

Our 2016 Social Responsibility Report



**Powering
your
ideas**

3	Message from the President
4	About us
5	Scorecard
6	Clients
11	Employees
16	Community
21	Environment
24	Governance
26	Economy



MESSAGE FROM THE PRESIDENT

In 2016, National Bank continued to play a key role as a driver of economic and social development. This responsibility takes on a new importance in light of the constant changes facing our clients, employees and partners today. By promoting innovation, developing talent and supporting high-impact organizations, the Bank consistently strives to create long-term value for society. The following four areas of focus have guided and informed our activities.

The Digital Economy

National Bank has kept a close eye on the changes brought about by the digitalization of the economy, particularly in the field of artificial intelligence. We believe that to capitalize on these changes, we need to work together to foster innovation and knowledge, as reflected in our support of a number of partnerships between universities and the private sector as well as in our presence in financial technology. In 2016, National Bank expanded its agreement with Lending Club by committing to buying up to \$1.3 billion in loans, which is the largest transaction of its type ever made by a Canadian bank with a fintech company. We also helped set up a media lab, Square Banque Nationale, where young people can master technologies used to create and share cultural content. Furthermore, we continued to enhance our service offering, online and in branch, to allow our clients to adopt digital banking at their own pace.

Support for Entrepreneurs

SMEs play a key role in our economic vitality, and National Bank is focused on their needs more than ever. We've launched new services designed to foster growth and simplify business management for companies of all sizes, from start-ups to well-established organizations. The Bank has also partnered with a variety of projects focused on fostering a spirit of entrepreneurship. Another initiative aimed at supporting entrepreneurs is the new **NB CAMP**, an innovative event for business leaders that focuses on the digital revolution.

Energy Efficiency

National Bank is a leader in eco-responsible practices with regard to the design and upkeep of its buildings, as evidenced by its long-standing and well-recognized energy efficiency program. We boast a number of LEED-certified buildings, including our head office, the National Bank Tower. We also have a strong presence in renewable energy financing, which is helping drive growth in this promising market segment.

Diversity and Inclusion

Diversity is at the heart of our organizational culture. Last year, the Bank demonstrated this focus in a unique way with the launch of [HelloCanada](#), an assistance service for newcomers to help them get settled in their new lives in Canada. We have continued to promote diversity within our organization and are proud to count employees from some 70 countries. We have also continued to champion the advancement of women and boast one of the industry's highest proportions of women on our management team and Board of Directors.

Last year, National Bank paid \$718 million in income and other taxes, purchased \$1 billion worth of goods and services, injected more than \$100 million into its facilities and invested some \$33 million in employee development. Together with the contributions of our employees, retired employees and clients, we were able to return \$25 million to the community. These investments and achievements demonstrate the strength of our commitment to all our stakeholders. When it comes to environmental, social and governance responsibility, it's the concrete steps we take every day that matter. The 2016 Social Responsibility Report provides complete details on how National Bank has contributed to our collective wealth.

Louis Vachon
President and Chief Executive Officer

ABOUT US

National Bank of Canada offers integrated financial services to consumers, small and medium-sized enterprises (SMEs) and large corporations. It operates three lines of business—Personal and Commercial Banking, Wealth Management and Financial Markets—and added a fourth, U.S. Specialty Finance and International, at the start of fiscal 2017.

National Bank provides a complete range of services, including banking and investment solutions for individual and corporate clients, securities brokerage, insurance and wealth management.

National Bank is the leading bank in Quebec and the partner of choice for SMEs. It is also one of the six systemically important banks in Canada and has branches in almost every province. Clients in the United States, Europe and other parts of the world are served through a network of representative offices, subsidiaries and partnerships. National Bank's head office is located in Montreal and its securities are listed on the Toronto Stock Exchange.

NATIONAL BANK AT A GLANCE (as at October 31, 2016)

21,770
Employees

450
Branches

938
Banking
machines

\$232
BILLION
Assets

\$398
BILLION
Assets under
management
and administration

\$16.2
BILLION
Stock market
capitalization

Acting responsibly

National Bank is committed to effectively meeting the expectations of its stakeholders and building lasting relationships with them.

Our corporate social responsibility strategy rests on six pillars: our clients, our employees, the community, the environment, governance and our contribution to the economy. This Social Responsibility Report summarizes our achievements in relation to these six pillars. The scorecard on page 5 shows the key areas of our social responsibility.

Ranking among the best

National Bank received many distinctions in 2016, including:

- Best Employers in Canada, Gold Level (Aon)
- Canada's Best Diversity Employers (Mediacorp Canada)
- Initiative for the Advancement of Women in Finance (Association of Québec Women in Finance)
- Best Banking Awards in Canada – ATM Banking Excellence (Ipsos)

www.nbc.ca > About Us > Our organization > Portrait of the Bank > Awards, Distinctions and Honours

SCORECARD

PILLAR	2016
SERVING OUR CLIENTS BETTER	
Investments in our branches	\$9 M
Number of branches affected by the improvements	150
Financing granted to Canadian businesses	\$75 B
WORKING TOGETHER TO REACH OUR FULL POTENTIAL	
Number of employees	21,770
Engagement index above 80	Yes
Percentage of women in management	38% ¹
Percentage of members of visible minorities	18.2%
Percentage of persons with disabilities	1.6%
Investments in training and professional development	\$33 M
ENCOURAGING COMMUNITY DEVELOPMENT	
Total community giving	\$25 M
Total donations	\$11.8 M
Number of hours volunteered by employees	125,000
HELPING PROTECT THE ENVIRONMENT	
GHG emissions (tons of CO ₂)	15,418 ²
Total number of LEED certifications	5
ENSURING EFFECTIVE GOVERNANCE	
Percentage of women candidates nominated for election to the Board of Directors	36% ³
Percentage of independent directors	93%
CONTRIBUTING TO THE WEALTH OF OUR SOCIETY	
Salaries and employee benefits	\$2 B
Income and other taxes	\$718 M
Goods and services purchased	\$1 B
Amount invested in our facilities	\$100 M

Figures as at October 31, unless otherwise indicated.

¹ As of January of the following year. Refer to the Management Proxy Circular.

² For the preceding fiscal year.

³ As of February of the following year. Refer to the Management Proxy Circular.

SERVING OUR CLIENTS BETTER

At National Bank, our clients are at the heart of our activities. That's why we strive to continuously improve our work methods, service, networks and infrastructures to better meet their needs.

We are deeply committed to fostering close relationships with our clients and assisting them at every stage of their life with their various projects, both business-related and personal. Our employees across the country are dedicated to providing outstanding service to all clients regardless of their point of entry to the Bank.

Helping our clients power their ideas

In 2016, the Bank continued to undertake initiatives to better accompany its clients with their projects. Our commitment is clear—to offer our clients a distinctive experience based on accessible, convenient and proactive products and services to help them power their ideas. We have made tangible improvements in all our sectors to translate this desire into action and assist clients with the projects that are important to them at every stage of their life.

Investing in digital solutions



In 2016, National Bank continued to modernize its systems, simplify processes and improve its multichannel offering to be even more aligned with its clients' needs.

Mobile cheque deposits

The Bank now offers its clients the ability to deposit cheques electronically through its NBC mobile app for smartphones.

Biometric identification

NBC mobile app users can now take advantage of biometric identification. Available on iPhone®, this feature enables clients to access their personal banking information using their fingerprint.

National Bank Masterpass

The Bank has also made the Masterpass digital wallet service available to its clients. This secure solution simplifies online transactions by recording clients' personal information once so that they can carry out purchases online with numerous participating merchants.

