This pricing supplement together with the short form base shelf prospectus dated April 23, 2008 (the “Prospectus”), to which it relates, as amended or supplemented, and each document incorporated by reference therein constitutes a public offering of securities only in the jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. No securities commission or similar authority has in any way passed upon the merits of securities offered hereunder and any representation to the contrary is an offence.
The Note Securities to be issued hereunder have not been, and will not be, registered under the United States Securities Act of 1933, as amended and, subject to certain exemptions, may not be offered, sold or delivered, directly or indirectly, in the United States of America or for the account or benefit of U.S. persons.

Pricing Supplement No. 5 dated August 19, 2008
(to the short form base shelf prospectus dated April 23, 2008)

NATIONAL BANK OF CANADA
Skylon Big Five Barrier Return of Capital Note Securities, Series 1
(principal-at-risk note securities due in 2013 linked to the common shares of the five largest Canadian Banks with return of capital payments of 7.5% per annum)

Maximum of CAD$100,000,000 (1,000,000 non principal protected note securities)

This Pricing Supplement qualifies the distribution of up to $100,000,000 of Skylon Big Five Barrier Return of Capital Note Securities, Series 1 (the “Note Securities”) of National Bank of Canada (the “Bank”) maturing on or about the fifth anniversary following the closing date of this offering (the “Maturity Date”). The Note Securities are non principal protected note securities. Payments at maturity of the Note Securities are linked to the performance of the common shares (the “Reference Shares”) of the following issuers (the “Reference Issuers”):

- Bank of Montreal
- Canadian Imperial Bank of Commerce
- Royal Bank of Canada
- The Bank of Nova Scotia
- The Toronto-Dominion Bank

The Note Securities have a principal amount of $100 each (the “Principal Amount”). The minimum initial subscription price is $5,000 (50 Note Securities). Additional Note Securities will be issued in integral multiples of $1,000 (10 Note Securities).

PRICE: $100 per non principal protected Note Security

Minimum Subscription: $5,000 (50 Note Securities)

<table>
<thead>
<tr>
<th>Per Note Security</th>
<th>Selling Concession Fee(1)</th>
<th>Net Proceeds to the Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>$100.00</td>
<td>$3.50</td>
<td>$96.50</td>
</tr>
<tr>
<td>Total(2)</td>
<td>$100,000,000</td>
<td>$3,000,000</td>
</tr>
</tbody>
</table>

(1) Including a selling concession fee of $3.50 per Note Security (3.50% of the Principal Amount) payable from the gross proceeds of the offering to the Agents for further payment to representatives, including representatives employed by the Agents, whose clients purchase Note Securities. The Bank will also pay to Desjardins Securities Inc. a one-time fee of $0.15 per Note Security issued under the offering for acting as independent agent.

(2) Reflects the maximum offering size. There is no minimum offering size.

The objective of the Note Securities is to provide holders thereof (the “Holders”) with: (i) a predetermined periodic return of capital payment over the term of the Note Securities, as described below; and (ii) an attractive rate of return to the extent that the closing price of the Reference Shares remains stable or does not decrease to reach, or fall below, a predetermined price on any day during the reference period, as described below.

Holders are entitled to receive from the Bank a return of capital equal to 7.5% per annum of the Principal Amount, payable semi-annually in two equal installments of $3.75 per Note Security (each a “ROC Payment” and collectively, the “ROC Payments”), for total ROC Payments of $37.50 over the term of the Note Securities. Depending on the performance of the Reference Shares

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as further described below, Holders will also be entitled to receive at maturity: (i) a payment on account of the remaining Principal Amount (being the difference between the Principal Amount and the ROC Payments paid during the term of the Note Securities (the “Remaining Principal Amount”)), which Remaining Principal Amount may be reduced in the circumstances described below; and (ii) a variable return, if any (the “Variable Return”). The amount paid on account of the Remaining Principal Amount, or the portion thereof remaining after the reduction referred to in the previous sentence, and the Variable Return, if any, will constitute the maturity redemption amount (the “Maturity Redemption Amount”). The Note Securities are not principal protected and Holders may receive an amount that is less than the Remaining Principal Amount at maturity. See “Risk Factors”.

The Maturity Redemption Amount will depend on (i) whether or not the closing price on the Toronto Stock Exchange (the “Closing Level”) of any Reference Share ever reaches, or falls below, a price that is equal to 50% of its Closing Level on the closing date of this offering (the “Barrier”) during the period (the “Reference Period”) beginning on (and including) the closing date of this offering and ending on (and including) the date falling five Business Days (as defined herein) prior to the Maturity Date (subject to postponement due to a Market Disruption Event as described herein) (the “Valuation Date”); (ii) the Final Level (as defined herein) of the Worst Performing Reference Share (as defined herein); and (iii) the average price return of all the Reference Shares during the Reference Period expressed as a percentage (the “Basket Return”). More specifically, the Maturity Redemption Amount will be determined as follows:

(a) if none of the Reference Shares experiences a Closing Level that reaches, or falls below, the Barrier on any day during the Reference Period, the Maturity Redemption Amount will be equal to the sum of (i) $100 and (ii) an amount equal to the product of $10 and the Basket Return in excess of 100%;

(b) if any Reference Share experiences a Closing Level that reaches, or falls below, the Barrier on any day during the Reference Period, and the Final Level of the Worst Performing Reference Share is equal to or greater than its Initial Level (as defined herein), the Maturity Redemption Amount will be identical to that presented in (a), being the sum of (i) $100 and (ii) an amount equal to the product of $10 and the Basket Return in excess of 100%;

(c) if any Reference Share experiences a Closing Level that reaches, or falls below, the Barrier on any day during the Reference Period, and the Final Level of the Worst Performing Reference Share is less than its Initial Level, the Maturity Redemption Amount will be the sum of (i) an amount equal to $100 minus $0.01 for every 0.01% decrease of the Worst Performing Reference Share’s Final Level from its Initial Level (expressed as a percentage of its Initial Level) and (ii) an amount equal to the product of $10 and the Basket Return in excess of 100%. Notwithstanding the foregoing, the Maturity Redemption Amount will be subject to a minimum of $1.00 per Note Security.

In other words, the Maturity Redemption Amount resulting from the scenarios presented above will be composed of: (i) a positive amount of up to $62.50 per Note Security, but not less than $1.00 per Note Security, paid as a return of capital (on account of the Remaining Principal Amount); and (ii) a Variable Return, if any, equal to any amount in excess of $62.50 per Note Security.

The Note Securities are a mid to long-term investment, the return on which is linked to the value of the Reference Shares. Since the Maturity Redemption Amount is not determinable prior to maturity, the Note Securities differ from conventional debt and fixed income investments. Although the Note Securities are not principal protected, they offer a predetermined periodic return of capital (i.e. the ROC Payments) over the term of the Note Securities. With the total ROC Payments of $37.50 and the minimum Maturity Redemption Amount of $1.00, Holders are only guaranteed to receive $38.50 per Note Security over the term of the Note Securities (assuming the Note Securities are not redeemed prior to maturity). Accordingly, the Note Securities are not suitable for all investors and should only be considered by investors who:

- are willing to accept the risk that they could lose up to 61.50% of their Principal Amount;
- believe that the price of the Reference Shares will remain stable or will not decrease to reach, or fall below, the Barrier on any day during the Reference Period;
- do not expect to participate through the Note Securities in any appreciation in the price of the Reference Shares during the Reference Period, except through a 10% participation in the Basket Return that is in excess of 100%; and
- understand that the maximum total amount per Note Security receivable under the Note Securities will be equal to $137.50 plus an amount, if any, equal to the product of $10 and the Basket Return in excess of 100%.

Holders have no ownership interest in, and no right to receive Reference Shares nor do they have any rights as security holders of the Reference Issuers. Investors who invest directly in the Reference Shares are exposed dollar for dollar to any increase or decrease in the share price of the Reference Shares. The Note Securities offer investors the opportunity of making a return on their investment even if the share price of the Reference Shares decreases up to 49.99% from their respective Initial Levels.

Investors should understand that the return of the Reference Shares used to calculate the Basket Return is a price return and does not take into account regular dividends paid on the Reference Shares. The indicative dividend yield for the Reference Basket was 4.68% as at July 31, 2008.
The Note Securities are equivalent to an indirect and notional economic exposure to: (i) a long position in zero coupon bonds providing payments corresponding to the ROC Payments and the Principal Amount; (ii) a short position in a barrier put option contract providing a 100% exposure to any negative price return of the Worst Performing Reference Share below the Initial Level (expressed as a percentage of the Initial Level) at maturity if the Closing Level of any Reference Share reaches, or falls below, the Barrier on any day during the Reference Period; and (iii) a long position in an out-of-the-money call option contract providing a 10% exposure to any positive Basket Return in excess of 100%.

The Reference Issuers are reporting issuers in all provinces and territories of Canada and are required to file periodically certain financial and other information specified by securities legislation which is accessible through SEDAR, a filing system developed for the Canadian Securities Administrators that provides access to most public securities documents and information filed by public companies and investment funds with the Canadian Securities Administrators. See “The Reference Shares – Publicly Available Information on the Reference Issuers”.

This Pricing Supplement relates only to the Note Securities offered hereby and does not relate to the Reference Shares or other securities of the Reference Issuers. The Bank has derived all disclosures contained herein regarding the Reference Issuers from the publicly available documents of the Reference Issuers. The Bank and the Agents have not had an opportunity to verify the accuracy or completeness of any information contained in such reports or documents or determine if there has been any omission by the Reference Issuers to disclose any facts, information or events which may have occurred prior to or subsequent to the date as of which any information contained in such reports or documents has been furnished by the Reference Issuers which may affect the significance or accuracy of any information contained in any such reports or documents. Neither the Bank nor any Agent makes any representation that such publicly available documents or any other publicly available information regarding the Reference Issuers are accurate or complete.

The Reference Issuers are not affiliates of the Bank and its affiliates. The Reference Issuers have not participated in the preparation of this Pricing Supplement, do not take any responsibility or assume any liability with respect to the accuracy or completeness of any information contained herein and make no representation regarding the advisability of purchasing the Note Securities. The Note Securities are not in any way sponsored, endorsed, sold or promoted by the Reference Issuers. The Reference Issuers are not responsible for and have not participated in the determination of the timing, pricing or number of Note Securities to be issued. The Reference Issuers do not have any statutory liability with respect to the accuracy or completeness of any of the information contained in this Pricing Supplement and have no obligation or liability in connection with the administration, marketing or trading of the Note Securities. Investing in the Note Securities is not equivalent to investing in common shares of the Reference Issuers. The issuance of the Note Securities is not a financing for the benefit of the Reference Issuers or any insiders of the Reference Issuers. See “The Reference Shares – Disclaimer”.

Each prospective investor should independently investigate the Reference Issuers and decide whether an investment in the Note Securities is appropriate for such prospective investor’s own perspective.

The Note Securities constitute direct, unsecured and unsubordinated debt obligations of the Bank ranking pari passu with all other present and future unsecured and unsubordinated indebtedness of the Bank. The Note Securities will not constitute deposits that are 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 the deposit taking financial institution.

The Note Securities are not redeemable prior to maturity, except by the Bank pursuant to a Reimbursement Under Special Circumstances (as defined herein). In the event of a Reimbursement Under Special Circumstances or an Event of Default, the Actualized NAV (as defined herein) will be determined by the Bank, acting in good faith. See “Description of the Note Securities – Reimbursement Under Special Circumstances and Payment” and “Description of the Note Securities – Events of Default”.

Prospective investors should take into account additional risk factors associated with this offering of Note Securities. See “Risk Factors”.

National Bank Financial Inc., Scotia Capital Inc. and Desjardins Securities Inc. (the “Agents”), as agents, are conditionally offering the Note Securities subject to prior sale on a best efforts basis, if, as and when issued by the Bank and accepted by the Agents in accordance with the conditions contained in a Dealer Agreement between the Bank and the Agents dated as of the date hereof and subject to the approval of certain legal matters by Fasken Martineau DuMoulin LLP, on behalf of the Bank, and McMillan LLP, on behalf of the Agents. Subscriptions will be received 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. Note Securities may be purchased using the FundSERV network. The order code on the FundSERV network is NBC1552. No interest will be paid on account of funds deposited through the use of the FundSERV network pending closing of the offering or return of such funds if subscriptions are rejected or not fully allotted.

Closing of the offering of the Note Securities is expected to occur on or about October 7, 2008, but no later than November 7, 2008 (the “Closing Date”). The Note Securities will be issued in book-entry form and will be represented by a registered global note certificate held by CDS Clearing and Depository Services Inc. (“CDS”) or its nominee. Subject to limited exceptions,
certificates evidencing the Note Securities will not be available to Holders and registration of ownership of the Note Securities will be made only through CDS’s book-entry system. See “Description of the Note Securities – Depository” in the Prospectus.

The Note Securities will not be listed on any securities exchange or quotation system. National Bank Financial Inc. intends to maintain, until the Valuation Date, under normal market conditions, a daily secondary market for the Note Securities. National Bank Financial Inc. may, in its sole discretion, stop maintaining a market for the Note Securities at any time without any prior notice to Holders. There can be no assurance that a secondary market will develop or, if one develops, that it will be liquid. See “Risk Factors – There is no assurance of a secondary market and any developing secondary market may be illiquid and/or offer prices may not reflect the appreciation of the Reference Shares”.

National Bank Financial Inc. is an indirect wholly-owned subsidiary of the Bank. As a result, the Bank is a “related issuer” and a “connected issuer” of National Bank Financial Inc. within the meaning of the securities legislation of certain provinces of Canada. Scotia Capital Inc. is an indirect wholly-owned subsidiary of a Canadian chartered bank that is expected to be counterparty to the hedging that the Bank may put in place with respect to its obligations under the Note Securities. As a result, the Bank may be a “connected issuer” of Scotia Capital Inc. within the meaning the securities legislation of certain provinces of Canada. In connection with this offering, no benefit will be received by National Bank Financial Inc. and Scotia Capital Inc. other than their portion of the selling concession fee, if any, described under section “Fees and Expenses”.
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</table>
ELIGIBILITY FOR INVESTMENT

Based on the current administrative position of the Canada Revenue Agency and on the legislation in effect on the date hereof, the Note Securities will, at the Closing Date, be qualified investments under the *Income Tax Act* (Canada) for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans, registered disability savings plans and deferred profit sharing plans (other than deferred profit sharing plans to which contributions are made by the Bank, or a person or partnership with which the Bank does not deal at arm’s length within the meaning of the *Income Tax Act* (Canada)). Purchasers who wish to purchase Note Securities using the FundSERV network for registered accounts such as registered retirement savings plans will need to have their own self-directed registered accounts. See “FundSERV” in the Prospectus.

DOCUMENTS INCORPORATED BY REFERENCE

In addition to this Pricing Supplement, the following documents are specifically incorporated by reference into, and form an integral part of, the Prospectus as of the date of this Pricing Supplement:

(a) the Unaudited Consolidated Financial Statements for the quarter ended April 30, 2008 which includes the comparative unaudited consolidated financial statements of the Bank for the quarter ended April 30, 2007 and the Bank’s interest coverage ratios, and which are included in the Bank’s Report to Shareholders for the Second Quarter 2008.

RECENT DEVELOPMENTS

The Pan-Canadian Investors Committee for Third-Party Structured ABCP (the “Committee”) announced on June 5, 2008 that the Ontario Superior Court of Justice (the “Superior Court”) has sanctioned the Committee’s plan (the “Plan”) to restructure 20 of the trusts covered by last summer’s Montreal Accord, affecting $32 billion of notes. The Superior Court accepted a proposed amendment to the Plan that would allow certain noteholders, under specified conditions, to pursue claims of fraud against ABCP dealers.

The Committee announced on June 18, 2008 that proceedings have been taken by a number of corporate noteholders in the Ontario Court of Appeal (the “Court of Appeal”) seeking to challenge the Sanction Order rendered by the Superior Court on June 5, 2008. The Court of Appeal heard the matter on June 25 and June 26, 2008. The Committee asked the Court of Appeal to dismiss the appeal and to leave in place the Sanction Order.

The Court of Appeal, on August 18, 2008, dismissed the appeal. Absent any further appeals, the Committee expects the restructuring to close by September 30, 2008. See “Caution Regarding Forward-Looking Statements” and “Risk Factors”.

CHANGE TO CAPITAL OF THE BANK

On May 1, 2008, the Bank completed an offering of $500 million of Series 6 medium term notes, constituting subordinated indebtedness of the Bank. The net proceeds from the issuance of the Series 6 notes were added to the general funds of the Bank and are to be used for general banking purposes. The Series 6 notes are eligible for inclusion as Tier 2B capital of the Bank.

On June 17, 2008, the Bank completed an offering of 7,000,000 Non-Cumulative 5-year Rate Reset First Preferred Shares Series 21 (“Preferred Shares Series 21”), and on June 4, 2008, the over-allotment option was exercised in full at a price of $25.00 per share (1,050,000 First Preferred Shares Series 21), for aggregate gross proceeds of $201,250,000. Holders of Preferred Shares Series 21 will be entitled to receive a non-cumulative quarterly fixed dividend for the initial period ending August 15, 2013 of 5.375% per annum, as and when declared by the Board of Directors of National Bank. The holders of the Preferred Shares Series 21 will have the right, at their option, to convert their shares into Non-cumulative Floating Rate First Preferred Shares Series 22 of the Bank (“the Preferred Shares Series 22”), subject to certain conditions, on August 16, 2013 and on August 16 every five years thereafter.
Subject to regulatory approvals, on August 16, 2013 and on August 16 every five years thereafter, the Bank may redeem all or any part of the then outstanding Preferred Shares Series 21, at the Bank’s option without the consent of the holder, by the payment of an amount in cash for each such share so redeemed of $25.00 together with all declared and unpaid dividends to the date fixed for redemption. The net proceeds of this offering is used for general corporate purposes and qualifies as Tier 1 regulatory capital.

