



Dividend Reinvestment and Share Purchase Plan

Offering Circular

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DIVIDEND REINVESTMENT AND SHARE PURCHASE PLAN OF NATIONAL BANK OF CANADA (The Bank)

INTRODUCTION

This Offering Circular pertains to the common shares of the share capital of the Bank (the **Shares**) that may be issued by the Bank or acquired on the secondary market under the Dividend Reinvestment and Share Purchase Plan (the **Plan**).

The Plan enables Shareholders, as defined hereafter, who hold shares of share capital of the Bank of any class or series deemed eligible for the Plan (collectively the **Eligible Shares**) to acquire Shares without paying brokerage fees or administration fees for Plan participation, subject to the restrictions of the Bank Act (Canada) (the **Bank Act**).

The Shareholders participating in the Plan (the **Participants**) can acquire Shares through one and/or the other of the following options:

- a) Dividend reinvestment option: by reinvesting cash dividends paid on the Eligible Share(s) held by them (the **Reinvestment Option**)
- b) Optional cash payments option: by making optional cash payments of a minimum amount of one dollar per cash payment, to a maximum of five thousand dollars per quarter (the **Payment Option**)

The price of Shares acquired with cash dividends paid on Eligible Shares or with optional cash payments will be the price determined in the manner provided for in the "Share Acquisition Price" section below.

Reinvesting dividends under the Plan does not relieve Participants of the obligation to pay tax on those dividends. Participants should consult their tax advisors about the tax consequences of participating in the Plan. For more information, see the "Tax Considerations" section below.

THE PLAN

ELIGIBILITY FOR THE PLAN

Eligible shares

1. The Board of Directors of the Bank may determine from time to time and at its sole discretion which classes and series will be eligible for the Plan through Eligible Shares by resolution. The Bank will announce by way of press release any change to these classes or series.

Registered shareholders

2. Shareholders whose Eligible Shares are registered in their name in the Bank's records are called registered shareholders (**Shareholders**). If they are registered holders of at least one Eligible Share, Shareholders may participate in the Plan through one and/or the other of the following options:
 - a) Reinvestment option – to reinvest all or part of the cash dividends paid on their Eligible Share(s) to acquire Shares; and/or
 - b) Payment option – to acquire Shares by means of optional cash payments of a minimum amount of one dollar per cash payment, to a maximum of five thousand dollars per quarter.
3. Shareholders who are entitled to receive cash dividends payable in a foreign currency must elect to receive such payments in a Canadian dollar amount equivalent thereof before joining the Plan.
4. Shareholders may choose what percentage of their Eligible Shares (per class or series, as applicable) they wish to register for the purposes of the Plan.

Beneficial owners

5. Beneficial owners are shareholders whose Eligible Shares are held in their name by a nominee, such as a broker, another intermediary or their duly authorized representative (an **Intermediary**). These shares are therefore not registered under the beneficial owner's name in the Bank's records. Beneficial owners of Eligible Shares may participate in the Plan through the Intermediary that holds the certificates representing the Eligible Shares.
6. Beneficial owners are asked to contact their Intermediary for Plan enrolment instructions and to find out whether they can register only a portion of the Eligible Shares held by their Intermediary. The administrative practices of Intermediaries may vary, the procedure to follow may differ from that which is set out in the Plan and the Intermediary may not offer all the options set out in the Plan. If a beneficial owner wants to select the Payment Option, their Intermediary will be required to submit to the Computershare Trust Company of Canada (the **Agent**) a duly completed authorization form and an attestation confirming that the first optional cash payment is made in accordance with the Plan requirements.

Foreign shareholders

7. Shareholders who are residents of the United States or any of its territories or possessions **may not** participate in the Plan, as the Shares issued thereunder are not registered under the *Securities Act of 1933* (United States), as amended.
8. Other Shareholders who reside outside Canada may participate in the Plan unless prohibited from doing so by the law of their country of residence. In this case, the dividends payable are reinvested net of the amount of the applicable withholding tax. For more information, see the "Tax Considerations" section below.

