at any price. The Bank will not be subject to any liability for failure to sell such Common Shares on behalf of such persons or at any particular price on any particular day. The net proceeds received by the Bank from the sale of any such Common Shares will be divided among the applicable persons in proportion to the number of Common Shares that would otherwise have been delivered to them upon a NVCC Automatic Conversion after deducting the costs of sale and any applicable withholding taxes. For the purposes of the foregoing:

“**Ineligible Government Holder**” means any person who is the federal or a provincial government in Canada or agent or agency thereof, or the government of a foreign country or any political subdivision of a foreign country, or any agent or agency of a foreign government, in each case to the extent that the recording in the Bank’s securities register of a transfer or issue of any share of the Bank to such person would cause the Bank to contravene the Bank Act.

“**Ineligible Person**” means any person whose address is in, or whom the Bank or its transfer agent has reason to believe is a resident of, any jurisdiction outside of Canada to the extent that the issuance or delivery by the Bank to such person of Common Shares upon a NVCC Automatic Conversion (i) would

require the Bank to take any action to comply with securities, banking or analogous laws of such jurisdiction, or (ii) would cause the Bank to be in violation of any law to which the Bank is subject.

**“Significant Shareholder”** means any person who beneficially owns, directly or indirectly, through entities controlled by such person or persons associated with or acting jointly or in concert with such person (as determined in accordance with the Bank Act), shares of any class of the Bank in excess of 10% of the total number of outstanding shares of that class in contravention of the Bank Act.

### **Rights on Liquidation**

In the event of the liquidation, dissolution or winding-up of the Bank, at any time after the Transfer Date, provided that a NVCC Automatic Conversion has not occurred, the holders of Series 45 Preferred Shares will be entitled to receive \$1,000 per share, together with all dividends declared and unpaid to the date of payment, before any amount may be paid or any of the Bank’s assets distributed to the registered holders of any shares ranking junior to the Series 45 Preferred Shares. The holders of Series 45 Preferred Shares will not be entitled to share in any further distribution of the Bank’s assets. If a NVCC Automatic Conversion has occurred, all Series 45 Preferred Shares shall have been converted into Common Shares which will rank on a parity with all other Common Shares.

### **Restrictions on Dividends and Retirement of Shares**

From and after the Transfer Date, so long as any of the Series 45 Preferred Shares are outstanding, the Bank will not, without the approval of the holders of the relevant series given as specified below:

- (a) pay any dividends on the Common Shares or any other shares ranking junior to the Series 45 Preferred Shares (other than stock dividends payable in shares of the Bank ranking junior to the Series 45 Preferred Shares);
- (b) redeem, purchase or otherwise retire any Common Shares or any other shares ranking junior to the Series 45 Preferred Shares (except out of the net cash proceeds of a substantially concurrent issue of shares ranking junior to the Series 45 Preferred Shares);
- (c) redeem, purchase or otherwise retire less than all the Series 45 Preferred Shares then outstanding;  
or
- (d) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching to any series of First Preferred Shares of the Bank, redeem, purchase or otherwise retire any other shares ranking on a parity with the Series 45 Preferred Shares;

unless, in each such case, all dividends up to and including the dividend payment date for the last completed period for which dividends will be payable will have been declared and paid or set apart for payment in respect of each series of cumulative First Preferred Shares then issued and outstanding and on all other cumulative shares ranking on a parity with the First Preferred Shares and there will have been paid or set apart for payment all declared dividends in respect of each series of non-cumulative First Preferred Shares (including the Series 45 Preferred Shares) then issued and outstanding and on all other non-cumulative shares ranking on a parity with the First Preferred Shares. Reference is made to “Bank Act Restrictions and Restrictions on Payment of Dividends” of the Accompanying Prospectus.

### **Issue of Additional Series of First Preferred Shares**

The Bank may issue other series of First Preferred Shares ranking on a parity with the Series 45 Preferred Shares without the authorization of the holders of the Series 45 Preferred Shares, if at the date of such issuance all cumulative dividends up to and including the dividend payment date for the last completed period for which such cumulative dividends shall be payable shall have been declared and paid or set apart for payment in respect of each series of cumulative First Preferred Shares then issued and outstanding, if any, and any declared and unpaid non-cumulative dividends shall have been paid or set apart for payment in respect of each series of non-cumulative First Preferred Shares then issued and outstanding.

## **Amendments to Series 45 Preferred Shares**

The Bank will not, without the approval of the holders of the applicable series given as specified below under “Shareholder Approvals”, delete or vary any rights, privileges, restrictions and conditions attaching to the Series 45 Preferred Shares. In addition to the aforementioned approval, the Bank will not without, but may from time to time with, the prior approval of the Superintendent, make any such deletion or variation which might affect the classification afforded the Series 45 Preferred Shares from time to time for capital adequacy requirements pursuant to the Bank Act and the regulations and guidelines thereunder, including the OSFI Capital Adequacy Requirements (CAR) Guideline, as may be amended from time to time.

## **Shareholder Approvals**

The approval of any amendments to the rights, privileges, restrictions and conditions attaching to the Series 45 Preferred Shares may be given by a resolution carried by the affirmative vote of not less than  $66\frac{2}{3}\%$  of the votes cast at a meeting of holders of the Series 45 Preferred Shares which a majority of the outstanding shares of the Series 45 Preferred Shares is represented or, if no such quorum is present at such meeting, at any adjourned meeting at which shareholders then present or represented by proxy would form the necessary quorum.

## **Voting Rights**

Subject to the provisions of the Bank Act and any entitlement attaching to the First Preferred Shares set out in the by-laws of the Bank, the holders of Series 45 Preferred Shares as such will not be entitled to receive notice of, attend, or vote at, any meeting of the shareholders of the Bank unless and until the first time at which the rights of such holders to any undeclared dividends have become extinguished as described under “Description of the Series 45 Preferred Shares - Dividends” (for clarity, such time may not occur before the Transfer Date because, prior to the Transfer Date, the holders of any Series 45 Preferred Shares will not be entitled to receive dividends). In that event, the holders of the Series 45 Preferred Shares will be entitled to receive notice of, and to attend, meetings of shareholders at which directors of the Bank are to be elected and will be entitled to one vote for each Series 45 Preferred Shares held. The voting rights of the holders of shares of the Series 45 Preferred Shares will forthwith cease upon payment by the Bank of the first semi-annual dividend on the Series 45 Preferred Shares to which the holders are entitled subsequent to the time such voting rights first arose. At such time as the rights of such holders to any undeclared dividends on the Series 45 Preferred Shares have again become extinguished, such voting rights will become effective again and so on from time to time.

In connection with any action to be taken by the Bank which requires the approval of the holders of Series 45 Preferred Shares voting as a series or as part of the class, each such share will entitle the holder thereof to one vote.

## **Tax Election**

The Series 45 Preferred Shares will be “taxable preferred shares” as defined in the Tax Act for the purposes of the tax under Part IV.1 of the Tax Act applicable to certain corporate holders of such shares. The terms of each of the Series 45 Preferred Shares will require the Bank to make the necessary election under Part VI.1 of the Tax Act to pay tax under Part VI.1 at a rate such that corporate holders will not be subject to tax under Part IV.1 of the Tax Act on dividends received (or deemed to be received) on the Series 45 Preferred Shares.

## **Business Days**

If any action is required to be taken by the Bank on a day that is not a business day, then such action will be taken on the next succeeding day that is a business day.

## **Description of Common Shares**

For a description of the terms of the Bank’s Common Shares, see “Description of Common Shares” in the Accompanying Prospectus.

## Bank Act Restrictions and Approvals

The Accompanying Prospectus sets out a summary of the restrictions contained in 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 Series 45 Preferred 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.

The Bank reserves the right not to issue shares, including Series 45 Preferred Shares, to any person whose address is in, or whom the Bank or its transfer agent has reason to believe is a resident of, any jurisdiction outside Canada, to the extent that such issue would require the Bank to take any action to comply with the securities, banking or analogous laws of such jurisdiction.

## Earnings Coverage Ratios

The following consolidated earnings coverage ratios which give effect to the debentures, limited recourse capital notes and First Preferred Shares outstanding as of January 31, 2021 and October 31, 2020, respectively, (assuming each of the securities was outstanding from the first day of such period) and giving effect to the offering of the Notes to be distributed under this Prospectus Supplement and to the redemption by the Bank on May 15, 2021 of the First Preferred Shares Series 34, are calculated for the 12-month periods ended January 31, 2021 and October 31, 2020:

	January 31, 2021	October 31, 2020
Earnings coverage ratios	13.33 times	12.28 times

The ratio for the 12-month period ended October 31, 2020 is based on audited financial information and for the 12-month period ended January 31, 2021, on unaudited financial information. Foreign currency amounts have been translated to Canadian dollars using rates of exchange as at January 31, 2021 and October 31, 2020, respectively.

The Bank's dividend requirements on all of its outstanding First Preferred Shares and the distribution requirements of the limited recourse capital notes, after giving effect to new issues and redemptions, including the issue of the Notes to be distributed under this Prospectus Supplement and the redemption by the Bank on May 15, 2021 of the First Preferred Shares Series 34, and adjusted to a before-tax equivalent using a statutory income tax rate of 26.5% for the 12 months ended October 31, 2020 and 26.5% for the 12 months ended January 31, 2021, respectively, amounted to \$184 million for the 12 months ended October 31, 2020 and \$184 million for the 12 months ended January 31, 2021, respectively. The Bank's interest requirements for subordinated debentures after giving effect to new issues and redemptions for the 12 months ended October 31, 2020 and January 31, 2021, amounted to \$24 million and \$24 million, respectively. The Bank's earnings before income taxes, non-controlling interest and debentures for the 12 months ended October 31, 2020 and January 31, 2021 were \$2,555 million and \$2,773 million respectively which are 12.28 times and 13.33 times the Bank's aggregate dividend, distributions on limited recourse capital notes and interest requirements for these periods, respectively after giving effect to new issues and redemptions, including the issue of the Notes to be distributed under this Prospectus Supplement and the redemption by the Bank on May 15, 2021 of the First Preferred Shares Series 34.