On June 30, 2008, NBC Asset Trust (the “Trust”), a closed-end trust established by Natcan Trust Company, a subsidiary of the Bank, issued 350,000 transferable trust units called Trust Capital Securities – Series 2 (“NBC CapS II – Series 2”) at a price of $1,000 per NBC CapS II – Series 2. This source of financing allows National Bank to optimize its capital structure. The net proceeds of this offering is used for general corporate purposes. An investment in NBC CapS II – Series 2 could be replaced in certain circumstances, without the consent of the holders, by an investment in Bank Preferred Shares Series 23. Each NBC CapS II – Series 2 could be exchanged automatically for 40 newly issued non-cumulative, perpetual First Preferred Shares, Series 23 of the Bank.

ABOUT THIS PRICING SUPPLEMENT

This Pricing Supplement supplements the short form base shelf prospectus dated April 23, 2008 relating to $2,000,000,000 Medium Term Notes of the Bank. If the information in this Pricing Supplement differs from the information contained in the Prospectus, you should rely on the information in this Pricing Supplement. Holders should carefully read this Pricing Supplement along with the accompanying Prospectus to fully understand the information relating to the terms of the Note Securities and other considerations that are important to Holders. Both documents contain information Holders should consider when making their investment decision. The information contained in this Pricing Supplement and the accompanying Prospectus is current only as of the date of each.

PUBLIC INFORMATION

All information contained in this Pricing Supplement relating to the Reference Shares and the Reference Issuers is taken from and based solely upon information published by such issuers and obtained from public sources. Neither the Bank nor the Agents have independently verified the accuracy or completeness of any such information or assume any responsibility for the completeness or accuracy of such information. See “The Reference Shares – Disclaimer”.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Some of the statements contained or incorporated by reference in this Pricing Supplement, including those that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “estimates” or similar expressions, are forward-looking statements within the meaning of securities laws. Forward-looking statements include, without limitation, the information concerning possible or assumed future results of operations of the Bank. These statements are not historical facts but instead represent only the Bank’s expectations, estimates and projections regarding future events.

By their very nature, forward looking statements require the Bank to make assumptions and involve inherent risks and uncertainties, both general and specific, and risks exist that predictions, forecasts, projections and other forward looking statements will not be achieved. Readers are cautioned not to place undue reliance on these statements as a number of important factors could cause results to differ materially from the beliefs, plans, objectives, expectations, anticipations, estimates and intentions expressed in such forward-looking statements due to, among other factors, the matters set out under “Risk Factors” and the factors detailed in the Bank’s filings with Canadian securities regulators, including its annual and interim consolidated financial statements and the notes thereto. Factors that could cause actual results to differ materially from expectations include, but are not limited to: the strength of the Canadian economy in general and the strength of the local economies within Canada in which the Bank conducts operations; the strength of the economies of other nations in which the Bank conducts significant operations; the effects of changes in monetary and fiscal policy, including changes in interest rate policies of the Bank of Canada and the Board of Governors of the Federal Reserve System in the United States; changes in trade policy; the effects of competition in the markets in which the Bank operates; inflation; capital market and currency market fluctuations; the impact of changes in the laws and regulations regulating financial services (including banking, insurance and securities); judicial judgments and legal proceedings; developments with respect to the restructuring proposal.
relating to asset-backed commercial paper ("ABCP") and liquidity in the ABCP market; the Bank’s ability to obtain accurate and complete information from or on behalf of its clients or counterparties; the Bank’s ability to successfully realign its organization, resources and processes; its ability to complete strategic acquisitions and integrate them successfully; changes in the accounting policies and methods the Bank uses to report its financial condition, including uncertainties associated with critical accounting assumptions and estimates; operational and infrastructure risks; other factors that may affect future results, including changes in trade policies, timely development of new products and services, changes in estimates relating to reserves, changes in tax laws, technological changes, unexpected changes in consumer spending and saving habits; natural disasters, the possible impact on the business from public health emergencies, conflicts, other international events and other developments, including those relating to the war on terrorism; and the Bank’s anticipation of and success in managing the risks implied by the foregoing. See “Risk Factors”.

SUMMARY

The following is a summary of the terms of the Note Securities. The information in this section is qualified in its entirety by the more detailed explanations set forth elsewhere in this Pricing Supplement and the accompanying prospectus. References to the “Prospectus” mean the Bank’s short form base shelf prospectus dated April 23, 2008. Capitalized terms not otherwise defined in this Pricing Supplement have the meanings attributed to them in the Prospectus.


Principal Amount: $100 per Note Security.

Issue Size: Maximum of $100,000,000 (1,000,000 Note Securities).

Minimum Subscription: $5,000 (50 Note Securities) and integral multiples of $1,000 (10 Note Securities) in excess thereof.

Objective of the Note Securities: The objective of the Note Securities is to provide Holders with (i) a predetermined periodic return of capital payment over the term, and (ii) an attractive rate of return to the extent that the closing price of the Reference Shares remains stable or does not decrease to reach, or fall below, the Barrier thereof on any day during the Reference Period, as described below.

Reference Shares: The Reference Shares used to determine the Maturity Redemption Amount payable on the Maturity Payment Date are the common shares of the following issuers:

<table>
<thead>
<tr>
<th>Reference Issuers</th>
<th>Symbol (on the TSX) for the Reference Shares</th>
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<tbody>
<tr>
<td>Bank of Montreal</td>
<td>BMO</td>
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<tr>
<td>Canadian Imperial Bank of Commerce</td>
<td>CM</td>
</tr>
<tr>
<td>Royal Bank of Canada</td>
<td>RY</td>
</tr>
<tr>
<td>The Bank of Nova Scotia</td>
<td>BNS</td>
</tr>
<tr>
<td>The Toronto-Dominion Bank</td>
<td>TD</td>
</tr>
</tbody>
</table>

The Reference Issuers are not affiliates of the Bank and are not involved with this offering in any way. Although The Bank of Nova Scotia has not been involved with this offering, it is expected to be a counterparty to the hedging that the Bank may put in place with respect to its obligations under the Note Securities. Moreover, Scotia Capital Inc., a wholly-owned subsidiary of The Bank of Nova Scotia, is acting as one of the Agents and as co-Calculation Agent under this offering. This Pricing Supplement relates only to the Note Securities offered hereby and does not relate to the Reference Shares or other securities of the Reference Issuers. The Bank has derived all disclosures contained in this Pricing Supplement regarding the Reference Issuers from publicly available information as described under “The Reference Shares – Publicly Available Information on the Reference Issuers”. The obligations represented by the Note Securities are the Bank’s obligations, not those of the Reference Issuers. Investing in the Note Securities is not equivalent to investing in common shares of the Reference Issuers. See “The Reference Shares”.

Closing Date: On or about October 7, 2008, but no later than November 7, 2008.

Maturity Date: The date falling on the fifth anniversary date of the Closing Date (provided that if such date is not a Business Day, it will be postponed until the next Business Day). Based on a closing on October 7, 2008, the Maturity Date will be October 7, 2013.
| **Valuation Date and Valuation Days:** | The Valuation Date will be the fifth Business Day preceding the Maturity Date. The Valuation Days will be the five Exchange Days prior to and ending on the Valuation Date, subject to postponement due to a Market Disruption Event. |
| **Maturity Payment Date:** | The fifth Business Day following the last Valuation Day, as such last Valuation Day may be postponed as described herein. Where such postponement results in a corresponding postponement of the Maturity Payment Date, there will be no interest or other compensation made in respect of any such delay. |
| **Reference Period:** | The period beginning on (and including) the Closing Date and ending on (and including) the last Valuation Day. |
| **ROC Payments:** | Holders of record on the applicable ROC Payment Record Date will be entitled to receive from the Bank on the ROC Payment Date a ROC Payment equal to 7.50% per annum of the Principal Amount, payable semi-annually in equal installments of $3.75 per Note Security, for total ROC Payments of $37.50 per Note Security over the term of the Note Securities. The first semi-annual ROC Payment will be made on the six-month anniversary of the Closing Date. If the six-month anniversary of the Closing Date is not a Business Day, the payment will be postponed to the next Business Day. The last semi-annual ROC Payment will be made on the Maturity Payment Date. The maximum repayment of the Principal Amount prior to the payment of the Maturity Redemption Amount is limited to the ROC Payments on the Note Securities. |
| **Maturity Redemption Amount:** | Depending on the performance of the Reference Shares as further described below, Holders will be entitled to receive the Maturity Redemption Amount at maturity, consisting of: (i) a payment on account of the Remaining Principal Amount, which Remaining Principal Amount may be reduced in the circumstances described below; and (ii) a Variable Return, if any. The Maturity Redemption Amount will depend on whether or not the Closing Level of any Reference Share ever reaches, or falls below, the Barrier on any day during the Reference Period, the Final Level of the Worst Performing Reference Share, and the Basket Return. More specifically, the Maturity Redemption Amount will be determined as follows: (a) if none of the Reference Shares experiences a Closing Level that reaches, or falls below, the Barrier on any day during the Reference Period, the Maturity Redemption Amount will be equal to the sum of (i) $100 and (ii) an amount equal to the product of $10 and the Basket Return in excess of 100%; (b) if any Reference Share experiences a Closing Level that reaches, or falls below, the Barrier on any day during the Reference Period, and the Final Level of the Worst Performing Reference Share is equal to or greater than its Initial Level, the Maturity Redemption Amount will be identical to that presented in (a), being the sum of (i) $100 and (ii) an amount equal to the product of $10 and the Basket Return in excess of 100%; (c) if any Reference Share experiences a Closing Level that reaches, or falls below, the Barrier on any day during the Reference Period, and the Final Level of the Worst Performing Reference Share is less than its Initial Level, the Maturity Redemption Amount will be the sum of (i) an amount equal to $100 minus $0.01 for every 0.01% decrease of the Worst Performing Reference Share’s Final Level from its Initial Level (expressed as a percentage of its Initial Level) and (ii) an amount equal to the product of $10 and the Basket Return in excess of 100%. Notwithstanding the foregoing, the Maturity Redemption Amount will be subject to a minimum of $1.00 per Note Security. |
In other words, the Maturity Redemption Amount resulting from the scenarios presented above will be composed of: (i) a positive amount of up to $62.50 per Note Security, but not less than $1.00 per Note Security, paid as a return of capital (on account of the Remaining Principal Amount); and (ii) a Variable Return, if any, equal to any amount in excess of $62.50 per Note Security.

**The Note Securities are not principal protected and Holders may receive an amount that is less than the Remaining Principal Amount at maturity.** See the examples that illustrate how the Variable Return and the Maturity Redemption Amount are calculated under the section entitled “Description of the Note Securities – Redemption upon Maturity”.

**Closing Level:**

On any day, the Closing Level of any Reference Share will be the closing price of such Reference Share on the Exchange as reported by the Price Source, provided that if the Exchange is not opened for trading or if there is no closing price on that day, the closing price on the immediately preceding day on which the Exchange is opened for trading will be used (except if this occurs on the Closing Date or on any Valuation Day, in which case the closing price on the immediately following day on which the Exchange is opened for trading will be used to calculate the Closing Level, subject to the provisions under “Description of the Note Securities – Extraordinary Events”).

**Initial Level:**

For each Reference Share, the Initial Level will be the Closing Level thereof on the Closing Date. Purchasers will be able to determine the Initial Level of the Reference Shares by accessing the website of the TSX at [www.tsx.com](http://www.tsx.com) or the website [www.fpsgroup.ca](http://www.fpsgroup.ca) maintained by the Bank which will contain certain information relating to the Note Securities.

**Barrier:**

For each Reference Share, the Barrier will be 50% of its Initial Level.

**Final Level:**

For each Reference Share, the Final Level will be the arithmetic average of the Closing Levels on the five Valuation Days.

**Basket Return:**

The Basket Return will be equal to the arithmetic average of all the Reference Share Returns, where the Reference Share Return of each Reference Share will be equal to a positive or negative number expressed as a percentage equal to: (a) the Final Level of the relevant Reference Share; less (b) the Initial Level thereof; divided by (c) the Initial Level thereof.

Investors should understand that the return of the Reference Shares used to calculate the Basket Return is a price return and does not take into account regular dividends paid on the Reference Shares. The indicative dividend yield for the Reference Basket was 4.68% as at July 31, 2008.

**Market Disruption Event:**

The Valuation Days may be postponed if the Calculation Agent determines that a Market Disruption Event (as defined below) exists on such date. See “Description of the Note Securities – Extraordinary Events – Market Disruption Event”.

**Reference Share Adjustments:**

Upon the occurrence of certain events described herein prior to the last Valuation Day, the Calculation Agent will make a corresponding adjustment to the Initial Level or any other variable (or any combination thereof) as the Calculation Agent determines appropriate to account for these events. See “Description of the Note Securities – Extraordinary Events”.

**Reimbursement Under Special Circumstances:**

If a Special Circumstance (as defined herein) takes place prior to the last Valuation Day, the Bank may decide to proceed with a Reimbursement Under Special Circumstances. See “Description of the Note Securities – Reimbursement Under Special Circumstances and Payment”.
Use of Proceeds: The Bank will use the net proceeds of the offering of Note Securities for general banking purposes. The Bank and/or its affiliates may use the proceeds in transactions intended to hedge the Bank’s obligations under the Note Securities, including forward and option contracts of the nature described under “Use of Proceeds and Hedging”. The Bank may benefit from the difference between the amount it is obligated to pay under the Note Securities, net of related expenses, and the returns it may generate in hedging such obligation. See “Use of Proceeds and Hedging” and “Risk Factors – Hedging transactions may affect the value of Reference Shares”.

Calculation Agent: The Bank and Scotia Capital Inc., one of the agents, will be co-Calculation Agents and as such, will be solely responsible for the determination and calculation of the Initial Level, the Barrier, the Final Level, the Maturity Redemption Amount and any other determinations and calculations with respect to any payment in connection with the Note Securities, as well as for determining whether a Market Disruption Event has occurred or a Reference Share Adjustment is required, and for making certain other determinations with regard to the Note Securities and the Reference Shares. See “Calculation Agent”.


Listing and Secondary Market: The Note Securities will not be listed on any securities exchange or quotation system. National Bank Financial Inc. intends to maintain, until the Valuation Date, under normal market conditions, a daily secondary market for the Note Securities. If the trading markets for one or more of the Reference Shares are disrupted, or if trading of one or more of the Reference Shares is suspended or terminated, or if any other Market Disruption Event occurs, National Bank Financial Inc. will generally deem that normal market conditions do not exist.

National Bank Financial Inc. may, in its sole discretion, stop maintaining a market for the Note Securities at any time without any prior notice to Holders. There can be no assurance that a secondary market will develop or, if one develops, that it will be liquid. See “Risk Factors – There is no assurance of a secondary market and any developing secondary market may be illiquid and/or offer prices may not reflect the appreciation of the Reference Shares”.

In addition, any sale of Note Securities facilitated by National Bank Financial Inc. will be subject to an early trading charge, deductible from the sale proceeds of the Note Securities, of up to $5.00 per Note Security, depending on the time at which the Note Securities are sold following the Closing Date, determined as follows:

<table>
<thead>
<tr>
<th>If Sold</th>
<th>Early Trading Charge per Note Security</th>
</tr>
</thead>
<tbody>
<tr>
<td>From 0 to 90 days (inclusive) following the Closing Date</td>
<td>$5.00</td>
</tr>
<tr>
<td>From 91 to 180 days (inclusive) following the Closing Date</td>
<td>$4.50</td>
</tr>
<tr>
<td>From 181 to 270 days (inclusive) following the Closing Date</td>
<td>$4.00</td>
</tr>
<tr>
<td>From 271 to 365 days (inclusive) following the Closing Date</td>
<td>$3.50</td>
</tr>
<tr>
<td>From 366 to 450 days (inclusive) following the Closing Date</td>
<td>$3.00</td>
</tr>
<tr>
<td>From 451 to 540 days (inclusive) following the Closing Date</td>
<td>$2.50</td>
</tr>
<tr>
<td>From 541 to 630 days (inclusive) following the Closing Date</td>
<td>$2.00</td>
</tr>
<tr>
<td>From 631 to 720 days (inclusive) following the Closing Date</td>
<td>$1.00</td>
</tr>
<tr>
<td>Thereafter</td>
<td>Nil</td>
</tr>
</tbody>
</table>
Holders should be aware that any valuation price for the Note Securities appearing in a Holder’s periodic investment account statement, as well as any bid price quoted to the Holder to sell Note Securities, will be before the application of the applicable early trading charge.

The foregoing early trading charges will apply even in respect of the sale of Note Securities purchased by Holders on the secondary market. For greater certainty, Note Securities sold other than through the secondary market maintained by National Bank Financial Inc. will not be subject to such early trading charge.

**Holders who have purchased Note Securities using the FundSERV network will be limited to the FundSERV network to sell Note Securities.** The sale of Note Securities using the FundSERV network carries certain restrictions, including selling procedures that require that an irrevocable sale order be initiated at a bid price that will not be known prior to placing such sale order. See “FundSERV – Sale of Note Securities using the FundSERV network” in the Prospectus.

