NBC Deposit Notes

NBC Auto Callable Deposit Notes linked to a Canadian preferred share index ETF

Series 5

SALES PERIOD:
June 19, 2019 to June 28, 2019

ISSUANCE DATE:
On or about July 5, 2019

FINAL VALUATION DATE:
On or about June 27, 2025

MATURITY DATE:
On or about July 7, 2025

INVESTMENT HIGHLIGHTS:

Linked to the BMO Laddered Preferred Share Index ETF

6 year term

Callable annually

Fixed Returns:
Y1: 4.75%
Y2: 9.50%
Y3: 14.25%
Y4: 19.00%
Y5: 23.75%
Y6: 28.50%

Principal protection at maturity

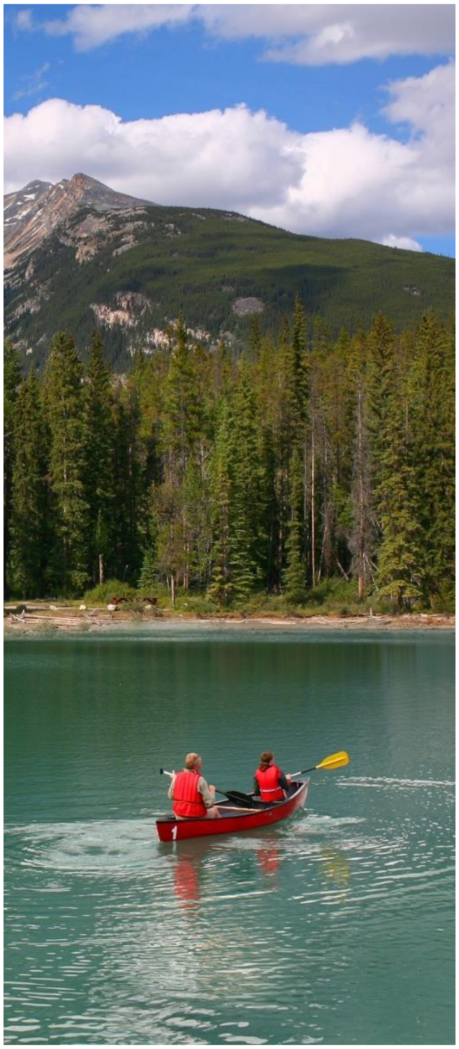
- Principal Amount fully protected at maturity by National Bank of Canada.
- The Deposits aim to provide you with a return at maturity linked to the performance of the units of the BMO Laddered Preferred Share Index ETF and the Deposit will be redeemed automatically prior to the Maturity Date if on any Call Valuation Date the Reference Portfolio Return is higher than the Call Threshold.

Variable Return
- Moreover, the Deposits aim to provide you with a Variable Return equals to 5.00% of the amount by which the Reference Portfolio Return exceeds the Fixed Return, if any.

Liquidity
- A daily secondary market is maintained subject to availability and to early trading charges within the first 180 days including and following the Issuance Date, up to $2.40 per Deposit. A Holder who sells Deposits prior to maturity may receive less than the Principal Amount per Deposit.

Eligibility
- Eligible for all types of accounts (RRSP, RRIF, DPSP, RESP, RDSP and TFSA).
- $1,000 minimum subscription (10 Deposits).

Currency
- Canadian dollars



→ **Should you have any questions, do not hesitate to contact your advisor.**

FUNDSERV CODE: NBC26723

The Deposits are not conventional fixed income investments. There are risks associated with this investment (see page 7 for details). Investors should read the Information Statement dated June 18, 2019 (hereafter the "Information Statement") for more detailed risk disclosure and complete information on the Deposits. Please refer to our website for the list of the different terms and conditions, if any, of previous series issued by the Bank. 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".

The Deposits will not constitute deposits that are insured under the *Canada Deposit Insurance Corporation Act*.

