1000

NBC Auto Callable Contingent Income Notes

NATIONAL BANK | STRUCTURED SOLUTIONS GROUP

Celebrating our 1000th series!

PROVEN STRATEGY. STRONG RESULTS.

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National Bank of Canada (the "Bank", "National Bank" or "NBC") launched its first NBC Auto Callable Contingent Income Note Securities ("callable contingent income notes" or "notes") in August of 2016 with a total of 50 notes issued in that same year. Fast forward 3 years later, NBC issues more than 300 callable contingent income notes per year.

Attractive Yields

6.5% average potential annual coupon across all issues

6.2% A-Class | 6.8% F-Class

Downside Protection*

Maturity barriers generally ranging between -20% and -50%.

Average:
-32.9% A-Class | -34.7% F-Class

Steady Coupons

99.5% of all contingent coupon payments were made.
All missed coupon payments were from notes linked to the European banking sector.

Performance Snapshot – Called Notes

22%
of all callable contingent income notes issued since 2016 were called

1.3 years
average realized term

About 70%
outperformed a comparable investment in preferred shares or high yield bonds. See the graph on page 2.

Callable Contingent Income Notes Issuance History at NBC

The beginning

- This structure was launched in 2016 as the next generation in NBC's income structured products line.
- It added a call feature and enhanced yields.
- The Bank's first Income Note was issued in 2012.

Continuous growth

- Growth from about 50 notes issued in 2016, to more than 300 notes issued year-to-date in 2019, on more than 50 underlying assets.

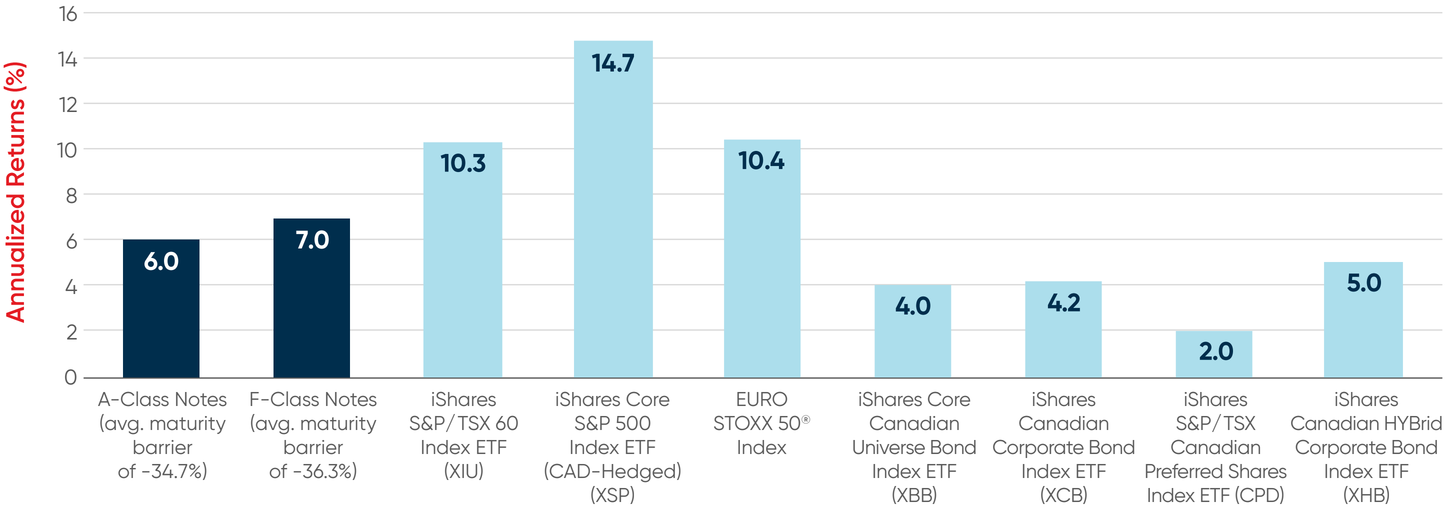
Continuous innovation

- First Canadian bank to offer a memory feature in 2017.
- Distribution partnership with Purpose Investments on their brand new fund. A unique solution providing outcomes similar to those of an auto callable contingent income note structure.

* The downside protection level represents the level up to which the investor's capital is protected at maturity.
Data in this document include all NBC Auto Callable Contingent Income Notes offerings for the Canadian retail market, up to the 1000th series.