## Ratings

The Notes are expected to be assigned a rating of "BBB" by DBRS Limited ("DBRS"). The "BBB" rating expected to be assigned to the Notes by DBRS ranks in the middle of the fourth highest rating category of DBRS' ten rating categories for long term debt obligations, which range from AAA to D. DBRS uses the "high" and "low" designations to indicate the relative standing of the securities being rated within a particular rating category. The absence of either a "high" or "low" designation indicates the rating is in the middle of the category.

The Notes are expected to be assigned a rating of "Ba1" (hyb) by Moody's Canada Inc. ("Moody's"). The "Ba1(hyb)" rating expected to be assigned to the Notes by Moody's ranks in the higher end of the fifth highest rating category of Moody's nine rating categories for long term debt obligations, which range from Aaa to C.

Moody's appends numerical modifiers 1, 2 or 3 to each generic rating classification from Aa through Caa to indicate the relative standing of the securities being rated within a particular rating category.

The Notes are expected to be assigned a rating of "BB+" by S&P Global Ratings, acting through S&P Global Ratings Canada, a business unit of S&P Global Canada Corp. ("S&P"). The "BB+" rating expected to be assigned to the Notes by S&P ranks in the higher end of the fifth highest rating category of S&P's ten rating categories for long term debt obligations, which range from AAA to D. S&P uses the "+" or "-" designations to indicate the relative standing of the securities being rated within a particular rating category.

The Series 45 Preferred Shares are expected to be assigned a rating of "Pfd-2 (Low)" by DBRS. A "Pfd-2" rating is the second highest of five categories available from DBRS for first preferred shares. A reference to "high" or "low" reflects the relative standing within the rating category.

The Series 45 Preferred Shares are expected to be assigned a rating of "P-3(High)" by S&P, using the S&P Canadian scale for first preferred shares and are expected to be assigned a rating of "BB+" using S&P's global scale for first preferred shares. The "P-3" rating is the third highest of the five categories used by S&P on its Canadian first preferred share scale. The "BB" rating is the fourth highest of the nine categories used by S&P on its global scale. A reference to "high" or "low" or "+/-" reflects the relative standing within the rating category.

The Series 45 Preferred Shares are expected to be assigned a rating of "Ba1" (hyb) by Moody's. A "Ba" rating by Moody's is the fifth highest of the nine categories used by Moody's. The modifier "1" indicates that the obligation ranks at the higher of the "Ba" rating category. The "hyb" indicator signals the potential for ratings volatility due to less predictable exogenous (and often non-credit linked) factors such as regulatory and/or government intervention coupled with a hybrid's equity-like features.

The Bank made payments to DBRS, S&P and Moody's in connection with the assignment of ratings on its rated instruments. In addition, the Bank has or may have made payments in respect of certain other services provided to the Bank by each of such rating agencies during the last two years.

Credit ratings are intended to provide investors with an independent measure of credit quality of any issue of securities and are indicators of the likelihood of the payment capacity and willingness of a company to meet its financial commitment on an obligation in accordance with the terms of the obligation. The credit ratings accorded to securities by the rating agencies are not recommendations to purchase, hold or sell the securities inasmuch as such ratings do not comment as to market price or suitability for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future if in its judgment circumstances so warrant, and if any such rating is so revised or withdrawn, the Bank is under no obligation to update this Prospectus Supplement. Prospective purchasers of the Notes and Series 45 Preferred Shares should consult the relevant rating organization with respect to the interpretation and implications of the foregoing ratings.

### **Plan of Distribution**

Under an agreement dated April 14, 2021 between the Agents and the Bank (the "**Agency Agreement**"), the Agents have agreed to act as the Bank's agents to offer the Notes for sale to the public on a best efforts basis, if, as and when issued by the Bank, subject to compliance with all necessary legal requirements and in accordance with the terms and conditions of the Agency Agreement. The offering price of the Notes was established by negotiation between the Bank and the Agents. The Agents will receive a fee equal to \$10 for each \$1,000 principal amount of Notes sold.

The Series 45 Preferred Shares qualified by this Prospectus Supplement will be issued to the Limited Recourse Trustee. No underwriter has been involved in the offering of the Series 45 Preferred Shares qualified by this Prospectus Supplement. The offering price of the Series 45 Preferred Shares was established by the Bank.

The Notes may only be offered and sold in Canada to "accredited investors" (as such term is defined in NI 45-106 or section 73.3 of the *Securities Act* (Ontario), as applicable) who are not individuals. Each Agent will represent and covenant, severally and not on a joint and several basis, to the Bank that it will only sell the Notes to such purchasers in Canada. **By purchasing a Note in Canada and accepting delivery of a purchase confirmation such purchaser will be deemed to represent to the Bank and the Agent from whom the purchase confirmation**

**is received that such purchaser is an “accredited investor” (as such term is defined in NI 45-106 or section 73.3 of the *Securities Act* (Ontario), as applicable) who is not an individual.**

The obligations of the Agents under the Agency Agreement may be terminated in their discretion on the basis of their assessment of the state of the financial markets and also upon the occurrence of certain stated events. While the Agents have agreed to use their best efforts to sell the Notes offered under this Prospectus Supplement, the Agents will not be obligated to purchase any Notes which are not sold.

None of the Notes, the Series 45 Preferred Shares nor the Common Shares into which the Series 45 Preferred Shares may be converted or for which the Notes may be redeemed upon the occurrence of a Trigger Event have been, or will be, registered under the U.S. Securities Act or any state securities laws, and the Agents have agreed not to (i) buy or offer to buy, (ii) sell or offer to sell or (iii) solicit any offer to buy any Notes as part of any distribution under this Prospectus Supplement in the United States, its territories, its possessions and other areas subject to its jurisdiction or to, or for the account or benefit of, a U.S. Person.

In connection with the offering of Notes, the Agents may, subject to applicable laws, over-allot or effect transactions which stabilize or maintain the market price of the Notes at a level above that which might otherwise prevail in the open market. Such transactions, if commenced, may be discontinued at any time.

The Bank may withdraw, cancel or modify the offer made hereby without notice and may reject orders in whole or in part (whether placed directly with the Bank or through the Agents). Each Agent may, in its discretion reasonably exercised, reject in whole or in part any offer to purchase Notes received by it.

Neither the Notes nor the Series 45 Preferred Shares will be listed on any securities exchange and do not have an established trading market. Each of the Agents may from time to time purchase and sell Notes in the secondary market, but no Agent is obligated to do so, and there is no assurance that there will be a secondary market for the Notes or liquidity in the secondary market if one develops. From time to time, each of the Agents may make a market in the Notes, but the Agents are not obligated to do so and may discontinue any market-making activity at any time.

**National Bank Financial Inc., one of the Agents, 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 Notes and the determination of the terms of the distribution were made through negotiation between the Bank and the Agents. TD Securities Inc., an Agent, 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 Agents 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 Agents’ fee payable by the Bank.**

#### **Certain Canadian Federal Income Tax Considerations**

In the opinion of Osler, Hoskin & Harcourt LLP, tax counsel to the Bank (“**Counsel**”), the following summary describes the principal Canadian federal income tax considerations generally applicable to a purchaser who acquires Notes, including entitlement to all payments thereunder, as beneficial owner, pursuant to this Prospectus Supplement; Series 45 Preferred Shares on a Recourse Event; and Common Shares on a Recourse Event that is a Trigger Event or on an Automatic NVCC Conversion after the Transfer Date, and who, for purposes of the Tax Act and at all relevant times, deals at arm’s length with the Bank and each of the Agents, is not affiliated with the Bank or any of the Agents, holds Notes and will hold any Series 45 Preferred Shares or Common Shares (as applicable) as capital property (a “**Holder**”).

Generally, Notes, Series 45 Preferred Shares, and Common Shares will be capital property to a Holder, provided the Holder does not acquire Notes, Series 45 Preferred Shares or Common Shares in the course of carrying on a business of trading or dealing in securities and does not acquire them as part of an adventure or concern in the nature of trade.

This summary is based upon the current provisions of the Tax Act and the regulations thereunder (the “**Regulations**”), the *Canada-United States Tax Convention*, and Counsel’s understanding of the administrative policies and assessing practices of the Canada Revenue Agency published in writing prior to the date hereof. This

summary takes into account all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the “**Tax Proposals**”) and assumes that all Tax Proposals will be enacted in the form proposed. However, no assurances can be given that the Tax Proposals will be enacted as proposed, or at all. This summary does not otherwise take into account or anticipate any changes in law or administrative or assessing practice, whether by legislative, regulatory, administrative or judicial action, nor does it take into account provincial, territorial or foreign tax considerations which may differ from those discussed herein.

**This summary is of a general nature only and is not, and is not intended to be, legal or tax advice to any particular Holder and no representation with respect to the income tax consequences to any particular Holder is made. This summary is not exhaustive of all federal income tax considerations. Accordingly, prospective Holders should consult their own tax advisors with respect to their particular circumstances.**

### **Holders Resident in Canada**

This portion of the summary is generally applicable to a Holder who, at all relevant times, for purposes of the Tax Act, is, or is deemed to be, resident in Canada (a “**Resident Holder**”). Certain Resident Holders whose Notes, Series 45 Preferred Shares or Common Shares would not otherwise qualify as capital property may, in certain circumstances, be entitled to have them and all other “Canadian securities” of the Resident Holder, as defined in the Tax Act, treated as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act.

This portion of the summary is not applicable to a Resident Holder (i) that is a “financial institution” as defined in the Tax Act for purposes of the mark-to-market rules; (ii) an interest in which is or would constitute a “tax shelter investment” as defined in the Tax Act; (iii) that reports its “Canadian tax results”, as defined in the Tax Act, in a currency other than Canadian currency; or (iv) that has entered into, with respect to the Notes, Series 45 Preferred Shares or Common Shares a “derivative forward arrangement” as defined in the Tax Act. Such Resident Holders should consult their own tax advisors. Furthermore, this portion of the summary is not applicable to a Resident Holder that is a “specified financial institution” (as defined in the Tax Act) that receives (or is deemed to receive) dividends in respect of Series 45 Preferred Shares acquired on a Recourse Event, or in respect of Common Shares acquired on a Recourse Event that is a Trigger Event or on an Automatic NVCC Conversion after the Transfer Date. Such Resident Holders should consult their own tax advisors.

### *Notes*

#### Interest

A Resident Holder that is a corporation, partnership, unit trust or any trust of which a corporation or partnership is a beneficiary will be required to include in computing its income for a taxation year any interest on the Notes that accrues (or is deemed to accrue) to it to the end of the particular taxation year or that has become receivable by or is received by the Resident Holder before the end of that taxation year, except to the extent that such interest was included in computing the Resident Holder’s income for a preceding taxation year.