There will not be any secondary market for the Note Securities other than the market described above. Investors who cannot accept that the secondary market is limited in this way or who must have access to a secondary market at all times should not invest in the Note Securities.

Holders should consult and rely on their own advisors as to whether it would be more favourable in the circumstances at any time to sell the Note Securities (assuming the availability of a secondary market) or hold the Note Securities until maturity. Holders should also consult and rely on their own tax advisors as to the tax consequences arising from a sale of a Note Security prior to the Maturity Date as compared to holding the Note Securities until the Maturity Date. See “Certain Canadian Federal Income Tax Considerations”.

**Certain Canadian Federal Income Tax Considerations:**

This income tax summary is subject to the limitations and qualifications set out under “Certain Canadian Federal Income Tax Considerations”. Any ROC Payment received in respect of the Note Securities will reduce the Principal Amount and the Noteholder’s (as defined herein) adjusted cost base of the Note Securities but will not be included in the Noteholder’s income when received. The amount by which the Maturity Redemption Amount exceeds the Remaining Principal Amount of a Note Security on the last Valuation Day, if any, will be included in the Noteholder’s income in the taxation year in which the Maturity Redemption Amount payment is made. Assuming that the Noteholder holds the Note Securities as capital property, if the Maturity Redemption Amount is less than the Remaining Principal Amount, the Noteholder will realize a capital loss on the redemption of the Note Securities. A Noteholder should generally realize a capital gain (or capital loss) on the disposition of a Note Security (other than on a payment from or on behalf of the Bank), equal to the amount by which the proceeds of disposition net of amounts included in income as interest and any reasonable costs of disposition, exceed (or are less than) the Noteholder’s adjusted cost base of the Note Security. Noteholders who dispose of a Note Security, particularly those who dispose of a Note Security shortly prior to the Maturity Date, should consult and rely on their own tax advisors with respect to their particular circumstances. See “Certain Canadian Federal Income Tax Considerations”.

**Eligibility for Investment:**

Based on the current administrative position of the Canada Revenue Agency and on the legislation in effect on the date hereof, the Note Securities will, at the Closing Date, be qualified investments under the *Income Tax Act* (Canada) for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans, registered disability savings plans and deferred profit sharing plans (other than deferred profit sharing plans to which contributions are made by the Bank, or a person or
partnership with which the Bank does not deal at arm’s length within the meaning of the 
Income Tax Act (Canada)). Purchasers who wish to purchase Note Securities using the 
FundSERV network for registered accounts such as registered retirement savings plans will 
need to have their own self-directed registered accounts. See “FundSERV” in the 
Prospectus.

Rank:
The Note Securities constitute direct, unsecured and unsubordinated debt obligations of the 
Bank ranking pari passu with all other present and future unsecured and unsubordinated 
indebtedness of the Bank. The Note Securities will not constitute deposits that are 
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 the deposit taking financial institution.

Credit Rating:
The Note Securities have not been rated by any rating agency. The long term deposits of the 
Bank are, at the date of this Pricing Supplement, rated AA (low) by DBRS Limited, A by 
Standard & Poor’s, a division of The McGraw-Hill Companies, Inc., and Aa2 by Moody’s 
Investors Service, Inc. There can be no assurance that, if the Note Securities were 
specifically rated by these agencies, they would have the same ratings as the long term 
deposits of the Bank. A credit rating is not a recommendation to buy, sell or hold 
investments, and may be subject to revision or withdrawal at any time by the relevant rating 
agency.

Risk Factors:
Prospective investors should carefully consider whether the Note Securities are suited to 
their particular circumstances before they decide to purchase them. As such, prospective 
investors should carefully consider all of the information set forth in this Pricing 
Supplement and the Prospectus and, in particular, should evaluate the specific risk factors 
set forth under “Risk Factors” for a discussion of certain risks involved in evaluating an 
investment in the Note Securities. Such Risks include the following:

(i) The Note Securities are not suitable for all investors;
(ii) The Note Securities are not principal protected and Holders could lose part of their 
Principal Amount in the Note Securities;
(iii) The return on the Note Securities does not reflect the full performance of the 
Reference Shares;
(iv) Historical prices of the Reference Shares are not a guarantee of future performance;
(v) Holders have no ownership interest in the Reference Shares;
(vi) Risks relating to the Reference Shares;
(vii) Risks relating to the financial services industry;
(viii) The Bank and/or its affiliates have no affiliation with the Reference Issuers and are 
not responsible for their public disclosure of information;
(ix) The Note Securities are not comparable to conventional debt instruments;
(x) The Calculation Agent can postpone the determination of the Final Level of a 
Reference Share if there is a Market Disruption Event on a Valuation Day;
(xi) There is limited antidilution protection;
(xii) The payment of the Maturity Redemption Amount and of the ROC Payments is 
dependent upon the creditworthiness of the Bank;
(xiii) The Note Securities will not be insured under the Canada Deposit Insurance 
Corporation Act or any other deposit insurance regime;
(xiv) The Note Securities could be redeemed prior to the Maturity Date under Special
Circumstances:
(xv) There is no assurance of a secondary market and any developing secondary market may be illiquid and/or offer prices may not reflect the appreciation of the Reference Shares;
(xvi) Conflicts of interest may affect the Calculation Agent;
(xvii) Hedging transactions may affect the value of the Reference Shares; and
(xviii) The tax characterization of the Note Securities is subject to various interpretations.

Prospective investors should consult with their investment, legal, accounting, tax and other advisors with respect to any investment in the Note Securities.

**Book-Entry Registration:**

Subscriptions will be received 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.

The Note Securities will be issued in book-entry form and will be represented by a registered global note certificate held by CDS or its nominee. Subject to limited exceptions, certificates evidencing the Note Securities will not be available to investors and registration of ownership of the Note Securities will be made only through the book-entry system of CDS.

A further description of CDS’s procedures with respect to the registered global note certificate is set forth in the Prospectus under “Description of the Note Securities – Depository – CDS Procedures”.

**FundSERV:**

Note Securities may be purchased using the order entry system of the FundSERV network. The FundSERV network order code for the Note Securities is NBC1552. No interest will be paid on account of funds deposited using the FundSERV network pending closing of the offering or the return of such funds if subscriptions are rejected or not fully allotted. See the Prospectus for a description of the mechanics and restrictions involved in the use of the FundSERV network for the purchase and sale of Note Securities.

**Information about the Note Securities:**

The Bank will make available on the website wwwfpsgroup.ca maintained by the Bank certain information relating to the Note Securities, including the Initial Level, the Barrier and the Basket Return. The information therein is not incorporated by reference into and does not form part of this Pricing Supplement or the Prospectus.
SUMMARY OF FEES AND EXPENSES

A selling concession fee of $3.50 per Note Security (3.50% of the Principal Amount of each Note Security sold) is payable by the Bank from the gross proceeds of the offering to the Agents for further payment to representatives, including representatives employed by the Agents, whose clients purchase Note Securities. The expenses of the offering will be borne by the Bank.

The Bank will also pay an annual fee of $0.50 per Note Security (0.50% of the Principal Amount of each Note Security sold) (inclusive of all applicable taxes) to Skylon, a division of CI Investments Inc., for its involvement in the wholesale distribution of the Note Securities. This fee will be indirectly assumed by Holders, as the amount of ROC Payments has been adjusted to take into account such fee (and would have otherwise been increased by $0.50 per annum). No such fee will be payable to Skylon with respect to any Note Securities that are purchased by National Bank Financial Inc. on the secondary market and held in inventory. Any such unpaid fee will accrue to the Bank and not the Holders.

The Bank will pay Desjardins Securities Inc. a one-time fee of 0.15% of the Principal Amount of Note Securities issued under this offering for acting as independent agent. This fee will be indirectly assumed by Holders, as the amount of ROC Payments has been adjusted to take into account such fee (and would have otherwise been increased by $0.03 per annum).

Holders wishing to sell their Note Securities within the first two years of their issuance will be subject to an early trading charge of up to $5.00 per Note Security. See “Secondary Market for the Note Securities” for a description of such charge.

The Bank may benefit from the difference between the amount it is obligated to pay under the Note Securities, net of related expenses, and the returns it may generate in hedging such obligation. See “Use of Proceeds and Hedging” and “Risk Factors – Hedging transactions may affect the value of the Reference Shares”.

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DEFINITIONS

In addition to the terms defined in the Prospectus, in this Pricing Supplement, unless the context otherwise requires, terms not otherwise defined herein will have the meaning ascribed thereto hereunder:

“Act” means the Income Tax Act (Canada).

“Actualized NAV” has the meaning ascribed thereto under “Description of the Note Securities – Reimbursement under Special Circumstances and Payment”.


“Anniversary Date” has the meaning ascribed thereto under “Certain Canadian Federal Income Tax Considerations – Payment at Maturity or on Special Reimbursement Date”.

“Announcement Date” has the meaning ascribed thereto under “Description of the Note Securities – Reference Share Adjustments”.

“Bank” means the National Bank of Canada.

“Barrier” means, for any Reference Share, 50% of the Initial Level thereof.

“Basket Return” means the arithmetic average of all the Reference Share Returns.

“Business Day” means any day, other than a Saturday or a Sunday or a day on which commercial banks in either Montreal or Toronto are required or authorized by law to remain closed. Unless otherwise mentioned, if a deadline or a day on which action is required to be taken specified in this Pricing Supplement falls on a day which is not a Business Day, such deadline or action will be postponed to the following Business Day.

“Calculation Agent” means collectively, the Bank and Scotia Capital Inc., and “co-Calculation Agent”, any one of them.

“Calculation Expert” has the meaning ascribed thereto under “Description of the Note Securities – Calculation Expert”.

“CDS” means CDS Clearing and Depository Services Inc.

“Closing Date” means the date of closing of the offering of Note Securities, being October 7, 2008 or such other date agreed to between the Bank and the Agents, but no later than November 7, 2008.

“Closing Level” means, on any day, and for each Reference Share, the closing price of such Reference Share on the Exchange as reported by the Price Source, provided that if the Exchange is not opened for trading or if there is no closing price on that day, the closing price on the immediately preceding day on which the Exchange is opened for trading (except if this occurs on the Closing Date or on any Valuation Day, in which case the closing price on the immediately following day on which the Exchange is opened for trading will be used to calculate the Closing Level, subject to the provisions under “Description of the Note Securities – Extraordinary Events”).

“CRA” means the Canada Revenue Agency.

“Dealer Agreement” means the agency agreement between the Bank and the Agents dated the date hereof.

“Exchange” means, in respect of a Reference Share, the TSX, or any successor thereof or, if such Reference Share is no longer listed and traded thereon, the primary exchange or trading system on which that Reference Share is listed and traded from time to time, as determined by the Calculation Agent.

“Exchange Day” means, in respect of a Reference Share, any day on which the Exchange for that Reference Share is scheduled to be open for trading during the regular trading sessions, notwithstanding any such Exchange closing prior to its Scheduled Closing Time.
“Extraordinary Event” has the meaning ascribed thereto under “Description of the Note Securities – Extraordinary Events”.

“Final Level” means, for each Reference Share, the arithmetic average of the Closing Levels on the five Valuation Days.

“FundSERV” means the facility maintained and operated by FundSERV Inc. for electronic communication with participating companies, including the receiving of orders, order match, contracting, registrations, settlement of orders, transmission of confirmation of purchases, and the redemption of investments or instruments.

“Holder” means an owner of record or beneficial owner of a Note Security.

“Initial Level” means, for each Reference Share, the Closing Level thereof on the Closing Date.

“Market Disruption Event” has the meaning ascribed thereto under “Description of the Note Securities – Extraordinary Events – Market Disruption Event”.

“Maturity Date” means the date falling on the fifth anniversary date of the Closing Date (provided that if such date is not a Business Day, it will be postponed until the next Business Day).

“Maturity Payment Date” means the fifth Business Day following the last Valuation Day, as such last Valuation Day may be postponed as described herein; where such postponement results in a corresponding postponement of the Maturity Payment Date, there will be no interest or other compensation made in respect of any such delay.

“Maturity Redemption Amount” means, at the Maturity Payment Date, the amount to be paid on account of the Remaining Principal Amount, or the portion thereof remaining after reduction as set forth below, and the Variable Return, if any, determined as follows:

(a) if none of the Reference Shares experiences a Closing Level that reaches, or falls below, the Barrier on any day during the Reference Period, the Maturity Redemption Amount will be equal to the sum of (i) $100 and (ii) an amount equal to the product of $10 and the Basket Return in excess of 100%;

(b) if any Reference Share experiences a Closing Level that reaches, or falls below, the Barrier on any day during the Reference Period, and the Final Level of the Worst Performing Reference Share is equal to or greater than its Initial Level, the Maturity Redemption Amount will be identical to that presented in (a), being the sum of (i) $100 and (ii) an amount equal to the product of $10 and the Basket Return in excess of 100%;

(c) if any Reference Share experiences a Closing Level that reaches, or falls below, the Barrier on any day during the Reference Period, and the Final Level of the Worst Performing Reference Share is less than its Initial Level, the Maturity Redemption Amount will be the sum of (i) an amount equal to $100 minus $0.01 for every 0.01% decrease of the Worst Performing Reference Share’s Final Level from its Initial Level (expressed as a percentage of its Initial Level) and (ii) an amount equal to the product of $10 and the Basket Return in excess of 100%. Notwithstanding the foregoing, the Maturity Redemption Amount will be subject to a minimum of $1.00 per Note Security in all events.

“Noteholder” has the meaning ascribed thereto under “Certain Canadian Federal Income Tax Considerations”.

“Note Securities” means the Skylon Big Five Barrier Return of Capital Note Securities, Series 1 described in this Pricing Supplement.

“Price Source” means Bloomberg, or, if such price source is discontinued or otherwise unavailable, any other price source deemed reliable and appropriate by the Calculation Agent acting in good faith.

“Principal Amount” means $100.00 per Note Security.


“Reference Basket” means a notional basket composed of the Reference Shares.

“Reference Period” means the period beginning on (and including) the Closing Date and ending on (and including) the last Valuation Day.

“Reference Share Return” means, for a Reference Share, a number (positive or negative) expressed as a percentage equal to: (a) the Final Level of the relevant Reference Share; less (b) the Initial Level thereof; divided by (c) the Initial Level thereof. The Reference Share Return will not take into account dividends paid on account of the Reference Shares.

“Reference Shares” means the common shares of the Reference Issuers indicated in the table under “The Reference Shares – General”.

“Reimbursement Under Special Circumstances” has the meaning ascribed thereto under “Description of the Note Securities – Reimbursement Under Special Circumstances and Payment”.

“Related Exchange” means in respect of a Reference Share, the primary exchange or trading system on which futures or options on the Reference Share are listed and traded from time to time, as determined by the Calculation Agent.

“Remaining Principal Amount” means the difference between the Principal Amount and the ROC Payments paid during the term of the Note Securities.

“ROC Payments” means a return of capital aggregating 37.50% of the Principal Amount over the term of the Note Securities (7.50% annually) of the Principal Amount, payable semi-annually in equal installments of $3.75 per Note Security.

“ROC Payment Date” means the fifth Business Day following the applicable ROC Payment Record Date; provided, however, that the last ROC Payment Date will be the Maturity Payment Date.

“ROC Payment Record Date” means the date falling five Business Days preceding each six-month anniversary date of the Closing Date; provided, however, that the last such ROC Payment Record Date will be the date falling on the last Valuation Day.

“Sale Deadline Time” means, 1:00 p.m. on any Business Day or such other time as may be established by National Bank Financial Inc.

“Scheduled Closing Time” means, in respect of an Exchange or Related Exchange, the scheduled weekday closing time of such Exchange or Related Exchange, without regard to after hours or any other trading outside of the regular trading session hours.

“SEDAR” means the System for Electronic Document Analysis and Retrieval.

“Special Circumstance” has the meaning ascribed thereto under “Description of the Note Securities – Reimbursement Under Special Circumstances and Payment”.

“Special Reimbursement Date” has the meaning ascribed thereto under “Description of the Note Securities – Reimbursement Under Special Circumstances and Payment”.

“TSX” means the Toronto Stock Exchange.

“Valuation Days” means the five Exchange Days immediately prior to and ending on the Valuation Date, subject to postponement due to a Market Disruption Event.

“Valuation Date” means the fifth Business Day preceding the Maturity Date.
“Variable Return” means a return, if any, equal to the difference between the Maturity Redemption Amount and the Remaining Principal Amount.


“$” means Canadian dollars, unless otherwise mentioned.
OBJECTIVE OF THE NOTE SECURITIES

The objective of the Note Securities is to provide Holders with: (i) a predetermined periodic return of capital payment (i.e. the ROC Payments) over the term of the Note Securities; and (ii) an attractive rate of return to the extent that the closing price of the Reference Shares remains stable or does not decrease to reach, or fall below, the Barrier thereof on any day during the Reference Period.

THE REFERENCE SHARES

General

The Reference Shares used to determine the Maturity Redemption Amount payable on the Maturity Payment Date are the common shares of the issuers listed in the table below which also sets forth the stock symbol of such Reference Shares.

