

NBC Optimarket™ GIC

NBC American Market Capped Inverse Participation Flex GIC

Series 1F, Advisors Category¹

OFFER PERIOD:

April 19, 2022 to April 26, 2022

ISSUANCE DATE:

May 2, 2022

VALUATION DATE:

October 28, 2024

MATURITY DATE:

November 4, 2024

INVESTMENT HIGHLIGHTS:

- Term: 2.5 years
- Minimum Investment: \$1,000 (10 Deposits)
- 100% principal protected at maturity
- Participation Factor: 100.00%
- Capped Decline Threshold: 30.00%
- Capped Variable Return: 18.00%
- Eligible for the CDIC deposit insurance²
- Eligible for all types of accounts (RRSP, RRIF, DPSP, RESP, RDSP and TFSA)
- No secondary market
- Can be sold back to the Bank on a daily basis subject to normal market conditions. An investor who sells back the Deposit to the Bank prior to maturity may receive less than the Principal Amount per Deposit.
- No early trading charge

The Deposits aim to provide you with a return at maturity linked to the inverse performance of a Reference Portfolio composed of the units of the iShares® Core S&P 500 Index ETF (CAD-Hedged) (the “Reference Fund”) all while ensuring 100% principal protection at maturity.

The Variable Return, if any, is based on the Reference Portfolio Decline, which corresponds to the inverse performance of the Reference Portfolio. If the price performance of the Reference Portfolio is negative by more than -30.00%, the Variable Return will be capped at the Capped Variable Return of 18.00% of the Principal Amount. In addition, any positive Reference Portfolio Decline equal to or lower than the Capped Decline Threshold will be multiplied by a Participation Factor. The Variable Return will never exceed 30.00% of the Principal Amount and no Variable Return will be paid unless the Reference Portfolio Decline on the Valuation Date is positive, and this will be the case only if the price performance of the Reference Portfolio measured on the Valuation Date is negative.

The Deposits are not conventional fixed income investments. There are risks associated with this investment (see page 6 for details). Investors should read the Information Statement dated April 14, 2022 (hereafter the “Information Statement”) for more detailed risk disclosure and complete information on the Deposits. Where an investor purchases Deposits, by phone or in person, the advisor must at the time verbally highlight certain information in respect of the Deposits contained under the document entitled “Oral Disclosure for Sales in Person or by Telephone”.



→ Should you have any questions, do not hesitate to contact us.

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FUNDSEV CODE: NBC28128



Client Summary dated April 14, 2022

Suitability Considerations 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 investment 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 medium-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 benefit from the potential decrease of the Reference Portfolio and as a result, to receive a return tied to the price performance of the Reference Portfolio on an inverse basis, meaning that you will not earn a return unless the price return of the Reference Portfolio is negative over the term of the Deposit;
- you are prepared to receive the Capped Variable Return of 18.00% if the Reference Portfolio Decline on the Valuation Date is greater than the Capped Decline Threshold of 30.00%, thereby waiving any benefit resulting from the negative price return of the Reference Portfolio below -30.00%;
- you accept that no Variable Return will be payable on the Deposits if the price return of the Reference Portfolio is positive over the term of the Deposit, thereby generating a negative Reference Portfolio Decline;
- 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 American 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 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 negative return, the Deposits will produce no return on your original investment. There is no assurance that the Reference Portfolio will be able to generate a negative return over the term of the Deposits to maturity.

Reference Portfolio

Reference Asset name	Reference Asset ticker	Price Source	Closing Level	Reference Asset type	Reference Asset Weight
Units of the iShares® Core S&P 500 Index ETF (CAD-Hedged)	XSP	TSX	Closing price	Exchange-traded fund	100.00%

Return of your Deposits

Payment at maturity of your Deposits will be linked to the price decrease of the Reference Asset included in the Reference Portfolio. The Deposits will have a principal amount of \$100 each (the “Principal Amount”).