Any other Resident Holder, including an individual (other than a trust described in the immediately preceding paragraph), will be required to include in income for a taxation year all interest on Notes that is received or receivable by such Resident Holder in that taxation year (depending upon the method regularly followed by the Resident Holder in computing income), except to the extent that the interest was included in the Resident Holder’s income for a preceding taxation year.

#### Dispositions of Notes

On a disposition or deemed disposition of Notes by a Resident Holder, including a repayment by the Bank upon maturity or a purchase or redemption by the Bank, other than a disposition as the result of a Recourse Event, a Resident Holder will generally be required to include in computing its income for the taxation year in which the disposition occurred the amount of interest (including amounts considered to be interest) that has accrued or been deemed to accrue on the Notes from the date of the last interest payment to the date of disposition to the extent that such amount has not otherwise been included in the Resident Holder’s income for the taxation year or a previous taxation year.

On a disposition of Notes by a Resident Holder as a result of a Recourse Event, a Resident Holder that has previously included an amount in income in respect of accrued and unpaid interest on the Notes that exceeds the amount of interest received by such Resident Holder prior to the Recourse Event may be entitled to an offsetting deduction in the year of disposition in an amount equal to the amount of such excess.

Any premium paid by the Bank to a Resident Holder on the repurchase of a Note (other than in the open market in the manner any such obligation would normally be purchased in the open market by any member of the public) will generally be deemed to be interest received by the Resident Holder at the time of the payment to the extent that it can reasonably be considered to relate to, and does not exceed the value at that time of, the interest that would have been paid or payable by the Bank on the Note for a taxation year of the Bank ending after the time of the payment. Such interest will be required to be included in computing the Resident Holder's income in the manner described above.

In general, on a disposition or deemed disposition of Notes, a Resident Holder will realize a capital gain (or a capital loss) equal to the amount, if any, by which the proceeds of disposition, net of any amount required to be included in the Resident Holder's income as interest or otherwise, exceed (or are exceeded by) the aggregate of the Resident Holder's adjusted cost base thereof and any reasonable costs of disposition. On a Recourse Event, the proceeds of disposition will be the fair market value of the Series 45 Preferred Shares or the Common Shares, as the case may be, received on such Recourse Event. The cost of a Series 45 Preferred Share or Common Share received on such Recourse Event will generally equal the fair market value of such share on the date of acquisition and will be averaged with the adjusted cost base of all Series 45 Preferred Shares or Common Shares, as the case may be, held by such Resident Holder as capital property immediately before such time for the purpose of determining thereafter the adjusted cost base of each such share.

#### *Series 45 Preferred Shares and Common Shares*

##### Dividends

Dividends (including deemed dividends) received on the Series 45 Preferred Shares or Common Shares by a Resident Holder that is an individual (other than certain trusts) will be included in the individual's income and generally will be subject to the gross-up and dividend tax credit rules normally applicable to taxable dividends received by individuals from taxable Canadian corporations. Taxable dividends received that are designated by the Bank as "eligible dividends" will be subject to an enhanced gross-up and dividend tax credit regime in accordance with the Tax Act. Dividends (including deemed dividends) on the Series 45 Preferred Shares or Common Shares received by a Resident Holder that is a corporation will be included in computing the corporation's income and will generally be deductible in computing the taxable income of the corporation.

The Series 45 Preferred Shares will be "taxable preferred shares" as defined in the Tax Act. The terms of the Series 45 Preferred Shares require the Bank to make the necessary election under Part VI.1 of the Tax Act so that corporate Resident Holders will not be subject to tax under Part IV.1 of the Tax Act on dividends received (or deemed to be received) on the Series 45 Preferred Shares.

A Resident Holder that is a "private corporation" or a "subject corporation", each as defined in the Tax Act, will generally be liable under Part IV of the Tax Act to pay a refundable tax on dividends received or deemed to be received by it on the Series 45 Preferred Shares or the Common Shares to the extent such dividends are deductible in computing its taxable income.

##### Dispositions of Series 45 Preferred Shares or Common Shares

A Resident Holder who disposes of or is deemed to dispose of Series 45 Preferred Shares or Common Shares (including, generally, on redemption or purchase for cancellation of the shares by the Bank for cash or otherwise) will generally realize a capital gain (or a capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such shares to that Resident Holder immediately before the disposition or deemed disposition. The amount of any deemed dividend arising on the redemption or purchase for cancellation, as applicable, by the Bank of Series 45 Preferred Shares or Common Shares will generally not be included in computing the proceeds of disposition to any Resident Holder for purposes of computing the capital gain or capital loss arising on the disposition of such shares. See "Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Series 45 Preferred Shares and Common Shares -

Acquisitions by the Bank of Series 45 Preferred Shares or Common Shares” below. If the Resident Holder is a corporation, any such capital loss realized on a disposition of a Series 45 Preferred Share or a Common Share, as the case may be, may, in certain circumstances, be reduced by the amount of any dividends which have been received or which are deemed to have been received on such share. Analogous rules apply to a partnership or trust of which a corporation, trust or partnership is a member or beneficiary.

#### Acquisitions by the Bank of Series 45 Preferred Shares or Common Shares

If the Bank redeems for cash or otherwise acquires Series 45 Preferred Shares or Common Shares other than by a purchase in the open market in the manner in which shares are normally purchased by a member of the public in the open market, the Resident Holder will be deemed to have received a dividend equal to the amount, if any, paid by the Bank, including any redemption premium, in excess of the paid-up capital (as determined for purposes of the Tax Act) of such shares at such time. See “Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Series 45 Preferred Shares and Common Shares – Dividends” above. Generally, the difference between the amount paid and the amount of the deemed dividend will be treated as proceeds of disposition for the purposes of computing the capital gain or capital loss arising on the disposition of such shares. See “Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Series 45 Preferred Shares and Common Shares -Dispositions of Series 45 Preferred Shares or Common Shares” above. In the case of a corporate Resident Holder, it is possible that in certain circumstances all or part of the amount so deemed to be a dividend may be treated as proceeds of disposition and not as a dividend.

#### NVCC Automatic Conversion of Series 45 Preferred Shares after the Transfer Date

An NVCC Automatic Conversion of Series 45 Preferred Shares into Common Shares after the Transfer Date will be deemed not to be a disposition of the Series 45 Preferred Shares and, accordingly, will not give rise to any income or loss. The cost to a Resident Holder of Common Shares received on such an NVCC Automatic Conversion will be deemed to be an amount equal to the adjusted cost base to the Resident Holder of the converted Series 45 Preferred Shares immediately before such an NVCC Automatic Conversion. The cost of a Common Share received on such an NVCC Automatic Conversion will be averaged with the adjusted cost base of all other Common Shares held by the Resident Holder as capital property immediately before such time for the purpose of determining thereafter the adjusted cost base of each such share.

#### *Taxation of Capital Gains and Capital Losses*

One-half of the amount of any capital gain (a “**taxable capital gain**”) realized by a Resident Holder in a taxation year will generally be included in the Resident Holder’s income for the year. Subject to and in accordance with the provisions of the Tax Act, a Resident Holder is required to deduct one-half of the amount of any capital loss (an “**allowable capital loss**”) realized in a taxation year from taxable capital gains realized by the Resident Holder in the year. Any excess allowable capital losses over taxable capital gains of the Resident Holder for that year may be carried back up to three taxation years or forward indefinitely and deducted against net taxable capital gains in those other years, subject to the detailed provisions of the Tax Act.

#### *Additional Refundable Tax*

A Resident Holder that is throughout the year a “Canadian-controlled private corporation” (as defined in the Tax Act) may be liable to pay a refundable tax on certain investment income including amounts in respect of interest, dividends received or deemed to be received that are not deductible in computing income for a year and the amount of any taxable capital gains. Any such Resident Holder should consult with its own tax advisors in this regard.

#### *Alternative Minimum Tax*

Capital gains realized and taxable dividends received by a Resident Holder who is an individual (other than certain trusts) may result in such Resident Holder being liable for alternative minimum tax under the Tax Act.

## Holders Not Resident in Canada

This portion of the summary is generally applicable to a Holder who, at all relevant times, for purposes of the Tax Act, is not, and is not deemed to be, resident in Canada, deals at arm's length with the Bank and any transferee resident (or deemed to be resident) in Canada to whom the Holder disposes of the Notes, is not a "specified non-resident shareholder" of the Bank for purposes of the Tax Act or a non-resident person not dealing at arm's length with a "specified shareholder" (within the meaning of Subsection 18(5) of the Tax Act) of the Bank, and does not use or hold the Notes, Series 45 Preferred Shares or Common Shares in a business carried on in Canada (a "**Non-resident Holder**"). Special rules, which are not discussed in this summary, may apply to a Holder that is an insurer that carries on an insurance business in Canada and elsewhere. This summary assumes that no interest paid on the Notes will be in respect of a debt or other obligation to pay an amount to a person with whom the Bank does not deal at arm's length within the meaning of the Tax Act.

**Generally, for purposes of the Tax Act, all amounts relating to the acquisition, holding or disposition of the Notes, Series 45 Preferred Shares and Common Shares must be determined in Canadian dollars in accordance with the Tax Act, including the amount of interest and dividends required to be included in the income of, and capital gains or capital losses realized by, a Non-resident Holder.**

### Notes

#### Interest on and Disposition of the Notes

Under the Tax Act, interest, principal and premium, if any, paid or credited, or deemed to be paid or credited to a Non-resident Holder on Notes will be exempt from Canadian non-resident withholding tax. No other taxes on income (including taxable capital gains) will be payable under the Tax Act in respect of the acquisition, holding, redemption or disposition of Notes, or the receipt of interest, premium or principal thereon by a Non-resident Holder solely as a consequence of such acquisition, holding, redemption or disposition of Notes.

#### Recourse Events

A Recourse Event will result in a disposition of Notes for purposes of the Tax Act. A Non-resident Holder will not generally be subject to tax under the Tax Act in respect of such disposition. The cost of a Series 45 Preferred Share or Common Share received on such Recourse Event will generally equal the fair market value of such share on the date of acquisition and will be averaged with the adjusted cost base of all other Series 45 Preferred Shares or Common Shares, as the case may be, held by such Non-resident Holder as capital property immediately before such time for the purpose of determining thereafter the adjusted cost base of each such share.