Legal and regulatory restrictions applicable to the Plan

9. The Bank reserves the right to prohibit any Shareholder who does not comply with the applicable regulatory requirements from participating in the Plan; it further reserves the right to terminate the participation of a Participant in the Plan in the situations set out in the "Termination of Participation" section.
10. The Plan is subject to the provisions of the *Bank Act* prohibiting, in particular, the issue or transfer of shares to persons for reasons relating to the percentage of the holdings that such persons or a group of such persons may hold thereafter in any class of shares of the Bank.
11. The Bank is not aware that the prohibition applies to any Shareholder or group of Shareholders of the Bank as at the date hereof. However, the Bank may be required to refuse the enrolment of, or terminate, by means of prior notice from the Agent, the participation in the Plan of Shareholders who fail to comply with the provisions of the *Bank Act* or any other applicable legislation or regulation or if the Bank has reason to believe that such Shareholder has been engaging in market activities, or has been artificially accumulating Shares of the Bank, for the purpose of taking undue advantage of the Plan to the detriment of the Bank.

PARTICIPATION IN THE PLAN

12. Shareholders who wish to participate in the Plan can complete the applicable enrolment form and send it to the Agent in accordance with the applicable instructions. The enrolment form is available as follows:
 - a) **by registering** on the self-service web portal of the Agent at: www.investorcentre.com/nbc (the **Portal**);
 - b) **by consulting** the Bank's [website](#) under Dividend Reinvestment and Share Purchase Plan (DRIP); or
 - c) **by contacting** the Agent at 1-888-838-1407.

Canadian anti-money laundering and terrorist financing legislation

13. As a trust company, the Agent is required to obtain and record various pieces of information and take other steps in respect of certain accounts it establishes for individuals or entities. In particular, the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) and the related regulations (collectively, the

PCMLTF) apply to Plan Participants who elect to acquire additional securities using the Payment Option.

14. The PCMLTFA requires the Agent to verify the identity of account holders or their representatives. To do so, the Agent must obtain a duly completed form titled "Optional Cash Purchase – Participant Declaration" and a personal cheque or certified cheque drawn on a Canadian financial institution or the Canadian branch of a foreign bank authorized under the Bank Act. The cheque must clear through such a financial institution. No void cheques will be accepted. The Agent reserves the right to refuse a Participant if they do not comply with PCMTFA regulations.

SHARE ACQUISITION CONDITIONS AND DATES

Reinvestment Option

15. Share acquisitions via the Reinvestment Option are made by the Agent on the date of each payment of dividends on Eligible Shares (the **Dividend Payment Date**) and may take up to three business days.
16. When a Shareholder enrolls in the Reinvestment Option, the authorization form must be received by the Agent before the close of business on the record date for the payment of a dividend on Eligible Shares in order for that dividend to be reinvested in Shares on the next Dividend Payment Date. If the authorization form is received by the Agent after the close of business on a record date for the payment of a particular dividend on Eligible Shares, that dividend will be paid to the Participant in the usual manner and the first reinvestment of dividends on Eligible Shares will take place on the next Dividend Payment Date for these Eligible Shares.

Payment Option

17. A Participant who wants to enrol in the Payment Option must make optional cash payments of a minimum amount of one dollar per payment, up to a maximum of five thousand dollars per fiscal quarter of the Bank. The Bank's fiscal quarters end on the last business day of January, April, July and October of each year.
18. Acquisitions of Shares via the Payment Option are made on a monthly basis by the Agent on the last business day of each month (the **Investment Date**) and may take up to three business days.
19. Payments made under the Payment Option must be received by the Agent before the close of business at the latest on the business day preceding an Investment Date to be applied to the acquisition of Shares of the Bank on said Investment Date. Optional cash payments received by the Agent after the business day preceding an Investment Date will not bear interest and will be used to acquire Shares on the following Investment Date. Postdated cheques payable on or before the business day preceding an Investment Date may be submitted to the Agent.