The Deposits aim to repay you, on the Maturity Payment Date, your Principal Amount and provide you with a Variable Return if the Reference Portfolio Decline is positive on the Valuation Date. In order to have a positive Reference Portfolio Decline, the Reference Portfolio will need to generate a negative return on the Valuation Date. If the Reference Portfolio generates a nil or positive return, no Variable Return will be payable.

- **Maturity Redemption Payment:** An amount per Deposit to which you are entitled on the Maturity Date based on the performance of the Reference Portfolio, which is equal to your Principal Amount x (1 + Variable Return).
- **Variable Return:** A percentage equal to:
 - (i) if the Reference Portfolio Decline is greater than the Capped Decline Threshold on the Valuation Date, the Variable Return will be equal to the Capped Variable Return, which will be less than the Capped Decline Threshold; or
 - (ii) if the Reference Portfolio Decline is positive but equal to or lower than the Capped Decline Threshold on the Valuation Date, the Variable Return will be equal to the Reference Portfolio Decline on the Valuation Date x the Participation Factor; or
 - (iii) if the Reference Portfolio Decline is nil or negative on the Valuation Date, the Variable Return will be equal to 0.00%.
- **Participation Factor:** means 100.00%
- **Capped Decline Threshold:** means 30.00%
- **Capped Variable Return:** means 18.00%, which corresponds to the Variable Return only if the Reference Portfolio Decline is greater than the Capped Decline Threshold on the Valuation Date.

However, if the Reference Portfolio Decline is equal to the Capped Decline Threshold on the Valuation Date, the Variable Return will be 30.00%, which corresponds to the maximum amount of Variable Return that may be payable.

- **Reference Portfolio Decline:** On any day, the sum of the Weighted Reference Asset Decline of each Reference Asset comprising the Reference Portfolio.

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- **Weighted Reference Asset Decline:** For each Reference Asset contained in the Reference Portfolio and on any day, the product of (i) the Reference Asset Decline and (ii) the Reference Asset Weight.
- **Reference Asset Weight:** The weight of each Reference Asset comprising the Reference Portfolio.
- **Reference Asset Decline:** 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 the Issuance Date - Closing Level on such day) / Closing Level on the Issuance Date.

Investors should understand that no Variable Return will be paid unless the Reference Portfolio Decline on the Valuation Date is positive, and this will be the case only if the price performance of the Reference Portfolio measured on the Valuation Date is negative. Moreover, if such price performance is negative by more than -30.00% (corresponding to the Capped Decline Threshold of 30.00%), the Variable Return will be capped at the Capped Variable Return of 18.00% of the Principal Amount (or \$18.00 per Deposit). In addition, any positive Reference Portfolio Decline equal to or lower than the Capped Decline Threshold will be multiplied by a Participation Factor which will result in a Holder receiving less than such Reference Portfolio Decline if the Participation Factor is less than 100%. The Variable Return will never exceed 30.00% of the Principal Amount (or \$30.00 per Deposit).

- **Closing Level:** On any day, the closing price, the closing level or the official net asset value, as applicable, and reported and/or published by the applicable Price Source as specified in the table under “Reference Portfolio”. If there is no closing price, no closing level or no official net asset value, as applicable, reported or published on that day, then the Closing Level will be the closing price, the closing level or the official net asset value, as applicable, on the immediately preceding day on which such closing price, closing level or official net asset value is reported or published by the applicable Price Source (except if this occurs on the Issuance Date or on the Valuation Date, in which case the closing price, the closing level or the official net asset value, as applicable, on the immediately following day on which such closing price, closing level or official net asset value is reported or published by the applicable Price Source will be used, subject to the provisions under “Extraordinary Events and Special Circumstances” in the Information Statement up to a maximum postponement of five Business Days. If the absence of a closing level or official net asset value or a Market Disruption Event should last for five Business Days, the closing price of the relevant Reference Asset shall be a price determined on such fifth Business Day by the Calculation Agent in its sole discretion and in good faith using market-accepted practices).