New features

The Bank has also expanded its digital banking solutions offering with several new features:

- ✦ RRSP contributions using Internet Banking Solutions and the NBC mobile app for smartphones and tablets
- ✦ Personal loan payments using a smartphone
- ✦ Banking package changes
- ✦ Downloading of void cheques using the NBC mobile app for tablets

® iPhone is a trademark of Apple Inc., registered in the U.S. and other countries.

Consolidating our presence coast to coast

National Bank Financial – Wealth Management (NBFWM) stepped up its cross-country expansion by setting up retail banking resources in close proximity to its Winnipeg and Montreal (Place Ville Marie) offices. With this approach, clients can benefit from a complete offering of banking and investment services, all under one roof.

National Bank Private Banking 1859 opened new storefront locations in Western Canada. The Calgary and Vancouver offices cater to all the banking, investment, credit and foreign exchange needs of high-net-worth clients.

Leading-edge solutions and advice

We want to build close relationships with all our clients and help them make the best possible financial decisions. In 2016, we continued to develop tools and services to that end.

- Our subsidiary National Bank Investments continued to take full advantage of its open architecture platform. It concluded new agreements with major international players to leverage the know-how of these portfolio managers for Canadian investors and offer new products.
- The Bank continued its implementation of the new Client Relationship Model (CRM2) to comply with regulations applicable to advisors and wealth management firms. In 2016, the changes included preparing new reports to investors on fees and other forms of compensation as well as investment performance.
- Through its subsidiary Credigy, National Bank expanded its agreement with Lending Club by committing to buying up to \$1.3 billion in loans. Lending Club is a fintech offering investors loans contracted by consumers and small businesses.
- With its financial literacy site clearfacts.ca, National Bank gives people of all ages the tools they need to understand their personal finances. The site includes some 2,000 articles, reports, videos and webinars that provide information on a wide variety of topics and boasts 4 million visits since its launch in 2010. In 2016, the Bank published an exclusive series of articles geared to millennials to mark Financial Literacy Month.

www.clearfacts.ca

Improving and expanding our services for newcomers

In order to better meet the specific needs of newcomers to Canada, the Bank enhanced its service offering, specifically with:

- A new transactional services offering with conditions that are valid for three years.
- The HelloCanada service that provides free telephone assistance over 12 months. Newcomers who sign up for this service can get information on a host of immigration-related topics.
- New financing products designed to make it easier to buy property or a car.

Through partnerships with various not-for-profit organizations, the Bank also helps newcomers get acquainted with the Canadian banking system. In addition, it administers the Canada and Quebec Immigrant Investor Programs through which it helps foreign entrepreneurs and their families get established. The National Bank and National Bank Financial websites provide detailed information on these services and valuable advice for immigrant clients.

www.nbc.ca/immigrate
www.nbf-gocanada.com

Tip No. 45

Temperatures in Canada
 generally range anywhere from -30°C to +30°C.



Make sure your wardrobe is sufficiently varied to stay warm in winter and cool in summer.
All four seasons are glorious in Canada, although you have to be ready for them!

Helpful tips to facilitate the integration of newcomers: National Bank uses humour in a campaign highlighting its offering for this population segment.

New services and tools for do-it-yourself investors

In 2016, for the second consecutive year, National Bank Direct Brokerage (NBDB) was named “Highest in Investor Satisfaction with Self-Directed Brokerage Firms” according to J.D. Power’s Canadian Self-Directed Investor Satisfaction Study.¹



Over the past fiscal year, NBDB also made a major change to online brokerage services by eliminating transaction fees for all exchange-traded funds (ETFs) listed in Canada—an industry first in the country. This new fee positioning, which applies no restrictions to account size or number of transactions as long as at least 100 units are traded, makes online

investing even more accessible through NBDB.

www.nbdb.ca

Twitter: #NBDirectBrokerage

LinkedIn: National Bank Direct Brokerage

Active support for retirement planning

In 2016, National Bank continued to offer an impressive range of retirement planning resources to its clients. A variety of publications and interactive tools are available online or in branches to help clients assess their financial needs. The MyIdea app, for instance, helps users accurately determine how much they need to save up and also provides tips on retirement and project planning.

www.nbc.ca > Personal > Investing > Plan your retirement

Maintaining close ties with our business clients

National Bank is well-known for the strong ties it has forged over the years with its business clients. Whatever their sector of activity, entrepreneurs can count on our highly qualified advisors to guide them through every stage of their development.

The products and services proposed by our experts focus on five main areas: operating efficiency, financing, risk management, investments and the sustainability of the business. In all cases, National Bank specialists always strive to find the most suitable solutions for each client.

In 2016, the Bank’s initiatives included the Start-Up Package for businesses that are in their initial stages of development. It includes advantageous banking services and adapted financing solutions. The Bank also now offers remote cheque deposits and cheque imaging through its Internet Banking Solutions for businesses as well as faster processing times for foreign currency wire transfers.

START-UP PACKAGE

Turnkey solutions
for your business



The My Business Model tool, which helps clients turn their business ideas into reality, is increasingly popular with entrepreneurs. This online tool provides a simple way to design agile, innovative businesses. The Bank also continued to lend support to Quebec-based businesses seeking to set up a Voluntary Retirement Savings Plan (VRSP) for their employees.

¹ National Bank Direct Brokerage received the highest numerical score in the J.D. Power 2015-2016 Canadian Self-Directed Investor Satisfaction Studies. 2016 study based on 2,845 total responses, measuring 10 firms and the opinions of investors who use self-directed investment firms, surveyed May-June 2016. Your experiences may vary. Visit jdpower.com

Offering specialized services

Over the past fiscal year, the Bank further tailored its selection of financial solutions to its clients' specific fields of activity. Our experts can offer specialized support and solutions to businesses in a wide range of sectors, such as agriculture and agri-food, health and television and film, to name but a few.

National Bank also serves a number of not-for-profit organizations, offering them preferred rates on financial solutions and a variety of support services, including assistance with planned giving development.

www.nbc.ca > Business > Financing > Specialized financing



National Bank has renewed its commitment to SMEs by launching NB CAMP—a series of activities on the digital revolution. With its cutting-edge business get-togethers for entrepreneurs, the initiative illustrates the Bank's desire to help entrepreneurs face a shifting competitive environment. In 2016, NB CAMP was held in Shawinigan, Moncton, Saint-Hubert and Laval.



NB CAMP allows entrepreneurs to experiment and learn with the help of prominent speakers, advanced technology, networking and much more.

The changing face of our branch network

The Bank pursued its branch improvement projects in 2016 with investments of \$9 million. Fifteen major upgrade projects were carried out in all. Work was also carried out to meet specific needs in over 150 branches.

- ▶ The Bank began deployment of a new generation of banking machines in certain target branches. The new ABMs feature an intuitive interface for easier navigation and offer new functions. These ABMs will gradually be deployed throughout the branch network in 2017.
- ▶ The Bank's new branch concept, which offers a redefined customer experience based on technology and advisory services, was launched in Saint-Jean-sur-Richelieu, Verchères, the Griffintown neighbourhood in Montreal and the Marché Public 440 in Laval.
- ▶ Several of our branches celebrated their centennial this year, including our branches in Sainte-Martine, Quebec City (3^e Avenue), Rivière-Rouge and Ville-Marie, Quebec; in Bathurst, New Brunswick; and in Rockland and Sturgeon Falls, Ontario.
- ▶ The National Bank network now has 450 branches and 938 banking machines. We also provide access to some 3,300 ABMs across Canada through THE EXCHANGE[®] network.

Engaging conversation on social networks

The Bank's daily presence on social networking sites has meant increased opportunities for interaction with clients and interest groups alike.



www.nbc.ca/socialnetworks

Supporting entrepreneurship

Founded by a group of entrepreneurs more than 150 years ago, National Bank knows all too well the importance of small and medium-sized businesses in the economic development of all regions across the country. That is why it supports so many initiatives and organizations that are dedicated to engaging, training and coaching entrepreneurs.