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Client Summary dated June 18, 2019

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 looking for an automatic call feature and you expect that the Reference Portfolio Return will be higher than the Call Threshold on at least one Call Valuation Date or on the Final Valuation Date;
- you are seeking the potential for higher returns in a low interest rate environment;
- your investment horizon corresponds with the term of the Deposits;
- 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 be exposed to the Canadian preferred shares market;
- you are prepared to receive less than the full Reference Portfolio Return above the Fixed Return on either a Call Valuation Date or the Final Valuation Date as such excess amount will be multiplied by a Participation Factor which will result in a Holder receiving less than 100% of that excess amount, as the case may be; 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 positive 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 positive return over the term of the Deposits to maturity. Therefore, there is no assurance that you will receive any amount at maturity other than repayment of your Principal Amount with the Bank. Your Principal Amount will be repaid only if the Deposits are held to maturity. Moreover, the value of your investment in the Deposits may diminish over time owing to inflation and other factors that adversely affect the present value of future payments. With the exception of a payment made upon a Reimbursement Under Special Circumstances, no payment will be made prior to maturity. You should take into account additional risk factors associated with this offering of Deposits. See “Risk Factors” in the Information Statement.

You should only reach a decision to invest in the Deposits after carefully considering, with your advisors, the suitability of this investment in light of your investment objectives and the information set out in the Information Statement, including the risk factors. The Bank, the Agent and the Market Maker make no recommendation as to the suitability of the Deposits for investment with respect to your particular circumstances. Neither the Bank nor any of its affiliates make any representation or express a view on the merits of each Reference Asset for the purposes of the investment.

Return of your Deposit

Payment at maturity of your Deposits will be linked to the price performance of each Reference Asset included in the Reference Portfolio. The Deposits will have a principal amount of $100 each (the “Principal Amount”). The investment objective of your Deposits is to provide you, (i) if the Deposits are automatically called by the Bank, which will occur if the Reference Portfolio Return is higher than the Call Threshold on a Call Valuation Date, with a fixed positive return at the Call Date and an additional variable return if the Reference Portfolio Return is greater than such fixed positive return or (ii) if the Deposits are not automatically called by the Bank on a Call Date, if the Reference Portfolio Return is higher than the Call Threshold on the Final Valuation Date, with a fixed positive return at the Maturity Payment Date and an additional variable return if the Reference Portfolio Return is greater than such fixed positive return. Any additional variable return will be limited to a percentage of the amount by which the Reference Portfolio Return exceeds such fixed positive return, as specified in the Information Statement. As a result, you will be receiving less than 100% of that excess amount.

- **Maturity Redemption Payment:** means an amount per Deposit to which you are entitled on a Call Valuation Date (if the Deposits are automatically called for redemption by the Bank on a Call Date) or on the Maturity Date based on the performance of the Reference Portfolio. The Maturity Redemption Payment will be calculated as follows:

  (i) if the Reference Portfolio Return is higher than the Call Threshold on a Call Valuation Date, the Deposits will be automatically called on the applicable Call Date and the Maturity Redemption Payment will be equal to the Principal Amount x [1 + Fixed Return applicable to the given Call Valuation Date + Variable Return] ; or

  (ii) if the Deposits are not automatically called and the Reference Portfolio Return is higher than the Call Threshold on the Final Valuation Date, the Maturity Redemption Payment will be equal to the Principal Amount x [1 + Fixed Return applicable to the Final Valuation Date + Variable Return]; or

  (iii) if the Deposits are not automatically called and the Reference Portfolio Return is equal to or lower than the Call Threshold on the Final Valuation Date, the Maturity Redemption Payment will be equal to the Principal Amount.

  Investors should understand from the foregoing that they will be entitled to a single payment under the Deposits on either the Maturity Date or a Call Date. If the Deposits are automatically called, the investment in the Deposits will terminate as of the applicable Call Date and as such, Holders will receive the Maturity Redemption Payment applicable to such Call Date and not the Maturity Redemption Payment that they would have otherwise been entitled to on a subsequent Call Date or on the Maturity Date if the Deposits had not been called.