20. Payments may be made at any time by sending a cheque or money order in Canadian dollars payable to Computershare Trust Company of Canada to the following address: Computershare Trust Company of Canada, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1.
21. All Shares acquired under the Payment Option with amounts received by the Agent no later than the business day prior to the record date for the payment of a dividend on Eligible Shares may be entitled to receive a dividend which will be reinvested in Shares on the next Dividend Payment Date.
22. Participants may change their instructions concerning any investment under the Payment Option if written notification addressed to the Agent is received by the Agent no later than by the close of business on the last business day preceding the Investment Date.
23. All funds received from a Participant under the Plan are fully invested by the Agent to acquire Shares and fractions of Shares, as applicable.

Pre-authorized debit (PAD)

24. To make optional cash payments under the terms of the Plan, Participants must complete a form titled *Optional Cash Purchase – Participant Declaration* available on the Portal, and send it to the Agent. Participants can then make optional cash payments by cheque with a PAD agreement and proof of contributions attached to the statement of account sent to the Participants, or by enrolling in the PAD service via the Portal. Other agreements related to payments by PAD and other proof of contributions can be obtained at any time by calling 1-888-838-1407, by submitting a written request to the Agent or via the Portal.
25. Optional cash payments made by Shareholders will be allocated to the acquisition of Shares by the Agent, provided that these payments are received by the Agent no later than one business day preceding the Investment Date. The minimum amount for optional cash payments is one dollar per payment and the maximum is five thousand dollars per fiscal quarter of the Bank. The Bank's fiscal quarters end on the last business day of January, April, July and October of each year. Unregistered shareholders must contact their intermediary to define the procedure to follow to make an optional cash payment.
26. To be eligible for the PAD service for optional cash payments, you must already be participating in the Plan and your account must already have a code indicating that it is compliant with the requirements of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* in effect in Canada. The bank account that you plan to use must also be held in a Canadian financial institution.
27. You can select a recurring PAD or not. Both options can be activated online in the Portal. For the recurring PAD service only, you can send your request to the Agent by mail. The Agent must receive the PAD request no later than 10 business days before the Investment Date to apply the PAD payment. If a duly completed request is received after this date, the PAD payment will be applied on the following Investment Date.

Non-recurring PAD payment

28. PADs can be set up online. If you authorize a single payment by PAD, your bank account will be debited within five to 10 business days following receipt of your request. The amounts will be used to acquire units on the first Investment Date after the withdrawal of the funds from your account. No interest will be paid for the funds held pending investment.

Payment by recurrent PAD

29. Payments by recurrent PAD can be set up online via the Portal or by duly completing and signing the PAD agreement. A payment by PAD agreement will be attached to your statement of account once your account has a code indicating it is compliant. Return the completed PAD agreement with a VOID cheque and indicate the name(s) appearing in the bank account or include a letter from your financial institution confirming your banking information as well as the names associated to the account. The name(s) appearing in the bank account must match the name(s) appearing on your Plan account.
30. If you authorized a monthly recurrent PAD, your account will be debited on the 22nd of every month. If you authorize a quarterly recurring PAD, your account will be debited on the 22nd of February, May, August and November. If the 22nd is not a business day, the account will be debited on the following business day.
31. If you want to amend or cancel a recurring PAD, you must inform the Agent in writing or online via the Portal. Only cancellation requests can be made by calling the Agent's Customer Service at 1-888-838-1407. Please allow 10 business days from when the Agent receives your instructions for the amendment or cancellation to take effect.

Limit

32. During the Bank's current fiscal year during which the Reinvestment Option or Payment Option is exercised, the total number of Shares from the treasury in consideration of the Reinvestment Option or the Payment Option cannot exceed 2% of the issued and outstanding Shares of the Bank at the start of said fiscal year. The Bank and the Agent will refuse any request over this limit.