In 2016, in partnership with the *Caisse de dépôt et placement du Québec* and Desjardins Group, the Bank again supported *Devenir entrepreneur*, a program aimed at helping create favourable conditions for nurturing a new generation of entrepreneurs.

www.devenirentrepreneur.com

National Bank also recognizes the major role that educational institutions play in fuelling entrepreneurship. In 2016, the Bank announced a donation to the *École de technologie supérieure* (ÉTS) to create a fund to support technology start-ups and *La Factory*, a new school of creativity sciences. Other partnerships were also announced in recent years, including one with *Campus Montréal*, which saw the Bank make a historic \$10 million donation toward the creation and development of the National Bank | HEC Montréal Institute for Entrepreneurship. The Bank supports several other institutions as well, namely McGill University, Concordia University, Wilfrid Laurier University, Bishop's University, University of Toronto, University of New Brunswick, *Université du Québec à Chicoutimi*, *Université du Québec à Trois-Rivières* and *Université du Québec à Montréal*. In all, the Bank gave more than \$2 million in 2016 to help fund entrepreneurship programs at postsecondary establishments in Canada.

There are many other ways that National Bank supports organizations that help entrepreneurs. For example, Ulule, one of the world's biggest crowdfunding players, made its Canadian debut with the Bank's help.

Lastly, we continue to partner with the *École d'Entrepreneurship de Beauce* (EEB), notably through the *Fonds EEB Banque Nationale*, and with other organizations and initiatives such as *Fondation Montréal inc.*, *Fondation de l'entrepreneurship*, *Association des clubs d'entrepreneurs étudiants du Québec*, Notman House, Adrenalys and the SME Passport program.

Listening to our clients

For a number of years now, National Bank has measured the effectiveness and competitiveness of its products and services as well as the quality of the client experience.

Over the past year, a specialized external firm surveyed more than 130,000 of the Bank's retail and business clients in many business units. This exercise gives the Bank clearer insight into what clients want and expect so that it can better meet their needs. The results of such surveys are analyzed and integrated into the Bank's business plans, in keeping with the continuous improvement approach adopted by the entire organization.

Addressing client complaints

National Bank has a simple and accessible complaint settlement process that focuses on finding solutions. It encourages employees to handle and address complaints and supports them in this regard.

Through the Office of the Ombudsman for Clients, clients have an independent recourse for complaints not settled to their satisfaction. The Office of the Ombudsman partners with specialists from all areas to promote a collaborative approach among the parties involved and methods adapted to each specific situation.

Each year, the Office of the Ombudsman publishes data on the complaints handled over the past year. This information, as well as the Charter of the Office of the Ombudsman for Clients, is available on the Bank's website.

www.nbc.ca > About Us > Our Organization > Complaint Settlement

WORKING TOGETHER TO REACH OUR FULL POTENTIAL

National Bank is recognized as a top employer in Canada and its best ambassadors are its employees. They are always at the heart of the action and their talent and commitment make them one of our organization's greatest assets.

Listening to our employees and providing a stimulating environment where they can achieve their full potential is therefore a priority for the Bank. We believe that this is the best way to build a team of engaged and knowledgeable employees who are able to deliver a distinctive client experience.

Taking care of our employees

For National Bank, maintaining a stimulating work environment and a positive employee experience is essential. Listening to our employees by conducting surveys to measure their engagement and offering programs that support a healthy workplace is therefore important.

National Bank has been promoting employee wellness since 2006 through its My Health: My Wealth! Program, which encourages employees to look after their physical and mental well-being by providing them with information, tools and resources to adopt healthy lifestyles. In 2016, all program activities were merged into a user-friendly wellness portal and several new initiatives were launched to enhance the offering, including a component on stress management and a plan to reimburse certain physical activity fees.

National Bank also offers confidential professional support to employees and their loved ones who are coping with difficulties in their personal lives through its Employee and Family Assistance Program (EFAP). The EFAP also provides counselling services for managers to help them deal with sensitive and emotionally difficult situations they may face in their management role.

Moreover, in 1980, National Bank became the first company in Quebec to make a workplace daycare available to its employees. Our *Voûte enchantée* daycare offers fun and educational programs to its young charges.



National Tour - Succeeding Together

The National Tour is an annual initiative launched in 2014 that allows members of management and employees to meet in an informal and friendly setting to discuss a variety of topics affecting the organization. The program's various activities encourage employees across Canada to contribute to the organization's development.

Maintaining a dialogue with our employees

Keeping employees well informed and addressing their concerns on the business vision and changes underway in the organization has always been a priority for senior management.

Every year, members of the Office of the President take time to meet with hundreds of employees across all line levels and all regions where the Bank is present.

- Executive luncheons
- Lunch meetings
- Branch visits
- Quarterly conference calls

We periodically carry out various confidential surveys to help us listen to our employees and managers, foster dialogue with them and gather their comments, concerns and suggestions about different aspects of their work life. This feedback enables us to continually enhance the Bank's practices and offer a superior employee experience, which ensures Red Carpet customer service and helps us achieve our *One client, one bank* vision.



Each year, the Bank organizes various meetings that bring employees and members of management together to discuss business priorities.

Settling disputes with respect

National Bank has established an Employee Ombudsman's Office to help settle any disputes employees may experience in their job. The Employee Ombudsman's Office (EOO) is made up of professionals who abide by a strict code of ethics and adhere to standards governing impartiality and confidentiality. Their role is to encourage dialogue between parties involved and serve as advisors and facilitators. The EOO reports directly to the President and Chief Executive Officer.

One of Canada's top employers

National Bank has received numerous awards over the years for being an outstanding employer. In 2016, we were recognized in several prestigious rankings, including the following:

- Best Employers in Canada, Gold Level (Aon)
- Montreal's Top Employers (Mediacorp Canada)
- Canada's Best Diversity Employers (Mediacorp Canada)
- Distinction award in the lifestyle and stress management category for large organizations (*Groupe entreprises en santé*)



According to our employees, the Bank stands out for all of the following:

- The engaging leadership and inspiring vision of its executives
- The opportunities for employee development and a challenging career
- The spirit of camaraderie within teams

Embracing diversity

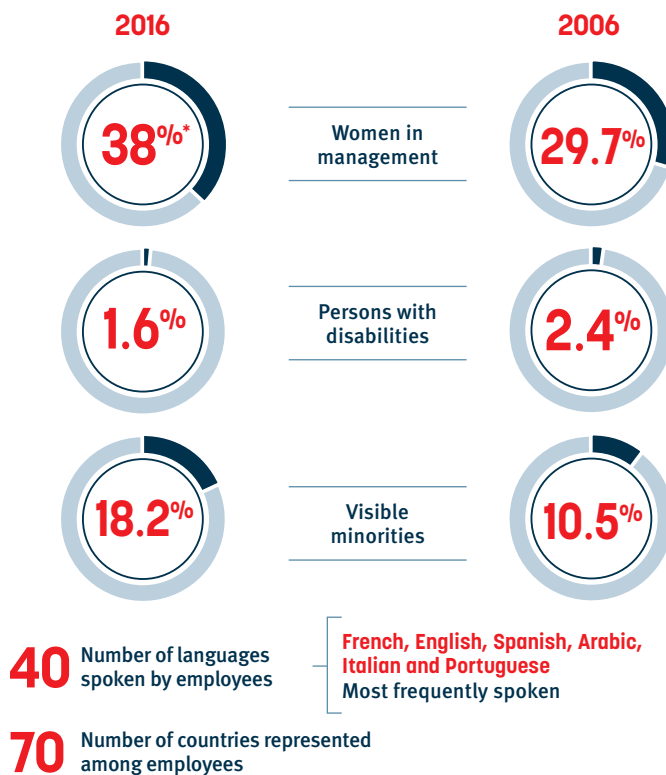
National Bank sees diversity as a tremendous source of wealth and is committed to promoting it within all business units. This commitment goes above and beyond the four groups designated in the *Employment Equity Act*, that is, women, persons with disabilities, members of visible minorities and aboriginal peoples. Indeed, since the Bank values diversity in all forms, its objective is to offer an open and respectful work environment where all employees can achieve their full potential, regardless of their differences.