- **Call Information Table:**

Valuation Date	Call Threshold	Fixed Return	Fixed Return (Annually compounded)	Call Dates	Maturity Redemption Payment (if the Reference Portfolio Return is higher than the Call Threshold on the specified Valuation Date)
Call Valuation Date 1: June 29, 2020	0.00%	4.75%	4.71%	July 7, 2020	$104.75 plus the amount attributable to the Variable Return, if any.
Call Valuation Date 2: June 29, 2021	0.00%	9.50%	4.62%	July 7, 2021	$109.50 plus the amount attributable to the Variable Return, if any.
Call Valuation Date 3: June 29, 2022	0.00%	14.25%	4.53%	July 7, 2022	$114.25 plus the amount attributable to the Variable Return, if any.
Call Valuation Date 4: June 29, 2023	0.00%	19.00%	4.44%	July 7, 2023	$119.00 plus the amount attributable to the Variable Return, if any.
Call Valuation Date 5: June 28, 2024	0.00%	23.75%	4.34%	July 8, 2024	$123.75 plus the amount attributable to the Variable Return, if any.
Final Valuation Date: June 27, 2025	0.00%	28.50%	4.26%	Maturity Date	$128.50 plus the amount attributable to the Variable Return, if any.

- **Variable Return:** means on a given Call Valuation Date and the Final Valuation Date, a percentage calculated as follows:
  - (i) where the Reference Portfolio Return is less than or equal to the Fixed Return applicable to the given Call Valuation Date or Final Valuation Date, the Variable Return will be equal to 0%; or
  - (ii) where the Reference Portfolio Return is greater than the Fixed Return applicable to the given Call Valuation Date or Final Valuation Date, the Variable Return will be equal to the product of (i) the Participation Factor and (ii) the amount by which the Reference Portfolio Return exceeds such Fixed Return.
- **Reference Portfolio Return:** means on any day, the sum of the Weighted Reference Asset Return of each Reference Asset comprising the Reference Portfolio.
- **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.
- **Reference Asset Weight:** means the weight of each Reference Asset comprising the Reference Portfolio.
- **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.
- **Participation Factor:** 5.00%
- **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).

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 June 12, 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 5.36%, representing an aggregate yield of approximately 32.16% over the term of the Deposits, assuming that the yield remains constant and the dividends and/or distributions are not reinvested.

Reference Portfolio

Reference Asset name	Reference Asset ticker	Price Source	Closing Level	Reference Asset type	Reference Asset Weight
Units of the BMO Laddered Preferred Share Index ETF	ZPR	TSX	Closing price	Exchange-traded fund	100%

The Reference Portfolio is used solely as a notional reference for the purpose of calculating the Maturity Redemption Payment. No actual funds will be invested in the purchase of each Reference Asset. You will not be the owners of, nor have any rights or interests in or to, each Reference Asset and therefore, will not have recourse to each Reference Asset to satisfy amounts owing under the Deposits.

Scenario Analysis

The following are hypothetical examples that illustrate how the Maturity Redemption Payment shall be calculated under different scenarios. These examples are included for illustration purposes only. The amounts and all other variables used in the following examples are hypothetical and are not forecasts or projections of the Reference Asset Return of each Reference Asset, the Reference Portfolio or the performance of the Deposits. No assurance can be given that the results shown in these examples will be achieved.

(1) Hypothetical example of a call on the first Call Valuation Date

The following table is based on the assumption that the Reference Portfolio Return is higher than the Call Threshold but lower than the applicable Fixed Return on the first Call Valuation Date.

