

Oral Disclosure for Sales in Person or by Telephone

The NBC American Market Capped Inverse Participation Flex GIC, Series 1F, Advisors Category (herein referred to as a “Deposit”) is 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 important dates of your Deposit

The Deposit has a 2.5-year term with a closing on May 2, 2022. The Maturity Date will be November 4, 2024 and the Valuation Date will be October 28, 2024.

Return of your Deposit

Payment at maturity of your Deposits will be linked to the price decrease of the Reference Portfolio composed of the units of the iShares® Core S&P 500 Index ETF (CAD-Hedged) (the “Reference Fund”). The Deposits will have a Principal Amount of \$100 each. 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 means 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). The Variable Return means a percentage equal to (i) if the Reference Portfolio Decline is greater than the Capped Decline Threshold of 30.00% on the Valuation Date, the Variable Return will be equal to the Capped Variable Return of 18.00%, 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 of 30.00% on the Valuation Date, the Variable Return will be equal to the Reference Portfolio Decline on the Valuation Date x the Participation Factor of 100.00% or (iii) if the Reference Portfolio Decline is nil or negative on the Valuation Date, the Variable Return will be equal to 0.00%. As such, the maximum amount of Variable Return that may be payable is 30.00% if the Reference Portfolio Decline is equal to the Capped Decline Threshold on the Valuation Date. However, if the Reference Portfolio Decline is greater than the Capped Decline Threshold, the Variable Return will be capped at 18.00%. The Reference Portfolio Decline means, on any day, the sum of the Weighted Reference Asset Decline of each Reference Asset comprising the Reference Portfolio. The Weighted Reference Asset Decline means 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. The Reference Asset Decline 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 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).

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.

Fees

- The Bank will not pay to the agent any selling fee.

Risk factors. 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.

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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.

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.

Transfers; no secondary market; sale of the Deposits back to the Bank

Investors should be willing to hold the Deposits to maturity. The Deposit is not transferable to other investors prior to maturity. The Deposit will not be listed on any stock exchange and no secondary market will be provided. You will however be able to sell your Deposit back to the Bank at the Bid Price. To this end, the Bank has appointed the Bid Provider (NBF) as its agent to quote on a daily basis a price based on its assessment of the market value for the Deposit (the “Bid Price”) and to purchase from Holders that wish to sell back their Deposits prior to maturity such Deposit on behalf of the Bank for resale to the Bank and cancellation. If you decide to sell the Deposit back to the Bank prior to maturity, you may receive less than the Principal Amount per Deposit, even if the performance of the Reference Portfolio up to that time has been negative.

The Bid Provider will maintain until the Valuation Date, under normal market conditions, a daily Bid Price for the Deposit. If the trading markets for one or more of the underlying interest are disrupted, or if trading of one or more of the underlying interest is suspended or terminated, or if any other Market Disruption Event occurs, the Bid Provider will generally deem that normal market conditions do not exist. In such instances, there may be no Bid Price quoted and Holders may be unable to sell back their Deposit to the Bank.

If you sell your Deposits back to the Bank prior to maturity through the Bid Provider, you will not be subject to any early trading charge.

Eligibility for the CDIC deposit insurance

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).

Right of cancellation

Investors 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 of the Deposits is provided to the investor. To exercise their right of cancellation, investors may contact their investment advisor.

Amendment to the Deposits

The terms of the Deposits may be amended without the consent of the Holders if, in the reasonable opinion of the Bank, the amendment would not materially and adversely affect the interests of the investors.

Conflict of interest

The Bank, as Calculation Agent, may have economic interests which differ from and may be adverse to those of the Holders. Conflict of interest may affect the Bid Provider, which is a wholly-owned subsidiary of the Bank.

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Certain Canadian federal income tax considerations

Initial Holders should consult and rely on their own tax advisors as to the overall consequences of their acquisition, ownership and disposition of Deposits having regard to their particular circumstances.

Availability of information

All information about the Deposits, including those disclosed and the most recent Bid Price of the Deposits, the applicable early trading charge (if any) and the last available measures on which the Maturity Redemption Payment is determined, 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 Deposits. Investors should read the Information Statement dated April 14, 2022 for complete and detailed information on all aspects of the Deposits. Capitalized terms used and not otherwise defined herein have the meaning ascribed thereto in the Information Statement.