Other conditions

33. All dividends paid by the Bank on Eligible Shares held by the Agent for the account of a Participant will be automatically reinvested in additional Shares on the next Dividend Payment Date for such Eligible Shares.
34. Once the Participant has enrolled in the Plan, participation will continue automatically until it is terminated, in accordance with the provisions of the Plan. For more information, see the "Termination of Participation" section below.

SHARE ACQUISITION PRICE

35. Shares acquired under the Plan can be either subscribed directly from the Bank or acquired on the secondary market through an Intermediary. The acquisition method is determined by the Bank.

36. Acquired shares will be deposited in the Participant's account up to three business days following the Dividend Payment Date or Investment Date, as applicable.
37. Each Participant's account will be credited the number of Shares acquired for that Participant, including fractions of Shares calculated to six decimals. The number of Shares corresponds to the total amount (for a Participant who is not a Canadian resident, net of any income deducted at source, if applicable), from the payment or the total value of the dividend to be reinvested for the account of each Participant, divided by the Average Subscription Price or the Average Acquisition Price, as defined below, as applicable.

Subscription with the Bank

38. The price of Shares to be acquired from the Bank by the Agent under the Reinvestment Option or Payment Option is the average of the closing prices of a board lot of Shares traded on the Toronto Stock Exchange during the five business days immediately preceding a Dividend Payment Date or an Investment Date, as applicable (the **Average Subscription Price**).
39. In the case of a subscription of Shares issued by the Bank under the Reinvestment Option, there may be a maximum discount of 5% from the Average Subscription Price. The Bank's Board of Directors may, from time to time and at its sole discretion, determine the amount of any applicable discount, as applicable, by resolution. The Bank will announce by way of press release any applicable discount with regard to the Average Subscription Price.

Acquisition on the secondary market

40. The price of Shares acquired by the Agent on the secondary market, under the Reinvestment Option or Payment Option, will be the average acquisition price on the Dividend Payment Date or the Investment Date (excluding brokerage fees, compensation and all trading costs incurred by the Agent to acquire these Shares) (the **Average Acquisition Price**).

ADMINISTRATION OF PLAN AND STATEMENTS OF ACCOUNT

41. The Agent will administer the Plan for Participants pursuant to an agreement with the Bank.
42. Shares subscribed or acquired under the Plan are registered in the name of the Agent on the Participants' behalf. As soon as possible, every Participant will be assigned a direct registration statement via DRS Advice (**DRS**) for their Shares. A Participant may also consult their DRS by logging into the Portal. No share certificate will be issued to the Participant unless specifically requested from the Agent in writing.
43. As soon as possible following the Dividend Payment Date, the Agent will send Participants a statement of account setting out the number of Shares acquired under the Reinvestment Option or Payment Option, the acquisition method for the Shares and the price of such shares. This statement is an essential record for income tax purposes and should be retained.

44. The Agent is responsible for deducting the necessary withholding tax for the account of the Participant. The Agent also sends each Participant the tax information slips needed to complete their tax return.

Administration fees

45. Subject to the provisions of the "Termination of Participation" section, all administrative costs of the Plan will be paid by the Bank, including the fees and expenses of the Agent.

TERMINATION OF PARTICIPATION

Termination by a Participant

46. Subject to the restriction set out hereinbelow, Participants may terminate their participation in the Plan at any time by following the instructions set out for this purpose on the Portal or by way of written notice to the Agent.
47. Upon termination of participation, the Participant will receive a DRS from the Agent for his whole Shares and an amount equal to the value of any fraction of a Share plus any cash balance held on their behalf. The amount of the payment for any fraction of a Share is based on the market price in effect when the sale takes place.
48. Upon termination of participation, a Participant may request that all whole Shares held be sold, in whole or in part, on their behalf by following the instructions set out for this purpose on the Portal. Such sale will be made through a stockbroker designated by the Agent, as soon as possible following receipt by the Agent of such notice. The proceeds of such sale, less brokerage fees, administrative fees and applicable taxes and income taxes, which are paid by the Participant, will be remitted by the Agent to the Participant.

