

NBC Optimarket™ GIC

NBC Extendible Accrual Flex GIC

Series 38, Advisors Category

ISSUE DATE:

May 25, 2022

Oral disclosure for sales, in person or by telephone

The NBC Extendible Accrual Flex GIC, Series 38, Advisors Category (the “market-linked GIC”) is governed by federal regulations. Whether an investor purchases the market-linked GIC over the telephone or in person, the advisor must at the time orally highlight certain information in respect of the market-linked GIC.

Term and important dates of the market-linked GIC

The market-linked GIC has a minimum term of 1 year and a maximum of 2 years. The Bank may, at its option, extend the term of the market-linked GIC on May 25, 2023, the Initial Maturity Date, pursuant to the Extension Feature. The Final Maturity Date is May 25, 2024.

How interest is accrued

On the Maturity Date, holders will be entitled to receive the principal invested on the Issue Date and interest accrued and compounded annually at a rate of 3.75%.

Fees

The Bank will pay to the agent a selling fee of up to 0.10% of the principal invested on the Issue Date. 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 market-linked GIC may not be a suitable investment for some investors;
- Extension Feature;
- Payment at maturity of the Redemption Amount is an unsubordinated and unsecured obligation of the Bank and is dependent on the creditworthiness of the Bank;
- No independent calculations; conflict of interest;
- The market-linked GIC could be redeemed prior to maturity under a reimbursement under special circumstances;
- The market-linked GIC is not transferable to other investors; no trading market for the market-linked GIC;
- Sale back to the Bank at Bid Price; many factors affect the value of the market-linked GIC;
- Conflict of interest may affect the Bid Provider; and
- Risks relating to COVID-19.

Investors should read the Information Statement dated May 17, 2022 (the “Information Statement”) for a more complete list of risk factors.

Suitability considerations and guidelines

An investment in the market-linked GIC is not suitable for all investors and even if suitable, investors should consider what part the market-linked GIC should serve in an overall investment plan. The market-linked GICs are designed for investors who:

- Seek the protection at maturity of a guaranteed investment certificate combined with the return potential of the Annual Compounded Interest Rate;
- Have an investment horizon of at least 1 year and up to 2 years, and are prepared to hold the market-linked GIC for such duration of time; and
- Are prepared to assume the risks associated with the market-linked GIC, including the risk that they remain invested in the market-linked GIC through the Extension Feature while interest rates for debt instruments with a similar credit risk and term to maturity increase over the term to a level that could exceed the Annual Compounded Interest Rate.

The Bank makes no recommendation as to the suitability of the market-linked GIC for investment.

The market-linked GIC has certain investment characteristics that differ from conventional fixed-rate GICs offered by Canadian banks. Your return on the market-linked GICs is reflected in the Redemption Amount, which in turn will depend on the Extension Feature throughout the term of the market-linked GICs.

Transfers; no secondary market; sale of the market-linked GIC to the Bank

Investors should be willing to hold the market-linked GIC to maturity. The market-linked GIC is not transferable to other investors prior to maturity. The market-linked GIC will not be listed on any stock exchange and no secondary market will be provided. You will however be able to sell your market-linked GIC back to the Bank at the Bid Price. To this end, the Bank has appointed the Bid Provider (National Bank Financial Inc.) as its agent to quote on a daily basis a Bid Price based on its assessment of the market value for the market-linked GIC and to purchase from investors that wish to sell back their market-linked GIC prior to maturity such market-linked GIC on behalf of the Bank for resale to the Bank and cancellation. If you decide to sell the market-linked GIC back to the Bank prior to maturity, you may receive less than the principal invested on the Issue Date.

The Bid Provider will maintain until the third Business Day preceding the Maturity Date, under normal market conditions, a daily Bid Price for the market-linked GIC. If any 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 investors may be unable to sell back their market-linked GIC to the Bank.

If you sell your market-linked GIC back to the Bank prior to maturity through the Bid Provider, you will be subject to an early trading charge of 0.10% of the principal invested on the Issue Date, declining every 9 days by 0.01% to be 0.00% after 90 days from and including the Issue Date.

Eligibility for the CDIC deposit insurance

The market-linked GIC issued by the Bank 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 shall be 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 market-linked GIC is entered into and (ii) the day on which the Information Statement of the market-linked GIC is provided to the investor. To exercise their right of cancellation, the investors may contact their investment advisor.

Amendment to the market-linked GICs

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

3 **INVESTING**
NBC Extendible Accrual Flex GIC, Series 38, Advisors Category

Conflict of interest

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

Certain Canadian federal income tax considerations

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

Availability of information

All information about the market-linked GIC is available on the website www.nbcstructuredolutions.ca or by contacting your advisor.

This is only a summary of certain terms of the market-linked GICs. Investors should read the Information Statement dated May 17, 2022 for complete and detailed information on all aspects of the market-linked GICs. Capitalized terms used and not otherwise defined herein have the meaning ascribed thereto in the Information Statement.

