NATIONAL BANK

2021

Annual Information Form

November 30

DISTRIBUTION NOTICE OF THIS ANNUAL INFORMATION FORM

This annual information form ("Annual Information Form") must be accompanied by copies of all documents incorporated herein by reference when it is provided to security holders or other interested parties.

Parts of the Annual Information Form are presented in the Annual Report to Shareholders, including Management's Discussion and Analysis for the fiscal year ended October 31, 2021 (the "Annual Report") and are incorporated herein by reference.

The Annual Report is available on the nbc.ca and sedar.com websites.

EXPLANATORY NOTE

In this Annual Information Form, unless otherwise indicated, information is presented as at October 31, 2021.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

From time to time, the Bank makes written forward-looking statements such as those contained in this document and in documents incorporated by reference herein, in other filings with Canadian securities regulators, and in other communications. In addition, representatives of the Bank may make forward-looking statements orally to analysts, investors, the media and others. All such statements are made in accordance with applicable securities legislation in Canada and the United States. Forward-looking statements in this document and in documents incorporated herein may include, but are not limited to, statements with respect to the economy—particularly the Canadian and U.S. economies—market changes, the Bank's objectives, outlook and priorities for fiscal year 2022 and beyond, the strategies or actions that will be taken to achieve them, expectations for the Bank's financial condition, the regulatory environment in which it operates, the potential impacts of—and the Bank's response to—the COVID-19 pandemic, and certain risks it faces. These forward-looking statements are typically identified by verbs or words such as "outlook", "believe", "foresee", "forecast", "anticipate", "estimate", "project", "expect", "intend" and "plan", in their future or conditional forms, notably verbs such as "will", "may", "should", "could" or "would" as well as similar terms and expressions. Such forward-looking statements are made for the purpose of assisting the holders of the Bank's securities in understanding the Bank's financial position and results of operations as at and for the periods ended on the dates presented, as well as the Bank's vision, strategic objectives and financial performance targets, and may not be appropriate for other purposes.

By their very nature, these forward-looking statements require assumptions to be made and involve inherent risks and uncertainties, both general and specific. Assumptions about the performance of the Canadian and U.S. economies in 2022, including in the context of the COVID-19 pandemic, and how that will affect the Bank's business are among the main factors considered in setting the Bank's strategic priorities and objectives, including provisions for credit losses. In determining its expectations for economic conditions, both broadly and in the financial services sector in particular, the Bank primarily considers historical economic data provided by the governments of Canada, the United States and certain other countries in which the Bank conducts business, as well as their agencies.

There is a strong possibility that the Bank's express or implied predictions, forecasts, projections, expectations or conclusions will not prove to be accurate, that its assumptions may not be confirmed and that its vision, strategic objectives and financial performance targets will not be achieved. The Bank recommends that readers not place undue reliance on forward-looking statements, as a number of factors, many of which are beyond the Bank's control, including the impacts of the COVID-19 pandemic, could cause actual results to differ significantly from the expectations, estimates or intentions expressed in these forward-looking statements. These risk factors include credit risk, market risk, liquidity and funding risk, operational risk, regulatory compliance risk, reputation risk, strategic risk, environmental and social risk, and certain emerging risks or risks deemed significant, all of which are described in greater detail in the Risk Management section beginning on page 69 of the Annual Report. These risk factors also include, among others, the general economic environment and financial market conditions in Canada, the United States, and certain other countries where the Bank operates; exchange rate and interest rate fluctuations; higher funding costs and greater market volatility; changes made to fiscal, monetary and other public policies; changes made to regulations that affect the Bank's business; geopolitical and sociopolitical uncertainty; the transition to a low-carbon economy and the Bank's ability to satisfy stakeholder expectations on environmental and social issues; significant changes in consumer behaviour; the housing situation, real estate market, and household indebtedness in Canada; the Bank's ability to achieve its long-term strategies and key short-term priorities; the timely development and launch of new products and services; the Bank's ability to recruit and retain key personnel; technological innovation and heightened competition from established companies and from competitors offering non-traditional services; changes in the performance and creditworthiness of the Bank's clients and counterparties; the Bank's exposure to significant regulatory matters or litigation; changes made to the accounting policies used by the Bank to report financial information, including the uncertainty inherent to assumptions and critical accounting estimates; changes to tax legislation in the countries where the Bank operates, i.e., primarily Canada and the United States; changes made to capital and liquidity guidelines as well as to the presentation and interpretation thereof; changes to the credit ratings assigned to the Bank; potential disruption to key suppliers of goods and services to the Bank; potential disruptions to the Bank's information technology systems, including evolving cyberattack risk as well as identity theft and theft of personal information; and possible impacts of major events affecting the local and global economies, including international conflicts, natural disasters, and public health crises such as the COVID-19 pandemic.

