

ISSUE DATE

JUNE 28

12

GIC OPTI
MARKET™NBC

Canadian Advantage 8 Plus GIC (COMPOUND INTEREST) SERIES 22, INVESTORS CATEGORY¹

SALES PERIOD: MAY 22, 2012 TO JUNE 20, 2012
ISSUE DATE: JUNE 28, 2012
MATURITY DATE: JUNE 27, 2017

INVESTMENT HIGHLIGHTS

- Term: 5 years
- Minimum Investment: \$500
- 100% principal protected at maturity
- Eligible for the CDIC deposit insurance²
- Eligible for registered* and non-registered accounts
- Guaranteed Interest at maturity: 2.53%
(equal to a compounded annual rate of 0.50%)³
- Maximum Interest at maturity: 40%
(equal to a compounded annual rate of 6.96%)³

The Canadian Advantage 8 Plus GIC offers the growth potential of a Canadian diversified equity portfolio all while ensuring 100% principal protection at maturity. Its structure allows a fixed price return of 40% for the 8 best performing Reference Shares in the Reference Portfolio, regardless of the actual price return realized. The remaining 12 Reference Shares will be assigned their actual price returns.⁴ The Reference Portfolio Return is then determined on the basis of the arithmetic average return of the 20 Reference Shares in the Reference Portfolio (please refer to page 2 for more details on Variable Interest calculation).

FOR MORE INFORMATION

nbc.ca/optimarket
1-888-4-TELNAT (1-888-483-5628)

* For information on availability, please consult your advisor.





THE PROTECTION OF A GIC
COMBINED WITH THE RETURN POTENTIAL OF THE MARKET

The NBC Optimarket™ family of GICs provides an optimized solution by offering the growth potential of a diversified equity portfolio while ensuring 100% principal protection at maturity.

KEY BENEFITS

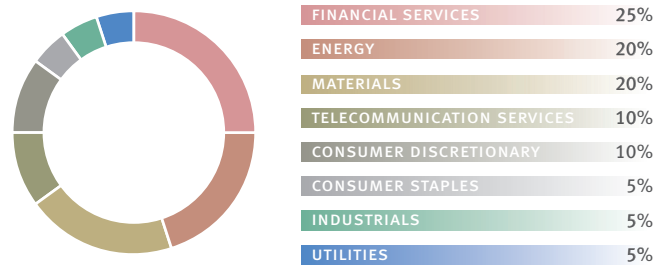
- 100% principal protected at maturity
- Eligible for the CDIC deposit insurance²
- Market exposure, allowing for higher potential returns than conventional fixed-rate GICs

REFERENCE PORTFOLIO

EXPOSURE TO 20 CANADIAN COMPANIES

Bank of Montreal	Shaw Communications Inc., Class B
Barrick Gold Corporation	Shoppers Drug Mart Corporation
BCE Inc.	Suncor Energy Inc.
Canadian Imperial Bank of Commerce	Sun Life Financial Inc.
Canadian National Railway Company	Teck Resources Limited, Class B
Encana Corporation	Telus Corporation
Husky Energy Inc.	The Toronto-Dominion Bank
Kinross Gold Corporation	Thomson Reuters Corporation
Potash Corporation of Saskatchewan	TransAlta Corporation
Royal Bank of Canada	TransCanada Corporation

SECTOR DIVERSIFICATION



The Reference Portfolio Return calculation is based on the price return of the Reference Shares and will not take into account dividends paid on such shares (the dividends paid out on such shares represented an annual return of 3.78% as of May 4, 2012).

POTENTIAL RETURN

The Canadian Advantage 8 Plus GIC guarantees an interest return of 2.53% over the term. In addition, the Canadian Advantage 8 Plus GIC offers a potential return based on the price return of the common shares of 20 Canadian companies.

At maturity, the Variable Interest of the Canadian Advantage 8 Plus GIC will be no less than 2.53% of the principal invested on the Issue Date (which is equivalent to a compounded annual rate of return of 0.50%) and will be limited to a maximum of 40% of the principal invested on the Issue Date (which is equivalent to 6.96% compounded annual rate of return).³

VARIABLE INTEREST CALCULATION

The first step is to calculate the price return for each Reference Share included in the Reference Portfolio. Then, the 8 Reference Shares with the highest price returns are automatically assigned a 40% return, regardless of whether their actual price return was over or under 40%. The remaining 12 Reference Shares will be assigned their actual price returns.