Performance Analysis and Product Mix

Performance of called notes in comparison to other investment vehicles



> For each note, the performance of a comparable investment in the ETF units/Index securities is measured over the same holding period, to ensure a consistent comparison of the performance of the note and the reference ETF/Index.

> Returns of the ETF/Index are presented on a total return basis (i.e. take into account the dividends and/or distributions paid on account of the underlying asset or its constituents).

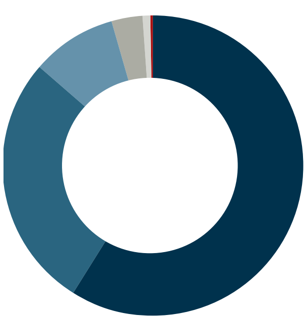
> Data on called notes cover all applicable callable contingent income notes issues, from August 23, 2016 (first issuance) to November 19, 2019.

Product Mix – Geographic and Sector Diversification

> The Bank has issued callable contingent income notes on more than 50 underlying assets, including ETF units, indices, baskets of stocks and single stocks.

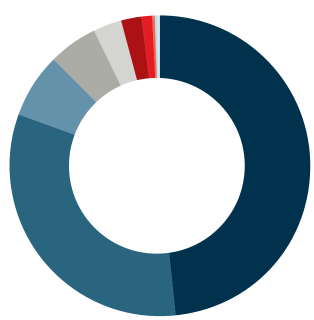
> The graphs below illustrate the geographic and sector diversification across all applicable issues.

Geographic Diversification



Canada	59.0%
US	27.7%
Europe	9.2%
Global	3.3%
North America	0.8%
China	0.1%

Sector Diversification



Broad	48.6%
Financials	32.0%
Materials	6.9%
Energy	5.4%
Utilities	3.1%
Single Stock	2.3%
Telecommunications	0.9%
Consumer Discretionary	0.4%
Health Care	0.3%
Information Technology	0.1%

Appendix

How Does an Auto Callable Contingent Income Note Work?

The following examples illustrate potential payouts for a hypothetical issue of a callable contingent income note. Different issues may provide for different coupon payments, coupon payment thresholds, call thresholds, maturity barriers and call dates. The following are hypothetical examples included for illustration purposes only. The amounts and all other variables used are hypothetical and are not forecasts or projections. No assurance can be given that the results shown in these examples will be achieved.

Hypothetical Example

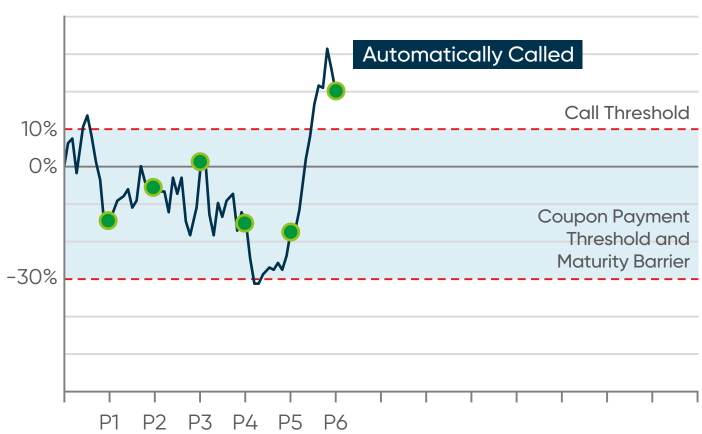
Principal Amount invested per Note	$100
Term	7 years
Reference Portfolio	iShares S&P/TSX 60 Index ETF (XIU)
Currency	Canadian dollars
Coupon Payments	6.25% per annum
Coupon Payment Threshold	-30%
Coupon Payment Frequency	Semi-annually
Call Threshold	10%
Call Frequency	Semi-annually
Maturity Barrier	-30%

CONTINGENT COUPONS
Coupon Payments are made at predetermined dates if the Reference Portfolio Return is equal to or above the Coupon Payment Threshold of -30%.

AUTOCALL FEATURE
Automatically called at predetermined dates if the Reference Portfolio Return is equal to or above the Call Threshold of +10%.

CONDITIONAL PRINCIPAL PROTECTION
Principal is returned on the Maturity Date as long as the Reference Portfolio Return is equal to or above the Maturity Barrier of -30%. Full downside exposure below that level.

