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– Canadian Market Low Volatility GIC, Series 19, Advisors Category

Oral Disclosure for Sales in Person or by Telephone

Canadian Market Low Volatility GIC, series 19, Advisors Category - 3-year term (the “3-year GIC”) and the Canadian Market Low Volatility GIC, series 19, Advisors Category - 5-year term (the “5-year GIC”) and together with the 3-year GIC, the “Canadian Market Low Volatility GIC”) are governed by federal regulations. Whether an investor purchases Canadian Market Low Volatility GIC over the telephone or in person, the advisor must at the time orally highlight certain information in respect of the Canadian Market Low Volatility GIC:

Term and Issuance Date

- For the 3-year GIC, the date following three years after the Issuance Date. Assuming a closing on July 31, 2019, the Maturity Date will be July 29, 2022.
- For the 5-year GIC, the date following five years after the Issuance Date. Assuming a closing on July 31, 2019, the Maturity Date will be July 30, 2024.

Return of your deposit

The Canadian Market Low Volatility GIC offers the growth potential of the S&P/TSX Composite Low Volatility Index while providing you with 100% guaranteed capital at maturity. On the Maturity Date, investors of the Canadian Market Low Volatility GIC will be entitled to receive repayment of the principal invested on the Issue Date. In addition, depending on the performance of the Reference Portfolio, investors will be entitled to receive a Variable Interest. The repayment of the principal invested on the Issue Date and the payment of the Variable Interest will be made on the Maturity Date.

The Variable Interest will be determined based on the price performance of the Reference Asset over the term of the Canadian Market Low Volatility GIC and the variable interest (the “Variable Interest”) payment is calculated as follows:

$$\text{Variable Interest} = \text{Principal invested on the Issue Date} \times \text{Reference Portfolio Return} \times \text{Participation Factor}$$

The Participation Factor for the 3-year GIC is 75.00% and the Participation Factor for the 5-year GIC is 120.00%. At maturity, the Variable Interest, if any, will not be subject to a cap. However, since any positive Reference Portfolio Return will be multiplied by the Participation Factor, the investor may receive less than 100% of such positive Reference Portfolio Return. If the Reference Portfolio does not generate a positive price return over the term of the Canadian Market Low Volatility GIC, the Canadian Market Low Volatility GIC will not generate any Variable Interest and, in this case, no return will be paid.

The Reference Asset Return used to calculate the Reference Portfolio Return will be based on the average of three Reference Asset Prices over the last three months of the term of the Canadian Market Low Volatility GIC. As a result, a brief period of high market volatility at the end of the term of the Canadian Market Low Volatility GIC is less likely to have a significant impact on the Variable Interest.

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 May 24, 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 4.25%, representing an aggregate yield of approximately 12.75% over the term of the 3-year GIC and 21.25% over the term of the 5-year GIC, assuming that the yield remains constant and the dividends and/or distributions are not reinvested.

Fee

The Bank will pay to the Agent a selling fee of up to 1.65% of the principal invested with respect to the 3-Year GIC on the Issue Date and a selling fee of up to 2.75% of the principal invested with respect to the 5-Year GIC on the Issue Date, sold under the offering. The selling fee will be paid out of the Bank's own funds. Accordingly, the payment of this fee will not affect the performance of the market-linked GIC.

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

- Suitability for investment: the Canadian Market Low Volatility GIC may not be a suitable investment for some investors;
- Uncertain return until maturity; the Canadian Market Low Volatility GIC is linked to the price return of the Reference Portfolio;
- The Reference Portfolio Return does not reflect the full performance of the Reference Portfolio that could be realized if investors held the Reference Asset directly;
- The return of the Reference Asset will not reflect the full appreciation in the Reference Asset when including other distributions;
- The Reference Portfolio Return may be affected by using the Reference Asset Final Average Value and may result in a lower Variable Interest than if the Reference Portfolio Return had only used the Reference Asset Price of the Reference Asset on the last valuation date;
- Adjustments to the Reference Portfolio may have an impact on the Variable Interest;
- Payments at maturity of the Variable Interest, if any, and the principal invested on the Issue Date are unsubordinated and unsecured obligations of the Bank and are dependent on the creditworthiness of the Bank;
- No independent calculations; conflicts of interest;
- Hedging transactions could have an impact on the Reference Portfolio;
- The Canadian Market Low Volatility GIC could be redeemed prior to maturity under a reimbursement under special circumstances;
- The occurrence of a market disruption event could postpone any of the Average Valuation Dates, which may affect the payment at maturity.