The return of the Reference Asset that will be used to calculate the Reference Asset Decline is a price return, and will not take into account dividends and/or distributions paid by the issuer on account of the Reference Asset. As of April 6, 2022, the dividends and/or distributions paid on account of the Reference Asset in the Reference Portfolio represented an annual indicative yield of 1.20%, representing an aggregate yield of approximately 3.00% over the term of the Deposits, assuming that the yield remains constant and the dividends and/or distributions are not reinvested.

Scenario Analysis

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

(1) Hypothetical example of the Capped Variable Return

The following table is based on the assumption that the Closing Level of the Reference Asset will decline during the 2.5-year term of the Deposits and the Reference Portfolio Decline will be greater than the Capped Decline Threshold.

Reference Asset	Issuance Date	Valuation Date		
	Closing Level	Closing Level	Reference Asset Decline	Weighted Reference Asset Decline
Units of the iShares® Core S&P 500 Index ETF (CAD-Hedged)	48.14	33.22	31.00%	31.00%
Reference Portfolio Decline on the Valuation Date				31.00%

Capped Decline Threshold breached?	Yes
Variable Return = Capped Variable Return	18.00%
Maturity Redemption Payment: \$100 x [1 + 18.00%] =	\$118.00
Annualized Compounded Return over the 2.5-year term	6.84%

In this example, the Reference Portfolio Decline on the Valuation Date is 31.00%. The Variable Return would be 18.00% and the Maturity Redemption Payment payable on the Maturity Payment Date would be \$118.00 (approximately 6.84% compounded annually over 2.5 years).

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(2) Hypothetical example of the maximum amount of Variable Return

The following table is based on the assumption that the Closing Level of the Reference Asset will decline during the 2.5-year term of the Deposits but the Reference Portfolio Decline will be equal to the Capped Decline Threshold.

Reference Asset	Issuance Date	Valuation Date		
	Closing Level	Closing Level	Reference Asset Decline	Weighted Reference Asset Decline
Units of the iShares® Core S&P 500 Index ETF (CAD-Hedged)	48.14	33.70	30.00%	30.00%
Reference Portfolio Decline on the Valuation Date				30.00%

Capped Decline Threshold breached?	No
Variable Return = 100.00% x 30.00%	30.00%
Maturity Redemption Payment: \$100 x [1 + 30.00%] =	\$130.00
Annualized Compounded Return over the 2.5-year term	11.07%

In this example, the Reference Portfolio Decline on the Valuation Date is 30.00%. The Variable Return would be 30.00% and the Maturity Redemption Payment payable on the Maturity Payment Date would be \$130.00 (approximately 11.07% compounded annually over 2.5 years).

(2) Hypothetical example of a positive Variable Return

The following table is based on the assumption that the Closing Level of the Reference Asset will decline during the 2.5-year term of the Deposits but the Reference Portfolio Decline will be lower than the Capped Decline Threshold.

Reference Asset	Issuance Date	Valuation Date		
	Closing Level	Closing Level	Reference Asset Decline	Weighted Reference Asset Decline
Units of the iShares® Core S&P 500 Index ETF (CAD-Hedged)	48.14	43.33	10.00%	10.00%
Reference Portfolio Decline on the Valuation Date				10.00%

Capped Decline Threshold breached?	No
Variable Return = 100.00% x 10.00%	10.00%
Maturity Redemption Payment: \$100 x [1 + 10.00%] =	\$110.00
Annualized Compounded Return over the 2.5-year term	3.89%

In this example, the Reference Portfolio Decline on the Valuation Date is 10.00%. The Variable Return would be 10.00% and the Maturity Redemption Payment payable on the Maturity Payment Date would be \$110.00 (approximately 3.89% compounded annually over 2.5 years).

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(4) Hypothetical example of a nil Variable Return

The following table is based on the assumption that the Closing Level of the Reference Asset will increase during the 2.5-year term of the Deposits.