Reference Portfolio Return					
Call Valuation Date 1	Call Valuation Date 2	Call Valuation Date 3	Call Valuation Date 4	Call Valuation Date 5	Final Valuation Date
3.00%	N/A	N/A	N/A	N/A	N/A

Reference Portfolio Return:	3.00%
Applicable Fixed Return:	4.75%
Variable Return: MAX[0%, (3.00% - 4.75%) x 5.00%]:	0.00%
Maturity Redemption Payment: $100 x [1 + 4.75% + 0.00%]:	$104.75
Annualized compounded return over the 1-year term:	4.71%

In this example, the Reference Portfolio Return on the first Call Valuation Date is 3.00%, which is higher than the applicable Call Threshold but lower than the applicable Fixed Return. Therefore, the Deposits would be called, the Variable Return would be 0.00% and the Maturity Redemption Payment payable on the Maturity Payment Date would be $104.75 (approximately 4.71% compounded annually over 1 year).

(2) Hypothetical example of a call on the third Call Valuation Date

The following table is based on the assumption that the Reference Portfolio Return is higher than the Call Threshold but lower than the applicable Fixed Return on the third Call Valuation Date.

Reference Portfolio Return					
Call Valuation Date 1	Call Valuation Date 2	Call Valuation Date 3	Call Valuation Date 4	Call Valuation Date 5	Final Valuation Date
-5.00%	-2.00%	7.00%	N/A	N/A	N/A

Reference Portfolio Return:	7.00%
Applicable Fixed Return:	14.25%
Variable Return : MAX[0%, (7.00% - 14.25%) x 5.00%]:	0.00%
Maturity Redemption Payment : $100 x [1 + 14.25% + 0.00%]:	$114.25
Annualized compounded return over the 3-year term:	4.53%

In this example, the Reference Portfolio Return on the third Call Valuation Date is 7.00%, which is higher than the applicable Call Threshold but lower than the applicable Fixed Return. Therefore, the Deposits would be called, the Variable Return would be 0.00% and the Maturity Redemption Payment payable on the Maturity Payment Date would be $114.25 (approximately 4.53% compounded annually over 3 years).

(3) Hypothetical example of a call on the third Call Valuation Date with a positive Variable Return

The following table is based on the assumption that the Reference Portfolio Return is higher than the Call Threshold and higher than the applicable Fixed Return on the third Call Valuation Date.

Reference Portfolio Return					
Call Valuation Date 1	Call Valuation Date 2	Call Valuation Date 3	Call Valuation Date 4	Call Valuation Date 5	Final Valuation Date
-5.00%	-2.00%	30.00%	N/A	N/A	N/A

Reference Portfolio Return:	30.00%
Applicable Fixed Return:	14.25%
Variable Return : MAX[0%, (30.00% - 14.25%) x 5.00%]:	0.79%
Maturity Redemption Payment : $100 x [1 + 14.25% + 0.79%]:	$115.04
Annualized compounded return over the 3-year term:	4.78%

In this example, the Reference Portfolio Return on the third Call Valuation Date is 30.00%, which is higher than the applicable Call Threshold and higher than the applicable Fixed Return. Therefore, the Deposits would be called, the Variable Return would be 0.79% and the Maturity Redemption Payment payable on the Maturity Payment Date would be $115.04 (approximately 4.78% compounded annually over 3 years).

(4) Hypothetical example of a payment of the Fixed Return on the Maturity Date

The following table is based on the assumption that the Reference Portfolio Return is higher than the Call Threshold but lower than the applicable Fixed Return on the Final Valuation Date.

Reference Portfolio Return					
Call Valuation Date 1	Call Valuation Date 2	Call Valuation Date 3	Call Valuation Date 4	Call Valuation Date 5	Final Valuation Date
-5.00%	-2.00%	-9.00%	-6.00%	-3.00%	10.00%

Reference Portfolio Return:	10.00%
Applicable Fixed Return:	28.50%
Variable Return : MAX[0%, (10.00% - 28.50%) x 5.00%]:	0.00%
Maturity Redemption Payment : $100 x [1 + 28.50% + 0.00%]:	$128.50
Annualized compounded return over the 6-year term:	4.26%

In this example, the Reference Portfolio Return on the Final Valuation Date is 10.00%, which is higher than the applicable Call Threshold but lower than the applicable Fixed Return. Therefore, the Variable Return would be 0.00% and the Maturity Redemption Payment payable on the Maturity Payment Date would be $128.50 (approximately 4.26% compounded annually over 6 years).

