

Oral Disclosure for Sales in Person or by Telephone

The Deposits are governed by federal regulations. Whether an investor purchases Deposits over the telephone or in person, the advisor must at the time orally highlight certain information in respect of the Deposits:

Term and Issuance Date

The date falling four years after the Issuance Date. Assuming a Issuance Date on September 4, 2019, the Maturity Date will be September 5, 2023 and the Valuation Date will be August 28, 2023.

Return of your deposit

Payments at maturity of your Deposits will be linked to the price performance of the Reference Portfolio composed of the S&P/TSX Composite Low Volatility Index. The Deposits will have a Principal Amount of \$100 each. The investment objective of your Deposits is to repay you on the Maturity Payment Date your Principal Amount and provide you with a Variable Return if the Reference Portfolio Return is positive on the Valuation Date.

Maturity Redemption Payment means an amount per Deposit to which you are entitled on the Maturity Payment Date based on the performance of the Reference Portfolio which is equal to your Principal Amount x (1 + Variable Return).

The Variable Return means a percentage equal to the product of (i) the Reference Portfolio Return on the Valuation Date and (ii) the Participation Factor of 100%, subject to a minimum of zero. The Reference Portfolio Return means on any day, the sum of the Weighted Reference Asset Return of each Reference Asset comprising the Reference Portfolio. The Weighted Reference Asset Return means for each Reference Asset contained in the Reference Portfolio and on any day, the product of (i) the Reference Asset Return and (ii) the Reference Asset Weight. The Reference Asset Return means for each Reference Asset contained in the Reference Portfolio and on any day, a number, which may be positive or negative, expressed as a percentage, calculated as follows: (Closing Level on such day / Closing Level on the Issuance Date) - 1.

The Reference Asset Return is a price return, and will not take into account dividends and/or distributions paid by the issuers or constituents of the Reference Asset. As of July 23, 2019, the dividends and/or distributions paid on account of all of the issuers or constituents of the Reference Asset in the Reference Portfolio represented an annual return of approximately 4.21%, representing an aggregate yield of approximately 16.84% over the term of the Deposits, assuming that the yield remains constant and the dividends and/or distributions are not reinvested.

Fee and Expenses:

- The Bank will pay to the Agent a selling fee of up to \$2.50 per Deposit sold under the offering. The pricing of the Deposits will factor in any selling commission payable to the Agent.
- The Bank will not charge any other fee or seek reimbursement of any other expense in respect of the Deposits.

Risk factors. Such risk factors include, without limitation, the following:

- Bank's creditworthiness;
- Investors could make no return in the Deposits;
- Risks relating to unsecured nature of the Deposits;
- The Deposits could be redeemed prior to maturity under a Reimbursement Under Special Circumstances;
- Reliance on the Calculation Agent;
- Conflicts of interest may affect the Calculation Agent;
- Hedging transactions may affect the underlying interests;
- The Valuation Date or the date on which the Maturity Redemption Payment is payable may be postponed if a Market Disruption Event occurs on the given date;
- The Reference Asset Return will not reflect the full appreciation in the Reference Asset when including dividends and other distributions;
- The return on the Deposits may not reflect the full performance of the Reference Portfolio that could be realized if investors held the Reference Assets directly;
- Holders have no ownership interest in the underlying interest or the constituents thereof;
- Concentration risk; the Deposits are linked only to the underlying interests;
- Deferred payment;
- Legal, administrative and regulatory change;
- Deposits are not qualified by prospectus;
- The Deposits will not be insured under the *Canada Deposit Insurance Corporation Act* or any other deposit insurance regime;
- Uncertain trading market for the Deposits; many factors affect the trading value of the Deposits; offer prices for deposits may not reflect the return of the underlying interest; and
- Conflicts of interest may affect the Market Maker.

Risk Factors related to Index Linked Deposits:

- Trading prices;
- Potential modifications of a Reference Index;
- Adjustments to a Reference Index could adversely affect the value of the Deposits; and
- Neither the Bank nor the Agent nor the Market Maker make any representation or warranty as to the accuracy or completeness of the information regarding the Reference Index.

Investors should read the Information Statement dated July 30, 2019 for complete details of the risk factors.