The key objectives of the Bank's three-year plan are adopting inclusive human resources practices, creating internal networks, establishing partnerships with various organizations and forming a diversity committee in each of the Bank's sectors.

www.nbc.ca > About Us > Social Responsibility > Diversity



Representation (as at October 31, 2016)



* As at January 31, 2017

Programs to foster new talent and diversity

Bursaries for students with functional limitations

Every year since 1989, National Bank has helped people with functional limitations pursue their postsecondary education by offering bursaries and a summer internship.

Women in financial markets scholarship program

This unique initiative in the Canadian banking industry is intended to encourage women seeking to carve out a career in finance to pursue graduate studies and also learn more about our organization. In addition to receiving financial assistance, bursary recipients benefit from the support of a mentor and are offered an internship at the Bank.

Financial Markets programs for students and new graduates

The summer internship program enables university students to gain experience working in one of the Financial Markets business units and interact with some of the Bank's finance specialists and professionals. The 12-month rotation program offers new recruits work experience in our trading rooms and different business sectors in Montreal, Toronto and Calgary, enabling them to deepen their knowledge of financial markets and the banking industry. These employees are then offered a permanent assignment in line with their interests and strengths.

Dynamic internal networks

2016 was another busy year for National Bank's internal networks. Numerous events were organized that enabled participants to share best practices, develop their leadership skills, expand their personal contacts both internally and externally, and benefit from the experience of members of senior management.

Women's Leadership Network – Women leaders

Young Employees Network – Young professionals

Connexion group – Sales force employees

IDEO Network – LGBT community and supporters

Diversity Ambassadors – Newcomers and cultural communities

A collaborative culture through day-to-day interaction



Several initiatives are underway at National Bank to create a modern working environment that fosters collaboration between teams and sectors. For several months, employees have had access to myHub, an easy and user-friendly self-serve portal that integrates learning, access to communication and productivity tools, and ways to create online collaborative spaces. The Bank is also reviewing its office space and evaluating new ways of working, which includes a pilot project on upgrades to premises that aims to promote teamwork, mobility and independence.

Offering competitive total compensation

National Bank offers a total compensation package designed to attract, engage and retain the high-calibre employees needed to meet its business objectives. The following principles form the cornerstone of our total compensation policy:

- Offer competitive compensation in order to attract, engage and retain talent.
- Recognize employee contributions.
- Engage employees to focus on enhancing the Bank's performance and creating value for all stakeholders.
- Contribute to the achievement of the sectors' business objectives.
- Support employees' needs and ensure their well-being.

The Bank has a broad range of compensation components to meet different needs and ensure competitive total compensation. Our total compensation package consists of:

- Base salary
- Variable compensation programs
- Employee benefits, including:
 - Flexible group insurance plan
 - Defined benefit pension plan
 - Employee share ownership plan
 - Credit and banking privileges
 - Employee and Family Assistance Program
- Professional development and training

Contributing to professional development

National Bank continually invests in creating an environment that promotes learning and helps employees grow and thrive in their work. By giving employees an opportunity to build their knowledge and skills, our development program helps foster their engagement, loyalty, performance and advancement, and is conducive to creating a distinctive client experience.

The Bank holds a certificate from *Emploi Québec* in recognition of its quality training initiatives. Our training is geared to the needs of our different groups of employees. A mentor program is also available to senior managers and employees with strong potential for development within the company to help them strengthen their management and leadership skills.

Each business sector has its own development strategy that reflects the specific market- and transformation-related challenges it faces. In this way, the Bank ensures that its employees continue to build relevant expertise and keep up to date with industry trends.

In 2016

- \$33 million was invested in developing employee competencies.
- In all, some 214,000 courses were completed, representing approximately 54,000 training days.
- Progressive deployment of new services on our human resources management platform continued throughout the year. The addition of a new integrated learning module made it easier to prepare personal development plans for employees.
- Thanks to the certification program launched in 2014, nearly 2,000 advisors have been trained on delivering an excellent client experience as part of their onboarding and continuing professional development. This process will continue over the coming year to meet our clients' changing needs.

ENCOURAGING COMMUNITY DEVELOPMENT

A leading player in the country's economy for over 150 years, National Bank is committed to promoting the well-being of the communities it serves. The Bank is always attentive to its employees, clients and partners in order to understand their expectations and better meet their needs.

The Bank succeeds in doing this through a well-defined donations and sponsorships program, dedicated employees and retirees who are passionate volunteers in their communities as well as successful fundraising efforts that include our clients.



Community engagement

Every year, through its donations and sponsorships, the Bank supports the mission of hundreds of Canadian organizations in the sectors of entrepreneurship, education, health, sport, art and culture, and community outreach. The recipient organizations are selected in accordance with strict guidelines to ensure that each request is given due consideration with a view to being as equitable as possible and maximizing the benefits of our community giving.

In 2016, the Bank gave more than \$25 million back to the community. This amount included some \$11.8 million in corporate donations and several million dollars in event sponsorships and fundraising.

www.nbc.ca › [About Us](#) › [Social Responsibility](#) › [Request for Financial Support](#)

SOME OF OUR DONATIONS

➤ National Music Centre

(Calgary, Alberta; 2016-2020)

Naming of a gallery in Studio Bell to honour Canadian musicians and pioneers of the music industry who have made a mark on the Canadian and International musical scene. The National Bank Private Banking 1859 Gallery showcases the national and international ties that the Centre has developed through its partnerships with museums, cultural institutions and private collections.

\$1,000,000

➤ École de technologie supérieure

(Montreal, Quebec; 2016-2020)

Donation to support students in starting up technology-based businesses.

\$1,000,000

➤ Youth Fusion

(Quebec, 2016-2018)

Donation to support the development of entrepreneurial skills in teams participating in the *Festival de robotique*.

\$150,000



➤ H.E.L.P. for Street Youth of Canada Society

(Vancouver, British Columbia; 2016-2018)

Donation to offer homeless or at-risk youth the chance of breaking the cycle of poverty through access to education and mentorship programs.

\$30,000

➤ The Lighthouse Children and Families

(Montreal, Quebec; 2016-2019)

Donation to help the Lighthouse offer free services to children struggling with an illness and their families. Annual presentation of the summer cocktail of the *Cercle des Dauphins*, a philanthropic committee made up of young professionals whose purpose is to contribute to the Lighthouse's outreach.

\$120,000

➤ Royal Victoria Regional Health Centre

(Barrie, Ontario; 2016-2020)

Addition of beds for emergency care as part of a mental health program for youth.

\$100,000

➤ Université du Québec à Rimouski

(Rimouski, Quebec; 2016-2025)

Donation to the University and its Lévis campus to support the creation of a trading room.

\$500,000

The *Festival de robotique* gives participants an opportunity to showcase their ingenuity and entrepreneurial spirit in a sector of the future.

SOME OF OUR SPONSORSHIPS

In 2016, National Bank and Tennis Canada announced the renewal of their partnership, extending it for a six-year term. As the main Canadian financial institution associated with tennis, National Bank is renewing its commitment through several initiatives specifically targeting the next generation of professional and amateur tennis players while making it possible for the best players in the world to play on Canadian soil.