<table>
<thead>
<tr>
<th>Reference Issuer</th>
<th>Symbol (on the TSX) for the Reference Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank of Montreal</td>
<td>BMO</td>
</tr>
<tr>
<td>Canadian Imperial Bank of Commerce</td>
<td>CM</td>
</tr>
<tr>
<td>Royal Bank of Canada</td>
<td>RY</td>
</tr>
<tr>
<td>The Bank of Nova Scotia</td>
<td>BNS</td>
</tr>
<tr>
<td>The Toronto-Dominion Bank</td>
<td>TD</td>
</tr>
</tbody>
</table>

Although The Bank of Nova Scotia has not been involved with this offering, it is expected to be a counterparty to the hedging the Bank may put in place with respect to its obligations under the Note Securities and Scotia Capital Inc., a wholly-owned subsidiary of The Bank of Nova Scotia, is acting as one of the Agents and as co-Calculation Agent under this offering.

The Reference Issuers

The following contains a brief description of each Reference Issuer and a chart illustrating the price performance of each Reference Share from the period beginning on July 31, 1990, and ending on July 31, 2008.

This information is derived solely from publicly available information and neither the Bank, the Agents nor any of their respective affiliates make any assurances, representations or warranties as to the accuracy, reliability or completeness of such information. All data and information below regarding the Reference Issuers is sourced from Bloomberg.

Royal Bank of Canada
Royal Bank of Canada provides personal and commercial banking, wealth management and corporate and investment banking services. Royal Bank serves individual and business customers through offices located worldwide. Royal Bank also serves its customers through the telephone, Internet, and personal computer. The market capitalization for the Reference Shares of Royal Bank of Canada was approximately $63.2 billion as at July 31, 2008.
**The Toronto-Dominion Bank**

The Toronto-Dominion Bank conducts a general banking business through banking branches and offices located throughout Canada and overseas. The Toronto-Dominion Bank and other subsidiaries offer a broad range of banking, advisory services, and discount brokerage to individuals, businesses, financial institutions, governments, and multinational corporations. The market capitalization for the Reference Shares of The Toronto-Dominion Bank was approximately $50.1 billion as at July 31, 2008.

**Canadian Imperial Bank of Commerce**

Canadian Imperial Bank of Commerce provides banking and financial services to consumers, individuals, and corporate clients in Canada and around the world. The market capitalization for the Reference Shares of Canadian Imperial Bank of Commerce was approximately $23.6 billion as at July 31, 2008.

**The Bank of Nova Scotia**

The Bank of Nova Scotia provides retail, commercial, international, corporate, investment and private banking services and products. The market capitalization for the Reference Shares of The Bank of Nova Scotia was approximately $49.4 billion as at July 31, 2008.
Bank of Montreal

Bank of Montreal, doing business as BMO Financial Group, is a Canadian chartered bank which operates throughout the world. Bank of Montreal offers commercial, corporate, governmental, international, personal banking, and trust services. Bank of Montreal also offers full brokerage, underwriting, investment, and advisory services. The market capitalization for the Reference Shares of Bank of Montreal was approximately $24.2 billion as at July 31, 2008.

Publicly Available Information on the Issuers of the Reference Shares

Each Reference Issuer is a reporting issuer in all provinces of Canada. As reporting issuers, each Reference Issuer is required to file periodically certain financial and other information specified by securities legislation. The information provided to or filed electronically with the securities regulatory authorities can be accessed through SEDAR, a filing system developed for the Canadian Securities Administrators that provides access to most public securities documents and information filed by public companies and investment funds with the Canadian Securities Administrators. SEDAR's website is www.sedar.com. In addition, information regarding the Reference Issuers may be obtained from other sources including, but not limited to, press releases, newspaper articles and other publicly disseminated documents. Neither the Bank, its affiliates nor the Agents make any representation or warranty as to the accuracy or completeness of such documents and the information therein is not incorporated by reference into and does not form part of this Pricing Supplement or the Prospectus.

Liability Disclaimer

This Pricing Supplement relates only to the Note Securities offered hereby and does not relate to the Reference Shares, the Reference Issuers or other securities. The Bank has derived all disclosures contained in this Pricing Supplement regarding the Reference Shares and the Reference Issuers from publicly available information. Further, the Bank and the Agents have not had an opportunity to verify the accuracy or completeness of any such information or to determine if there has been any omission by any of the Reference Issuers to disclose any facts, information or events which may have occurred prior to or subsequent to the date as of which any such information has been furnished by the Reference Issuers or which may affect the significance or accuracy of any such information. Neither the Bank nor the Agents have participated in the preparation of any reporting documents of the Reference Issuers or made any due diligence inquiry with respect to the Reference Shares or the Reference Issuers in connection with the offering of the Note Securities. Neither the Bank nor the Agents makes any representation that publicly available documents or any publicly available information regarding the Reference Issuers are accurate or complete. Furthermore, the Bank and the Agents cannot give any assurance that all events occurring prior to the date hereof that would affect the trading price of the Reference Shares (and therefore the Maturity Redemption Amount) have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning the Reference Issuers could affect the value received on any date with respect to the Note Securities and, therefore, the value of the Note Securities.

Each prospective investor should independently investigate the Reference Issuers and decide whether an investment in the Note Securities is appropriate for such prospective investor in light of such investor’s own circumstances.

NONE OF THE REFERENCE ISSUERS ARE AFFILIATES OF THE BANK OR ITS AFFILIATES AND NONE OF THE REFERENCE ISSUERS HAVE PARTICIPATED IN THE PREPARATION OF THIS PRICING
SUPPLEMENT, NOR DO THEY TAKE ON OR ASSUME ANY RESPONSIBILITY OR LIABILITY AS
REGARDS THE ACCURACY OR COMPLETENESS OF SAID INFORMATION; THEY MAKE NO
REPRESENTATION AS TO THE ADVISIBILITY OF PURCHASING THE NOTE SECURITIES. THE NOTE
SECURITIES ARE IN NO WAY SPONSORED, ENDORSED, SOLD OR PROMOTED BY THE REFERENCE
ISSUERS. NONE OF THE REFERENCE ISSUERS IS RESPONSIBLE OR LIABLE FOR OR HAS
PARTICIPATED IN THE DETERMINATION OF THE TIMING, PRICING OR NUMBER OF NOTE
SECURITIES TO BE ISSUED. NONE OF THE REFERENCE ISSUERS ASSUMES ANY LIABILITY,
STATUTORY OR OTHERWISE, WITH RESPECT TO THE ACCURACY OR COMPLETENESS OF ANY OF
THE INFORMATION CONTAINED IN THIS PRICING SUPPLEMENT, OR HAS ANY OBLIGATION OR
LIABILITY IN CONNECTION WITH THE ADMINISTRATION, MARKETING OR TRADING OF THE NOTE
SECURITIES. THE ISSUANCE OF THE NOTE SECURITIES IS NOT A FINANCING FOR THE BENEFIT OF
ANY OF THE REFERENCE ISSUERS.

DESCRIPTION OF THE NOTE SECURITIES

The following is a summary of the material attributes and characteristics of the Note Securities and is entirely
qualified by and subject to the global certificate referred to below, which contains the full text of such attributes and
characteristics.

General

This offering consists of Note Securities issued at a price of and for a Principal Amount of $100 per Note Security.
The minimum initial subscription price per Holder is $5,000 (50 Note Securities) and integral multiples of $1,000
(10 Note Securities) in excess thereof.

Global Certificate

A global certificate for the full amount of the issue of Note Securities will be issued by the Bank in registered form
to CDS. Subject to limited exceptions, certificates evidencing the Note Securities will not be available to Holders
and registration of ownership of the Note Securities will be made only through the book entry system of CDS.
See “Description of the Note Securities – Depository” in the Prospectus.

Currency

The Principal Amount of the Note Securities and all payments under the Note Securities will be in Canadian dollars.

ROC Payments

Holders of record on the applicable ROC Payment Record Date are entitled to receive from the Bank a return of
capital equal to 37.50% of the Principal Amount in aggregate over the term of the Note Securities (7.50% per
annum), payable in semi-annual equal installments of $3.75 per Note Security. The first semi-annual ROC Payment
will be made on the sixth month anniversary of the Closing Date. If the six-month anniversary of the Closing Date is
not a Business Day, the payment will be postponed to the next Business Day. The last semi-annual ROC Payment
will be made on the Maturity Payment Date. The maximum repayment of the Principal Amount prior to the payment
of the Maturity Redemption Amount is limited to the ROC Payments on the Note Securities.

Redemption upon Maturity

The Note Securities will mature on the fifth anniversary of the Closing Date, provided that if such day is not a
Business Day, it will be postponed until the next Business Day. On the Maturity Payment Date, a Holder of record
on the last Valuation Day will be entitled to receive from the Bank in respect of each Note Security held by such
Holder the Maturity Redemption Amount, which will be determined as follows:
(a) if none of the Reference Shares experiences a Closing Level that reaches, or falls below, the Barrier on any day during the Reference Period, the Maturity Redemption Amount will be equal to the sum of (i) $100 and (ii) an amount equal to the product of $10 and the Basket Return in excess of 100%;

(b) if any Reference Share experiences a Closing Level that reaches, or falls below, the Barrier on any day during the Reference Period, and the Final Level of the Worst Performing Reference Share is equal to or greater than its Initial Level, the Maturity Redemption Amount will be identical to that presented in (a), being the sum of (i) $100 and (ii) an amount equal to the product of $10 and the Basket Return in excess of 100%;

(c) if any Reference Share experiences a Closing Level that reaches, or falls below, the Barrier on any day during the Reference Period, and the Final Level of the Worst Performing Reference Share is less than its Initial Level, the Maturity Redemption Amount will be the sum of (i) an amount equal to $100 minus $0.01 for every 0.01% decrease of the Worst Performing Reference Share’s Final Level from its Initial Level (expressed as a percentage of its Initial Level) and (ii) an amount equal to the product of $10 and the Basket Return in excess of 100%. Notwithstanding the foregoing, the Maturity Redemption Amount will be subject to a minimum of $1.00 per Note Security.

In other words, the Maturity Redemption Amount resulting from the scenarios presented above will be composed of: (i) a positive amount of up to $62.50 per Note Security, but not less than $1.00 per Note Security, paid as a return of capital (on account of the Remaining Principal Amount); and (ii) a Variable Return, if any, equal to any amount in excess of $62.50 per Note Security.

On any day, the Closing Level of any Reference Share will be the closing price of such Reference Share on the Exchange as reported by the Price Source, provided that if the Exchange is not opened for trading or if there is no closing price on that day, the closing price on the immediately preceding day on which the Exchange is opened for trading will be used (except if this occurs on the Closing Date or on any Valuation Day, in which case the closing price on the immediately following day on which the Exchange is opened for trading will be used to calculate the Closing Level, subject to the provisions under “Description of the Note Securities – Extraordinary Events”).

For each Reference Share, the Initial Level will be the Closing Level thereof on the Closing Date. Purchasers will be able to determine the Initial Level of the Reference Shares by accessing the website of the TSX at www.tsx.com or the website www.fpsgroup.ca maintained by the Bank which will contain certain information relating to the Note Securities.

For each Reference Share, the Barrier will be 50% of its Initial Level. The Reference Period will be the period beginning on (and including) the Closing Date and ending on (and including) the last Valuation Day.

For each Reference Share, the Final Level will be the arithmetic average Closing Levels on the five Valuation Days.

The Basket Return will be equal to the arithmetic average of all the Reference Share Returns, where the Reference Share Return of each Reference Share will be equal to a positive or negative number expressed as a percentage equal to: (a) the Final Level of the relevant Reference Share; less (b) the Initial Level thereof; (c) divided by the Initial Level thereof.

Investors should understand that the return of the Reference Shares used to calculate the Basket Return is a price return and does not take into account regular dividends paid on the Reference Shares. The indicative dividend yield for the Reference Basket was 4.68% as at July 31, 2008.

The Note Securities are not principal protected and Holders may receive an amount that is less than the Remaining Principal Amount at maturity.

The following are hypothetical examples that illustrate how the Maturity Redemption Amount is calculated. These examples are included for illustration purposes only. The amounts used are hypothetical and are not forecasts or projections of the performance of the Reference Shares or the Note Securities. No assurance can be given that the results shown in these examples will be achieved.
**Example 1:** None of the Reference Shares experiences a Closing Level that reaches, or falls below, the Barrier on any day during the Reference Period and the Basket Return is lower than 100%.

<table>
<thead>
<tr>
<th>Reference Issuer</th>
<th>Initial Level</th>
<th>Final Level</th>
<th>Reference Share Return</th>
<th>Barrier Breached?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank of Montreal</td>
<td>$43.00</td>
<td>$45.00</td>
<td>4.651%</td>
<td>No</td>
</tr>
<tr>
<td>Canadian Imperial Bank of Commerce</td>
<td>$56.00</td>
<td>$50.00</td>
<td>-10.714%</td>
<td>No</td>
</tr>
<tr>
<td>Royal Bank of Canada</td>
<td>$46.00</td>
<td>$55.00</td>
<td>19.565%</td>
<td>No</td>
</tr>
<tr>
<td>The Bank of Nova Scotia</td>
<td>$48.00</td>
<td>$62.00</td>
<td>29.167%</td>
<td>No</td>
</tr>
<tr>
<td>The Toronto-Dominion Bank</td>
<td>$63.00</td>
<td>$62.00</td>
<td>-1.587%</td>
<td>No</td>
</tr>
</tbody>
</table>

**Basket Return**

- **8.216%**

Was the Barrier breached? No

Reference Share Return of the Worst Performing Reference Share: n/a

Is the Basket Return above 100%? No

**Maturity Redemption Amount:** $100.00

- Total number of ROC Payments: 10
- Value of each ROC Payment: $3.75
- Total payments received for each $100 invested: $137.50

The Maturity Redemption Amount of $100.00 is composed of:
- $62.50 of Remaining Principal Amount
- $37.50 of Variable Return

Each semi-annual $3.75 ROC Payment is a return of capital.

**In this example,** Noteholders would therefore receive 10 semi-annual ROC payments of $3.75 per Note Security and a Maturity Redemption Amount of $100.00 as the Barrier was not breached and the Basket Return is below 100%. This equals an annual internal rate of return, compounded semi-annually, of 7.50%.
**Example 2:** None of the Reference Shares experiences a Closing Level that reaches, or falls below, the Barrier on any day during the Reference Period and the Basket Return is higher than 100%.

<table>
<thead>
<tr>
<th>Reference Issuer</th>
<th>Initial Level</th>
<th>Final Level</th>
<th>Reference Share Return</th>
<th>Barrier Breached?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank of Montreal</td>
<td>$43.00</td>
<td>$90.00</td>
<td>109.302%</td>
<td>No</td>
</tr>
<tr>
<td>Canadian Imperial Bank of Commerce</td>
<td>$56.00</td>
<td>$120.00</td>
<td>114.286%</td>
<td>No</td>
</tr>
<tr>
<td>Royal Bank of Canada</td>
<td>$46.00</td>
<td>$105.00</td>
<td>128.261%</td>
<td>No</td>
</tr>
<tr>
<td>The Bank of Nova Scotia</td>
<td>$48.00</td>
<td>$129.00</td>
<td>168.750%</td>
<td>No</td>
</tr>
<tr>
<td>The Toronto-Dominion Bank</td>
<td>$63.00</td>
<td>$125.00</td>
<td>98.413%</td>
<td>No</td>
</tr>
</tbody>
</table>

**Basket Return**

123.802%

Was the Barrier breached? No

Reference Share Return of the Worst Performing Reference Share: n/a

Is the Basket Return above 100%? Yes

Maturity Redemption Amount:

\[
= 100 + (10\% \times 23.802\%)
= 100 + 2.38 \\
= 102.38
\]

Total number of ROC Payments: 10
Value of each ROC Payment: $3.75
Total payments received for each $100 invested: $139.88

The $102.38 Maturity Redemption Amount is composed of:
- $62.50 of Remaining Principal Amount
- $39.88 of Variable Return

Each semi-annual $3.75 ROC Payment is a return of capital.

In this example, Noteholders receive 10 semi-annual ROC Payments of $3.75 per Note Security and a Maturity Redemption Amount of $102.38 as the Barrier was not breached and the Basket Return was in excess of 100%. This equals an annual internal rate of return, compounded semi-annually, of 7.90%.
Example 3: One of the Reference Shares experiences a Closing Level that reaches, or falls below, the Barrier during the Reference Period, the Worst Performing Reference Share’s Final Level is above its Initial Level and the Basket Return is lower than 100%.

<table>
<thead>
<tr>
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<td>Bank of Montreal</td>
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<td>$45.00</td>
<td>4.651%</td>
<td>No</td>
</tr>
<tr>
<td>Canadian Imperial Bank of Commerce</td>
<td>$56.00</td>
<td>$57.00</td>
<td>1.786%**</td>
<td>No</td>
</tr>
<tr>
<td>Royal Bank of Canada</td>
<td>$46.00</td>
<td>$55.00</td>
<td>19.565%</td>
<td>No</td>
</tr>
<tr>
<td>The Bank of Nova Scotia</td>
<td>$48.00</td>
<td>$62.00</td>
<td>29.167%</td>
<td>Yes*</td>
</tr>
<tr>
<td>The Toronto-Dominion Bank</td>
<td>$63.00</td>
<td>$65.00</td>
<td>3.175%</td>
<td>No</td>
</tr>
<tr>
<td><strong>Basket Return</strong></td>
<td></td>
<td></td>
<td>11.669%</td>
<td></td>
</tr>
</tbody>
</table>

* This Reference Share closed below 50% of its Initial Level at least once during the term of the Note Securities.