### Series 45 Preferred Shares and Common Shares

#### Dividends

A dividend (including a deemed dividend) paid or credited on the Series 45 Preferred Shares or Common Shares to a Non-resident Holder will generally be subject to Canadian non-resident withholding tax under the Tax Act at a rate of 25 percent, subject to any reduction in the rate of such withholding under the provisions of an applicable income tax treaty or convention. For a Non-resident Holder who is a resident of the United States and qualifies for the benefits of the *Canada-United States Tax Convention*, the rate of withholding will generally be reduced to 15 percent.

#### Dispositions of Series 45 Preferred Shares or Common Shares

A Non-resident Holder of Series 45 Preferred Shares or Common Shares who disposes of or is deemed to dispose of Series 45 Preferred Shares or Common Shares (other than as discussed under "Certain Canadian Federal Income Tax Considerations – Holders Resident in Canada – Series 45 Preferred Shares and Common Shares - Acquisitions by the Bank of Series 45 Preferred Shares or Common Shares" below) will not be subject to tax in respect of any capital gain realized on a disposition of Series 45 Preferred Shares or Common Shares unless such shares constitute "taxable Canadian property" (as defined in the Tax Act) to the Non-resident Holder at the time of the disposition and the Non-resident Holder is not entitled to relief under an applicable income tax treaty or convention. The Series 45 Preferred Shares or Common Shares will be considered taxable Canadian property if such

shares are not listed on a “designated stock exchange” (as defined in the Tax Act, and which currently includes the TSX) and, at any time during the 60-month period immediately preceding the disposition, such shares derived (directly or indirectly) more than 50 percent of their fair market value from real or immovable property situated in Canada, Canadian resource properties, timber resource properties or options in respect of, or interests in, or for civil law rights in, any such property, all as defined for the purposes of the Tax Act.

If the Series 45 Preferred Shares or Common Shares are considered taxable Canadian property to the Non-resident Holder, a disposition or deemed disposition of such shares will generally give rise to a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the Series 45 Preferred Shares or Common Shares, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of such shares to the Non-resident Holder. Generally, one-half of any such capital gain must be included in the Non-resident Holder’s income for that year and one-half of any such capital loss must be deducted against taxable capital gains realized in that year from dispositions of taxable Canadian property. Certain excess allowable capital losses from the dispositions of taxable Canadian property may be claimed in any of the three preceding taxation years or any subsequent taxation year subject to the rules contained in the Tax Act. In addition, the disposition by a Non-resident Holder of Series 45 Preferred Shares or Common Shares that are taxable Canadian property (other than “treaty-exempt property” as defined in the Tax Act) at the time of their disposition may be subject to certain withholding and reporting requirements under section 116 of the Tax Act.

An applicable income tax treaty or convention may apply to exempt a Non-resident Holder from tax under the Tax Act in respect of a disposition of Series 45 Preferred Shares or Common Shares notwithstanding that such shares may constitute taxable Canadian property.

#### Acquisitions by the Bank of Series 45 Preferred Shares or Common Shares

If the Bank redeems for cash or otherwise acquires the Series 45 Preferred Shares or Common Shares, other than by a purchase in the open market in the manner in which shares are normally purchased by a member of the public in the open market, the Non-resident Holder will be deemed to have received a dividend equal to the amount, if any, paid by the Bank in excess of the paid-up capital of such shares for purposes of the Tax Act at such time. Such deemed dividend will be subject to the treatment described above under “Certain Canadian Federal Income Tax Considerations – Holders Not Resident in Canada – Series 45 Preferred Shares and Common Shares - Dividends”. The difference between the amount paid and the amount of the deemed dividend will be treated as proceeds of disposition for the purposes of computing the capital gain or capital loss arising on a disposition of such shares. See “Certain Canadian Federal Income Tax Considerations – Holders Not Resident in Canada – Series 45 Preferred Shares and Common Shares - Dispositions of Series 45 Preferred Shares or Common Shares” above.

#### NVCC Automatic Conversion of Series 45 Preferred Shares after the Transfer Date

An NVCC Automatic Conversion of Series 45 Preferred Shares into Common Shares after the Transfer Date will be deemed not to be a disposition of the Series 45 Preferred Shares and, accordingly, will not give rise to any income or loss. The cost to a Non-resident Holder of Common Shares received on such an NVCC Automatic Conversion will be deemed to be an amount equal to the adjusted cost base to the Non-resident Holder of the converted Series 45 Preferred Shares immediately before such an NVCC Automatic Conversion. The cost of a Common Share received on such an NVCC Automatic Conversion will be averaged with the adjusted cost base of all Common Shares held by the Non-resident Holder as capital property immediately before such time for the purpose of determining thereafter the adjusted cost base of each such share.

#### **Use of Proceeds**

The net proceeds to the Bank from the sale of the Notes, after deducting the estimated expenses of the issue and the Agents’ fee are estimated to be approximately \$494,450,000. The purpose of the sale of the Notes is to enlarge the Bank’s Tier 1 capital base with a view to optimizing the Bank’s capital structure within the parameters prescribed by the Superintendent for bank capital requirements. The net proceeds to the Bank from the sale of Notes will be added to the Bank’s general funds and will be utilized for general banking purposes.

The purchase price for the Series 45 Preferred Shares qualified hereby shall be satisfied by funds deposited by the Bank with the Limited Recourse Trustee (as defined herein) as Limited Recourse Trust Assets. As a result, no

proceeds will be raised from the offering of the Series 45 Preferred Shares pursuant to this Prospectus Supplement. The offering price of the Series 45 Preferred Shares qualified under this Prospectus Supplement is \$1,000 per share.

### **Market for Securities**

The Common Shares and the First Preferred Shares Series 30, 32, 34, 36, 38, 40 and 42 are listed on the TSX under the symbols “NA”, “NA.PR.S”, “NA.PR.W”, “NA.PR.X”, “NA.PR.A”, “NA.PR.C”, “NA.PR.E” and “NA.PR.G”, respectively. On March 17, 2021, the Bank announced its intention to redeem all of the outstanding First Preferred Shares Series 34 on May 15, 2021.

### **Trading Price and Volume**

The following tables show the monthly price ranges and total monthly volumes of shares or notes traded on the TSX for each month in the twelve month period preceding this Prospectus Supplement.

#### **Common Shares (NA)**

<b>Month</b>	<b>High</b>	<b>Low</b>	<b>Total Volume</b>
April 1 – 14, 2021	\$87.17	\$85.01	15,609,284
March 2021	\$89.12	\$79.82	52,308,394
February 2021	\$80.79	\$72.01	22,010,645
January 2021	\$74.70	\$70.81	25,168,736
December 2020	\$74.02	\$70.94	41,750,828
November 2020	\$73.89	\$63.88	24,320,523
October 2020	\$68.48	\$62.50	23,458,441
September 2020	\$73.26	\$64.51	36,207,640
August 2020	\$72.00	\$63.21	21,757,282
July 2020	\$64.08	\$59.34	30,169,490
June 2020	\$66.79	\$59.40	43,795,205
May 2020	\$62.29	\$50.03	27,563,779
April 2020	\$59.78	\$50.15	37,803,913

#### **First Preferred Shares Series 30 (NA.PR.S)**

<b>Month</b>	<b>High</b>	<b>Low</b>	<b>Total Volume</b>
April 1 – 14, 2021	\$23.45	\$22.80	76,538
March 2021	\$23.80	\$21.94	456,135
February 2021	\$22.15	\$20.08	252,357
January 2021	\$20.79	\$19.53	108,594
December 2020	\$20.00	\$18.96	274,502
November 2020	\$18.95	\$17.46	296,099
October 2020	\$18.46	\$17.00	149,296
September 2020	\$17.96	\$17.30	175,465
August 2020	\$17.98	\$16.58	273,865
July 2020	\$17.24	\$15.10	236,200
June 2020	\$15.47	\$14.05	269,607
May 2020	\$15.10	\$13.77	355,478
April 2020	\$15.18	\$12.15	564,285

#### **First Preferred Shares Series 32 (NA.PR.W)**

<b>Month</b>	<b>High</b>	<b>Low</b>	<b>Total Volume</b>
April 1 – 14, 2021	\$22.75	\$22.02	35,711
March 2021	\$23.32	\$21.48	236,765
February 2021	\$21.60	\$19.47	341,285
January 2021	\$19.75	\$18.91	240,989
December 2020	\$19.43	\$18.29	156,198
November 2020	\$18.38	\$16.72	330,292

October 2020	\$17.34	\$16.43	169,058
September 2020	\$17.75	\$16.47	104,728
August 2020	\$17.51	\$16.21	184,019
July 2020	\$16.56	\$14.80	199,852
June 2020	\$15.31	\$13.73	247,446
May 2020	\$14.48	\$13.58	286,533
April 2020	\$14.56	\$12.21	399,911

**First Preferred Shares Series 34 (NA.PR.X)**

<b>Month</b>	<b>High</b>	<b>Low</b>	<b>Total Volume</b>
April 1 – 14, 2021	\$24.99	\$24.94	449,858
March 2021	\$25.35	\$25.22	419,406
February 2021	\$25.40	\$25.19	504,304
January 2021	\$25.49	\$25.08	281,432
December 2020	\$25.53	\$25.38	138,856
November 2020	\$25.47	\$25.28	91,978
October 2020	\$25.61	\$25.17	164,503
September 2020	\$25.49	\$25.17	177,688
August 2020	\$25.58	\$25.11	217,334
July 2020	\$25.37	\$24.52	261,852
June 2020	\$24.88	\$24.08	119,614
May 2020	\$24.91	\$24.00	127,106
April 2020	\$24.60	\$20.80	189,450

**First Preferred Shares Series 36 (NA.PR.A)**

<b>Month</b>	<b>High</b>	<b>Low</b>	<b>Total Volume</b>
April 1 – 14, 2021	\$25.21	\$25.12	28,029
March 2021	\$25.61	\$25.40	221,898
February 2021	\$25.49	\$25.29	841,586
January 2021	\$25.63	\$25.24	208,149
December 2020	\$25.65	\$25.44	1,063,039
November 2020	\$25.62	\$25.24	161,550
October 2020	\$25.50	\$25.20	197,327
September 2020	\$25.50	\$25.16	196,562
August 2020	\$25.50	\$25.00	148,367
July 2020	\$25.25	\$23.46	186,132
June 2020	\$24.45	\$22.95	215,674
May 2020	\$24.00	\$22.96	81,055
April 2020	\$24.45	\$20.32	153,411