Our main initiatives:

- **National Bank's Young Aces** program is aimed at identifying exceptional talent in children ages six to eight across Canada.
- The **National Bank Challengers events in Gatineau, Granby, Drummondville, Saguenay and Winnipeg** serve as a first experience on the international circuit for many young Canadian players, helping them earn points toward their world ranking.
- The **National Bank Cup** in Quebec City, which reverted to Tennis Canada ownership in 2016, continues to be one of the most prestigious women's tennis tournaments of its class in the world.
- The **Rogers Cup** presented in Montreal and Toronto by National Bank offers fans the chance to watch the best players in the world play.
- The **National Bank International Junior Tennis Open in Repentigny** provides an opportunity for players ages 14 to 18 to play their first matches at an international tournament.
- This year, the Bank also became the official partner of **Tennis New Brunswick**.
- The **On The Ball** program, which is celebrating its 10th anniversary in 2016, aims to collect used tennis balls and redistribute them to elementary schools, where they are used as chair slippers to reduce classroom noise and create an environment conducive to learning.

So far, **310,511** students
are on the ball.



Employees, retirees and clients devoted to their community

Thousands of National Bank employees and retirees are committed to making a difference in the community. In 2016, the volunteer program matched their enthusiasm by donating \$1 to a youth organization for each hour volunteered, up to a maximum of \$100,000. Since Bank employees and retirees logged enough hours to reach the maximum donation, a cheque for \$100,000 will be presented to an organization selected by employees during National Volunteer Week.

When it comes to raising funds to support community activities or address urgent humanitarian needs, the Bank can always count on its network of 450 branches across Canada to rally for the cause. Again this year, our employees and clients have demonstrated their generosity on numerous occasions.

A FEW EXAMPLES OF OUR COMMUNITY ENGAGEMENT

United Way/Centraide campaign

(Canada; 2016)

Total raised by National Bank employees and retired employees, including a corporate donation, as part of our 39th Canada-wide campaign.

\$3,390,000

CN Cycle for Children's Hospital of Eastern Ontario

(Ottawa, Ontario; 2016)

Through this cycling event, Bank employees raised funds benefiting children with cancer.

\$45,229

Canadian Red Cross

(Canada; 2016)

Corporate donations, employee donations and fundraising drives were organized in the Bank's branch network to support the Canadian Red Cross in welcoming Syrian refugees to Canada, and in assisting those affected by the earthquake in Ecuador, the forest fires in Fort McMurray, Alberta, and the aftermath of Hurricane Matthew in Haiti, the Caribbean and along the U.S. East Coast.

\$283,653

Juvenile Diabetes Research Foundation (JDRF)

(Canada; 2016)

For a 13th consecutive year, National Bank participated in the Ride for Juvenile Diabetes Research. Some 810 employees came together in various Canadian cities for this high-energy stationary cycling event.

\$182,500

Hospice PEI

(Prince Edward Island; 2016)

Presentation of Hospice PEI's Dancing with the Stars competition to benefit the organization's work in supporting patients and their families during the palliative care process.

\$5,000

Tour of Hope

(New Brunswick; 2016)

Honorary co-chair of the Tour of Hope, a 650-km bicycle tour to benefit the Tree of Hope campaign. Donations are used to purchase specialized equipment and provide training for the teams at the Dr. Léon-Richard Oncology Centre.

\$95,000

One for Youth Bicycle Tour

(Gatineau and Ottawa, Quebec/Ontario; 2016)

Some 200 National Bank employees biked nearly 345 km in the Gatineau and Ottawa regions, surpassing the event objectives for a 6th consecutive year. The funds raised were shared by six organizations: the Ottawa Children's Treatment Centre, *Vallée Jeunesse*, *Enviro Éduc-Action*, the *Maison de jeunes Le Mashado*, the Gatineau Social Pediatric Centre and the University of Ottawa (entrepreneurship project).

\$150,000



Participants of the 6th One for Youth Bicycle Tour braved the rain for a good cause.

Supporting diversity

National Bank partners with numerous organizations to identify and launch initiatives that put us at the forefront of efforts to promote a proud, inclusive community. The Bank stayed true to this commitment over the past fiscal year through a number of actions.

- ▶ Since 2006, the Bank has hosted the Laurent-McCutcheon Award ceremony, organized by *Fondation Émergence*. In 2016, this award was given to the Right Honourable Justin Trudeau, Prime Minister of Canada, recognizing his long-standing commitment to the fight against homophobia and transphobia.
- ▶ Since 2008, the Bank has been the main sponsor of the *Gala Arc-en-Ciel*, organized by the *Conseil québécois LGBT*, which aims to recognize the community involvement of LGBT members.
- ▶ Lastly, in 2016, the Bank was also a presenting partner of various Asian film festivals across Canada—the Toronto Reel Asian International Film Festival, the Mosaic International South Asian Film Festival of Mississauga and the Vancouver Asian Film Festival.

National Bank Collection

Over 7,500 works of art to discover

Over the years, National Bank has built up an impressive collection of Canadian art, which it proudly displays in its offices, branches and subsidiaries across the country. With over 7,500 original works of art, the National Bank Collection currently ranks as one of the largest corporate collections in Canada. The National Bank Collection reflects the history of Quebec and Canadian art from 1895 to the present. By acquiring artwork, we directly support artists and creators across Canada and foster a feeling of pride in our collective heritage while enriching the surroundings for thousands of employees and clients.

In order to bring the works to as many people as possible, National Bank lends several pieces each year to various museums across the country. The Bank also has a permanent art gallery in its Montreal flagship branch. This gallery hosts exhibitions on various themes, featuring works from the National Bank Collection.

BLEU DE BLEU

Alongside several partners and sponsors, National Bank unveiled the concept of BLEU DE BLEU, its project to celebrate Montreal's 375th anniversary. The art installation will be displayed along one of Montreal's main arteries—spanning a 6-km stretch of Highway 20 eastbound from the Montréal-Trudeau airport. Evoking the shores of the Saint Lawrence River, this open-air installation, designed by renowned artist Alain Païement and produced by Sid Lee, showcases the city's innovative spirit.



Explore our YouTube channel: youtube.com/nationalbankofcanada

HELPING PROTECT THE ENVIRONMENT

National Bank is concerned by society's impact on the environment, particularly the effects of climate change. That's why we are actively involved in implementing various initiatives to reduce our environmental footprint.

The Bank stands out for the major partnerships it has developed over the years with various organizations and businesses that share its goal of contributing to sustainable social development.

Managing our carbon footprint effectively

National Bank strives to understand and reduce the impact of its activities on the environment as much as possible. We have therefore introduced a variety of voluntary measures for calculating and reducing our greenhouse gas emissions. The Bank was carbon-neutral from 2011 to 2015 and is currently reviewing its approach and assessing its options for the coming years.