Termination further to the Participant's death

49. Participation in the Plan will also be terminated upon receipt by the Agent of a written notice of the death of the Participant. In such cases, a DRS representing the number of whole Shares held for the Participant's account will be issued in the name of the estate of the deceased Participant. The Agent will send such statement and a cash payment equal to the value of any fraction of a Share plus any cash balance held on their behalf to the representative(s) of the deceased Participant.

Termination by the Bank

50. The Bank may, from time to time and at its discretion, terminate the participation of a Participant in the Plan upon prior written notice, in particular, but without limiting the generality of the foregoing, when the number of Shares acquired under the Plan is less than one whole Share over a period of 12 consecutive months or no optional cash payments have been made during the previous 12 months.

Withdrawal of certain Plan Shares

51. The Participant may, without terminating their participation in the Plan, withdraw or sell whole Shares from their account under the Plan by following the instructions for this purpose on the Portal, or by sending a written notice to the Agent.
52. If the Agent receives a request to withdraw Shares, the Agent will withdraw the stipulated number of whole Shares from the Participant's account, and issue them a DRS, usually within three weeks of receiving the request.
53. If the Agent receive a request for a partial sale of Shares, the Agent will sell the stipulated number of whole Shares via a stockbroker designated by the Agent as soon as possible after having received the request from the Participant. The proceeds of such sale, less brokerage fees, administrative fees and applicable taxes and income taxes, which are paid by the Participant, will be remitted by the Agent to the Participant.
54. Shares that must be sold can be grouped with other Shares that must be sold for other Participants, and the proceeds then remitted to each Participant in question, and determined based on the average sale price for all Shares grouped as such.
55. Shares cannot be pledged. A Participant who wishes to pledge or otherwise transfer part or all of their Shares must withdraw such shares from the Plan. The Agent will then issue in the name of the Participant a DRS representing all the whole Shares withdrawn, and, in the case of the withdrawal of all of the Participant's Shares, pay them an amount equal to the value of any fraction of a Share plus any balance held in cash on the Participant's behalf.

LIABILITY OF THE BANK AND THE AGENT

56. Participants acknowledge that the Bank and the Agent are not liable for any damage or loss which may result, directly or indirectly, from any act or omission to act by the Bank or the Agent, when they have acted in good faith.
57. As Shares are securities whose monetary value on the stock market may fluctuate over time, neither the Bank nor the Agent cannot guarantee a profit or protect Participants against a potential loss.

OTHER PROVISIONS

Shareholder voting

58. Shareholders who participate in the Plan may exercise voting rights attached to the Shares in the Plan, including whole Shares held by the Agent on their behalf, in the same manner as any other shares of the Bank either by proxy or in person. The Agent will forward to such Participants, as soon as possible, any proxy solicitation materials.
59. Beneficial owners who participate in the Plan should contact the Intermediary through which their Shares are held for information about the voting procedure.

Shares

60. Shares acquired under the Plan are common shares of the Bank that are described in the Bank's By-law II – Share Capital, which may be consulted on this [link](#).

Amendment, suspension or termination of the Plan

61. Any amendment made to the Plan is subject to the prior approval of the Toronto Stock Exchange.
62. Subject to the approval of the Toronto Stock Exchange when required, the Bank reserves the right, provided a notice in writing is given to Participants, to amend, suspend or terminate the Plan, in full or in part, at any time and without obtaining the Participants' consent. Nevertheless, such action will have no retroactive effect that would prejudice the interests of the Participants.
63. In the event the Bank terminates the Plan, each Participant will receive from the Agent a DRS for all whole Shares held by each of them as well as an amount equal to the value of any fraction of a Share plus any balance held in cash on their respective behalf.
64. As of the effective date of any suspension of the Plan, no transaction related to the Plan will be made by the Agent, with the exception of cases involving the termination of participation by a Participant or termination imposed by the Bank.
65. The Agent will remit to the Participants all optional cash payments not invested as at the effective date of such suspension as well as any dividend payable which was declared but not paid before said date.