**First Preferred Shares Series 38 (NA.PR.C)**

<b>Month</b>	<b>High</b>	<b>Low</b>	<b>Total Volume</b>
April 1 – 14, 2021	\$25.35	\$25.20	161,381
March 2021	\$25.49	\$24.97	369,493
February 2021	\$25.20	\$24.90	457,086
January 2021	\$25.03	\$24.55	365,482
December 2020	\$24.99	\$24.39	241,247
November 2020	\$24.71	\$23.80	181,259
October 2020	\$24.19	\$23.03	242,178
September 2020	\$24.26	\$23.28	151,552
August 2020	\$23.60	\$21.80	244,193
July 2020	\$22.16	\$19.51	431,084
June 2020	\$19.80	\$17.44	542,077
May 2020	\$17.75	\$16.59	403,469
April 2020	\$17.67	\$14.57	268,103

### **First Preferred Shares Series 40 (NA.PR.E)**

<b>Month</b>	<b>High</b>	<b>Low</b>	<b>Total Volume</b>
April 1 – 14, 2021	\$23.99	\$23.51	40,981
March 2021	\$24.20	\$23.05	213,499
February 2021	\$23.61	\$21.83	172,985
January 2021	\$22.32	\$20.80	90,828
December 2020	\$21.20	\$19.96	197,215
November 2020	\$20.00	\$18.40	162,721
October 2020	\$19.00	\$18.16	105,764
September 2020	\$19.89	\$18.60	128,654
August 2020	\$19.50	\$18.21	81,998
July 2020	\$18.29	\$16.24	100,818
June 2020	\$16.74	\$15.15	116,744
May 2020	\$16.02	\$14.71	154,032
April 2020	\$15.82	\$13.45	305,125

### **First Preferred Shares Series 42 (NA.PR.G)**

<b>Month</b>	<b>High</b>	<b>Low</b>	<b>Total Volume</b>
April 1 – 14, 2021	\$24.85	\$24.50	48,671
March 2021	\$25.00	\$24.29	295,336
February 2021	\$24.64	\$23.50	238,459
January 2021	\$24.09	\$22.65	132,159
December 2020	\$23.00	\$21.50	161,860
November 2020	\$21.52	\$19.70	150,961
October 2020	\$20.30	\$19.36	153,850
September 2020	\$20.44	\$19.74	90,425
August 2020	\$20.46	\$19.52	74,129
July 2020	\$19.71	\$17.47	153,458
June 2020	\$18.03	\$16.12	122,178
May 2020	\$17.34	\$15.91	89,396
April 2020	\$16.66	\$14.02	292,798

### **Transfer Agent and Registrar**

Computershare Trust Company of Canada, at its principal offices in the cities of Toronto and Montréal, will be the transfer agent and registrar for the Series 45 Preferred Shares. The trustee and registrar of the Notes is Computershare Trust Company of Canada at its offices in the cities of Toronto and Montréal.

### **Risk Factors**

An investment in the Notes (and Series 45 Preferred Shares and Common Shares upon delivery of the Limited Recourse Trust Assets, including upon the occurrence of a Trigger Event) is subject to certain risks including those set out in this Prospectus Supplement and the Accompanying Prospectus. Before deciding whether to invest in the Notes, purchasers should consider carefully the risks set out herein and incorporated by reference in this Prospectus Supplement and the Accompanying Prospectus (including subsequently filed documents incorporated by reference). As an investment in the Notes may become an investment in Series 45 Preferred Shares or Common Shares in certain circumstances, potential investors in the Notes should consider the risks set out herein regarding the Series 45 Preferred Shares and the Common Shares, in addition to the other risks set out herein regarding the Notes. Reference is also made to the risks described in the Accompanying Prospectus and the documents incorporated by reference in this Prospectus Supplement (including subsequently filed documents incorporated by reference), including, but not limited to the heading “Risk Management” in the 2020 Annual Report and in the COVID-19 pandemic section of the Q1 2021 Report. This analysis discusses, among other things, known material trends and events, and risks or uncertainties that are reasonably expected to have a material effect on the Bank’s business, financial condition or results of operations. To the extent that the COVID-19 pandemic, or any

future epidemics or pandemics, causes material adverse impacts to the Bank, the global economy, and/or financial markets, it could result in losses on the Notes or the Series 45 Preferred Shares.

*The Notes and Series 45 Preferred Shares are loss-absorption financial instruments that involve significant risk and may not be a suitable investment for all investors.*

The Notes and Series 45 Preferred Shares are loss-absorption financial instruments designed to comply with applicable Canadian banking regulations and involve significant risks. Each potential investor in the Notes must determine the suitability (either alone or with the help of a financial adviser) of that investment in light of its own circumstances. In particular, each potential investor should understand thoroughly the terms of the Notes and the Series 45 Preferred Shares, such as the provisions governing the limited remedies of holders of Notes and NVCC Automatic Conversion, including the circumstances constituting a Trigger Event. A potential investor should not invest in the Notes unless it has the knowledge and expertise (either alone or with a financial advisor) to evaluate how the Notes will perform under changing conditions, the resulting effects on the likelihood of the NVCC Automatic Conversion into Common Shares and the value of the Notes, and the impact this investment will have on the potential investor's overall investment portfolio. Prior to making an investment decision, potential investors should consider carefully, in light of their own financial circumstances and investment objectives, all the information contained in this Prospectus Supplement and the Accompanying Prospectus or incorporated by reference herein.

*An investment in the Notes and the Series 45 Preferred Shares is subject to the Bank's credit risk.*

Real or anticipated changes in credit ratings on the Notes or the Series 45 Preferred Shares may affect the market value of the Notes and the Series 45 Preferred Shares, respectively. In addition, real or anticipated changes in the Bank's credit ratings could also affect the cost at which the Bank can transact or obtain funding, and thereby affect its liquidity, business, financial condition or results of operations. See the Bank's 2020 Annual Report and the Bank's Q1 2021 Report, incorporated by reference in this Prospectus Supplement, for further discussion of, among other things, known material trends and events, and risks or uncertainties that are reasonably expected to have a material effect on the Bank's business, financial condition or results of operations.

*A holder of Notes will have limited remedies.*

In the event of a non-payment by the Bank of the principal amount of, interest on or redemption price for the Notes when due or the occurrence of an event of default, the sole remedy of holders of Notes shall be the delivery of the Limited Recourse Trust Assets. If the Limited Recourse Trust Assets consist of Series 45 Preferred Shares at the time such an event occurs, the Bank will deliver to each Noteholder one Series 45 Preferred Share for each \$1,000 principal amount of Notes held, which shall be applied to the payment of the principal amount of the Notes, and such delivery of Series 45 Preferred Shares will be each Noteholder's sole remedy against the Bank for repayment of the principal amount of the Notes and any accrued but unpaid interest thereon then due and payable. The market value of the Limited Recourse Trust Assets could be significantly less than the face value of the Notes. In the event that the value of the Limited Recourse Trust Assets delivered to holders of Notes is less than the principal amount of and any accrued and unpaid interest on, or the redemption price of, the Notes, all losses arising from such shortfall shall be borne by such holders and no claim may be made against the Bank.

*The Notes will rank subordinate to all higher ranked indebtedness in the event of the Bank's insolvency, dissolution or winding-up.*

The Notes will be the Bank's direct unsecured obligations constituting subordinated indebtedness for the purpose of the Bank Act and will therefore rank subordinate to the Bank's deposits. If the Bank becomes insolvent or is wound-up (prior to the occurrence of a Trigger Event), the Notes will rank: (a) subordinate in right of payment to the prior payment in full of all Higher Ranked Indebtedness (including certain Subordinated Indebtedness) and (b) in right of payment equally with and not prior to Junior Subordinated Indebtedness (other than Junior Subordinated Indebtedness which by its terms ranks subordinate to the Notes) of the Bank, in each case from time to time outstanding, provided that in any such case, in case of the Bank's non-payment of the principal amount of, interest on or redemption price for the Notes when due, the sole remedy of the holders of the Notes shall be the delivery of the Limited Recourse Trust Assets. Except to the extent regulatory capital requirements or any resolution regime imposed by the government affect the Bank's decisions or ability to issue subordinated or more senior debt, there is no limit on the Bank's ability to incur additional subordinated debt or more senior debt.

*An investment in the Notes may become an investment in Series 45 Preferred Shares or Common Shares of the Bank in certain circumstances.*

In the event of a non-payment by the Bank of the principal amount of, interest on or redemption price for the Notes when due, the sole remedy of holders of the Notes will be the delivery of the Limited Recourse Trust Assets, which may comprise Series 45 Preferred Shares or, upon a Trigger Event Redemption, Common Shares. Delivery of Limited Recourse Trust Assets to the holders of Notes shall be deemed to be in full satisfaction of the Notes. As a result, you may become a shareholder of the Bank at a time when the Bank's financial condition is deteriorating or when the Bank has become insolvent or has been ordered to be wound-up or liquidated. In the event of the Bank's liquidation, the claims of the Bank's depositors and creditors (including holders of subordinated indebtedness) would be entitled to priority of payment over holders of Series 45 Preferred Shares or Common Shares. If the Bank was to become insolvent or be ordered to be wound-up or liquidated after your investment in the Notes has become an investment in Series 45 Preferred Shares or Common Shares of the Bank, you may receive, if anything, substantially less than you would have received as a holder of the Notes.

*There is no market for the Notes or the Series 45 Preferred Shares.*

Neither the Notes nor the Series 45 Preferred Shares will be listed on any stock exchange and there can be no assurance that there will be a secondary market for the Notes or, after the Transfer Date, the Series 45 Preferred Shares. Each of the Agents may from time to time purchase and sell Notes in the secondary market or make a market for the Notes, but no Agent is obliged to do so and there can be no assurance as to a secondary market for the Notes, liquidity in any such market or any market making activities by any Agent.