The foregoing list of risk factors is not exhaustive. Additional information about these risk factors is provided in the Risk Management section and in the COVID-19 Pandemic section of the Annual Report and may be updated in the quarterly shareholders' report subsequently published. Investors and others who rely on the Bank's forward-looking statements should carefully consider the above factors as well as the uncertainties they represent and the risk they entail. Except as required by law, the Bank does not undertake to update any forward-looking statements, whether written or oral, that may be made from time to time, by it or on its behalf.

TABLE OF CONTENTS AND LIST OF INFORMATION INCORPORATED BY REFERENCE

ABBREVIATIONS USED

CSA:	Canadian Securities Administrators
Meeting:	Annual Meeting of the Holders of Common Shares of National Bank of Canada to be held on April 22, 2022
Bank:	National Bank of Canada
BIS:	Bank for International Settlements
OSFI:	Office of the Superintendent of Financial Institutions (Canada)
RMC:	Risk Management Committee of the Board
Circular:	Management Proxy Circular in respect of the most recent annual meeting of holders of Common Shares that involved the election of directors
Audit Committee:	Audit Committee of the Board
Board:	Board of Directors of the Bank
CPA:	Chartered Professional Accountants
CRCGC:	Conduct Review and Corporate Governance Committee of the Board
HRC:	Human Resources Committee of the Board
DBRS:	DBRS Morningstar
Deloitte:	Deloitte LLP
Fitch:	Fitch Ratings Canada Inc.
NVCC:	Non-Viability Contingent Capital
IFRS:	International Financial Reporting Standards
Act:	*Bank Act*, S.C. 1991, c. 46
Moody's:	Moody's Investors Service
Annual Information Form:	This annual information form
Annual Report:	The Bank's Annual Report to shareholders, including Management's Discussion and Analysis and the consolidated audited annual financial statements for the fiscal year ended October 31, 2021
MD&A:	Management's Discussion and Analysis of the Bank's consolidated annual financial statements for the fiscal year ended October 31, 2021
SEDAR:	System for Electronic Document Analysis and Retrieval
S&P:	Standard & Poor's Financial Services LLC
TSX:	Toronto Stock Exchange
TSC:	Technology Sub-Committee

CORPORATE STRUCTURE

Name, Address and Incorporation

The Bank is a Canadian bank governed by the Act and its head office is located at 600 De La Gauchetière Street West, 4th Floor, Montreal, Quebec, Canada H3B 4L2.

The Bank's roots date back to 1859 with the founding of Banque Nationale in Quebec City. The Bank's current charter is the result of a series of amalgamations, first with Banque d'Hochelaga in 1924 to form Bank Canadian National, which then merged with The Provincial Bank of Canada in 1979 to form National Bank of Canada. In 1985, the Bank acquired The Mercantile Bank of Canada. In 1992, the Bank merged with National Bank Leasing Inc., its wholly owned subsidiary.

Bank Subsidiaries (Intercorporate Relationships)

A list of the main Bank subsidiaries with a description of intercorporate relationships can be found in the pages of the Annual Report specified in the Table of Contents of the Annual Information Form and is incorporated herein by reference.