Stock dividends and stock splits

66. The Shares distributed pursuant to a stock dividend or a stock split relative to the Shares held by the Agent for the Participants under the Plan will be kept by the Agent, who will proportionally credit the accounts of the Plan Participants. No action must be taken by the Participant in such cases.

Rules

67. The Bank may establish rules to facilitate the administration of the Plan, with respect to the enrolment in the Plan, communication of information on the Plan to Participants and any other aspects of the Plan. It reserves the right to regulate and interpret the Plan text as it deems necessary or useful.

Electronic communications

68. All references in the Plan to the delivery of instructions, notices or other written documents will be deemed to include delivery by electronic means when permitted by law and with the Participant's consent when required. Participants who wish to do so may indicate their consent via www.investorcentre.com/nbc and by clicking at the bottom of the page: "Sign up for eDelivery."

Notices

69. All notices required to be given to Participants under the Plan will be mailed to Participants at the address shown in the records of the Agent.
70. Any written communication which must be sent or delivered to the Agent or any request for information with respect to the Plan should be addressed as follows:

Computershare Trust Company of Canada
Attn: Dividend Reinvestment Services
100 University Ave., 8th Floor, Toronto, Ontario M5J 2Y1
Telephone: 1-888-838-1407
Fax: 1-888-453-0330

71. Participants who are beneficial owners of Shares should contact their Intermediary if they have any questions concerning the Plan.

Use of proceeds

72. The proceeds received by the Bank from the issue of new Shares under the Plan will be used for the Bank's general purposes.

Governing law

73. The Plan will be governed by and construed in accordance with the laws of Quebec and the laws of Canada applicable therein.

TAX CONSIDERATIONS

The following is a summary of the principal income tax considerations generally applicable to a Participant who, at any time, for the purposes of applying the Income Tax Act (Canada) (the **ITA**) and the Income Tax Regulations (the **Regulations**) does not deal at arm's length with the Bank and is not part of its group, holds Shares as capital property and reinvests as part of the Plan of cash dividends paid on Shares.

This summary is based on the current provisions of the ITA and the Regulations and all the specific proposals intended to amend the ITA and Regulations that were publicly announced by the Canadian Finance Minister prior to the date of this policy (the "**proposed amendments**") as well as on the current administrative policies and contribution practices published by the Canada Revenue Agency. This summary is based on the hypothesis that all proposed amendments will be adopted in the form proposed. However, nothing guarantees that all proposed amendments will be adopted or that they will be adopted in the form proposed. This summary does not cover all possible Canadian tax considerations and does not take into account tax considerations resulting from the tax legislation of Canadian provinces or territories, or foreign territories.

This summary does not apply to i) a Participant who is subject to the assessment rules for the ITA market value applicable to certain "financial institutions" under the ITA; ii) a Participant who is a "specified financial institution" under the ITA; iii) a Participant for which participation constitutes, or for which a Share would constitute a "tax shelter investment" under the ITA; iv) a Participant who is an corporation authorized to, after production of its records and books in accordance with its selection and in the manner prescribed, to report its results in a "functional currency" under the ITA, in accordance with the provisions

of the ITA; or v) a Participant who concludes a "derivative forward agreement" under the ITA with regard to its Shares. Such a Participant is asked to consult their own tax advisors.

This summary is of a general nature only and does not constitute legal or tax advice for any particular Participant. This summary does not make provisions for all Canadian federal tax considerations. Participants are therefore advised to consult their tax advisor regarding their specific situation.