The Reference Portfolio Return is then determined on the basis of the arithmetic average return of the 20 Reference Shares in the Reference Portfolio. The Canadian Advantage 8 Plus GIC will generate at maturity a Variable Interest no less than 2.53%, even if the Reference Portfolio Return is negative, and will be limited to a maximum of 40%.

SCENARIO ANALYSIS

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

HYPOTHETICAL EXAMPLE OF A POSITIVE VARIABLE RETURN

The following table is based on the assumption that most of the price returns for the Reference Shares will increase during the 5-year term.

REFERENCE SHARE	REFERENCE SHARE INITIAL VALUE (\$)	REFERENCE SHARE FINAL VALUE (\$)	REFERENCE SHARE RETURN	REFERENCE SHARE RETURN USED
Barrick Gold Corporation	49.71	102.08	105.36%	40.00%
Potash Corporation of Saskatchewan	43.40	84.43	94.54%	40.00%
BCE Inc.	37.91	72.73	91.85%	40.00%
Bank of Montreal	58.70	111.31	89.63%	40.00%
Encana Corporation	18.15	33.71	85.74%	40.00%
Shoppers Drug Mart Corporation	43.79	81.06	85.11%	40.00%
Kinross Gold Corporation	9.46	17.37	83.58%	40.00%
Canadian Imperial Bank of Commerce	75.68	135.05	78.45%	40.00%
Husky Energy Inc.	26.17	46.29	76.87%	76.87%
Sun Life Financial Inc.	24.74	43.21	74.65%	74.65%
TransAlta Corporation	17.63	30.27	71.68%	71.68%
Canadian National Railway Company	78.83	133.02	68.74%	68.74%
Teck Resources Limited, Class B	35.60	58.81	65.19%	65.19%
Royal Bank of Canada	51.65	83.36	61.39%	61.39%
Shaw Communications Inc., Class B	21.68	31.48	45.18%	45.18%
Suncor Energy Inc.	32.43	45.46	40.18%	40.18%
Telus Corporation	52.85	71.75	35.77%	35.77%
The Toronto-Dominion Bank	76.88	97.82	27.24%	27.24%
Thomson Reuters Corporation	31.47	34.83	10.68%	10.68%
TransCanada Corporation	41.46	38.97	-6.00%	-6.00%
Arithmetic average of the returns for the Reference Shares				44.58%
Variable Interest at maturity (Min. 2.53%; Max. 40.00%)				40.00%
Variable Interest payable at maturity (\$1,000 investment)				\$400.00

In this example, the 8 Reference Shares with the highest returns would each be automatically assigned a 40% return. Since the arithmetic average of the 20 Reference Shares is 44.58% (subject to the Maximum Interest of 40%), the Variable Interest payable at maturity on a \$1,000 investment would be \$400.00 in the example above.

HYPOTHETICAL EXAMPLE OF A NIL VARIABLE RETURN

The following table is based on the assumption that most of the price returns for the Reference Shares will decline during the 5-year term.

REFERENCE SHARE	REFERENCE SHARE INITIAL VALUE (\$)	REFERENCE SHARE FINAL VALUE (\$)	REFERENCE SHARE RETURN	REFERENCE SHARE RETURN USED
Barrick Gold Corporation	49.71	68.69	38.18%	40.00%
Potash Corporation of Saskatchewan	43.40	55.50	27.88%	40.00%
BCE Inc.	37.91	43.70	15.28%	40.00%
Bank of Montreal	58.70	67.65	15.24%	40.00%
Encana Corporation	18.15	20.71	14.11%	40.00%
Shoppers Drug Mart Corporation	43.79	47.58	8.66%	40.00%
Kinross Gold Corporation	9.46	9.71	2.69%	40.00%
Canadian Imperial Bank of Commerce	75.68	75.59	-0.12%	40.00%
Husky Energy Inc.	26.17	24.35	-6.97%	-6.97%
Sun Life Financial Inc.	24.74	21.42	-13.43%	-13.43%
TransAlta Corporation	17.63	14.93	-15.31%	-15.31%
Canadian National Railway Company	78.83	64.90	-17.67%	-17.67%
Teck Resources Limited, Class B	35.60	28.78	-19.15%	-19.15%
Royal Bank of Canada	51.65	40.79	-21.03%	-21.03%
Shaw Communications Inc., Class B	21.68	17.03	-21.45%	-21.45%
Suncor Energy Inc.	32.43	24.94	-23.11%	-23.11%
Telus Corporation	52.85	38.38	-27.37%	-27.37%
The Toronto-Dominion Bank	76.88	53.69	-30.16%	-30.16%
Thomson Reuters Corporation	31.47	17.96	-42.94%	-42.94%
TransCanada Corporation	41.46	20.99	-49.38%	-49.38%
Arithmetic average of the returns for the Reference Shares				1.60%
Variable Interest at maturity (Min. 2.53%; Max. 40.00%)				2.53%
Variable Interest payable at maturity (\$1,000 investment)				\$25.30