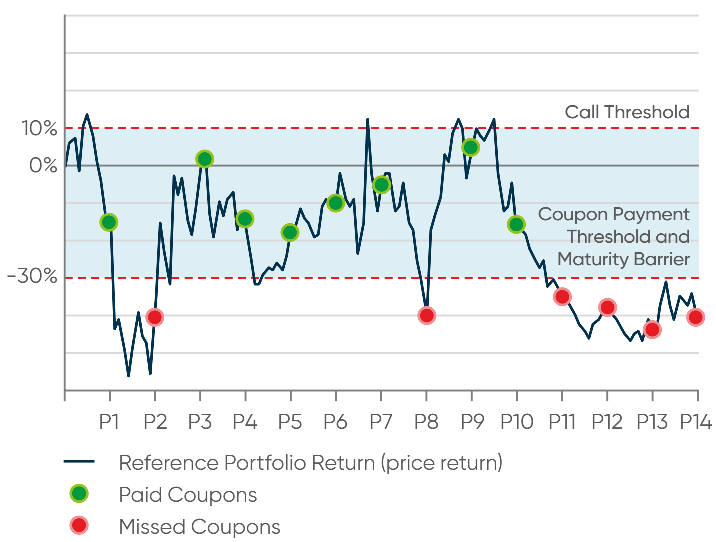
Hypothetical Return Scenarios



SCENARIO 1:

Note called on the third anniversary date with no missed coupon payments

> Called at year 3
> 6 out of 6 coupons paid
> Return of the principal on the Call Date
= $100 per Note



SCENARIO 2:

Note reached maturity date and barrier was breached

> Not called prior to Maturity
> 8 out of 14 coupons paid
> Reference Portfolio Return is negative and below the Maturity Barrier
⟶ Capital loss
> Maturity Payment (per Note)
= $100 x [1 + Reference Portfolio Return]
< $100

Appendix

Income Notes Issuance at National Bank

"Income Notes" refer to any note securities issued by the Bank under a program offering return of capital payments (ROC payments) or interest income payments during their term, whether these payments are contingent or not. These note securities may also include an automatic call feature.

The Bank started issuing Income Notes in 2012. The product mix evolved over time to reflect market conditions and investors' needs.

The graphic below illustrates some features of the four main categories of Income Notes issued by National Bank since 2012.

Downside Protection at Maturity		Coupon Payments		Call Feature		Product Type
Conditional	+	Guaranteed	+	Not Callable	→	Fixed Coupons Notes
Conditional	+	Contingent	+	Not Callable	→	Contingent Income Notes
Conditional	+	Contingent	+	Callable	→	Auto Callable Contingent Income Notes
Conditional	+	Contingent with a Memory Feature	+	Callable	→	Auto Callable Contingent Memory Income Notes

> The downside protection represents the level up to which the investor's capital is protected at maturity, i.e., the principal protection is conditional upon the reference portfolio return being equal to or above the protection level at maturity.

> All Income Notes may be structured with ROC payments instead of interest income payments.

> The "Memory Feature", unique to Income Notes, allows the cumulative amount of any missed coupon payments to be paid out in the future if the reference portfolio return is equal to or above the coupon payment threshold at any future applicable valuation date.

> The first Memory Income Note in Canada was issued by National Bank in the fall of 2017.

Appendix

Methodology

The performance of a structured product generally consists of two elements: distributions paid over the term of the product, and the final return at maturity or on a call date. The final return is determined according to a predetermined formula and depends on the reference portfolio's return at (a) valuation date(s). For ease of calculation, we assumed that investors held the products until maturity and hence this analysis does not consider the profit or loss made through buying and selling them in a secondary market maintained by National Bank Financial Inc.

Structured Products Return Interpretation

The use of standard performance statistics, whether absolute or relative, to analyze the performance of structured products such as non principal protected notes (NPPNs) requires some further explanation to have a full understanding of the results. This is because these statistics do not take into consideration certain important features of NPPNs: for example, the downside protection. Structured products are such that the higher the level of protection offered in the product (compared to a direct investment in the reference portfolio), the lower the expected upside return. The choice of a more conservative or aggressive product depends on the investor's risk tolerance and market expectations, among others. The final return of a structured product at maturity or on a call date is therefore a consequence of these two factors, and other relevant factors, and they should be taken into account when evaluating performance results of a structured product.

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