PARTICIPANTS RESIDING IN CANADA

74. This part of the summary generally applies to the Participant who, at any time, for the purposes of the ITA, is or is deemed to be a resident of Canada.
75. A Participant who participates in the Reinvestment Option will be treated as having received, on each Dividend Payment Date, a dividend equal to the full amount of the cash dividend paid on that date. This dividend will be subject to the tax usually applicable to taxable dividends of taxable Canadian corporations (including eligible dividends). In the case of a Participant who is an individual, such dividend must be included in the calculation of income and will be subject to dividend gross-up and tax credit rules normally applicable to taxable dividends received from taxable Canadian corporations.
76. The amount of the dividend received by a corporation will be included in the calculation of its income, but will usually be deductible when calculating its taxable income. In the case of a Participant that is a private corporation or certain other corporations, refundable tax will be applied to the dividend amount. Other taxes could apply, based on the Participant's situation.
77. The right granted under the terms of the Plan to reinvest cash dividends paid on Eligible Shares in new Shares issued by the Bank at the Average Subscription Price, less a maximum discount of 5% of the Average Subscription Price, and exercising this right should not result in a taxable benefit under the terms of the ITA.
78. A Participant will not generate taxable income when they receive whole common share certificates credited to their account or a DRS, at their request, because they have stopped participating in the Plan or in the event that they terminate the Plan.
79. For a Participant, the cost of the Shares acquired under the Plan is the actual amount paid for the Shares by the Agent. The adjusted cost base of such Shares for the Participant will be calculated by determining the average cost of Shares thus acquired and the adjusted cost base of all other Shares held by the Participant as capital property.
80. A Participant who disposes of or is deemed to dispose of Shares may generate a capital gain (or capital loss), half of which is taxable (or deductible) to the extent that the proceeds of such disposition, net of related costs, exceed (or are exceeded by) the adjusted cost base of these Shares immediately before the disposition. This rule applies similarly to the disposition of fractions of Shares upon termination of participation in the Plan. Half of any capital loss incurred by the Participant may be deducted from the taxable capital gains generated by the Participant during the year of disposition, the three previous tax years or any

subsequent tax year, subject to the specific rules set out in the applicable taxation legislation.

81. Investment income, including taxable capital gains, earned by a private corporation under Canadian control is subject to a refundable income tax under the ITA.

PARTICIPANTS RESIDING OUTSIDE CANADA

82. This part of the summary generally applies to the Participant who, at any time, for the purposes of the ITA, is not or is not deemed to be a resident of Canada and does not operate a business in Canada. Special rules, which are not covered in this summary, may apply to a non-Canadian participant who is an insurer operating an insurance business in Canada and elsewhere or that is a "registered non-resident insurer" under the ITA.
83. The dividends that a Participant who is not a resident of Canada wants to invest as part of the Plan are subject to a Canadian tax deduction at source. The general rate of non-resident income tax is 25%; this rate may be reduced, as the case may be, if the Participant is entitled to tax relief set out by a treaty between Canada and the country where the Participant resides.
84. Exercising the right granted under the terms of the Plan to reinvest cash dividends paid on Eligible Shares in new Shares issued by the Bank at the Average Subscription Price, less a maximum discount of 5% of the Average Subscription Price should not result in a taxable benefit under the terms of the ITA, or a dividend deemed to be subject to Canadian tax deductions at source.
85. The gains generated by the disposition of Shares by a non-resident of Canada are generally not subject to Canadian tax, except if the Shares are or deemed to be "taxable Canadian property" under the ITA and the non-resident is not entitled to any tax relief set out by a treaty between Canada and the country where the Participant resides. Provided that the Shares are listed on a "designated stock exchange" under the ITA, they generally do not constitute taxable Canadian property for the Participant, except if, at any time during the 60-month period that immediately precedes a disposition, i) (A) the Participant, (B) persons with whom they are not dealing at arm's length, (C) a partnership in which the Participant or a person with whom the Participant does not deal at arm's length has a direct or indirect participation through one or more partnerships or (D) a combination of the persons targeted by (A), (B) or (C), owns or own, as applicable, not less than 25% of the issued shares of a class of the Bank's share capital, and ii) more than 50% of the fair market value of the Shares directly or indirectly attributable to real or immovable property located in Canada, Canadian resource property (under the ITA), and options, interest, or for civil law purposes, rights to this property, whether or not it exists.



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