Where Series 45 Preferred Shares are "taxable Canadian property" and not "treaty-exempt property" (both as defined in the Tax Act) of a non-resident holder at the time of their disposition, such holder generally will be required to satisfy certain obligations imposed under section 116 of the Tax Act, in the absence of which a purchaser who intends to acquire such shares would be entitled to withhold 25% of the purchase price. As a result of these administrative requirements, Series 45 Preferred Shares that are taxable Canadian property and not treaty exempt property of a non-resident holder may be less liquid than otherwise may be the case. See "Canadian Federal Income Tax Considerations — Holders Not Resident in Canada — Series 45 Preferred Shares and Common Shares" for more information.

*No additional amounts will be paid on dividends on the Series 45 Preferred Shares.*

Although under current law, dividends paid or deemed to be paid to non-resident holders of the Series 45 Preferred Shares would generally be subject to Canadian non-resident withholding tax as described under "Canadian Federal Income Tax Considerations — Holders Not Resident in Canada — Series 45 Preferred Shares and Common Shares — Dividends, and — Acquisitions by the Bank Series 45 Preferred Shares and Common Shares", no additional amounts will be paid by the Bank on dividends paid or deemed to be paid on the Series 45 Preferred Shares.

*The market value of the Notes is subject to interest rate risk and the Notes may trade at a discount from their initial offering price.*

Future trading prices of the Notes will depend on many factors, including prevailing interest rates, foreign exchange movements, the market for similar securities, general economic conditions and the Bank's financial condition, performance, prospects and other factors. If any of the Notes are traded after their initial issuance, they may trade at a discount from their initial offering price. 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 Notes.

Prevailing interest rates will affect the market value of the Notes. Assuming all other factors remain unchanged, the market value of the Notes will decline as prevailing interest rates for comparable debt instruments rise, and increase as prevailing interest rates for comparable debt instruments decline.

*Following the Transfer Date, the market value of the Series 45 Preferred Shares may fluctuate.*

After the Transfer Date, prevailing yields on similar securities will affect the market value of Series 45 Preferred Shares. Assuming all other factors remain unchanged, the market value of the Series 45 Preferred Shares will decline as prevailing yields for similar securities rise, and will increase as prevailing yields for similar securities decline. Spreads over the Government of Canada Yield, T-Bill Rate and comparable benchmark rates of interest for similar securities will also affect the market value of the Series 45 Preferred Shares in an analogous manner.

*The Series 45 Preferred Shares are non-cumulative and there is a risk the Bank will be unable to pay dividends on the shares.*

The Series 45 Preferred Shares are non-cumulative and dividends are payable after the Transfer Date at the discretion of the Board of Directors. Reference is made to “Change to Share Capital and Subordinated Indebtedness” “Earnings Coverage Ratios”, which is relevant to an assessment of the risk that the Bank will be unable to pay dividends and any redemption price on the Series 45 Preferred Shares when due.

*Ranking of Series 45 Preferred Shares on insolvency, dissolution or winding-up.*

The Series 45 Preferred Shares are equity capital of the Bank. The Series 45 Preferred Shares will rank equally with other first preferred shares of the Bank in the event of an insolvency, dissolution or winding-up of the Bank, where an NVCC Automatic Conversion has not occurred. If the Bank becomes insolvent, is dissolved or is wound-up where an NVCC Automatic Conversion has not occurred, the Bank’s assets must be used to pay deposit liabilities and other debt, including subordinated debt, before payments may be made on the Series 45 Preferred Shares, if any, and other first preferred shares.

*The Notes and Series 45 Preferred Shares are subject to an automatic and immediate redemption in exchange for Common Shares upon a Trigger Event and an NVCC Automatic Conversion.*

Upon the occurrence of a Trigger Event and a NVCC Automatic Conversion, there is no certainty of the value of the Common Shares to be received by the holders of the Notes or the Series 45 Preferred Shares and the value of such Common Shares could be significantly less than the issue price or face value of the Notes and the Series 45 Preferred Shares. Moreover, there may be an illiquid market, or no market at all, in Common Shares received upon an NVCC Automatic Conversion, and investors may not be able to sell the Common Shares at a price equal to the value of their investment and as a result may suffer significant loss.

*A Trigger Event involves a subjective determination outside the Bank’s control.*

The decision as to whether a Trigger Event will occur is a subjective determination by the Superintendent that the Bank has ceased, or is about to cease, to be viable and that the conversion of all contingent instruments is reasonably likely, taking into account any other factors or circumstances that are considered relevant or appropriate by the Superintendent, to restore or maintain the viability of the Bank. Such determination will be beyond the control of the Bank. See the definition of Trigger Event under “Description of Series 45 Preferred Shares — Redemption.”

OSFI has stated that the Superintendent will consult with the Canada Deposit Insurance Corporation (“CDIC”), the Bank of Canada, the Department of Finance and the Financial Consumer Agency of Canada prior to making a non-viability determination. The conversion of contingent instruments alone may not be sufficient to restore an institution to viability and other public sector interventions, including liquidity assistance, would likely be used along with the conversion of contingent instruments to maintain an institution as a going concern.

In assessing whether the Bank has ceased, or is about to cease, to be viable and that, after the conversion of all contingent instruments, it is reasonably likely that the viability of the Bank will be restored or maintained, OSFI has stated that the Superintendent will consider, in consultation with the authorities referred to above, all relevant facts and circumstances. Those facts and circumstances may include, in addition to other public sector interventions, a consideration of whether, among other things:

- (a) the assets of the Bank are, in the opinion of the Superintendent, sufficient to provide adequate protection to the Bank’s depositors and creditors;

- (b) the Bank has lost the confidence of depositors or other creditors and the public (for example, ongoing increased difficulty in obtaining or rolling over short-term funding);
- (c) the Bank's regulatory capital has, in the opinion of the Superintendent, reached a level, or is eroding in a manner, that may detrimentally affect its depositors and creditors;
- (d) the Bank has failed to pay any liability that has become due and payable or, in the opinion of the Superintendent, the Bank will not be able to pay its liabilities as they become due and payable;
- (e) the Bank has failed to comply with an order of the Superintendent to increase its capital;
- (f) in the opinion of the Superintendent, any other state of affairs exists in respect of the Bank that may be materially prejudicial to the interests of the Bank's depositors or creditors or the owners of any assets under the Bank's administration; and
- (g) the Bank is unable to recapitalize on its own through the issuance of Common Shares or other forms of regulatory capital (for example, no suitable investor or group of investors exists that is willing or capable of investing in sufficient quantity and on terms that will restore the Bank's viability, nor is there any reasonable prospect of such an investor emerging in the near-term in the absence of conversion of contingent instruments).

If a Trigger Event occurs, then the interests of depositors, other creditors of the Bank, and holders of bank securities which are not contingent instruments will all rank in priority to the holders of contingent instruments, including the Notes or the Series 45 Preferred Shares. The Superintendent retains full discretion to choose not to trigger non-viability contingent capital notwithstanding a determination that the Bank has ceased, or is about to cease, to be viable. Under such circumstances, holders of Notes or the Series 45 Preferred Shares may be exposed to losses through the use of other resolution tools or in liquidation.

*The number and value of Common Shares to be received on an NVCC Automatic Conversion and Trigger Event Redemption is variable and subject to further dilution.*

The number of Common Shares to be received for each Note or a Series 45 Preferred Share on an NVCC Automatic Conversion and Trigger Event Redemption is calculated by reference to the prevailing market price of Common Shares immediately prior to a Trigger Event, subject to the floor price. If there is an NVCC Automatic Conversion at a time when the Current Market Price of the Common Shares is below the floor price, investors may receive Common Shares with an aggregate market price less than the value of the Notes or Series 45 Preferred Shares. See "Description of the Series 45 Preferred Shares — Conversion of Series 45 Preferred Shares Upon Occurrence of Non-Viability Contingent Capital Trigger Event".

In the circumstances surrounding a Trigger Event, the Superintendent or other governmental authorities or agencies may also require other steps to be taken to restore or maintain the viability of the Bank under the Canadian bank resolution powers, including the injection of new capital and the issuance of additional Common Shares or other securities. Accordingly, holders of Notes or Series 45 Preferred Shares will receive Common Shares pursuant to an NVCC Automatic Conversion at a time when other debt obligations of the Bank may be converted into Common Shares, at a conversion rate that is more favorable to the holders of such obligations than the rate applicable to the Notes or Series 45 Preferred Shares, and additional Common Shares or securities ranking in priority to the Common Shares may be issued, thereby causing substantial dilution to holders of Common Shares, the holders of shares other than Common Shares, and the holders of Notes or Series 45 Preferred Shares that will become holders of Common Shares upon an NVCC Automatic Conversion.

In particular, as part of the Canadian bank resolution powers, certain provisions of, and regulations under, the Bank Act, the *Canada Deposit Insurance Corporation Act* and certain other Canadian federal statutes pertaining to banks provide for a bank recapitalization regime (collectively, the "**Bail-In Regime**") for banks designated by the Superintendent as domestic systemically important banks, which include the Bank. If the CDIC were to take action under the Canadian bank resolution powers with respect to the Bank, this could result in a conversion of prescribed types of shares and liabilities in whole or in part - by means of a transaction or series of transactions and in one or more steps - into Common Shares of the Bank or any of its affiliates (a "**Bail-In Conversion**"). Subject to certain exceptions, including for certain structured notes, senior debt issued on or after September 23, 2018, with an initial

or amended term to maturity (including explicit or embedded options) greater than 400 days, that is unsecured or partially secured and that has been assigned a CUSIP or ISIN or similar identification number, is subject to Bail-In Conversion. Shares, other than Common Shares, and Subordinated Indebtedness are also subject to a Bail-In Conversion, unless they are non-viability contingent capital.

Given that the Notes and Series 45 Preferred Shares are subject to NVCC Automatic Conversion, they are not subject to Bail-In Conversion. However, the Bail-In Regime provides that the CDIC must use its best efforts to ensure that the prescribed types of shares and liabilities are converted only if all subordinate prescribed shares and liabilities and any subordinate non-viability contingent capital (such as the Notes and Series 45 Preferred Shares) have previously been converted or are converted at the same time. Accordingly, in the case of a Bail-In Conversion, the Notes and Series 45 Preferred Shares would be subject to NVCC Automatic Conversion prior to, or at the same time as, a Bail-In Conversion. In addition, the Bail-in Regime prescribes that holders of unsubordinated or senior ranking instruments that are subject to Bail-In Conversion must receive more common shares per dollar amount converted than holders of any subordinate ranking instruments that are subject to Bail-In Conversion or NVCC instruments converted, including the Notes and Series 45 Preferred Shares. The holders of senior ranking instruments that are subject to Bail-In Conversion would therefore receive Common Shares at a conversion rate that would be more favorable to the holders of such obligations than the rate applicable to the Notes and the Series 45 Preferred Shares and would cause substantial dilution to holders of Common Shares and the holders of Preferred Shares Series 45, who will become holders of Common Shares upon an NVCC Automatic Conversion.