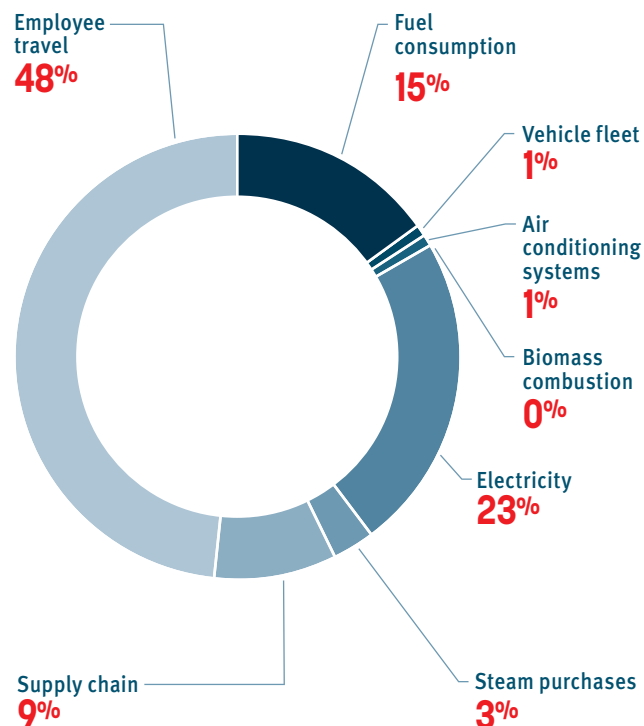
Measuring greenhouse gases

The Bank took the first step in managing its carbon footprint in 2007-2008 by measuring its GHG emissions and submitting the data to the Carbon Disclosure Project, an international organization committed to preventing climate change. We have since made it an annual exercise, working in close collaboration with numerous recognized consulting firms to ensure our methods are in line with current best practices.

To support its rigorous GHG inventory process, the Bank recently acquired high-performance tools that allow it to quantify its emissions with greater accuracy.

The Bank's GHG emissions in fiscal 2015 were estimated at 15,418 tons of CO₂.

Breakdown of GHG emissions
(fiscal 2015)



Reducing our footprint

Through the use of advanced inventory taking, the Bank is aware of the volume and source of its emissions and is firmly committed to reducing them. To do so, it has taken a series of environmentally responsible actions.

Screening of suppliers' practices

National Bank continued implementing a process to screen its suppliers' practices in order to ensure a more sustainable and responsible approach to sourcing. Ultimately, the Bank will be able to assess suppliers' impact on the environment and society and then use the findings to inform its purchasing decisions.

In addition, the Bank is a board-serving member of the *Espace québécois de concertation sur les pratiques d'approvisionnement responsable* (ECPAR), a Quebec-based multi-party organization whose mission is to mobilize supply chain stakeholders and promote responsible procurement.

Focusing on energy efficiency

As the majority of our emissions are produced through our consumption of electricity and combustible fuels, energy efficiency is a priority for us. The Bank is in fact recognized for its leadership in this area. Its exceptional performance notably earned it membership in Hydro-Québec's Energy Savers' Circle in 2015. One of the most promising energy-saving measures is an innovative web-controlled remote interface for managing energy use in branches.

The concept is quite simple and consists in centrally controlling heating, cooling and ventilation to optimize energy consumption in our buildings. This system saves the Bank millions of kilowatt hours of electricity and thousands of cubic metres of natural gas annually.

In order to ensure sustained energy savings, a continuous commissioning process was also implemented recently. Through this new approach, which takes a number of factors into account, including changes made over the life cycle of our buildings, we can continually monitor our facilities to ensure we meet our energy efficiency targets year after year.

Obtaining certification for our buildings

The Bank has also garnered recognition for the eco-responsible features of its buildings. It has even aligned its design standards with LEED certification criteria and systematically applies them to all new projects.

Over the past few years, the Bank has earned several LEED certifications for its branches and corporate buildings, including the prestigious LEED Canada Existing Buildings: Operations and Maintenance (EB: O&M) Gold Certification for its head office.



**National Bank,
partner of the Appalachian Corridor**

The Bank is proud to financially support the Appalachian Corridor, the conservation organization whose mission is to protect the biodiversity and natural areas in the Appalachian region of Southern Quebec.

ENSURING EFFECTIVE GOVERNANCE

Financial institutions play a vital role in maintaining global economic stability. Accordingly, National Bank recognizes the importance of adopting governance practices that meet the highest standards and expectations. Honesty, integrity and ethics are central to our values.

Ensuring compliance with the Code of Conduct and Ethics

We have integrated strict ethical standards and guidelines into our operations. These are set out in National Bank's Code of Conduct and Ethics.

Introduced in 1985 and regularly reviewed, our Code defines the behaviours expected from our employees, officers and, insofar as the provisions of the Code apply to them, the members of the Board of Directors. Interns, consultants, contract workers, agents and service providers must also read the Code and pledge to follow the provisions applicable to their activities. It allows us to make sure that our standards concerning information confidentiality, conflicts of interest, information security and other aspects related to our activities are followed. A review of the code was undertaken in 2016 to take into account tighter ethical standards and heightened regulatory expectations regarding business conduct, industry best practices and the Bank's organizational transformation. Publication of the new code is scheduled for June 2017.

Various ongoing measures also ensure that the Code is applied in a diligent and uniform manner. For instance, when they are hired, all employees are required to take a course on the ethical and behavioural standards in effect at National Bank, agree to comply with the Code and renew their commitment annually.

Adopting leading-edge governance standards

Our governance architecture consists of clearly defined structures, policies and processes. A statement of our corporate governance practices and the mandates of the Board of Directors and its committees are available on our website. The Board keeps abreast of governance developments and draws on the best practices advocated by various experts and specialized agencies throughout the world to ensure the Bank has an optimal governance framework that reflects the business environment in which it operates.

www.nbc.ca > About Us > Governance

The Board is meticulous in carrying out its mandate of overseeing the management of the Bank. In the past fiscal year, the Board's four committees (Audit Committee, Conduct Review and Corporate Governance Committee, Human Resources Committee and Risk Management Committee) addressed a number of issues that fall under their respective purviews, including cyber risk management, and worked on making further improvements to the Bank's governance practices. The Board also examined a number of files, including new initiatives to generate increased revenues outside Canada.

Meeting applicable requirements

In addition to carrying out its mandate, the Board pays close attention to changes made in the financial industry and carefully monitors developments affecting the Bank's standing policies, practices and systems.

Accordingly, National Bank further improved its risk disclosure in its Annual Report to satisfy the 32 recommendations made in October 2012 by the Enhanced Disclosure Task Force (EDTF) created by the Financial Stability Board (FSB). The Bank spares no effort to ensure overall compliance with these recommendations and will continue improving its risk disclosure in accordance with best practices. Other such changes are also underway to comply with Basel III, which is being phased in gradually until 2018. This international agreement is intended to make the global banking system more resilient and maintain confidence in the markets.

Fostering dialogue

Sound governance means being open to diverse points of view and opinions. National Bank has therefore implemented methods for its shareholders, clients and others to raise matters they deem noteworthy with Board members.

For example, in order to encourage this dialogue, the letter to shareholders in the Bank's Management Proxy Circular sets out the Bank's approach to executive compensation. Moreover, the Board once again submitted its executive compensation approach to an advisory vote by shareholders. At the Bank's Annual Meeting of Shareholders on April 15, 2016, 91.84% of shareholders voted in favour of the approach proposed by the Bank's Board of Directors.

Shareholders, clients and others can also send us their comments or questions by mail, by email or through our Investor Relations Department, or submit them in person at the annual meeting of shareholders.

Similarly, we seek to promote discussions with clients, employees, suppliers, interest groups and associations and facilitate access to high-quality information on the Bank, in keeping with applicable legislation.

Striving for diversity on the Board

The Board believes that diversity among its members enriches discussion and recognizes the value of increasing the number of women directors. It therefore adopted a diversity statement in 2013 that underscores the importance of having diversified representation among its directors to better reflect the diverse make-up of the Bank's clients, employees and shareholders. The statement provides that the Bank's Board of Directors must strive for parity between men and women and specifies that, to meet this objective, it aims to have women nominees for half of all directorships that become vacant in the future. As at October 31, 2016, the Bank's Board of Directors was one of the most diversified and inclusive among Canadian public corporations.

National Bank also continues to support Catalyst's call to action for Canadian corporations to increase the overall proportion of board seats held by women.