(5) Hypothetical example of a payment of the Fixed Return and a positive Variable Return on the Maturity Date

The following table is based on the assumption that the Reference Portfolio Return is higher than the Call Threshold and higher than the applicable Fixed Return on the Final Valuation Date.

Reference Portfolio Return					
Call Valuation Date 1	Call Valuation Date 2	Call Valuation Date 3	Call Valuation Date 4	Call Valuation Date 5	Final Valuation Date
-5.00%	-2.00%	-9.00%	-6.00%	-3.00%	45.00%

Reference Portfolio Return:	45.00%
Applicable Fixed Return:	28.50%
Variable Return : MAX[0%, (45.00% - 28.50%) x 5.00%]:	0.83%
Maturity Redemption Payment : $100 x [1 + 28.50% + 0.83%]:	$129.33
Annualized compounded return over the 6-year term:	4.38%

In this example, the Reference Portfolio Return on the Final Valuation Date is 45.00%, which is higher than the applicable Call Threshold and higher than the applicable Fixed Return. Therefore, the Variable Return would be 0.83% and the Maturity Redemption Payment payable on the Maturity Payment Date would be $129.33 (approximately 4.38% compounded annually over 6 years).

(6) Hypothetical example of a nil return on the Maturity Date

The following table is based on the assumption that the Reference Portfolio Return is lower than the Call Threshold on the Final Valuation Date.

Reference Portfolio Return					
Call Valuation Date 1	Call Valuation Date 2	Call Valuation Date 3	Call Valuation Date 4	Call Valuation Date 5	Final Valuation Date
-5.00%	-2.00%	-9.00%	-6.00%	-3.00%	-15.00%

Reference Portfolio Return:	-15.00%
Applicable Fixed Return:	N/A
Variable Return :	N/A
Maturity Redemption Payment :	$100.00
Annualized compounded return over the 6-year term:	0.00%

In this example, the Reference Portfolio Return on the Final Valuation Date is -15.00%, which is lower than the applicable Call Threshold. The Maturity Redemption Payment payable on the Maturity Payment Date would be $100 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. Risk factors include, without limitation, the following:

- Bank's creditworthiness;
- The Deposits are subject to an automatic call feature;
- The Market Value of the Deposits may decrease at an accelerated rate if and when the Reference Portfolio Return approaches and falls below the Call Threshold;
- 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 Asset 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.

Certain Risk Factors related to Fund Linked Deposits:

- Trading prices;
- Exposure to equities;
- Passive investment risk and replication risk;
- Counterparty credit risk and borrowing risk;
- Issuer concentration risk;
- The performance of any Reference Fund 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 Market Maker make any representation or warranty as to the accuracy or completeness of the information regarding the Reference Fund.

Investors should read the Information Statement for complete details of the risk factors.

Suitability Considerations and Guidelines

An investment in the NBC Auto Callable Deposit Notes linked to a Canadian preferred share index ETF, Series 5 is not suitable for all investors and even if suitable, investors should consider what part the NBC Auto Callable Deposit Notes linked to a Canadian preferred share index ETF, Series 5 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 statements contained herein are based upon information which we believe to be reliable but we cannot represent that they are complete or accurate. The complete information related to this issue of the Deposits will be contained in the Information Statement which will be sent to investors prior to the closing date. Capitalized terms used herein and not otherwise defined have the meaning ascribed thereto in the Information Statement. This document is for information purposes only and does not constitute an offer to sell or a solicitation of an offer to buy the Deposits referred to herein.

The NBC Auto Callable Deposit Notes linked to a Canadian preferred share index ETF, Series 5 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*.

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