In this example, the 8 Reference Shares with the highest returns would each be automatically assigned a 40% return. The arithmetic average of the 20 Reference Shares is 1.60%. Because this return is under 2.53%, only the Guaranteed Interest of 2.53% will be payable. On a \$1,000 investment, the Variable Interest payable at term would be \$25.30 in the example above.

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RISK FACTORS

An investment in the Canadian Advantage 8 Plus GIC involves a variety of risks which all investors should consider prior to making this investment. These risks are summarized in the Information Statement (26 086-002 (2012-05-22)) and you are encouraged to read the Information Statement carefully.

SUITABILITY CONSIDERATIONS AND GUIDELINES

An investment in the Canadian Advantage 8 Plus GIC is not suitable for all investors and even if suitable, investors should consider what part the Canadian Advantage 8 Plus GIC should serve in an overall investment plan. The Information Statement includes a summary of various suitability considerations and guidelines. You are encouraged to read the Information Statement carefully.

- ¹ The Canadian Advantage 8 Plus GIC, Series 22, Investors Category (Compound Interest), herein referred to as “Canadian Advantage 8 Plus GIC”.
- ² The Canadian Advantage 8 Plus GIC is a deposit eligible for deposit insurance by the Canada Deposit Insurance Corporation (CDIC), subject to the maximum dollar limit of CDIC coverage. More information about CDIC deposit insurance can be found in the “Protecting Your Deposits” brochure (available online at cdic.ca or by telephone at 1-800-461-7232).
- ³ A change in the Reference Portfolio has a direct impact on the Variable Interest payable. No interest or any other amount will be paid during the term of the Canadian Advantage 8 Plus GIC. Notwithstanding whether the Reference Portfolio Return is positive or not at maturity, the Canadian Advantage 8 Plus GIC will generate the Guaranteed Interest of 2.53%. However, if the Reference Portfolio does not generate a positive price return at maturity that is greater than 2.53%, the Canadian Advantage 8 Plus GIC will generate only the Guaranteed Interest in addition to the principal invested on the Issue Date.
- ⁴ In order for the Canadian Advantage 8 Plus GIC to pay the Maximum Interest of 40% (including the Guaranteed Interest) at maturity, the average return of the remaining 12 Reference Shares must be equal to or above 40%.

The statements contained herein are based upon information which we believe to be reliable but we cannot represent that they are complete or accurate. The complete information related to this issue of the Canadian Advantage 8 Plus GIC will be contained in an Information Statement which will be sent to investors prior to the Issue Date. This document is provided for information purposes only and does not constitute an offer to sell or a solicitation to buy the Canadian Advantage 8 Plus GIC referred to herein. All information about the Canadian Advantage 8 Plus GIC is available at nbc.ca/optimarket and on request to your advisor or by calling 1-888-4-TELNAT (1-888-483-5628).

Other than the Guaranteed Interest, the Canadian Advantage 8 Plus GIC is not a conventional fixed income investment. The Canadian Advantage 8 Plus GIC is not suitable for all types of investors. An investment in the Canadian Advantage 8 Plus GIC is subject to a number of risk factors. Potential purchasers should consult the Information Statement before investing. The Bank has issued previous series which may have different terms and conditions. Please refer to our website for the list of terms and conditions, compared to the previous series.

Capitalized terms used and not otherwise defined herein have the meaning ascribed thereto in the Information Statement.

NBC Optimarket™ GIC is a trademark of the National Bank of Canada.