The independence of Board members is another prime consideration for the Bank. Of the 14 directors serving on the Board as at October 31, 2016, 13 are independent, including the Chairman of the Board and the members of each of the Board's committees.

www.nbc.ca > [About Us](#) > [Investors](#) > [Proxy Circulars](#)

The Board is also working on succession planning to ensure its continuity and enhance its diversity. It keeps an up-to-date list of qualified male and female candidates who can enrich its deliberations and strengthen its ability to advise management.

CONTRIBUTING TO THE WEALTH OF OUR SOCIETY

National Bank is one of the largest employers in Quebec and Canada as well as a taxpayer, lender and major purchaser of goods and services. As such, it is a significant contributor to the economy.

The Bank strives to maximize the economic benefits for the communities it serves by making responsible investments in its facilities, providing quality jobs and honouring its commitments to shareholders.

Driving our economy forward

National Bank ranks among the largest companies in the country in terms of employees, total revenues and assets. Through many different initiatives related to running the organization, operating its extensive branch network and offering a multitude of products and services, National Bank serves as a powerful economic driver.

www.nbc.ca > [About Us](#) > [Investors](#) > [Annual Reports](#)

Fostering Montreal's inclusive development

National Bank has been a partner of the *Fonds d'investissement de Montréal* (FIM) since its inception in 1997. The initiative's mission is to socially and economically revitalize urban neighbourhoods by transforming or renovating affordable multi-unit rental properties in the greater Montreal area. The Bank renewed its commitment during the past fiscal year by participating in the fourth capitalization phase.

Our economic contribution by the numbers:

\$100 MILLION	➤	invested in our facilities
\$718 MILLION	➤	paid in income and other taxes
\$1 BILLION	➤	spent on goods and services
\$2 BILLION	➤	paid in salaries and employee benefits
\$75 BILLION	➤	granted to finance Canadian businesses

Geographic breakdown of employees (as at October 31, 2016)

Province	Full-time	Part-time	Total
Newfoundland and Labrador	—	—	—
Prince Edward Island	16	6	22
Nova Scotia	36	—	36
New Brunswick	189	90	279
Quebec	12,980	2,578	15,558
Ontario	1,876	270	2,146
Manitoba	108	2	110
Saskatchewan	54	6	60
Alberta	314	19	333
British Columbia	306	15	321
Yukon, Northwest Territories and Nunavut	—	—	—
Total Canada	15,879	2,986	18,865
Outside Canada	1,981	3	1,984
Temporary employees	351	570	921
Total	18,211	3,559	21,770

Income taxes and other taxes paid or payable in Canada (in thousands of dollars; as at October 31, 2016)

	Income taxes ¹	Capital taxes ¹	Other taxes ²
Federal	180,388	3,500	69,080
Provincial			
Newfoundland and Labrador	4	—	32
Prince Edward Island	61	170	306
Nova Scotia	194	—	431
New Brunswick	901	2,434	3 604
Quebec	98,653	4,564	285,689
Ontario	18,956	—	34,240
Manitoba	516	670	1,097
Saskatchewan	300	1,676	579
Alberta	3,064	—	1,956
British Columbia	1,868	—	2,933
Yukon, Northwest Territories and Nunavut	1	—	—
Total – Provincial	124,518	9,514	330,867
Total – Federal and Provincial	304,906	13,014	399,947

¹ Income taxes and capital taxes: Estimated amounts

² Other taxes: Amount including employee benefits (employer's contribution including amounts paid to the Canada Pension Plan, Employment Insurance and provincial health insurance plans), business taxes, property taxes, sales taxes (including GST/HST and estimated provincial sales tax) and deposit insurance premiums.

Debt financing made available to companies in Canada (in thousands of dollars)

In 2016, National Bank approved more than \$74 billion in debt financing to businesses across Canada.

	\$0 to 24.9	\$25.0 to 99.9	\$100.0 to 249.9	\$250.0 to 499.9	\$500.0 to 999.9	\$1,000.0 to 4,999.9	\$5,000.0 or more	Total
Newfoundland and Labrador								
Total authorized (\$)	30.2	b	—	c	d	—	f	30.2
Number of clients	84	b	—	c	d	—	f	84
Prince Edward Island								
Total authorized (\$)	415.8	895.4	2,135.7	c	d	e	f	3,447.0
Number of clients	75	16	13	c	d	e	f	104
Nova Scotia								
Total authorized (\$)	100.9	769.7	2,371.0	5,420.4	9,994.0	44,076.5	799,374.7	862,107.2
Number of clients	115	13	15	16	14	17	16	206
New Brunswick								
Total authorized (\$)	8,166.4	24,914.5	38,971.5	58,692.9	94,116.5	248,880.7	618,919.7	1,092,662.2
Number of clients	1,062	498	246	170	138	127	41	2,282
Quebec								
Total authorized (\$)	308,911.1	690,077.2	1,020,360.1	1,644,601.4	2,569,967.7	8,750,366.9	25,442,294.3	40,426,578.7
Number of clients	42,622	14,225	6,581	4,608	3,686	4,243	1,050	77,015
Ontario								
Total authorized (\$)	25,057.4	51,340.3	86,372.1	147,647.3	256,299.3	1,140,860.7	16,229,275.8	17,936,852.8
Number of clients	3,561	1,046	545	407	362	500	367	6,788
Manitoba								
Total authorized (\$)	518.8	1,786.9	4,415.2	10,257.3	17,759.0	137,706.0	794,521.3	966,964.6
Number of clients	60	38	27	28	26	59	26	264
Saskatchewan								
Total authorized (\$)	523.0	1,722.6	4,536.6	6,414.9	9,798.1	99,605.9	650,718.0	773,319.3
Number of clients	59	35	28	19	15	40	20	216
Alberta								
Total authorized (\$)	2,082.3	5,846.4	14,722.3	18,081.6	23,304.9	169,667.8	10,050,383.4	10,284,088.5
Number of clients	291	117	93	53	33	69	178	834
British Columbia								
Total authorized (\$)	888.4	3,148.1	5,843.6	13,570.9	27,702.8	105,679.8	2,053,245.7	2,210,079.2
Number of clients	163	68	39	36	39	47	40	432
Yukon, Northwest Territories and Nunavut								
Total authorized (\$)	a	—	a	—	—	—	f	—
Number of clients	a	—	a	—	—	—	f	—
Grand total								
Total authorized (\$)	346,694.3	780,501.1	1,179,728.1	1,904,686.8	3,008,942.3	10,696,844.3	56,638,732.9	74,556,129.8
Number of clients	48,092	16,056	7,587	5,337	4,313	5,102	1,738	88,225

Note: To preserve client confidentiality, certain figures have been combined as follows:

a - The figures for the Yukon, the Northwest Territories and Nunavut have been added to the figures for British Columbia and to that province's total.

b - The figures for Newfoundland and Labrador have been added to the figures for Nova Scotia and to that province's total.

c - The figures for Newfoundland and Labrador and Prince Edward Island have been added to the figures for Saskatchewan and to that province's total.

d - The figures for Newfoundland and Labrador and Prince Edward Island have been added to the figures for Nova Scotia and to that province's total.

e - The figures for Prince Edward Island have been added to the figures for Nova Scotia and to that province's total.

f - The figures for Newfoundland and Labrador, Prince Edward Island and the Yukon, the Northwest Territories and Nunavut have been added to the figures for Nova Scotia and to that province's total.

The figures shown have been rounded to one decimal point.

Subsidiaries* of National Bank (as at October 31, 2016)

List of subsidiaries covered under the Public Accountability Statements Regulations and the Finance Entity Regulations.

CABN Investments Inc.

Innocap Investment Management Inc.

Natcan Trust Company

National Bank Direct Brokerage Inc.

National Bank Financial Ltd.