Suitability Consideration and Guidelines

An investment in the Deposits is not suitable for all investors and even if suitable, investors should consider what part the Deposits should serve in an overall plan. The Deposits may be suitable for you if:

- you are seeking protection of your capital at maturity;
- you are seeking the potential for higher returns in a low interest rate environment;
- you have a long-term investment horizon and are prepared to hold the Deposits to maturity;
- you do not need or do not expect certainty of return and can accept seeing the value of your investment in the Deposits diminish over time due to inflation;
- you are looking to participate in the growth potential of a portfolio composed of the Reference Asset;
- you are prepared to assume the risks as described in the "Risk Factors" section in the Information Statement;
- you are looking to diversify your portfolio across different sectors in the Canadian market through large market capitalization companies; and
- in order to benefit from the Deposit structure and capital protection at maturity, you are prepared to waive the aggregate dividend and/or distribution yield provided by the issuers or constituents of the Reference Asset over the term of the Deposits to maturity, on the assumption that the dividend and/or distribution yield remains constant and that the dividends and/or distributions are not reinvested.

The Deposits have certain investment characteristics that differ from those of conventional fixed income investments in that they may not provide you with a return or income stream prior to maturity, or a return at maturity, calculated by reference to a fixed or floating rate of interest that is determinable prior to maturity. The return on the Deposits, unlike the return on many deposit liabilities of Canadian chartered banks, is uncertain in that if the Reference Portfolio does not generate a positive return, the Deposits will produce no return on your original investment.

Secondary Market

National Bank Financial Inc. intends to maintain until the Valuation Date, under normal market conditions, a daily secondary market for the Deposits. National Bank Financial Inc. is under no obligation to facilitate or arrange a secondary market, and in its sole discretion, may stop maintaining a market for the Deposits at any time, without any prior notice to Holders. If you sell your Deposits prior to maturity through the market maintained by National Bank Financial Inc. you will be subject to an early trading charge of \$4.80 per Deposit, declining every 30 days by \$0.40 to be \$0.00 after 360 days from and including the Issuance Date.

No early redemption

The Deposits are not redeemable at your option prior to the Maturity Date.

Right of cancellation

You are entitled to a right of cancellation, which must be exercised within two Business Days after the later of (i) the day on which the agreement to purchase the Deposits is entered into and (ii) the day on which the Information Statement is provided to you. Upon cancellation of the purchase of the Deposits, you will be entitled to a refund of your Principal Amount and of any fees relating to the purchase that have been paid by you. This cancellation right does not extend to Holders buying Deposits on the secondary market. To exercise their right of cancellation, initial purchasers may call their investment advisor.

Amendment to the Deposits

The terms of the Deposits may be amended without the consent of the Holders if the amendment would not materially and adversely affect the interests of the Holders and in all other cases, if the amendment is approved by the Holders.

Conflict of interest

The Bank, as Calculation Agent and National Bank Financial Inc., as market maker of the secondary market and National Bank Investments Inc. as the agent, may have economic interests which differ from and may be adverse to those of the Holders.

Certain Canadian Federal Income Tax Considerations

Initial Holders who dispose of a Deposit should consult and rely on their own tax advisors with respect to their particular circumstances. See "Certain Canadian Federal Income Tax Considerations" in the Information Statement.

All information about the Deposits, including the most recent bid price of the Deposits, is available on request from your investment advisor or on the Bank's website at www.nbcstructuredolutions.ca.

This is only a summary of certain terms of the NBC S&P/TSX Composite Low Volatility Index Deposit Notes, Series 103. Investors should read the Information Statement dated July 30, 2019 for more detailed and complete information on all aspects of the Deposits.

Suitability Considerations and Guidelines

An investment in the NBC S&P/TSX Composite Low Volatility Index Deposit Notes, Series 103 is not suitable for all investors and even if suitable, investors should consider what part the NBC S&P/TSX Composite Low Volatility Index Deposit Notes, Series 103 should serve in an overall investment plan. The Information Statement includes a summary of various suitability considerations and guidelines. Investors are encouraged to read the Information Statement carefully.

The NBC S&P/TSX Composite Low Volatility Index Deposit Notes, Series 103 are principal protected at maturity. Variation in the Reference Portfolio Return will have a direct impact on the return payable. It is possible that no return will be paid. The Deposits are not suitable for all types of investors. An investment in the Deposits is subject to a number of risk factors. Potential purchasers should consult the Information Statement before investing in the Deposits. The Deposits will not be insured under the *Canada Deposit Insurance Corporation Act*.