** Worst Performing Reference Share at Maturity

Was the Barrier breached? Yes
Reference Share Return of the Worst Performing Reference Share: 1.786%
Is the Basket Return above 100%? No
Maturity Redemption Amount: $100.00
Total number of ROC Payments: 10
Value of each ROC Payment: $3.75
Total payments received for each $100 invested: $137.50

The $100.00 Maturity Redemption Amount is composed of:
- $62.50 of Remaining Principal Amount
- $37.50 of Variable Return

Each semi-annual $3.75 ROC Payment is a return of capital.

In this example, Noteholders receive 10 semi-annual ROC Payments of $3.75 per Note Security and a Maturity Redemption Amount of $100.00 as the Barrier was breached* (by The Bank of Nova Scotia), and the Reference Share Return of the Worst Performing Reference Share (Canadian Imperial Bank of Commerce)** was positive. This equals an annual internal rate of return, compounded semi-annually, of 7.50%.
Example 4: One of the Reference Shares experiences a Closing Level that reaches, or falls below, the Barrier during the Reference Period, the Worst Performing Reference Share’s Final Level is above its Initial Level and the Basket Return is higher than 100%.

<table>
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<td>128.261%</td>
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<tr>
<td>The Bank of Nova Scotia</td>
<td>$48.00</td>
<td>$129.00</td>
<td>168.750%</td>
<td>No</td>
</tr>
<tr>
<td>The Toronto-Dominion Bank</td>
<td>$63.00</td>
<td>$125.00</td>
<td>98.413%**</td>
<td>No</td>
</tr>
<tr>
<td><strong>Basket Return</strong></td>
<td></td>
<td></td>
<td>123.802%</td>
<td></td>
</tr>
</tbody>
</table>

* This Reference Share closed below 50% of its Initial Level at least once during the term of the Note Securities.

**Worst Performing Reference Share at Maturity**

Was the Barrier breached? Yes

Reference Share Return of the Worst Performing Reference Share: 98.413%

Is the Basket Return above 100%? Yes

Maturity Redemption Amount :

\[= \$100 + (10\% \times 23.802\%)\]
\[= \$100 + \$2.38\]
\[= \$102.38\]

Total number of ROC Payments 10

Value of each ROC Payment $3.75

Total payments received for each $100 invested:

$139.88

The $102.38 Maturity Redemption Amount is composed of:
- $62.50 of Remaining Principal Amount
- $39.88 of Variable Return

Each semi-annual $3.75 ROC Payment is a return of capital.

In this example, Noteholders receive 10 semi-annual ROC payments of $3.75 per Note Security and a Maturity Redemption Amount of $102.38 as the Barrier was breached* (by Bank of Montreal), and the Reference Share Return of the Worst Performing Reference Share (The Toronto-Dominion Bank)** was positive, and the Basket Return was in excess of 100%. This equals an annual internal rate of return, compounded semi-annually, of 7.90%.
Example 5: One of the Reference Shares experiences a Closing Level that reaches, or falls below, the Barrier during the Reference Period, the Worst Performing Reference Share’s Final Level is below its Initial Level and the Basket Return is lower than 100%.

<table>
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<tr>
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<td>4.651%</td>
<td>No</td>
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<tr>
<td>Canadian Imperial Bank of Commerce</td>
<td>$56.00</td>
<td>$50.00</td>
<td>-10.714%</td>
<td>No</td>
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<td>Royal Bank of Canada</td>
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<td>$55.00</td>
<td>19.565%</td>
<td>Yes*</td>
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<tr>
<td>The Bank of Nova Scotia</td>
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<td>$62.00</td>
<td>29.167%</td>
<td>No</td>
</tr>
<tr>
<td>The Toronto-Dominion Bank</td>
<td>$63.00</td>
<td>$37.00</td>
<td>-41.270%**</td>
<td>No</td>
</tr>
<tr>
<td><strong>Basket Return</strong></td>
<td></td>
<td></td>
<td>1.399%</td>
<td></td>
</tr>
</tbody>
</table>

* This Reference Share closed below 50% of its Initial Level at least once during the term of the Note Securities.

** Worst Performing Reference Share at Maturity

Was the Barrier breached? Yes

Reference Share Return of the Worst Performing Reference Share: 

-41.270%

Is the Basket Return above 100%? No

Maturity Redemption Amount:

\[\text{Total} = 100 - 41.27\]

\[\text{Total} = 58.73\]

Total number of ROC Payments 10

Value of each ROC Payment $3.75

Total payments received for each $100 invested:

$96.23

The $58.73 Maturity Redemption Amount is composed of:

- $58.73 of Remaining Principal Amount
- $0.00 of Variable Return

Each semi-annual $3.75 ROC Payment is a return of capital.

In this example, Noteholders receive 10 semi-annual ROC Payments of $3.75 per Note Security and a Maturity Redemption Amount of $58.73 as the Barrier was breached* (by Royal Bank of Canada) and the Reference Share Return of the Worst Performing Reference Share (The Toronto-Dominion Bank)** was -41.270%. This equals an annual internal rate of return, compounded semi-annually, of -0.93%.
Example 6: One of the Reference Shares experiences a Closing Level that reaches, or falls below, the Barrier during the Reference Period, the Worst Performing Reference Share’s Final Level is zero, for a return of -100%.

<table>
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<td>No</td>
</tr>
<tr>
<td>Canadian Imperial Bank of Commerce</td>
<td>$56.00</td>
<td>$0.00</td>
<td>-100.000%**</td>
<td>Yes*</td>
</tr>
<tr>
<td>Royal Bank of Canada</td>
<td>$46.00</td>
<td>$55.00</td>
<td>19.565%</td>
<td>No</td>
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<tr>
<td>The Bank of Nova Scotia</td>
<td>$48.00</td>
<td>$62.00</td>
<td>29.167%</td>
<td>Yes*</td>
</tr>
<tr>
<td>The Toronto-Dominion Bank</td>
<td>$63.00</td>
<td>$37.00</td>
<td>-41.270%</td>
<td>No</td>
</tr>
</tbody>
</table>

Basket Return: -17.577%

* This Reference Share closed below 50% of its Initial Level at least once during the term of the Note Securities.

** Worst Performing Reference Share at Maturity

Was the Barrier breached? Yes

Reference Share Return of the Worst Performing Reference Share: -100.000%

Is the Basket Return above 100%? No

Maturity Redemption Amount:
\[= \$100 - \$100\]
\[= \$0 \text{ (subject to a minimum of } \$1.00)\]
\[= \$1.00\]

Total number of ROC Payments: 10
Value of each ROC Payment: $3.75
Total payments received for each $100 invested: $38.50

The $1.00 Maturity Redemption Amount is composed of:
- $1.00 of Remaining Principal Amount
- $0.00 of Variable Return

Each semi-annual $3.75 ROC Payment is a return of capital.

In this example, Noteholders receive 10 semi-annual ROC Payments of $3.75 per Note Security and the minimum Maturity Redemption Amount of $1.00 as the Barrier was breached* (by The Bank of Nova Scotia and by Canadian Imperial Bank of Commerce) and the Reference Share Return of the Worst Performing Reference Share (Canadian Imperial Bank of Commerce)** was -100%. This equals an annual internal rate of return, compounded semi-annually, of -28.31%.
Payment of the Maturity Redemption Amount

The Bank will be required to make available to the Holders of record on the last Valuation Day, no later than 10:00 a.m. (Montreal time) on the Maturity Payment Date, funds in an amount sufficient to pay the Maturity Redemption Amount. The Maturity Payment Date will be the fifth Business Day following the last Valuation Day, as such last Valuation Day may be postponed as described herein. Where such postponement results in a corresponding postponement of the Maturity Payment Date, there will be no interest or other compensation made in respect of any such delay.

The Maturity Redemption Amount or, as the case may be, the amount payable under a Reimbursement under Special Circumstances, will be paid through CDS as set forth under “Description of the Note Securities – Depository – CDS Procedures” in the Prospectus.

Payment of the ROC Payments

The Bank will be required to make available to the Holders of record on the ROC Payment Record Date, no later than 10:00 a.m. (Montreal time) on the ROC Payment Date, funds in an amount sufficient to pay the ROC Payment. The ROC Payment Date will be the fifth Business Day following the ROC Payment Record Date. ROC Payments will be paid through CDS as set forth under “Description of the Note Securities – Depository – CDS Procedures” in the Prospectus.

No Early Retraction by the Holders

The Note Securities are not retractable at the option of the Holders.

No Early Redemption by the Bank

Except for a Reimbursement Under Special Circumstances, the Note Securities are not redeemable by the Bank prior to the Maturity Date. See “Description of the Note Securities – Reimbursement Under Special Circumstances and Payment”.

Rank

The Note Securities constitute direct, unsecured and unsubordinated debt obligations of the Bank ranking pari passu with all other present and future unsecured and unsubordinated indebtedness of the Bank. The Note Securities will not constitute deposits that are 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 insolvency of the deposit taking institution.

Credit Rating

The Note Securities have not been rated by any rating agency. The long term deposits of the Bank are, at the date of this Pricing Supplement, rated AA (low) by DBRS Limited and A by Standard & Poor’s, a division of The McGraw-Hill Companies, Inc., and Aa2 by Moody’s Investors Service, Inc. There can be no assurance that, if the Note Securities were specifically rated by these agencies, they would have the same ratings as the long term deposits of the Bank. A credit rating is not a recommendation to buy, sell or hold investments, and may be subject to revision or withdrawal at any time by the relevant rating agency.

Deferred Payment

Under the Criminal Code (Canada), a lender is prohibited from entering into an agreement or arrangement to receive interest at an effective annual rate of interest, calculated in accordance with generally accepted actuarial practices and principles, exceeding 60% of the credit advanced under the agreement or arrangement. The Bank hereby undertakes, for the benefit of the Holders, to the extent permitted by law, not to voluntarily claim the benefits of any laws concerning usurious rates of interest. If not permitted by law to do so when any payment is to be made by the
Bank to a Holder on account of the Maturity Redemption Amount of a Note Security, payment of a portion of such amount may be deferred to ensure compliance with such laws.

**Reimbursement Under Special Circumstances and Payment**

In the event of a Special Circumstance, all of the outstanding Note Securities may be redeemed, at the option of the Bank (a “Reimbursement Under Special Circumstances”), upon 30 Business Days’ prior notice furnished in writing by the Bank in the manner set forth under “Description of the Note Securities – Notice to Holders” in the Prospectus.

A “Special Circumstance” means a case of an income tax nature where, in the opinion of the Bank acting reasonably and in good faith, an amendment or a change is made to an act or regulation; to taxation practices, policies or administration; to the interpretation of an act or regulation or taxation practice, policy or administration; or an event occurs, now or in future, caused by circumstances beyond the control of the Bank making it illegal or disadvantageous, from a legislative or regulatory point of view, or disadvantageous, from a financial point of view, for the Bank to allow the Note Securities to remain outstanding. A “Special Circumstance” also means an event causing the Calculation Agent to determine, after a Substitution Event in respect of a Reference Share has occurred, that there are no appropriate shares of a large Canadian financial services company listed on a major exchange or market quotation system which offer sufficient comparable attributes included, but not limited to, liquidity, dividend yield and volatility in order for the Calculation Agent to place, maintain or modify hedges in respect of such shares.

In the event of a Reimbursement Under Special Circumstances for which the Bank has opted to redeem the Note Securities, the Bank, acting in good faith, will set a date for the reimbursement of the Note Securities (the “Special Reimbursement Date”) and the Maturity Date will be accelerated to the Special Reimbursement Date. In such event, the Bank will establish a value for the Note Securities, acting in good faith in accordance with industry-accepted methods based on a number of interrelated factors, such as the fluctuations in the trading prices of the Reference Shares, interest rates, prices, liquidity and volatility of the Reference Shares and the time remaining to the Valuation Date (the “Actualized NAV”) and the Bank will appoint a Calculation Expert to confirm the calculations of the Calculation Agent see “Description of the Note Securities – Calculation Expert” below. Holders of record on the Special Reimbursement Date will be entitled to receive the Actualized NAV of their Note Securities. The Bank will make available to Holders, no later than 10:00 a.m. (Montreal time) on the fifth Business Day following the determination of the Actualized NAV, the amount payable pursuant to such redemption, through CDS or its nominee.

**Extraordinary Events**

*Potential Adjustment Event*

Following the declaration by a Company of the terms of any Potential Adjustment Event in respect of its Reference Shares, the Calculation Agent will determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the relevant Reference Share and, if so, may (i) make the corresponding adjustments, if any, to any one or more of the Initial Value of such Reference Share, the formula for calculating the Reference Share Return of such Reference Share, or any other component or variable relevant to the determination of a Closing Level as the Calculation Agent determines appropriate to account for the diluting or concentrative effect and (ii) determine the effective date of the adjustments. The Calculation Agent may (but need not) determine any appropriate adjustments by reference to the adjustments in respect of such Potential Adjustment Event made by an options exchange to options on the relevant Reference Share traded on such options exchange. Save as expressly provided below, the Calculation Agent will make no adjustment in respect of any distribution of cash.

“Company” means a Reference Issuer.

“Initial Value” means the Initial Level of the relevant Reference Share.
“Potential Adjustment Event” means, in respect of a Reference Share, the occurrence of any of the following events:

(a) a subdivision, consolidation or reclassification of relevant Reference Shares (unless resulting in a Merger Event), or a free distribution or dividend of any such Reference Shares to existing holders by way of bonus, capitalization or similar issue;

(b) a distribution, issue or dividend to existing holders of the relevant Reference Shares of (i) such Reference Shares, or (ii) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the applicable Company equally or proportionately with such payments to holders of such Reference Shares, or (iii) share capital or other securities of another issuer acquired or owned (directly or indirectly) by the applicable Company as a result of a spin-off or other similar transaction, or (iv) any other type of securities, rights or warrants or other assets, in any case for payment (cash or other consideration) at less than the prevailing market price as determined by the Calculation Agent;

(c) an extraordinary dividend in respect of such Reference Shares (where the characterization of a dividend as “extraordinary” will be determined by the Calculation Agent);

(d) a call by the applicable Company in respect of the relevant Reference Shares that are not fully paid;

(e) a repurchase by the applicable Company or any of its subsidiaries of the relevant Reference Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;

(f) in respect of the applicable Company, an event that results in any shareholder rights being distributed or becoming separated from shares of common stock or other shares of the capital stock of such Company pursuant to a shareholder rights plan or arrangement directed against hostile takeovers that provides upon the occurrence of certain events for a distribution of preferred stock, warrants, debt instruments or stock rights at a price below their market value, as determined by the Calculation Agent, provided that any adjustment effected as a result of such an event will be readjusted upon any redemption of such rights; or

(g) any other event that may have a diluting or concentrative effect on the theoretical value of the relevant Reference Shares.

Merger Event and Tender Offer

On or after a Merger Date or Tender Offer Date, the Calculation Agent will either (i) (A) make adjustment(s), if any, to any one or more of the Initial Value of the relevant Reference Share, the formula for calculating the Reference Share Return of such Reference Share, or any other component or variable relevant to the determination of the Reference Share Return as the Calculation Agent determines appropriate to account for the economic effect on the Note Securities of the relevant Merger Event or Tender Offer, which may, but need not, be determined by reference to the adjustments made in respect of such Merger Event or Tender Offer by an options exchange to options on the relevant Reference Shares traded on such options exchange and (B) determine the effective date of the adjustments, or (ii) if the Calculation Agent determines that no adjustments that it could make under (i) will produce a commercially reasonable result, the Calculation Agent may deem the relevant Merger Event or Tender Offer to be a Substitution Event subject to the provisions of “Substitution Event” below.

“Merger Event” means, in respect of a Reference Share, any (i) reclassification or change of the relevant Reference Shares that results in a transfer of or an irrevocable commitment to transfer all of such Reference Shares outstanding to another entity or person, (ii) consolidation, amalgamation, merger or binding share exchange of the relevant Company with or into another entity or person (other than a consolidation, amalgamation, merger or binding share exchange in which such Company is the continuing entity and which does not result in a reclassification or change of all of such Reference Shares outstanding), (iii) takeover offer, tender offer, exchange offer, solicitation, proposal or other event by any entity or person to purchase or otherwise obtain 100% of the outstanding Reference Shares of such Company that results in a transfer of or an irrevocable commitment to transfer all such Reference Shares (other than such Reference Shares owned or controlled by such other entity or person), or (iv) consolidation,
amalgamation, merger or binding share exchange of such Company or its subsidiaries with or into another entity in
which such Company is the continuing entity and which does not result in a reclassification or change of all such
Reference Shares outstanding but results in the outstanding Reference Shares (other than Reference Shares owned or
controlled by such other entity) immediately prior to such event collectively representing less than 50% of the
outstanding Reference Shares immediately following such event (commonly referred to as a “reverse merger”), in
each case if the Merger Date is on or before the date on which the Reference Share Return in respect of such
Reference Share is determined.

“Merger Date” means the closing date of a Merger Event or, where a closing date cannot be determined under the
local law applicable to such Merger Event, such other date as determined by the Calculation Agent.

“Tender Offer” means, in respect of a Reference Share, a takeover offer, tender offer, exchange offer, solicitation,
proposal or other event by any entity or person that results in such entity or person purchasing, or otherwise
obtaining or having the right to obtain, by conversion or other means, greater than 10% and less than 100% of the
outstanding relevant Reference Shares of the applicable Company, as determined by the Calculation Agent, based
upon the making of filings with governmental or self-regulatory agencies or such other information as the
Calculation Agent deems relevant.