- NBF Financial Services Inc.
- NBF Financial Services Ltd.

National Bank Investments Inc.

National Bank Life Insurance Company

- National Bank Insurance Firm Inc.
- National Bank Planning and Benefits Inc.

National Bank Trust Inc.

NBCN Inc.

* The term subsidiary denotes an entity of the National Bank group.

Branches* closed and opened (during the fiscal year ended October 31, 2016)

Branches closed

Quebec

400 boul. du Séminaire Nord, Saint-Jean-sur-Richelieu

627 route Marie-Victorin, Verchères

540 1^{re} rue, Iberville

234 rue Saint-Antoine Nord, Lavaltrie

57 rue Saint-Gabriel, Saint-Gabriel-de-Brandon

99 Grande-Allée Est, Grande-Rivière

100-10516 boul. Sainte-Anne, Sainte-Anne-de-Beaupré

81 rue Laval, Sherbrooke

84 rue Principale, Bedford

70 rue Lévis, Longueuil

2455 boul. de Rome, Brossard

Ontario

447 Main Street East, Hamilton

1599 Ottawa Street, Windsor

102 Manitoba Street, Bracebridge

Branches opened

Quebec

395 boul. du Séminaire Nord, Saint-Jean-sur-Richelieu

639 rue Duvernay, Verchères

745 boul. d'Iberville, Iberville

81A chemin de Lavaltrie, Lavaltrie

190 rue Saint-Gabriel, Saint-Gabriel-de-Brandon

100 Grande-Allée Est, Grande-Rivière

121-10516 boul. Sainte-Anne, Sainte-Anne-de-Beaupré

15-3535 autoroute Jean-Noël-Lavoie Ouest, Laval

245 rue Peel, Montreal

1774-1 Place Ville Marie, Montreal

Ontario

123 James Street North, Hamilton

Manitoba, Alberta and British Columbia

200 Waterfront Drive, Winnipeg

100-239 8th Avenue SW, Calgary

1076 Alberni Street, Vancouver

* The term branch is used as defined in the Public Accountability Statements Regulations.

ABMs removed or added (during the fiscal year ended October 31, 2016)

ABMs removed

Quebec

400 boul. du Séminaire Nord, Saint-Jean-sur-Richelieu (3 ABMs)
627 route Marie-Victorin, Verchères
540 1 ^{re} rue, Iberville (2 ABMs)
234 rue Saint-Antoine Nord, Lavaltrie (2 ABMs)
57 rue Saint-Gabriel, Saint-Gabriel-de-Brandon
99 Grande-Allée Est, Grande-Rivière
100-10516 boul. Sainte-Anne, Sainte-Anne-de-Beaupré
2875 boul. Laurier, Quebec City

Ontario

447 Main Street East, Hamilton
1599 Ottawa Street, Windsor

ABMs installed temporarily

Quebec

Uniprix Stadium – 285 rue Gary-Carter, Montreal (2 ABMs)	Rogers Cup Montreal	From July 19 to August 2, 2016
--	---------------------	--------------------------------

Ontario

Rexall Centre – York University, 1 Shoreham Drive, Toronto (3 ABMs)	Rogers Cup Toronto	From July 20 to August 2, 2016
---	--------------------	--------------------------------

ABMs added

Quebec

395 boul. du Séminaire Nord, Saint-Jean-sur-Richelieu (3 ABMs)
639 rue Duvernay, Verchères
745 boul. d'Iberville, Iberville (2 ABMs)
81A chemin de Lavaltrie, Lavaltrie (2 ABMs)
190 rue Saint-Gabriel, Saint-Gabriel-de-Brandon (2 ABMs)
100 Grande-Allée Est, Grande-Rivière
121-10516 boul. Sainte-Anne, Sainte-Anne-de-Beaupré (2 ABMs)

15-3535 autoroute Jean-Noël-Lavoie Ouest, Laval
245 rue Peel, Montréal (2 ABMs)
3800 rue Sherbrooke Est, Montreal
252 rue Notre-Dame, Maniwaki
1950 boul. Saint-Joseph, Drummondville
250 route 279, Saint-Lazare-de-Bellechasse

Ontario

123 James Street North, Hamilton

Manitoba

200 Waterfront Drive, Winnipeg

British Columbia

1076 Alberni Street, Vancouver

This 2016 Social Responsibility Report is published by National Bank of Canada in accordance with the Public Accountability Statements Regulations adopted in 2002 by the federal government (*Bank Act*). It complements National Bank's Annual Report and Management Proxy Circular, and provides an overview of our activities during the year in support of all our stakeholders.

The information presented encompasses relevant activities related to National Bank and its main subsidiaries (listed on page 29) without specific limitations. The Social Responsibility Report is prepared by the Public Affairs team with the contribution of dozens of experts, then reviewed and approved by members of Management in the organization's many different sectors.

Our reporting is based on the main social, environmental and governance performance indicators of the most widely recognized accountability frameworks.

The Social Responsibility Report is part of the Bank's ongoing dialogue with its various stakeholders, including clients, employees, community partners, shareholders, suppliers, interest groups and regulatory authorities. We engage our stakeholders primarily on the basis of communities of interest and communities of purpose both in a business context and to contribute to socioeconomic development. These interactions are an important tool for assessing and mitigating the risks related to our activities, particularly as they enable us to conduct various impact analyses.

Unless otherwise indicated, the information presented refers to fiscal 2016 (November 1, 2015 to October 31, 2016) and is subsequent to the public accountability statement for fiscal 2015, published in March 2016. None of the information contained in the report was materially changed or restated during 2016.

This report is available at any National Bank branch or by calling **514-394-5555** or **1-888-4-TelNat**. It may also be consulted in its entirety at nbc.ca/socialresponsibility.

Également disponible en français.

Comments regarding this document may be submitted to our Public Affairs Department by email at pa@nbc.ca or by calling **514-412-1320**.

Fighting money laundering and terrorist financing

The methods and techniques used by criminal organizations to launder money and finance terrorist activities have become increasingly sophisticated over the years.

Wanting not only to comply with legal and regulatory requirements but also to play an active role in the fight against these crimes, the Bank continues to implement measures to prevent money laundering and terrorist financing.

It has put in place an anti-money laundering/anti-terrorist financing program that includes policies, procedures, a continuous training program and a control framework for identifying clients, record-keeping, assessing inherent risks, ongoing monitoring of business relations and reporting obligations.

The Risk Management Committee oversees the application of this program on behalf of the Bank's Board of Directors.

1st quarter 2017

Printed in Canada, ISBN 978-2-921835-53-4

Legal deposit: Bibliothèque et Archives nationales du Québec

Legal deposit: Library and Archives Canada

Project management and editing: National Bank's Public Affairs Department

Cover design: Sid Lee

Graphic design: Graphiques M&H

Translation: National Bank's Linguistic Services

Printing: Graphiscan

Photos

Pages 3, 12 and 19: Maxime Côté, photographer

Page 9: Courtesy of Caroline Imbeault

Page 17: Courtesy of Bernard L'Arrivée

Page 23: Courtesy of Appalachian Corridor

Trademarks

The trademarks used in this report include National Bank of Canada, Private Banking 1859, *One client, one bank*, Powering your ideas, NB CAMP, HelloCanada, My Business Model, National Bank Direct Brokerage and National Bank Investments and their respective logos, which are trademarks of National Bank of Canada used under licence by National Bank of Canada or its subsidiaries. All other trademarks mentioned in this report that are not the property of National Bank of Canada are owned by their respective holders.

This document is printed on 100% post-consumer recycled paper, processed chlorine free. The inks used for this production contain vegetable oils.



100%
post-consumer



bio gas
energy



recyclable



EcoLogo®



processed
chlorine free