*Circumstances surrounding a potential NVCC Automatic Conversion will have an adverse effect on the market price of the Notes and Series 45 Preferred Shares.*

The occurrence of a Trigger Event is a subjective determination by the Superintendent that the conversion of all contingent instruments is reasonably likely to restore or maintain the viability of the Bank. As a result, an NVCC Automatic Conversion may occur in circumstances that are beyond the control of the Bank. Also, even in circumstances where the market expects the Superintendent to cause an NVCC Automatic Conversion, the Superintendent may choose not to take that action. Because of the inherent uncertainty regarding the determination of when an NVCC Automatic Conversion may occur, it will be difficult to predict, when, if at all, the Notes or Series 45 Preferred Shares will be mandatorily converted into Common Shares. Accordingly, trading behavior in respect of the Notes or Series 45 Preferred Shares is not necessarily expected to follow trading behavior associated with other types of convertible or exchangeable securities. Any indication, whether real or perceived, that the Bank is trending towards a Trigger Event can be expected to have an adverse effect on the market price of the Notes, Series 45 Preferred Shares and the Common Shares, whether or not such Trigger Event actually occurs.

*Holders of Notes and holders of Series 45 Preferred Shares may be exposed to losses through the use of other Canadian bank resolution powers or in liquidation.*

The holders of Notes and holders of Series 45 Preferred Shares may be exposed to losses through the use of other Canadian bank resolution powers or in liquidation. Under the Canadian bank resolution powers, in circumstances where the Superintendent is of the opinion that the Bank has ceased, or is about to cease, to be viable and viability cannot be restored or preserved by exercise of the Superintendent's powers under the Bank Act, the Superintendent, after providing the Bank with a reasonable opportunity to make representations, is required to provide a report to CDIC. Following receipt of the Superintendent's report, CDIC may request the Minister of Finance to recommend that the Governor in Council (Canada) (the "**Governor in Council**") make an order (an "**Order**") and, if the Minister of Finance is of the opinion that it is in the public interest to do so, the Minister of Finance may recommend that the Governor in Council make, and on that recommendation, the Governor in Council may make, one or more Orders vesting in CDIC the shares and subordinated debt of the Bank specified in the Order (a "**vesting order**"), appointing CDIC as receiver in respect of the Bank (a "**receivership order**"), if a receivership order has been made, directing the Minister of Finance to incorporate a federal institution designated in the order as a bridge institution (a "**bridge bank order**") wholly-owned by CDIC and specifying the date and time as of which the Bank's deposit liabilities are assumed; or if a vesting order or receivership order has been made, directing CDIC to carry out a Bail-in Conversion.

Following a vesting order or a receivership order, CDIC will assume temporary control or ownership of the Bank and will be granted broad powers under such Order, including the power to sell or dispose of all or a part of the assets of the Bank, and the power to carry out or cause the Bank to carry out a transaction or a series of transactions the purpose of which is to restructure the business of the Bank. Under a bridge bank order, CDIC has

the power to transfer the Bank's insured deposit liabilities and certain assets and other liabilities of the Bank to a bridge institution. Upon the exercise of that power, any assets and liabilities of the Bank that are not transferred to the bridge institution would remain with the Bank, which would then be wound up. In such a scenario, any liabilities of the Bank, including any outstanding Notes, that are not assumed by the bridge institution could receive only partial or no repayment in the ensuing wind-up of the Bank.

There is no limitation on the type of Order that may be made where it has been determined that the Bank has ceased, or is about to cease, to be viable. As a result, a holder of Notes or Series 45 Preferred Shares may be exposed to losses through the use of Canadian bank resolution powers other than an NVCC Automatic Conversion or in liquidation.

As a result, a holder of Notes or Series 45 Preferred Shares may lose all of its investment, including the principal amount plus any accrued dividends or interest, if the CDIC were to take action under the Canadian bank resolution powers, and any Common Shares into which the Notes or Series 45 Preferred Shares are converted upon the occurrence of a Trigger Event, an NVCC Automatic Conversion and a Trigger Event Redemption, may be of little value at the time of an NVCC Automatic Conversion and thereafter.

The Notes are direct unsecured subordinated indebtedness of the Bank which, provided such Notes have not been redeemed for Common Shares upon the occurrence of a Trigger Event, an NVCC Automatic Conversion and a Trigger Event Redemption, rank: (a) subordinate in right of payment to the prior payment in full of all Higher Ranked Indebtedness (including certain Subordinated Indebtedness) and (b) in right of payment equally with and not prior to Junior Subordinated Indebtedness (other than Junior Subordinated Indebtedness which by its terms ranks subordinate to the Notes) of the Bank in the event of the insolvency or winding-up of the Bank. If the Bank becomes insolvent or is wound-up while the Notes remain outstanding, the Bank's assets must be used to pay deposit liabilities and prior and senior ranking indebtedness before payments may be made on the Notes, other subordinated indebtedness and the Common Shares. Subject to the Bank's regulatory capital requirements, there is no limit on the Bank's ability to incur additional subordinated debt. In addition, the terms of the Notes do not restrict the Bank's ability to incur indebtedness that ranks senior to the Notes. Upon the occurrence of a Trigger Event, each Series 45 Preferred Share will be automatically converted into Common Shares pursuant to an NVCC Automatic Conversion, and immediately following such NVCC Automatic Conversion, each outstanding Note will automatically and immediately be redeemed for the same number of Common Shares into which the Series 45 Preferred Shares converted pursuant to such NVCC Automatic Conversion, such that the terms of the Notes with respect to priority and rights upon liquidation will not be relevant as the Notes will have been converted to Common Shares ranking on parity with all other outstanding Common Shares.

*Any potential compensation to be provided through the compensation process under the CDIC Act is unknown.*

The Canada Deposit Insurance Corporation Act (“**CDIC Act**”) provides for a compensation process for holders of Notes and Series 45 Preferred Shares who immediately prior to the making of an Order, directly or through an intermediary, own Notes or Series 45 Preferred Shares, as the case may be, that after the Order is made, are converted in whole or in part into Common Shares in accordance with their terms. While this process applies to successors of those holders it does not apply to assignees or transferees of the holder following the making of the Order and does not apply if the amounts owing under the Notes are paid in full.

Under the compensation process, the compensation to which such holders are entitled is the difference, to the extent it is positive, between the estimated liquidation value and the estimated resolution value of the Notes or Series 45 Preferred Shares, as the case may be, less an amount equal to an estimate of losses attributable to the conversion of such Notes or Series 45 Preferred Shares into Common Shares. The liquidation value is the estimated value the holders would have received if an Order under the *Winding-up and Restructuring Act* (Canada) had been made in respect of the Bank, as if no Order had been made and without taking into consideration any assistance, financial or otherwise, that is or may be provided to the Bank, directly or indirectly, by CDIC, the Bank of Canada, the Government of Canada or a province of Canada, after any Order to wind up the Bank has been made.

The resolution value in respect of the Notes or the Series 45 Preferred Shares, as the case may be, is the aggregate estimated value of the following: (a) the Notes or Series 45 Preferred Shares, as the case may be, if they are not held by CDIC and they are not converted, after the making of an Order, into Common Shares in accordance with its terms; (b) Common Shares that are the result of a conversion of the Notes or Series 45 Preferred Shares, as

the case may be, in accordance with their terms after the making of an Order; (c) any dividend or interest payments made, after the making of the Order, with respect to the Notes or Series 45 Preferred Shares, as the case may be, to any person other than CDIC; and (d) any other cash, securities or other rights or interests that are received or to be received with respect to the Notes or Series 45 Preferred Shares, as the case may be, as a direct or indirect result of the making of the Order and any actions taken in furtherance of the Order, including from CDIC, the Bank, the liquidator of the Bank, if the Bank is wound up, the liquidator of a CDIC subsidiary incorporated or acquired by Order of the Governor in Council for the purposes of facilitating the acquisition, management or disposal of real property or other assets of the Bank that CDIC may acquire as the result of its operations that is liquidated or the liquidator of a bridge institution if the bridge institution is wound up.

In connection with the compensation process, CDIC is required to estimate the liquidation value and the resolution value in respect of the portion of converted Notes or Series 45 Preferred Shares, as the case may be, and is required to consider the difference between the estimated day on which the liquidation value would be received and the estimated day on which the resolution value is, or would be, received.

CDIC must, within a period following the Order, make an offer of compensation by notice to the relevant holders that held the Notes or Series 45 Preferred Shares equal to, or in value estimated to be equal to, the amount of compensation to which such holders are entitled or provide a notice stating that such holders are not entitled to any compensation. In either case such notice is required to include certain prescribed information, including important information regarding the rights of such holders to seek to object and have the compensation to which they are entitled determined by an assessor (a Canadian Federal Court judge) where holders of liabilities representing at least 10% of the principal amount and accrued and unpaid interest of the liabilities of the same class in the case of the Notes, or at least 10% of the liquidation entitlement of the shares of the same class, in the case of the Series 45 Preferred Shares, object to the offer or absence of compensation. The period for objecting is limited (45 days following the day on which a summary of the notice is published in the Canada Gazette) and failure by holders holding a sufficient principal amount plus accrued and unpaid interest of the Notes or sufficient liquidation entitlement of the Series 45 Preferred Shares to object within the prescribed period will result in the loss of any ability to object to the offered compensation or absence of compensation, as applicable. CDIC will pay the relevant holders the offered compensation within 135 days after the date on which a summary of the notice is published in the Canada Gazette if the offer of compensation is accepted, the holder does not notify CDIC of acceptance or objection to the offer or if the holder objects to the offer but the 10% threshold described above is not met within the aforementioned 45-day period.