“Tender Offer Date” means, in respect of a Tender Offer, the date on which the relevant Reference Shares in the
amount of the applicable percentage threshold are actually purchased or otherwise obtained (as determined by the
Calculation Agent).

Substitution Event

Upon the Calculation Agent becoming aware of the occurrence of a Substitution Event in respect of a Reference
Share (the “Deleted Reference Share”), the following will apply, effective on a date as determined by the
Calculation Agent (the “Substitution Date”):

(a) any adjustments set out in “Potential Adjustment Event ” above in respect of such Reference Share will not
    apply;

(b) the Calculation Agent may choose (in its absolute discretion) a new share (the “Replacement Reference
    Share”) of a large Canadian financial services company listed on a major exchange or market quotation system as a
    substitute for such Deleted Reference Share;

(c) such Deleted Reference Share will be deleted from the Reference Basket and will not be considered as a
    Reference Share for purposes of determining the Basket Return on or after the Substitution Date;

(d) the Replacement Reference Share will be a Reference Share, the issuer of such Replacement Reference
    Share will be the Company in respect of such Replacement Reference Share, and the primary exchange or market
    quotation system on which such Replacement Reference Share is listed will be the Exchange in respect of such
    Replacement Reference Share; and

(e) the Calculation Agent will determine in its discretion the Closing Level of such Replacement Reference
    Share by taking into account all relevant market circumstances, including the Closing Level of such Deleted
    Reference Share and the Closing Level or estimated value on the Substitution Date of the Deleted Reference Share
    and the Closing Level on the Substitution Date of the Replacement Reference Share, and will make adjustments, if
    any, to any one or more of the formula for calculating the Reference Share Return of such Replacement Reference
    Share, or any other component or variable relevant to the determination of a Reference Share Return as the
    Calculation Agent determines appropriate to account for the economic effect on the Note Securities of the relevant
    Substitution Event (including adjustments to account for changes in volatility, expected dividends, stock loan rate or
    liquidity relevant to the applicable substitution).

Upon choosing a Replacement Reference Share, the Calculation Agent will promptly post details of such
substitution on the website www.fpsgroup.ca. For greater certainty, the Replacement Reference Share chosen by the
Calculation Agent may be any share of a large Canadian financial services company, and may be a company that was the continuing entity in respect of a Merger Event. The Calculation Agent may decide not to choose a Replacement Reference Share as a substitute for a Deleted Reference Share if the Calculation Agent determines that there are no appropriate shares of a large Canadian financial services company listed on a major exchange or market quotation system which offer sufficient liquidity in order for the Calculation Agent to place, maintain or modify hedges in respect of such shares; in that event, see “Reimbursement Under Special Circumstances and Payment” above.

“Substitution Event” means, in respect of a Reference Share, any Nationalization, Insolvency or Delisting in respect of such Reference Share, or any Merger Event or Tender Offer in respect of such Reference Share that is deemed by the Calculation Agent to be a Substitution Event, or the occurrence and continuation for at least three consecutive applicable Exchange Days of a Market Disruption Event in respect of such Reference Share.

“Nationalization” means, in respect of a Reference Share, that all such Reference Shares or all the assets or substantially all the assets of the applicable Company are nationalized, expropriated or otherwise required to be transferred to any governmental agency, authority or entity.

“Insolvency” means, in respect of a Reference Share, that by reason of the voluntary or involuntary liquidation, bankruptcy, insolvency, dissolution or winding-up of or any analogous proceeding affecting the applicable Company, (i) all the relevant Reference Shares of such Company are required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Reference Shares of such Company become legally prohibited from transferring them.

“Delisting” means, in respect of a Reference Share, that the relevant Exchange announces that pursuant to the rules of such Exchange, the Reference Shares cease (or will cease) to be listed, traded or publicly quoted on such Exchange for any reason (other than a Merger Event or Tender Offer) and are not immediately re-listed, re-traded or re-quoted on an exchange or quotation system located in the same country as such Exchange.

Market Disruption Event

If the Calculation Agent determines that a Market Disruption Event (as defined below) in respect of a Reference Share has occurred and is continuing on any Valuation Day, then the Closing Level of such Reference Share will be calculated on the basis that such Valuation Day will be postponed for the purposes of the affected Reference Share only (and not the other Reference Shares) to the next Business Day on which there is no Market Disruption Event in effect in respect of such Reference Share, and the subsequent Valuation Days will follow such postponed Valuation Day.

However, there will be a limit for postponement of any Valuation Day. If on the fifth Business Day following a date originally scheduled as a Valuation Day, such date has not occurred, then despite the occurrence of any Market Disruption Event in respect of such Reference Share on or after such fifth Business Day:

(i) such fifth Business Day will be the Valuation Day in respect of such Reference Share; and

(ii) where on that fifth Business Day a Market Disruption Event in respect of such Reference Share has occurred and is continuing, then the Closing Level of such Reference Share for such Valuation Day used for determining the Reference Share Return will be a value equal to the Calculation Agent’s estimate of the Closing Level of such Reference Share as at such Valuation Day, reasonably taking into account all relevant market circumstances.

Moreover, if a Market Disruption Event continues after such fifth Business Day, any subsequent Valuation Day on which there continues to be a Market Disruption Event will not be subject to a five Business Day postponement as set forth above, and the Calculation Agent will use as the Closing Level for such subsequent Valuation Day on which there continues to be a Market Disruption Event a value equal to the Calculation Agent’s estimate of the Closing Level of such Reference Share as at such Valuation Day, reasonably taking into account all relevant market circumstances.
A Market Disruption Event may delay the determination of a Reference Share Return and consequently the calculation of the Basket Return and the Variable Return that may be payable. Payment of the Variable Return will be made on the fifth Business Day after all Reference Share Returns used in the calculation of the Basket Return have been determined.

“Market Disruption Event” means, in respect of a Reference Share, any bona fide event, circumstance or cause (whether or not reasonably foreseeable) beyond the reasonable control of the Bank or any person that does not deal at arm’s length with the Bank which has or will have a material adverse effect on the ability of equity dealers generally to place, maintain, substitute, unwind or modify hedges of positions in respect of such Reference Share. A Market Disruption Event may include, without limitation, any of the following events:

(a) any suspension of or limitation imposed on trading by the relevant Exchange or Related Exchange or otherwise and whether by reason of movements in price exceeding limits permitted by the relevant Exchange or Related Exchange or otherwise (i) relating to the Reference Share(s) on the Exchange(s), or (ii) in futures or options contracts or relating to the relevant Reference Share(s) on any relevant Related Exchange;

(b) the closure (“Early Closure”) on any Exchange Day of the relevant Exchange(s) or any Related Exchange(s) prior to its Scheduled Closing Time unless such earlier closing time is announced by such Exchange(s) or Related Exchange(s) at least one hour prior to the earlier of (i) the actual closing time for the regular trading session on such Exchange(s) or Related Exchange(s) on such Exchange Day and (ii) the submission deadline for orders to be entered into the Exchange or Related Exchange system for execution at the close of trading on such Exchange Day;

(c) any event (other than an Early Closure) that disrupts or impairs (as determined by the Calculation Agent) the ability of market participants in general (i) to effect transactions in, or obtain market values for, the Reference Share(s) on the Exchange(s), or (ii) to effect transactions in, or obtain market values for, futures or options contracts relating to the Reference Share(s) on any relevant Related Exchange;

(d) the failure on any Exchange Day of the relevant Exchange(s) of the relevant Reference Share(s) or any Related Exchange to open for trading during its regular trading session;

(e) the enactment, publication, decree or other promulgation of any statute, regulation, rule or order of any court or other governmental authority which would make it unlawful or impracticable for the Bank to perform its obligations under the Note Securities or for equity dealers generally to place, maintain, substitute, unwind or modify hedges of positions in respect of such Reference Share;

(f) the taking of any action by any governmental, administrative, legislative or judicial authority or power of Canada or any other country, or any political subdivision thereof, which has a material adverse effect on the financial markets of Canada or a country in which any applicable Exchange or Related Exchange is located; or

(g) any outbreak or escalation of hostilities or other national or international calamity or crisis (including, without limitation, natural calamities) which has or would have a material adverse effect on the ability of the Bank to perform its obligations under the Note Securities or of equity dealers generally to place, maintain, substitute, unwind or modify hedges of positions with respect to such Reference Share or a material and adverse effect on the Canadian economy or the trading of securities generally on any relevant Exchange or Related Exchange.

**Events of Default**

If an Event of Default (as described under “Description of the Note Securities – Events of Default” in the Prospectus) with respect to any Note Securities occurs and is continuing, the Holders of not less than 25% of the aggregate principal amount of the outstanding Note Securities may, following a properly called and duly constituted meeting, declare the Actualized NAV to be immediately due and payable. At any time after the Holders have made such a declaration of acceleration with respect to the Note Securities but before a judgment or decree for payment of money due has been obtained, the Holders of a majority in principal amount of the outstanding Note Securities, may, following a properly called and duly constituted meeting, rescind any such declaration of acceleration and its consequences, provided that all payments due, other than those due as a result of acceleration, have been made and
all Events of Default with respect to the Note Securities, other than the non payment of the Actualized NAV which has become due solely by such declaration of acceleration, have been remedied or waived.

The Holders of a majority in principal amount of the outstanding Note Securities may, following a properly called and duly constituted meeting, waive an Event of Default, on behalf of the Holders of all the Note Securities, except a default:

(i) in the payment of any amounts due and payable under the Note Securities; or

(ii) in respect of an obligation of the Bank contained in, or a provision of, the Global Note (as defined in the Prospectus) which cannot be modified under the terms of the Global Note without the consent of the Holder of each outstanding Note Security affected.

The Holders of a majority in principal amount of the outstanding Note Securities may, following a properly called and duly constituted meeting, direct the time, method and place of conducting any proceeding for any remedy or exercising any rights with respect to the Note Securities, provided that such direction does not conflict with any applicable law or the Global Note.

The Note Securities will not have the benefit of any cross-default provisions with other indebtedness of the Bank.

The terms under which a Holders’ meeting may take place for the purposes of the foregoing rights are the following:

(i) At any time and from time to time the Bank shall as soon as practicable after being served with a requisition signed by Holders representing at least 25% of the aggregate principal amount of the outstanding Note Securities, convene a meeting of the Holders. In the event that the Bank fails within 30 days after receipt of such requisition to convene a meeting, such Holders representing at least 25% of the aggregate principal amount of the outstanding Note Securities may themselves convene such meeting and the notice calling such meeting may be signed by such person as such Holders may specify. Such meeting shall be held at the City of Montreal or at such other place as the Bank, or such Holders in the event such meeting is called by the Holders, may in any case determine or approve;

(ii) At least 30 days’ notice of any meeting shall be given to the Holders. Such notice shall state the time when, and the place where, the meeting is to be held and shall specify in general terms the nature of the business to be transacted at such meeting, but it shall not be necessary to set out in the notice the text of any resolution to be proposed or any of the provisions of these procedures. Notices shall be sent to Holders by ordinary surface or air mail postage prepaid addressed to such Holders at their respective addresses appearing in the registers. It shall not be necessary to specify in the notice of any adjournment of a meeting the nature of the business to be transacted at the adjourned meeting. The accidental omission to give such notice to or non-receipt of any such notice by a Holder shall not invalidate any resolution passed at such meeting;

(iii) To be entitled to vote at any meeting of Holders, a person shall be (a) a Holder of outstanding Note Securities, or (b) a person appointed by an instrument in writing as proxy for a Holder or Holders of outstanding Note Securities by such Holder or Holders. The only persons who shall be entitled to be present or speak at any meeting of Holders shall be the persons entitled to vote at such meeting and their counsel. In addition, the Bank by their respective officers and directors and the legal advisers of the Bank may attend and speak at any meetings of the Holders;

(iv) At any meetings, each Holder of a Note Security or a proxy thereof shall be entitled to one vote for each $100 principal amount of Note Securities held or represented by him. The Chairman of the meeting shall have no right to vote, except as a Holder of Note Security or a proxy thereof;

(v) At any meeting of the Holders, a quorum shall consist of Holders present in person or by proxy and representing not less than 10% or more of the aggregate principal amount of the outstanding Note Securities. If a quorum is not reached at any meeting, that meeting must be adjourned to a later date not
earlier than seven Business Days after the original meeting date, in which case the quorum required shall be the Holders present at such adjourned meeting;

(vi) Some individual person, who need not to be a Holder, nominated in writing by the Bank, shall be Chairman of the meeting but, if no person is so nominated or if the person so nominated is not present within 15 minutes after the time fixed for the holding of the meeting, the Holders present in person or by proxy shall choose some person present to be Chairman. The Chairman of any meeting at which a quorum of the Holders is present may, with the consent of the Holders of a majority in principal amount of the Note Securities represented at such meeting, adjourn any such meeting and no notice of such adjournment need be given except such notice, if any, as the meeting may prescribe;

(vii) Proposed rules of procedures (such as vote on a show of hands or secret ballot, scrutineers, declarations by Chairman, minutes of meeting, etc.) of any meetings will be submitted by the Bank at the meeting to the Holders for their approval. Such approval will require the affirmative vote of a majority in principal amount of the Note Securities present or represented at the meeting; and

(viii) All actions that may be taken and all powers that may be exercised by the Holders at a meeting may also be taken and exercised by the Holders of a majority in principal amount of Note Securities by an instrument in writing signed in one or more counterparts.

FEES AND EXPENSES

A selling concession fee of $3.50 per Note Security (3.50% of the Principal Amount of each Note Security sold) is payable by the Bank from the gross proceeds of the offering to the Agents for further payment to representatives, including representatives employed by the Agents, whose clients purchase Note Securities. The expenses of the offering will be borne by the Bank.

The Bank will also pay an annual fee of $0.50 per Note Security (0.50% of the Principal Amount of each Note Security sold) (inclusive of all applicable taxes) to Skylon, a division of CI Investments Inc., for its involvement in the wholesale distribution of the Note Securities. This fee will be indirectly assumed by Holders, as the amount of ROC Payments has been adjusted to take into account such fee (and would have otherwise been increased by $0.50 per annum). No such fee will be payable to Skylon with respect to any Note Securities that are purchased by National Bank Financial Inc. on the secondary market and held in inventory. Any such unpaid fee will accrue to the Bank and not the Holders.

The Bank will pay Desjardins Securities Inc. a one-time fee of 0.15% of the Principal Amount of Note Securities issued under this offering for acting as independent agent. This fee will be indirectly assumed by Holders, as the amount of ROC Payments has been adjusted to take into account such fee (and would have otherwise been increased by $0.03 per annum).

Holders wishing to sell their Note Securities within the first two years of their issuance will be subject to an early trading charge of up to $5.00 per Note Security. See “Secondary Market for the Note Securities” for a description of such charge.

The Bank may benefit from the difference between the amount it is obligated to pay under the Note Securities, net of related expenses, and the returns it may generate in hedging such obligation. See “Use of Proceeds and Hedging” and “Risk Factors – Hedging transactions may affect the value of the Reference Shares”.

CALCULATION EXPERT

If, in connection with a Reimbursement Under Special Circumstances, Potential Adjustment Event, Merger Event and Tender Offer, Substitution Event, Market Disruption Event, or Event of Default, a calculation, valuation or determination contemplated to be made by the Bank or the Calculation Agent involves the application of material discretion and is not based on information or calculation methodologies compiled or utilized by, or derived from, independent third party sources, the Bank will appoint an independent calculation expert (a “Calculation Expert”) to confirm such calculation, valuation or determination of the Bank or the Calculation Agent. The Calculation Expert
will be independent from the Bank and the Calculation Agent and will be an active participant in the financial markets in Canada. The Calculation Expert will act as an independent expert and will not assume any obligation or duty to, or any relationship of agency or trust for or with, Holders or the Bank. The conclusions of such Calculation Expert will, except in the case of manifest error, be final and binding on the Bank, the Calculation Agent and the Holders. The Calculation Expert will not be responsible for good faith errors or omissions. The Calculation Agent’s calculations and determinations as confirmed the Calculation Expert, as applicable in respect of the Note Securities, absent manifest error, will be final and binding on Holders. Holders will not be entitled to any compensation from the Bank or the Calculation Agent for any loss suffered as a result of any of the Calculation Agent’s calculations and determinations.

CALCULATION AGENT

The Bank and Scotia Capital Inc. will be co-Calculation Agents for the Note Securities and as such, are collectively referred to herein as the Calculation Agent. Subject to confirmation by the Calculation Expert as applicable, the Calculation Agent will be solely responsible for the determination and calculation of the Maturity Redemption Amount, the Actualized NAV and any other determinations and calculations with respect to any payment in connection with the Note Securities, as well as for determining whether a Market Disruption Event has occurred and for making certain other determinations with regard to the Note Securities. All determinations and calculations made by the Calculation Agent, as confirmed by the Calculation Expert, when required, will be at the sole discretion of the Calculation Agent and will, in the absence of manifest error, be conclusive for all purposes and binding upon the Holders. Since the Bank is the issuer of the Note Securities and Scotia Capital Inc., one of the Agents, is a wholly-owned subsidiary of a Canadian chartered bank that is a Reference Issuer and that is expected to be a counterparty to the hedging the Bank may put in place in respect of its obligations with respect to the Note Securities, they may have economic interests adverse to those of the Holders. Each will carry out its duties and functions in good faith and using its reasonable judgment. See “Risk Factors – Conflicts of interest may affect the Calculation Agent”.