Risk factors relating to the Reference Assets in the Reference Portfolio:

- Risk factors relating to equities;
- Trading prices;
- Potential modifications of the Reference Index may adversely affect the value of the Canadian Market Low Volatility GIC;
- Adjustments to the Reference Index could adversely affect the value of the Canadian Market Low Volatility GIC;
- No ownership interest in the Reference Asset; and
- The Bank does not make any representation or warranty as to the accuracy or completeness of the selection process and materials used to select the Reference Shares comprising the Reference Portfolio.

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Investors should read the Information Statement dated June 6, 2019 for a more complete list of the risk factors.

Suitability Consideration and Guidelines

An investment in the Canadian Market Low Volatility GIC is not suitable for all investors and even if suitable, investors should consider what part the Canadian Market Low Volatility GIC should serve in an overall plan. The Canadian Market Low Volatility GIC may be suitable for investors who:

- Seek the protection at maturity of a guaranteed investment certificate combined with the return potential of the market;
- Seek to diversify their portfolio across different sectors in the Canadian market through large market capitalization companies;
- Have an investment horizon of at least three years for the 3-year GIC and five years for the 5-year GIC and who are prepared to hold the Canadian Market Low Volatility GIC;
- Do not need or do not expect certainty of return and can accept seeing the value of their investment in the Canadian Market Low Volatility diminish over time due to inflation;
- Are prepared to assume the risks associated with the Canadian Market Low Volatility GIC, including a return tied to the performance of the Reference Portfolio;
- In order to benefit from the Canadian Market Low Volatility GIC structure and capital protection at maturity, are prepared to waive the aggregate dividend and/or distribution yield provided by the issuers or constituents of the Reference Assets over the term of the Canadian Market Low Volatility GIC to maturity, on the assumption that the dividend and/or distribution yield remains constant and that the dividends and/or distributions are not reinvested;
- Are prepared to assume the risk that, at maturity, they may receive only the repayment of the principal invested on the Issue Date;
- Are prepared to receive a return less than the full return of the Reference Portfolio, if applicable; and
- Are willing to renounce the guaranteed return of a fixed rate GIC for the potential to earn a higher market-linked return.

The Canadian Market Low Volatility GIC is not a conventional fixed income investment, as it does not provide investors with a defined income stream or a return that can be calculated by reference to a fixed or floating rate of interest that is determinable in advance.

The Bank makes no recommendation as to the suitability of the Canadian Market Low Volatility GIC for investment.

No Secondary Market

The Canadian Market Low Volatility GIC will not be listed on any stock exchange or other market and no secondary market will be established. The Canadian Market Low Volatility GIC is not redeemable by the investor prior to the Maturity Date as indicated in this document.

Eligible for the CDIC deposit insurance

The Canadian Market Low Volatility GIC 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 cdic.ca or by telephone at 1-800-461-2342).

Right of cancellation

The investor can cancel the order to buy the Canadian Market Low Volatility GIC within two Business Days after the later of (i) the day on which the Agreement to purchase the Canadian Market Low Volatility GIC is entered into and (ii) the day on which the Information Statement governing the Canadian Market Low Volatility GIC is provided to the investor.

Amendment to the Canadian Market Low Volatility GIC

The terms of the Canadian Market Low Volatility GIC may be amended without the consent of the Holders if the amendment would not materially and adversely affect the interests of the Investors.

Conflict of interests

The Bank, as Calculation Agent, may have economic interests which differ from and may be adverse to those of the investors.

Availability of information

All information about the Canadian Market Low Volatility GIC is available on request from your investment advisor, on the Bank's website at www.nbcstructuredolutions.ca or on request by calling 1-888-4-TELNAT (1-888-483-5628).

This is only a summary of certain terms of the Canadian Market Low Volatility GIC. Investors should read the Information Statement dated June 6, 2019 for more detailed and complete information on all aspects of the Canadian Market Low Volatility GIC. Capitalized terms used and not otherwise defined herein have the meaning ascribed in the Information Statement of the Canadian Market Low Volatility GIC.