Where an assessor is appointed, the assessor could determine a different amount of compensation payable, which could either be higher or lower than the original amount. The assessor is required to provide holders, whose compensation it determines, notice of its determination. The assessor's determination is final and there are no further opportunities for review or appeal. CDIC will pay the relevant holders the compensation amount determined by the assessor within 90 days of the assessor's notice.

A similar compensation process to the one set out above applies, in certain circumstances, where as a result of CDIC's exercise of bank resolution powers, Notes are assigned to an entity which is then wound-up.

Given the considerations involved in determining the amount of compensation, if any, that a holder that held Notes or Series 45 Preferred Shares may be entitled to following an Order, it is not possible to anticipate what, if any, compensation would be payable in such circumstances.

*Following an NVCC Automatic Conversion or Trigger Event Redemption, you will no longer have rights as a holder of Notes or Series 45 Preferred Shares and will only have rights as a holder of Common Shares.*

Upon an NVCC Automatic Conversion and subsequent Trigger Event Redemption, the rights, terms and conditions of the Notes or Series 45 Preferred Shares, as applicable, including with respect to priority and rights on liquidation, will no longer be relevant as all such Notes or Series 45 Preferred Shares, as applicable, will have been redeemed or converted, as the case may be, on a full and permanent basis without the consent of the holders thereof into Common Shares ranking on parity with all other outstanding Common Shares. Given the nature of the Trigger Event, a holder of Notes or Series 45 Preferred Shares, as applicable, will become a holder of Common Shares at a time when the Bank's financial condition has deteriorated. If the Bank were to become insolvent, is dissolved or wound-up after the occurrence of a Trigger Event, as holders of Common Shares investors may receive substantially

less than they might have received had the Notes or Series 45 Preferred Shares, as applicable, not been redeemed or converted, as the case may be, for Common Shares.

An NVCC Automatic Conversion may also occur at a time when a federal or provincial government or other government agency in Canada has provided, or will provide, a capital injection or equivalent support, the terms of which may rank in priority to the Common Shares with respect to the payment of dividends, rights on liquidation or other terms. Further, holders of Notes and Series 45 Preferred Shares will receive Common Shares pursuant to an NVCC Automatic Conversion at a time when other debt obligations of the Bank may be converted into Common Shares, and additional Common Shares or securities ranking in priority to the Common Shares may be issued, thereby causing substantial dilution to holders of Common Shares and the holders of Notes and Series 45 Preferred Shares, who will become holders of Common Shares upon the Trigger Event.

*Holders of Notes or Series 45 Preferred Shares do not have anti-dilution protection in all circumstances.*

The floor price that is used to calculate the Conversion Price is subject to adjustment in a limited number of events: (i) the issuance of Common Shares or securities exchangeable for or convertible into Common Shares to all holders of Common Shares as a stock dividend, (ii) the subdivision, redivision or change of the Common Shares into a greater number of Common Shares, or (iii) the reduction, combination or consolidation of the Common Shares into a lesser number of Common Shares. In addition, in the event of a capital reorganization, consolidation, merger or amalgamation of the Bank or comparable transaction affecting the Common Shares after the date of this Prospectus Supplement, the Bank will take necessary action to ensure that holders of Series 45 Preferred Shares receive, pursuant to an NVCC Automatic Conversion, the number of Common Shares or other securities that such holders would have received if the NVCC Automatic Conversion occurred immediately prior to the record date for such event. However, there is no requirement that there should be an adjustment of the floor price or other anti-dilutive action by the Bank for every corporate or other event that may affect the market price of the Common Shares. Accordingly, the occurrence of events in respect of which no adjustment to the floor price is made may adversely affect the number of Common Shares issuable to a holder of Series 45 Preferred Shares and thereafter delivered to a holder of Notes upon an NVCC Automatic Conversion and subsequent Trigger Event Redemption.

*The interest rate in respect of the Notes will reset.*

The interest rate in respect of Notes will reset every five years. In each case, the new interest rate is unlikely to be the same as, and may be lower than, the interest rate for the applicable preceding interest rate period.

*The Bank may redeem the Notes in certain situations.*

The Bank may elect to redeem the Notes, or the Notes may be automatically redeemed, without the consent of the holders of the Notes in the circumstances described under “Description of the Notes –Redemption” and “Description of Series 45 Preferred Shares — Redemption.” If the Bank redeems the Notes in any of the circumstances mentioned above, there is a risk that the Notes may be redeemed at times when the redemption proceeds are less than the current market value of the Notes or when prevailing interest rates may be relatively low, in which latter case investors may only be able to reinvest the redemption proceeds in securities with a lower yield. Potential investors should consider reinvestment risk in light of other investments available at the time and consider potential uncertainty with respect to both the rate of interest payable on the Notes, which may fluctuate, and with respect to the length of the remaining term of the Notes, which will be dependent upon whether or not the Notes are redeemed prior to their maturity.

*The dividend rate in respect of the Series 45 Preferred Shares will reset.*

The dividend rate in respect of Series 45 Preferred Shares will reset every five years. The new dividend rate is unlikely to be the same as, and may be lower than, the dividend rate for the applicable preceding dividend period.

*The Bank may redeem the Series 45 Preferred Shares at its option in certain situations.*

The Bank may elect to redeem the Series 45 Preferred Shares without the consent of the holders of the Series 45 Preferred Shares in the circumstances described under “Description of Series 45 Preferred Shares – Redemption”. In addition, the redemption of Series 45 Preferred Shares is subject to the consent of the Superintendent and other restrictions contained in the Bank Act and the regulations and guidelines thereunder,

including the OSFI Capital Adequacy Requirements (CAR) Guideline, as may be amended from time to time. See “Bank Act Restrictions and Restrictions on Payment of Dividends” of the Accompanying Prospectus and “Description of Series 45 Preferred Shares – Restriction on Dividends and Retirement of Shares” in this Prospectus Supplement. In the event of the redemption of the Series 45 Preferred Shares prior to the Transfer Date, outstanding Notes with an aggregate principal amount equal to the aggregate face amount of the Series 45 Preferred Shares redeemed will be automatically redeemed.

*The Series 45 are not redeemable at the option of the holder.*

The Series 45 Preferred Shares do not have a fixed maturity date and are not redeemable at the option of the holders of Series 45 Preferred Shares. The ability of a holder to liquidate its holdings of Series 45 Preferred Shares may be limited.

*The Bank reserves the right not to deliver Common Shares upon an NVCC Automatic Conversion and Trigger Event Redemption.*

Upon an NVCC Automatic Conversion and Trigger Event Redemption, the Bank reserves the right not to deliver some or all, as applicable, of the Common Shares issuable or deliverable thereupon to any person whom the Bank has reason to believe is an Ineligible Person, any person who, by virtue of the operation of the NVCC Automatic Conversion or Trigger Event Redemption, would become a Significant Shareholder through the acquisition of Common Shares or any person whom the Bank or its transfer agent has reason to believe is an Ineligible Government Holder based on a declaration submitted to the Bank or its transfer agent by or on behalf of such person. In such circumstances, the Bank will attempt to facilitate the sale of such Common Shares. Those sales (if any) may be made at any time and at any price. The Bank will not be subject to any liability for failure to sell such Common Shares on behalf of such persons or at any particular price on any particular day.

*The Bank has no limitation on issuing senior or pari passu securities.*

The Series 2 Trust Indenture governing the Notes will not contain any financial covenants and will contain only limited restrictive covenants. In addition, the Series 2 Trust Indenture will not limit the Bank’s or its subsidiaries’ ability to incur additional indebtedness, issue or repurchase securities or engage in transactions with affiliates. The Bank’s ability to incur additional indebtedness and use its funds for any purpose in the Bank’s discretion may increase the risk that the Bank may be unable to service its debt, including paying its obligations under the Notes.

*The Notes are not covered by deposit insurance.*

The Notes will not be deposits insured under the CDIC or any other deposit insurance regime designed to ensure the payment of all or a portion of a deposit upon the insolvency of the deposit taking financial institution. Therefore, you will not be entitled to insurance from the Canada Deposit Insurance Corporation or other such protection, and as a result, you could lose all or a portion of your investment.

*The value of the Notes may be affected by a change of law.*

No assurance can be given as to the impact of any possible judicial decision or change to the laws of the Province of Québec, the Province of Ontario or the Province of Manitoba and the federal laws of Canada applicable therein or administrative practice after the date of this Prospectus Supplement and before the date on which the Notes and the Series 45 Preferred Shares are issued. Any such change could materially adversely impact the value of the Notes and the Series 45 Preferred Shares affected by it.

## **Legal Matters**

Legal matters in connection with the issue and sale of the Notes and the Series 45 Preferred Shares will be passed upon, on behalf of the Bank, by McCarthy Tétrault LLP and for tax matters by Osler, Hoskin & Harcourt LLP and, on behalf of the Agents, by Torys LLP. As at April 15, 2021, the partners, associates and counsel of each of McCarthy Tétrault LLP, Osler, Hoskin & Harcourt 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 of Canada, 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 Agents

Dated: April 15, 2021

To the best of our knowledge, information and belief, the short form base shelf prospectus dated August 17, 2020, 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 and territories of Canada.

### NATIONAL BANK FINANCIAL INC.

By: (s) *Alexis Rochette Gratton*

### TD SECURITIES INC.

By: (s) *Brian Pong*

### BMO NESBITT BURNS INC.

By: (s) *Michael Cleary*

### CIBC WORLD MARKETS INC.

By: (s) *Amber Choudhry*

### RBC DOMINION SECURITIES INC.

By: (s) *Peter Hawkrigg*

### SCOTIA CAPITAL INC.

By: (s) *Michal Cegielski*

### J.P. MORGAN SECURITIES CANADA INC.

By: (s) *David Rawlings*

### DESJARDINS SECURITIES INC.

By: (s) *William Tebbutt*

### IA PRIVATE WEALTH INC.

By: (s) *David Anderson*

### MANULIFE SECURITIES INCORPORATED

By: (s) *William Porter*

### WELLS FARGO SECURITIES CANADA, LTD.

By: (s) *Darin Deschamps*

### CASGRAIN & COMPANY LIMITED

By: (s) *Roger Casgrain*

### HSBC SECURITIES (CANADA) INC.

By: (s) *David Loh*

### LAURENTIAN BANK SECURITIES INC.

By: (s) *Benoit Lalonde*

### MERRILL LYNCH CANADA INC.

By: (s) *Jamie Hancock*