USE OF PROCEEDS AND HEDGING

The Bank will use the net proceeds received from the sale of the Note Securities for general banking purposes. The Bank and/or its affiliates may use the proceeds in transactions intended to hedge the Bank’s obligations under the Note Securities as described below.

In anticipation of the sale of the Note Securities, the Bank and/or its affiliates expect to enter into hedging transactions involving sales or purchases of Reference Shares and/or purchases and/or sales of listed and/or over-the-counter options or futures on Reference Shares or listed and/or over-the-counter options, futures or exchange-traded funds on Reference Shares prior to or on the Closing Date.

From time to time, the Bank and/or its affiliates may enter into additional hedging transactions or unwind those they have entered into. In this regard, the Bank and/or its affiliates may:

(i) acquire or dispose of securities of the Reference Issuers;

(ii) acquire or dispose of positions in listed or over-the-counter options, futures, exchange-traded funds or other instruments based on the value of the Reference Shares;

(iii) acquire or dispose of positions in listed or over-the-counter options, futures, or exchange-traded funds or other instruments based on the level of other similar market indices or stocks; or

(iv) any combination of the above three.

The Bank and/or its affiliates may acquire a long or short position in securities similar to the Note Securities from time to time and may, in their sole discretion, hold or resell those securities. The Bank and/or its affiliates may close out their hedge on or before the Valuation Date. That step may involve sales or purchases of Reference Shares, listed or over-the-counter options or futures on Reference Shares or listed or over-the-counter options, futures, exchange-
traded funds or other instruments based on the value of the Reference Shares or indices designed to track the performance of the Reference Shares or other components of the Canadian equity market.

The hedging activity discussed above may adversely affect the market value of the Note Securities from time to time. See “Risk Factors – Hedging transactions may affect the value of the Reference Shares” in this Pricing Supplement for a discussion of these adverse effects.

The Bank may benefit from the difference between the amount it is obligated to pay under the Note Securities, net of related expenses, and the returns it may generate in hedging such obligation.

SECONDARY MARKET FOR THE NOTE SECURITIES

The Note Securities will not be listed on any securities exchange or quotation system. National Bank Financial Inc. intends to maintain, until the Valuation Date, under normal market conditions, a daily secondary market for the Note Securities. If the trading markets for one or more of the Reference Shares are disrupted, or if trading of one or more of the Reference Shares is suspended or terminated, or if any other Market Disruption Event occurs, National Bank Financial Inc. will generally deem that normal market conditions do not exist.

National Bank Financial Inc. may, in its sole discretion, stop maintaining a market for the Note Securities at any time without any prior notice to Holders. There can be no assurance that a secondary market will develop or, if one develops, that it will be liquid.

A Holder wishing to sell Note Securities through the secondary market maintained by National Bank Financial Inc. on the FundSERV network will be subject to certain procedures and limitations. A Holder wishing to sell Note Securities on the FundSERV network will need to initiate an irrevocable request to sell the Note Securities to National Bank Financial Inc. Provided the order is received before 1:00 p.m. (Montreal time) or such other time as may be established by National Bank Financial Inc. (the “Sale Deadline Time”) on any Business Day, the request will be treated on the same day. Any request received after such time or on a day that is not a Business Day will be deemed to be a request sent and received before the Sale Deadline Time on the following Business Day.

The sale of the Note Securities for which an irrevocable request to sell has been provided will be effected at a sale price established after the close of market on the day the request is treated. The bid price will represent National Bank Financial Inc. bid price for the Note Securities (i.e. the price it is offering to purchase Note Securities on the secondary market for the applicable day). There is no guarantee that the bid price for any day is the highest bid price possible in any secondary market for the Note Securities, but will represent National Bank Financial Inc. bid price generally available to all Holders, including clients of National Bank Financial Inc.

In addition, any sale of Note Securities facilitated by National Bank Financial Inc. will be subject to an early trading charge, deductible from the sale proceeds of the Note Securities, of up to $5.00 per Note Security, depending on the time at which the Note Securities are sold following the Closing Date, determined as follows:
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<tr>
<th>If Sold</th>
<th>Early Trading Charge per Note Security</th>
</tr>
</thead>
<tbody>
<tr>
<td>From 0 to 90 days (inclusively) following the Closing Date</td>
<td>$5.00</td>
</tr>
<tr>
<td>From 91 to 180 days (inclusively) following the Closing Date</td>
<td>$4.50</td>
</tr>
<tr>
<td>From 181 to 270 days (inclusively) following the Closing Date</td>
<td>$4.00</td>
</tr>
<tr>
<td>From 271 to 365 days (inclusively) following the Closing Date</td>
<td>$3.50</td>
</tr>
<tr>
<td>From 366 to 450 days (inclusively) following the Closing Date</td>
<td>$3.00</td>
</tr>
<tr>
<td>From 451 to 540 days (inclusively) following the Closing Date</td>
<td>$2.50</td>
</tr>
<tr>
<td>From 541 to 630 days (inclusively) following the Closing Date</td>
<td>$2.00</td>
</tr>
<tr>
<td>From 631 to 720 days (inclusively) following the Closing Date</td>
<td>$1.00</td>
</tr>
<tr>
<td>Thereafter</td>
<td>Nil</td>
</tr>
</tbody>
</table>

Holders should be aware that any valuation price for the Note Securities appearing in a Holder’s periodic investment account statement, as well as any bid price quoted to the Holder to sell Note Securities, will be before the application of the applicable early trading charge.

The foregoing early trading charges will apply even in respect of the sale of Note Securities purchased by Holders on the secondary market. For greater certainty, Note Securities sold other than through the secondary market maintained by National Bank Financial Inc. will not be subject to such early trading charge.

**Holders who have purchased Note Securities using the FundSERV network will be limited to the FundSERV network to sell Note Securities.** The sale of Note Securities using the FundSERV network is not like standard over-the-counter markets for debt instruments maintained by registered dealers and carries certain restrictions, including selling procedures that require that an irrevocable sale order be initiated at a bid price that will not be known prior to placing such sale order. See “FundSERV – Sale of Note Securities using the FundSERV network” in the Prospectus.

There will not be any secondary market for the Note Securities other than the market described above. Investors who cannot accept that the secondary market is limited in this way or who must have access to a secondary market at all times should not invest in the Note Securities.

Holders should consult and rely on their own advisors as to whether it would be more favourable in the circumstances at any time to sell the Note Securities (assuming the availability of a secondary market) or hold the Note Securities until maturity. Holders should also consult and rely on their own tax advisors as to the tax consequences arising from a sale of a Note Security prior to the Maturity Date as compared to holding the Note Securities until the Maturity Date. See “Certain Canadian Federal Income Tax Considerations”.

The price at which a Holder will be able to sell the Note Securities prior to the Maturity Date may be at a discount, which could be substantial, from the Maturity Redemption Amount that would be payable if the Note Securities were maturing on such day, based upon one or more factors. The value of the Note Securities in the secondary market will be affected by a number of complex and interrelated factors, including: (i) timing of ROC Payments; (ii) volatility and liquidity of the Reference Shares; (iii) supply and demand for the Note Securities; (iv) inventory positions with market-makers; (v) interest rates in the market; (vi) the time remaining to the maturity of the Note Securities; (vii) the creditworthiness of the Bank; and (viii) economic, financial, political, regulatory or judicial events that affect the market price of the Reference Shares or factors that affect stock markets generally. The effect of any one factor may be offset or magnified by the effect of another factor. Holders who dispose of a Note Security prior to the Maturity Date should consult and rely on their own tax advisors with respect to their particular circumstances.

In addition, Holders should appreciate that the strategy behind the Note Securities, which is described under “Objectives of the Note Securities” will affect the price at which a Holder will be able to sell the Note Securities.
prior to maturity. As a result, similar factors to those which may impact the value of zero coupon bonds and options will have an impact on the price of the Note Securities. Such factors include (i) the time remaining to the Valuation Date – where the value may be discounted prior to such date; (ii) volatility of the underlying interests; (iii) correlation between the underlying interests; (iv) time to maturity of the instruments; (v) interest rates; and (vi) liquidity of the underlying interests. The effect of any one factor may be offset or magnified by the effect of another factor.

**PLAN OF DISTRIBUTION**

The Agents are conditionally offering the Note Securities subject to prior sale on a best efforts basis, if, as and when issued by the Bank and accepted by the Agents in accordance with the terms and conditions contained in the Dealer Agreement and subject to the approval of certain legal matters by Fasken Martineau DuMoulin LLP, on behalf of the Bank, and McMillan LLP, on behalf of the Agents.

Subscriptions will be received 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. Note Securities may be purchased using the FundSERV network. The order code on the FundSERV network is NBC1552. No interest will be paid on account of funds deposited through the use of the FundSERV network pending closing of the offering or return of such funds if subscriptions are rejected or not fully allotted. Closing of the offering of the Note Securities is expected to occur on or about October 7, 2008, but no later than November 7, 2008.

National Bank Financial Inc. is an indirect wholly owned subsidiary of the Bank. As a result, the Bank is a “related issuer” and a “connected issuer” of National Bank Financial Inc within the meaning of the securities legislation of certain provinces of Canada. Scotia Capital Inc. is an indirect wholly-owned subsidiary of a Canadian chartered bank that is expected to be a counterparty to the hedging the Bank may put in place with respect to its obligations under the Note Securities. As a result, the Bank may be a “connected issuer” of Scotia Capital Inc. within the meaning the securities legislation of certain provinces of Canada. National Bank Financial Inc. and Scotia Capital Inc. have performed due diligence in connection with the offering of the Note Securities and have participated in the structuring and pricing of this offering. In connection with this offering, no benefit will be received by National Bank Financial Inc. and Scotia Capital Inc. other than their portion of the selling concession fee, if any. See “Fees and Expenses”. Scotia Capital Inc. is a wholly-owned subsidiary of one of the Reference Issuers. Desjardins Securities Inc., the independent agent, has performed due diligence in connection with the offering of the Note Securities but has not participated in the structuring or the pricing of this offering. The Bank will pay to Desjardins Securities Inc. out of its own funds a one-time fee of 0.15% of the aggregate Principal Amount of Note Securities issued under this offering for acting as independent agent.

**AGREEMENT WITH SKYLON**

The Bank has entered into an agreement with Skylon, a division of CI Investments Inc., whereby Skylon has agreed to render certain services to the Bank in connection with the Note Securities, including assistance in the wholesale distribution of the Note Securities. In connection with such services, the Bank has agreed to pay Skylon an annual fee of $0.50 per Note Security (inclusive of all taxes). See “Fees and Expenses”.

**RISK FACTORS**

This section describes some of the most significant risks relating to an investment in the Note Securities. Investors are urged to read the following information about these risks, together with the other information in this Pricing Supplement and the Prospectus, before investing in the Note Securities.
The Note Securities are not suitable for all investors

A substantial portion of the principal of the Note Securities is at risk. The Note Securities are riskier than ordinary unsecured debt securities. The Note Securities are a mid to long-term investment, the return on which is linked to the performance of the Reference Shares. Since the Maturity Redemption Amount is not determinable prior to the Valuation Date, the Note Securities differ from conventional debt and fixed income investments. Accordingly, the Note Securities are not suitable for all investors and should only be considered by investors who:

- are willing to accept the risk that they could lose up to 61.50% of their Principal Amount;
- believe that the price of the Reference Shares will remain stable or will not decrease to reach, or fall below, the Barrier on any day during the Reference Period;
- do not expect to participate through the Note Securities in any appreciation in the price of the Reference Shares during the Reference Period, except through a 10% participation in the Basket Return that is in excess of 100%; and
- understand that the maximum total amount per Note Security receivable under the Note Securities will be equal to $137.50 plus an amount, if any, equal to the product of $10 and the Basket Return in excess of 100%.

The Note Securities are not principal protected and Holders could lose part of their Principal Amount in the Note Securities

The Note Securities are not principal protected and Holders may receive an amount that is less than the Remaining Principal Amount at maturity. Notwithstanding the foregoing, the Maturity Redemption Amount will be subject to a minimum of $1.00 per Note Security.

The value of the Note Securities, and the Maturity Redemption Amount to be received at maturity, will fluctuate depending on the performance of the Reference Shares. The fluctuations in the Closing Level of the Reference Shares are unpredictable and will be influenced by factors that are beyond the control of the Bank. In addition, the effect of any one factor may offset any increase in the market value of the Note Securities caused by another factor, and vice versa.

The return on the Note Securities does not reflect the full performance of the Reference Shares

The return on the Note Securities will not reflect the return that could be realized if a Holder actually owned the Reference Shares and held such investment for a similar period, since the Maturity Redemption Amount will never exceed $137.50 plus an amount, if any, equal to the product of $10 and the Basket Return in excess of 100% the Basket Return. The yield to maturity based on the methodology for calculating the Maturity Redemption Amount will not be the same yield as would be produced if the Reference Shares were purchased directly and held for a similar period.

Investors should understand that the return of the Reference Shares used to calculate the Basket Return is a price return and does not take into account regular dividends paid on the Reference Shares. The indicative dividend yield for the Reference Basket was 4.68% as at July 31, 2008.

Also, the market value of a Note Security prior to the stated Maturity Date may be lower than the purchase price a Holder paid for its Note Security. Consequently, if a Holder sells its Note Security before the stated Maturity Date, that Holder may receive less than the amount of its investment in the Note Security.

Historical prices of the Reference Shares are not a guarantee of future performance

The trading prices of the Reference Shares will determine, in part, the value of the Note Securities. Historical prices of the Reference Shares should not be taken as an indication of their future appreciation or depreciation. While a
table of the historical trading prices of the Reference Shares is shown above under “The Reference Shares – The Reference Issuers”, those historical trading prices should not be interpreted as an indication of the future performance of the Reference Shares or the Note Securities. It is impossible to predict whether the price of the Reference Shares will increase or decrease. Trading prices of the Reference Shares will be influenced by both the complex and interrelated political, economic, financial and other factors that can affect the capital markets generally and the equity trading markets on which the Reference Shares are traded, and by various circumstances that affect the Reference Issuers or the Reference Shares.

**Holders have no ownership interest in the Reference Shares**

An investment in the Note Securities does not constitute an investment in the Reference Shares. A Holder will not be a beneficial owner of the Reference Shares during the term of the Note Securities and therefore will not be entitled to receive any dividends or distributions paid on the Reference Shares, nor will the Holders be entitled to any recourse to the Reference Shares to satisfy amounts owing under the Note Securities or to acquire Reference Shares by virtue of their ownership of the Note Securities. The Reference Shares are notional reference shares used to determine the Maturity Redemption Amount.

Moreover, Holders will not be entitled to any voting rights or to other control rights that holders of the Reference Shares may have with respect to the Reference Issuers.

**Risks relating to the Reference Shares**

The Note Securities are subject to the risks of any investment in common shares, including the risk that the general level of share prices may decline. Although the Reference Shares have a trading history, historical performance of the Reference Shares is not indicative of the future performance of the Reference Shares or the Note Securities and it is impossible to predict whether the value of the Reference Shares will fall or rise during the term of the Note Securities. Trading prices of the Reference Shares will be influenced by political, economic, financial, market and other factors. It is impossible to predict what effect these factors will have on the value of the Reference Shares and thus, the return on the Note Securities.

**Risks relating to the financial services industry**

The performance of the Note Securities is tied to the performance of the Reference Shares which are all part of the Canadian financial services industry. Profitability of the Reference Issuers depends, in part, on the availability and cost of capital funds and can fluctuate significantly when interest rates change. Prevailing economic and business conditions in markets where they operate will have an impact on their revenues. These conditions include short term and long term interest rates, inflation, fluctuations in debt and financial markets, foreign exchange rates and the strength of the economy. Monetary policies of the countries in which they operate, as well as other interventionist measures in capital markets have repercussions on their revenues. Competition may also impact revenues of Reference Issuers. Losses resulting from financial difficulties of borrowers, especially in economic downturns, can negatively impact financial services issuers. Similarly, the extensive governmental regulation to which financial services issuers are subject and which affect the scope of their activities, the prices they can charge and the amount of capital they must maintain, may affect their profitability. Investors may refer to the continuous disclosure documents filed on SEDAR by each Reference Issuer for a more specific description of the risks such issuers face; however, such documents are not incorporated by reference and do not form part of this Pricing Supplement or the Prospectus.

**The Bank and/or its affiliates have no affiliation with the Reference Issuers and are not responsible for its public disclosure of information**

The Bank and/or its affiliates are not affiliated with the Reference Issuers in any way and have no ability to control or predict their actions. The Reference Issuers are not involved in the offer of the Note Securities in any way and have no obligation to consider any interests as an owner of Note Securities in taking any actions that might affect the value of the Note Securities. Although The Bank of Nova Scotia, one of the Reference Issuers, has not been involved with this offering, it is expected to be a counterparty to the hedging the Bank may put in place with respect
to its obligations under the Note Securities and Scotia Capital Inc., a wholly-owned subsidiary of The Bank of Nova Scotia, is acting as one of the Agents and as co-Calculation Agent under this offering.

The information concerning the Reference Issuers in this Pricing Supplement is derived from publicly available information, without independent verification. Neither the Bank, the Agents nor any of their respective affiliates assumes any responsibility for the adequacy or accuracy of the information about the Reference Issuers contained in this Pricing Supplement. Each Holder, as an investor in the Note Securities, should make its own investigation regarding the Reference Issuers.