GENERAL DEVELOPMENT OF THE BUSINESS

Three-Year History

Fiscal 2021: The Bank's net income for fiscal 2021 was $3,177 million, compared to $2,083 million for the corresponding period of 2020, a 53% increase. Diluted earnings per share were $8.96 for the fiscal year ended October 31, 2021, as against $5.70 in 2020. These increases are due to the significant decrease in provisions for credit losses on non-impaired loans resulting from the improvement in macroeconomic and credit conditions compared to fiscal 2020, as well as a significant decrease in provisions for credit losses on non-impaired loans. Moreover, the excellent performance of all business segments attributable in particular to strong revenue growth contributed to higher net income and net and diluted earnings per share. Income before provisions for credit losses and income taxes was $4,074 million for the fiscal year ended October 31, 2021, an increase of 20% from 2020, owing to higher revenues from all business segments. Total revenues were $8,927 million for the fiscal year ended October 31, 2021, as against $7,927 million for fiscal 2020, an increase of $1.0 billion, or 13%, stemming mainly from the growth in loans and deposits, the growth in assets under administration and assets under management resulting from net inflows and the strong stock market performance in 2021, the higher volume of transactions in the Wealth Management segment, and an increase in revenues from commercial banking services and investment banking services. Return on equity (ROE) was 20.7% for fiscal 2021 compared to 14.9% in 2020. The Bank's Common Equity Tier 1 (CET1), Tier 1 and total capital ratios were, respectively, 12.4%, 15.0% and 15.9% as at October 31, 2021, i.e., above the regulatory requirements, compared to ratios of 11.8%, 14.9% and 16.0%, respectively, as at October 31, 2020. The Bank's Common Equity Tier 1 (CET1) increased compared to October 31, 2020, essentially because of net income, net of dividends, issuances of common shares pursuant to the Stock Option Plan and remeasurements of pension plans and other post-employment benefit plans. These factors were mitigated by the organic growth of risk-weighted assets. Lastly, the dividend payout ratio was 31% in 2021 compared to 50% in 2020. In the Personal and Commercial Banking segment, total revenues were up by $229 million, essentially due to growth in loan and deposit volumes mitigated by a lower net interest margin which reached 2.12% in 2021, versus 2.19% in 2020. In the Wealth Management segment, total revenues were up 17% year over year, due to the increase in fee-based revenues, in connection with net inflows in all solutions and a stronger stock market performance as well as higher transaction-based revenues. Revenues in the Financial Markets segment increased 4%, with the decline in global market revenues being more than offset by higher revenues from commercial banking financial services and investment banking services. In the U.S. Specialty Finance and International segment, revenues were up 22% year over year, driven by the revenues from the Advanced Bank of Asia Limited subsidiary, which are experiencing sustained growth.

Fiscal 2020: The Bank's net income for fiscal 2020 was $2,083 million, compared to $2,322 million for the corresponding period of 2019, a 10% drop. Diluted earnings per share for fiscal 2020 were $5.70, as against $6.34 for fiscal 2019. This drop is attributable to the significant increase in provisions for credit losses during the fiscal year further to the macroeconomic outlook's considerable deterioration resulting from the COVID-19 pandemic, and the expected repercussions on clients. Nonetheless, total revenues for fiscal 2020 of nearly $8 billion were up 7% year over year due to the increase in income in most business segments, particularly resulting from the growth in assets under administration and under management as well as the volume of Wealth Management transactions, opportunities for financial markets in a volatile market; and the expansion of the Advanced Bank of Asia network. Return on equity (ROE) was 14.9% for fiscal 2020 compared to 18.0% in 2019. The Bank's Common Equity Tier 1 (CET1), Tier 1 and total capital ratios were, respectively, 11.8%, 14.9% and 16.0% as at October 31, 2020, i.e., above the regulatory requirements, compared to ratios of 11.7%, 15.0% and 16.1%, respectively, as at October 31, 2019. The Bank's Common Equity Tier 1 (CET1) increased compared to October 31, 2019, essentially because of net income, net of dividends, transitional measures for the provisioning of expected credit losses, issuances of common shares pursuant to the Stock Option Plan and remeasurements of pension plans and other post-employment benefit plans. Growth in risk-weighted assets, the end of transitional rules for specific risk of unfavourable correlation and for the revised securitization framework as well as the adoption of IFRS 16 mitigated the increase in the Common Equity Tier 1 (CET1). Lastly, the dividend payout ratio was 50% in 2020 compared to 42% in 2019. In the Personal and Commercial Banking segment, total revenues were up by $12 million, essentially due to growth in loan and deposit volumes mitigated by a lower net interest margin which reached 2.19% in 2020, versus 2.23% in 2019. In the Wealth Management segment, total revenues were up 6% year over year, mainly due to the increase in fee-based revenues, in connection with net inflows in all solutions and a stronger stock market performance as well as higher transaction-based revenues. In the Financial Markets segment, revenues were up 17% year over year, with all types of revenues having increased, particularly due to market volatility. In the U.S. Specialty Finance and International segment, revenues were up 15% year over year, driven by the revenues from the Advanced Bank of Asia Limited subsidiary, which are experiencing sustained growth.