Reference Asset	Issuance Date	Valuation Date		
	Closing Level	Closing Level	Reference Asset Decline	Weighted Reference Asset Decline
Units of the iShares® Core S&P 500 Index ETF (CAD-Hedged)	48.14	58.25	-21.00%	-21.00%
Reference Portfolio Decline on the Valuation Date				-21.00%

Capped Decline Threshold breached?	N/A
Variable Return	0.00%
Maturity Redemption Payment: $\$100 \times [1 + 0.00\%] =$	\$100.00
Annualized Compounded Return over the 2.5-year term	0.00%

In this example, the Reference Portfolio Decline on the Valuation Date is -21.00%. The Variable Return would be nil and the Maturity Redemption Payment payable on the Maturity Payment Date would be \$100.00 because the Deposits are principal protected at maturity.

Risk Factors

An investment in the Deposits involves certain risks. You should, in consultation with your own financial and legal advisers, carefully consider, among other matters, the following discussion of risks, before deciding whether an investment in the Deposits is suitable. The Deposits are not a suitable investment for a prospective purchaser who does not understand their terms or the risks involved in holding the Deposits. Such risk factors include, without limitation, the following:

- Bank's creditworthiness;
- Investors could make no return on 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;
- Conflict of interest may affect the Calculation Agent;
- Hedging transactions may affect the underlying interests;
- The Valuation Date may be postponed if a Market Disruption Event occurs on the given date, which may affect the payment at maturity;
- The return on the Deposits will be subject to a negative price return of the Reference Portfolio and will be capped;
- The return on the Deposits may not reflect the full inverse performance of the Reference Portfolio;
- 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;
- You will not be entitled to the benefit of any changes in the Closing Level for any Reference Asset included in the Reference Portfolio prior to the Valuation Date;
- The Deposit is not transferable to other investors; no trading market for the Deposit;
- Sale back to the Bank at Bid Price; many factors affect the value of the Deposit; Bid Prices for Deposit may not reflect the negative return of the underlying interest;
- Conflict of interest may affect the Bid Provider;
- Risks relating to COVID-19; and
- Tax may be withheld from interest paid or deemed to be paid to a Holder who is a non-resident of Canada.

Risk factors related to fund linked Deposits, including:

- Trading prices;
- Exposure to equities;
- Passive investment risk and replication risk;
- Counterparty credit risk and borrowing risk;
- Issuer concentration risk;
- The performance of a Reference Fund tracking an index will differ from the performance of the tracked index;
- Calculation and termination of the tracked index; and
- Neither the Bank nor the Agent nor the Bid Provider make any representation or warranty as to the accuracy or completeness of the information regarding the Reference Fund.

Investors should read the Information Statement dated April 14, 2022 for complete details of the risk factors.

1. The NBC American Market Capped Inverse Participation Flex GIC, Series 1F, Advisors Category, is herein referred to as a "Deposit".
2. The Deposit is a deposit eligible for deposit insurance by the Canada Deposit Insurance Corporation (CDIC), subject to the maximum dollar limit of CDIC coverage and applicable conditions. More information about CDIC deposit insurance can be found in the "Protecting Your Deposits" brochure (available online at www.cdic.ca or by telephone at 1-800-461-2342).

The statements contained herein are based upon information which we believe to be reliable but we cannot represent that they are complete and accurate. The complete information related to this issue of the Deposits is contained in the Information Statement which will be sent to investors prior to the Issuance Date. This document is provided for information purposes only and does not constitute an offer to sell or a solicitation to buy the Deposit referred to herein. All information about the Deposit is available at www.nbstructuredolutions.ca and on request by contacting the Structured Solutions Group at 1-877-879-6423.

The Deposit is not a conventional fixed income investment. The Deposit is not suitable for all types of investors. An investment in the Deposit is subject to a number of risk factors. Potential purchasers should consult the Information Statement before investing.

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

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