**The Note Securities are not comparable to conventional debt instruments**

The Note Securities constitute direct, unsecured and unsubordinated debt obligations of the Bank ranking *pari passu* with all other present and future unsecured and unsubordinated indebtedness of the Bank. The Note Securities differ from conventional debt and fixed income investments because the Maturity Redemption Amount is not determinable prior to the Valuation Date. Furthermore, no amount in respect of the Note Securities, other than the ROC Payments, will be payable prior to the Maturity Payment Date.

**The Calculation Agent can postpone the determination of the Final Level if there is a Market Disruption Event on a Valuation Day**

The determination of the Final Level of a Reference Share may be postponed if the Calculation Agent determines that a Market Disruption Event has occurred or is continuing on a Valuation Day in respect of such Reference Share. As a result, the Maturity Payment Date for the Note Securities could also be postponed, and no interest or other compensation will be paid in respect of any such delay. If a Valuation Day is postponed, but a Market Disruption Event is continuing on the fifth Business Day following that day, such fifth Business Day will nevertheless be the Valuation Day. In such an event, the Calculation Agent will make a good faith estimate in its sole discretion of the Closing Level of the affected Reference Share that would have prevailed in the absence of the Market Disruption Event.

**There is limited antidilution protection**

The Calculation Agent may adjust the Initial Level or any other variable (or combination thereof) for stock splits, reverse stock splits, stock dividends, extraordinary dividends and corporate events that affect the capital structure of the Reference Issuers. The Calculation Agent is not required to make an adjustment for every corporate action which affects the Reference Shares. If an event occurs that does not require the Calculation Agent to adjust the amount of the Reference Shares, the market price of the Note Securities may be materially and adversely affected.

**The payment of the Maturity Redemption Amount and of the ROC Payments is dependent upon the creditworthiness of the Bank**

Because the obligation to make payments to Holders is incumbent upon the Bank, the likelihood that Holders will receive the Maturity Redemption Amount and the ROC Payments will be dependent upon the financial health and creditworthiness of the Bank.

We refer you to the risks described in the documents incorporated by reference in the Prospectus, including under the sections entitled “Management’s Discussion and Analysis” and “Factors that could affect future results” contained in the Bank’s Annual Report for the year ended October 31, 2007 and the section “Management’s Discussion and Analysis” contained in the Bank’s Report to Shareholders for the Second Quarter 2008. This analysis discusses, among other things, known material trends and events, and risks or uncertainties, including the successful resolution of the ABCP market restructuring, that are reasonably expected to have a material effect on the Bank’s business, financial condition, results of operations and hence, on its general creditworthiness.
The Note Securities will not be insured under the Canada Deposit Insurance Corporation Act or any other deposit insurance regime

The Note Securities will not constitute deposits that are 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 the deposit taking financial institution.

The Note Securities could be redeemed prior to the Maturity Date under Special Circumstances

Upon the occurrence of a Special Circumstance, the Bank may redeem the Note Securities pursuant to a Reimbursement Under Special Circumstances. In such event, the Holder will not be able to participate fully in the appreciation of the Reference Shares that might have occurred up to the Valuation Date.

There is no assurance of a secondary market and any developing secondary market may be illiquid and/or offer prices may not reflect the appreciation of the Reference Shares

Investors should be willing to hold their Note Securities to maturity. There may be little or no secondary market for the Note Securities. The Note Securities will not be listed on any stock exchange. There is no assurance that a secondary market will develop.

Despite the fact that National Bank Financial Inc. intends to maintain a secondary market for the Note Securities, there can be no assurance that a secondary market will develop, and if one develops, it is not possible to predict how the Note Securities will trade in the secondary market or whether such market will be liquid. If the secondary market for the Note Securities is limited, there may be fewer buyers when an investor decides to sell his or her Note Securities prior to the Maturity Date, affecting the bid price such a Holder will receive. Moreover, National Bank Financial Inc. reserves the right not to maintain such a secondary market in the future in its sole discretion, without providing prior notice to Holders. Furthermore, the sale of Note Securities using the FundSERV network is not like standard over-the-counter markets for debt instruments maintained by registered dealers and carries certain restrictions, including selling procedures that require that an irrevocable sale order be initiated at a bid price that will not be known prior to placing such sale order. See “FundSERV – Sale of Note Securities using the FundSERV network” in the Prospectus.

The price at which a Holder will be able to sell the Note Securities prior to the Maturity Date may be at a discount, which could be substantial, from the Maturity Redemption Amount that would be payable if the Note Securities were maturing on such day, based upon one or more factors. The value of the Note Securities in the secondary market will be affected by a number of complex and inter related factors, including timing of ROC Payments; volatility and liquidity of the Reference Shares; supply and demand for the Note Securities; inventory positions with market-makers; interest rates in the market; the time remaining to the maturity of the Note Securities; the creditworthiness of the Bank; economic, financial, political, regulatory or judicial events that affect the level of the Reference Shares; and the market price of the Reference Shares or factors that affect stock markets generally. The effect of any one factor may be offset or magnified by the effect of another factor. Holders who dispose of a Note Security prior to the Maturity Date should consult their own tax advisors with respect to their particular circumstances.

In addition, an investment in the Note Securities is equivalent to an indirect and notional economic exposure to: (i) a long position in zero coupon bonds providing payments corresponding to the ROC Payments and the Principal Amount; (ii) a short position in a barrier put option contract providing a 100% exposure to any negative price return of the Worst Performing Reference Share below the Initial Level (expressed as a percentage of the Initial Level) at maturity if the Closing Level of any Reference Share reaches, or falls below, the Barrier on any day during the Reference Period; and (iii) a long position in an out-of-the-money call option contract providing a 10% exposure to any positive Basket Return in excess of 100%. As a result, similar factors to those which may impact the value of bonds and options will have an impact on the price of the Note Securities. Such factors include: (i) the time remaining to the Valuation Date – where the value may be discounted prior to such date; (ii) volatility of the underlying interests; (iii) correlation between the underlying interests; (iv) time to maturity of the instruments; (v) interest rates; and (vi) liquidity of the underlying interests. The effect of any one factor may be offset or magnified by the effect of another factor.
**Conflicts of interest may affect the Calculation Agent**

The Bank and Scotia Capital Inc. will be co-Calculation Agents. Since the Bank is the issuer of the Note Securities and Scotia Capital Inc., one of the Agents, is a wholly-owned subsidiary of a Canadian chartered bank that is a Reference Issuer and that is expected to be a counterparty to the hedging the Bank may put in place in respect of its obligations with respect to the Note Securities, they may have economic interests adverse to those of the Holders, including with respect to certain determinations that the Calculation Agent must make in determining the Maturity Redemption Amount and in making certain other determinations with regard to the Note Securities. However, each will carry out its duties and functions in good faith and using its reasonable judgment.

Moreover, as noted above, the Bank and/or its affiliates expect to engage in trading activities related to the Reference Shares that are not for the account of Holders or on their behalf. These trading activities may present a conflict between the Holders’ interest in the Note Securities and the interests that the Bank and/or its affiliates will have in their proprietary accounts in facilitating transactions, including block trades and options and other derivatives transactions, for their customers and in accounts under their management. These trading activities, if they influence the market price of the Reference Shares, could be adverse to the interests of the Holders. The Bank and/or its affiliates may, at present or in the future, engage in business with the Reference Issuers, including making loans or providing advisory services to such entity. These services could include investment banking and merger and acquisition advisory services. These activities may present a conflict between the obligations of the Bank and/or its affiliates and the interests of Holders. Moreover, subsidiaries of the Bank, including National Bank Financial Inc., have published, and in the future expect to publish, research reports with respect to the Reference Issuers. This research is modified from time to time without notice and may express opinions or provide recommendations that are inconsistent with purchasing or holding the Note Securities. Any of these activities by the Bank, National Bank Financial Inc. and/or other affiliates thereof may affect the market price of the Reference Shares and, therefore, the market value of the Note Securities.

**Hedging transactions may affect the value of the Reference Shares**

As described above under “Use of Proceeds and Hedging”, the Bank and/or its affiliates may hedge the Bank’s obligations under the Note Securities by purchasing or selling Reference Shares, futures or options on the Reference Shares, or exchange-traded funds or other derivative instruments with returns linked or related to changes in the performance of the Reference Shares, and the Bank and/or its affiliates are likely to adjust these hedges by, among other things, purchasing or selling Reference Shares, futures, options, or exchange-traded funds or other derivative instruments with returns linked or related to changes in the performance of the Reference Shares from time to time. Although they are not expected to, any of these hedging activities may decrease the market price of the Reference Shares, and, therefore, decrease the market value of the Note Securities. It is possible that the Bank and/or its affiliates could receive substantial returns from these hedging activities while the market value of the Note Securities declines. The Bank may benefit from the difference between the amount it is obligated to pay under the Note Securities, net of related expenses, and the returns it may generate in hedging such obligation. The Bank and/or its affiliates may also engage in trading in the Reference Shares and other investments relating to the Reference Shares on a regular basis as part of their general broker-dealer and other businesses, for proprietary accounts, for other accounts under management or to facilitate transactions for customers, including block transactions. Any of these activities could decrease the market price of the Reference Shares and, therefore, decrease the market value of the Note Securities. The Bank and/or its affiliates may also issue or underwrite other securities or financial or derivative instruments with returns linked or related to changes in the performance of the Reference Shares. By introducing competing products into the marketplace in this manner, the Bank and/or its affiliates could adversely affect the market value of the Note Securities.

**The tax characterization of the Note Securities is subject to various interpretations**

For further information, Holders should refer to “Certain Canadian Federal Tax Considerations” below and should read it carefully. **Holders should consult and rely on their own tax advisor about their own tax situation.**
CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Fasken Martineau DuMoulin LLP, counsel to the Bank, and McMillan LLP, counsel to the Agents, the following is a fair summary as of the date hereof of the principal Canadian federal income tax consequences generally applicable to an initial purchaser of the Note Securities offered pursuant to this Pricing Supplement who acquires the Note Securities on the Closing Date and who, at all relevant times, for purposes of the Act, is, or is deemed to be, a resident of Canada, deals at arm’s length and is not affiliated with the Bank, and acquires and holds the Note Securities as capital property (a “Noteholder”).

The Note Securities will generally be regarded as capital property of a Noteholder who acquires and holds the Note Securities as investments unless the Noteholder holds the Note Securities in the course of carrying on a business or has acquired the Note Securities in a transaction or series of transactions considered to be an adventure in the nature of trade. The determination of whether the Note Securities are held as capital property for the purposes of the Act should take into account, among other factors, whether the Note Securities are acquired with the intention or secondary intention of selling them prior to the Maturity Date. Certain Noteholders whose Note Securities might not otherwise qualify as capital property may, in certain circumstances, treat such Note Securities and all of the Noteholder’s other Canadian securities as capital property by making an irrevocable election provided by subsection 39(4) of the Act.

Note Securities acquired by certain “financial institutions” (as defined in the Act) will generally not be held as capital property by Noteholders and will be subject to special so-called “mark-to-market” rules. This summary does not take into account these mark-to-market rules and these taxpayers should consult and rely on their own tax advisors.

This summary is based upon the current provisions of the Act and the regulations thereunder in force on the date hereof, all specific proposals to amend the Act or the regulations publicly announced by or on behalf of the federal Minister of Finance prior to the date hereof (the “Proposals”) and counsel’s understanding of certain published administrative policies and assessing practices of the Canada Revenue Agency (“CRA”). Except for the Proposals, this summary does not take into account or anticipate any changes (including retroactive changes) in the law or the administrative policies and assessing practices of the CRA, whether by judicial, regulatory, administrative or legislative action, nor does it take into account tax laws of any province or territory of Canada, or of any jurisdiction outside Canada. Provisions of provincial income tax legislation vary from province to province in Canada and may differ from federal income tax legislation.

This summary is of a general nature only and is not intended to constitute, nor should it be relied upon or construed as, tax advice to any particular Noteholder nor is it exhaustive of all possible Canadian federal income tax considerations. For purposes of this summary, it is assumed that a Noteholder will not undertake nor arrange a transaction in respect of the Note Securities primarily in view of obtaining a tax benefit. Noteholders should consult and rely on their own tax advisors as to the overall consequences of their acquisition, ownership and disposition of Note Securities having regard to their particular circumstances.

ROC Payments

Any ROC Payment received in respect of the Note Securities will reduce the Principal Amount and the Noteholder’s adjusted cost base of the Note Securities but will not be included in the Noteholder’s income when received.

No Accrual of Interest

No interest is stipulated to be payable in respect of the Note Securities. In certain circumstances, provisions of the Act can deem interest to accrue on a “prescribed debt obligation” (as defined for purposes of the Act). Counsels’ understanding is that the CRA takes the administrative position that instruments similar to the Note Securities constitute “prescribed debt obligations”. Based in part on an understanding of the CRA’s administrative practice, no amount would be deemed to accrue and as a consequence, there should be no deemed accrual of interest on the Note Securities under these provisions prior to the Maturity Redemption Amount or Actualized NAV becoming calculable.
Payment at Maturity or on Special Reimbursement Date

The amount of the excess of the Maturity Redemption Amount or the Actualized NAV, as the case may be, over the Remaining Principal Amount of a Note Security that is payable to a Noteholder can be only ascertained at the last Valuation Day or the date the Actualized NAV is determined, as the case may be, and the right to it does not arise until the Maturity Date or the Special Reimbursement Date. Based on the discussion above, the amount of such excess, if any, will generally be included in the Noteholder’s income in the taxation year in which the last Valuation Day or the Special Reimbursement Date of the Note Securities occurs. On a disposition of a Note Security resulting from the payment by the Bank at maturity or on a redemption of the Note Security by or on behalf of the Bank at another date, as the case may be, a Noteholder will realize a capital loss to the extent that a payment received at such time is less than the Noteholder’s adjusted cost base of the Note Security. The income tax considerations associated with the realization of a capital loss are described below.

Disposition of Note Securities

It is unclear whether amounts received or deemed to be received by a Noteholder on a disposition or deemed disposition of a Note Security, other than a disposition resulting from a payment by or on behalf of the Bank, will be considered as giving rise to a capital gain or a capital loss, or to ordinary income or loss. The CRA has not expressed any opinion on this issue. Generally, an amount received or deemed to be received by a Noteholder on such disposition or deemed disposition of a Note Security should give rise to a capital gain (or a capital loss) to the Noteholder to the extent such amount, net of amounts included in income as interest and any reasonable costs of disposition, exceeds (or is less than) the Noteholder’s adjusted cost base of the Note Security. The tax consequences described in this paragraph will differ if the Noteholder disposes of a Note Security to the Bank or to an entity on behalf of the Bank. See “Payment at Maturity or on a Special Reimbursement Date” above. Noteholders who dispose of a Note Security prior to the Maturity Date, particularly those who dispose of a Note Security shortly prior to the Maturity Date, should consult and rely on their own tax advisors with respect to their particular circumstances.

One half of any capital gain realized will constitute a taxable capital gain that must be included in the calculation of the Noteholder’s income. One half of any capital loss incurred will constitute an allowable capital loss that is deductible against taxable capital gains of the Noteholder, subject to and in accordance with the provisions of the Act.

A Noteholder that is a Canadian-controlled private corporation may be subject to a refundable tax of 6 2/3% on investment income, including interest and taxable capital gains. This tax, together with a corporation’s “refundable dividend tax on hand”, will be refunded when the corporation pays taxable dividends at the rate of $1 for every $3 of dividends paid.

Capital gains realized by an individual and certain trusts may give rise to alternative minimum tax under the Act.

LEGAL MATTERS

Certain legal matters in connection with the offering will be passed upon on behalf of the Bank by Fasken Martineau DuMoulin LLP and on behalf of the Agents by McMillan LLP. Designated professionals of each of Fasken Martineau DuMoulin LLP and McMillan LLP, as a group, own beneficially, directly and indirectly, less than 1% of securities of the same class of the Bank and its affiliates and associates.
AUDITORS’ CONSENT

We have read the pricing supplement No. 5 dated August 19, 2008, qualifying the distribution of up to $100,000,000 of Skylon Big Five Barrier Return of Capital Note Securities, Series 1 of National Bank of Canada (the “Bank”), to the Short Form Base Shelf Prospectus of the Bank dated April 23, 2008, relating to offering of Medium Term Notes of the Bank in an aggregate principal amount of up to $2,000,000,000 (collectively the “Prospectus”). We have complied with Canadian generally accepted standards for an auditor’s involvement with offering documents.


(signed) Samson Bélair/Deloitte & Touche s.e.n.c.r.l
Chartered Accountants
Montreal, Canada

August 19, 2008
CERTIFICATE OF THE AGENTS

Dated: August 19, 2008

To the best of our knowledge, information and belief, the short form prospectus, 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 securities legislation of each of the provinces of Canada. For the purpose of the Province of Québec, this simplified prospectus, together with documents incorporated therein by reference and as supplemented by the permanent information record, contains no misrepresentation that is likely to affect the value or the market price of the securities to be distributed.

NATIONAL BANK FINANCIAL INC.

By: (s) Isabelle Limoges

Isabelle Limoges

SCOTIA CAPITAL INC.

By: (s) Christopher S.Purkis

Christopher S.Purkis

DESJARDINS SECURITIES INC.

By: (s) Michel Doucet

Michel Doucet