Fiscal 2019: The Bank recorded net income of $2,322 million for fiscal 2019 compared to $2,232 million for the corresponding period of 2018, a 4% increase. Diluted earnings per share were $6.34, as against $5.94 for fiscal 2018. This increase was attributable to net income growth across most business segments, tempered by a slowdown in the Financial Markets segment during the first half of fiscal 2019. Specified items, net of income taxes, had an adverse impact of $6 million on net results in 2019. The specified items recorded during fiscal 2019, net of income taxes, included a gain of $68 million on the disposal of Fiera Capital Corporation shares, a gain of $43 million on the disposal of tangible assets, a $27 million loss following the reassessment of the fair value of the Bank's participation in NSIA Participations, impairment losses on tangible and intangible assets of $42 million, provisions for onerous contracts of $33 million, $8 million in litigation charges relating to Maple Financial Group Inc. and $7 million in severance pay. Return on equity (ROE) was 18.0% for fiscal 2019 compared to 18.4% in 2018. The Bank's Common Equity Tier 1 (CET1), Tier 1 and total capital ratios were, respectively, 11.7%, 15.0% and 16.1% as at October 31, 2019, i.e., above the regulatory requirements, compared to ratios of 11.7%, 15.5% and 16.8%, respectively, as at October 31, 2018. CET1 capital ratio was stable. Net income, net of dividends, and common share issuances under the Stock Option Plan compensated for the implementation of the *Standardized Approach for Measuring Counterparty Credit Risk* (SA-CCR), the growth in risk-weighted assets, the common share repurchases during the year ended October 31, 2019, and the remeasurements of pension plans and other post-employment benefit plans. Lastly, the dividend payout ratio was 42% in 2019 compared to 41% in 2018. In the Personal and Commercial segment, total revenues were up 4% year over year, mainly due to growth in net interest income resulting from higher personal and commercial loan and deposit volumes, the growth of which was tempered by a slight decrease in the net interest margin, which was 2.23% in 2019 versus 2.24% in 2018. In the Wealth Management segment, total revenues were up 3% year over year, mainly due to higher net interest income that was driven by the growth in loan and deposit volumes, as well as by higher fee-based revenues given net inflows across all solutions and a steady rise in stock market performance. Revenues in the Financial Markets Sector were stable, with growth stemming from global market revenues being mitigated by commercial banking financial services and investment banking services. In the U.S. Specialty Finance and International segment, revenues were up 12% year over year, driven mainly by the revenues from the Advanced Bank of Asia Limited subsidiary, which are experiencing sustained growth arising from increasing loan and deposit volumes.

DESCRIPTION OF THE BUSINESS

Business

The description of the Bank's business can be found in the pages of the Annual Report specified in the Table of Contents of the Annual Information Form and is incorporated herein by reference.

Products and Services

Information on the Bank's products and services can be found in the pages of the Annual Report specified in the Table of Contents of the Annual Information Form and is incorporated herein by reference.

