

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

Assuming no call event, the date falling six years after the Issuance Date. Assuming a closing on July 5, 2019, the Maturity Date will be July 7, 2025 and the Valuation Date will be June 27, 2025.

Return of your deposit

Payment at maturity of your Deposits will be linked to the price performance of the Reference Portfolio composed of the units of the BMO Laddered Preferred Share Index ETF. 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 under "Participation Factor". 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.

The Valuation Dates for the NBC Auto Callable Deposit Notes linked to a Canadian preferred share index ETF, Series 5 will be annual.

Call Threshold: 0.00%

Fixed Return: mean 4.75% if called after 1 year, 9.50% if called after 2 years, 14.25% if called after 3 year, 19.00% if called after 4 years, 23.75% if called after 5 years and 28.50% at maturity if applicable.

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.

Participation Factor: 5.00%

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 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.

Fee and Expenses:

- The Bank will pay to the Agent a selling fee of up to \$1.75 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;
- 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;

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- 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.

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 dated June 18, 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 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.

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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 this 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.

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 \$2.40 per Deposit, declining every 15 days by \$0.20 to be \$0.00 after 180 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 Auto Callable Deposit Notes linked to a Canadian preferred share index ETF, Series 5. Investors should read the Information Statement dated June 18, 2019 for more detailed and complete information on all aspects of the Deposits.

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 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*.