Specialized Skills and Knowledge

Information on the required specialized skills and knowledge can be found in the pages of the Annual Report specified in the Table of Contents of the Annual Information Form and is incorporated herein by reference.

Competitive Conditions

A summary of the competitive conditions in the main markets and geographic areas in which the Bank conducts its business can be found in the pages of the Annual Report specified in the Table of Contents of the Annual Information Form and is incorporated herein by reference.

New Products

Information on new products can be found in the pages of the Annual Report specified in the Table of Contents of the Annual Information Form and is incorporated herein by reference.

Intangible Assets

Information on the Bank's intangible assets can be found in the pages of the Annual Report specified in the Table of Contents of the Annual Information Form and is incorporated herein by reference.

Environmental Protection

Information on the management of the Bank's current activities related to environmental protection can be found in the pages of the Annual Report specified in the Table of Contents of the Annual Information Form and is incorporated herein by reference. For further details, consult the 2020 Report on Environmental, Social and Governance (ESG) Advances as well as the 2020 Task Force on Climate-related Financial Disclosure (TCFD) Report, available on the nbc.ca website under "Social Responsibility."

Number of Employees

The Bank had 26,920 employees at the end of the fiscal year on October 31, 2021. The number of employees includes employees from Credigy Ltd. and Advanced Bank of Asia Limited.

Assets under Administration and Assets under Management

Information on the Bank's assets under administration and assets under management can be found in the pages of the Annual Report specified in the Table of Contents of the Annual Information Form and is incorporated herein by reference.

Loans by Borrower Category

The distribution of gross loans by borrower category can be found in the pages of the Annual Report specified in the Table of Contents of the Annual Information Form and is incorporated herein by reference.

Investment Policies and Lending and Investment Restrictions

Information on investment policies and lending and investment restrictions can be found in the pages of the Annual Report specified in the Table of Contents of the Annual Information Form and is incorporated herein by reference.

Provision for Credit Losses

Information on the provision for credit losses can be found in the pages of the Annual Report specified in the Table of Contents of the Annual Information Form and is incorporated herein by reference.

Social Responsibility

The description of the social and environmental policies implemented by the Bank can be found in the 2020 Report on Environmental, Social and Governance (ESG) Advances as well as the 2020 Task Force on Climate-related Financial Disclosure (TCFD) Report, available on the nbc.ca website under "Social Responsibility."

RISK FACTORS

Information on the main risk factors for the Bank can be found in the pages of the Annual Report specified in the Table of Contents of the Annual Information Form and is incorporated herein by reference.

ASSET-BACKED SECURITIES OUTSTANDING

Information on the Bank's asset-backed securities outstanding can be found in the pages of the Annual Report specified in the Table of Contents of the Annual Information Form and is incorporated herein by reference.

DIVIDENDS

Information on the amount of dividends declared and paid during the three most recently completed fiscal years can be found in the pages of the Annual Report specified in the Table of Contents of the Annual Information Form and is incorporated herein by reference.

CAPITAL STRUCTURE

As at October 31, 2021, the Bank's authorized share capital consisted of an unlimited number of common shares without par value, issuable for a consideration determined by the Board, and an unlimited number of first preferred shares without par value, issuable for a maximum aggregate consideration of $5,000,000,000, or the equivalent thereof in foreign currencies, issuable in series. The Bank's authorized share capital also consisted of 15,000,000 second preferred shares without par value, and issuable for a maximum aggregate consideration of $300,000,000, or the equivalent in foreign currency. The main features of each of these classes and series are described below. The Bank's by-laws and the actual terms and conditions of such shares take precedence over the following summary of share capital.

Details on the Bank's capital structure can be found in the pages of the Annual Report specified in the Table of Contents of the Annual Information Form and is incorporated herein by reference.

Common Shares

As at October 31, 2021, there were 20,375 registered holders of common shares of the Bank.

The common shares carry and are subject to the rights, privileges, restrictions and conditions set out below:

Dividends:

Holders of common shares are entitled to receive dividends, in such amounts and payable at such times as the Board determines.

Liquidation, Dissolution or Winding-Up:

In the event of the liquidation, dissolution or winding-up of the Bank, after payment to the holders of first preferred shares and to the holders of second preferred shares of the amounts described under "First Preferred Shares" and under "Second Preferred Shares" or holders of shares of any other class of Bank shares ranking senior to common shares, respectively, the remaining property of the Bank will be distributed rateably among the holders of common shares.

Voting Rights:

Subject to certain restrictions, holders of common shares are entitled to cast one vote per share at all meetings of shareholders of the Bank, except meetings at which only holders of a specified class or series of shares are entitled to vote.

First Preferred Shares

As at October 31, 2021, the First Preferred Shares, Series 30, 31, 32, 33, 38, 39, 40, 41, 42, 43, 44, and 45 ("**First Preferred Shares**") are part of the Bank's authorized share capital, but only Series 30, 32, 38, 40, 42, 44 and 45 have been issued and are outstanding ("**issued and outstanding series**").

The first preferred shares carry and are subject to the rights, privileges, restrictions and conditions set out below:

Rank:

First preferred shares have priority over common shares and any other Bank shares with a rank lower than first preferred shares with respect to the payment of dividends and the distribution of assets in the event of liquidation, dissolution or winding-up of the Bank.

Issuance in Series:

First preferred shares may be issued, subject to the provisions of the Act, in one or more series. The Board may, by resolution, establish the number of shares in, and determine the respective designations, rights, privileges, restrictions and conditions of each series (other than series already issued and outstanding), including the rate, amount or calculation method and terms and conditions of redemption, purchase or conversion and sinking fund or purchase fund provisions.

Creation or Issue of Superior or Equal Ranking Shares:

The Bank may not, without the prior approval of the holders of first preferred shares in addition to such approvals as may be required by the Bank Act or any other legal requirement, create or issue any shares ranking in priority to or pari passu with the first preferred shares; or create or issue any additional series of first preferred shares, unless at the date of such creation or issuance of all cumulative dividends up to and including the dividend payment for the last completed period for which such cumulative dividends are payable, have been declared and paid or set aside for payment in respect of each series of cumulative first preferred shares then issued and outstanding, and all declared and unpaid non-cumulative dividends have been paid or set aside for payment in respect of each series of non-cumulative first preferred shares then issued and outstanding.

Changes to Series:

The Bank may not, without prior approval of the holders of first preferred shares of the series concerned, and subject to the approvals required by the Act, or any other legal requirement, delete or change the relevant provisions of the first preferred shares. Holders of first preferred shares of the series concerned may give their approval by resolution adopted through the affirmative vote of at least 66⅔% of the votes cast at a meeting of the holders of the shares of the series concerned, where the majority of shares outstanding in the series concerned is represented or, if such a quorum is not obtained at this meeting, any rescheduled meeting where the shareholders are present or represented by proxy would constitute the quorum needed.

Dividends:

Holders of all series of first preferred shares are entitled to receive dividends in such amounts and payable at such times as the Board determines, in accordance with the conditions of the series. Holders of any series of first preferred shares are entitled to preference over the holders of common shares, second preferred shares and shares of any other class of Bank shares ranking junior to the first preferred shares. In the case of cumulative dividends, the priority will cover all dividends accrued (which for such purpose will be calculated as if such dividends were accruing from day to day) and unpaid. In the case of non-cumulative dividends, the priority will cover all declared and unpaid dividends. Holders of any series of first preferred shares are not entitled to any dividends other than those expressly provided for in the rights, privileges, restrictions and conditions attached to such series of first preferred shares.

Liquidation, Dissolution or Winding-Up:

In the event of the liquidation, dissolution or winding-up of the Bank, before any amount is paid or any property distributed to the holders of common shares, second preferred shares, or shares of any other class of Bank shares ranking junior to the first preferred shares, the holders of each series of first preferred shares are entitled to receive (i) an amount equal to the price at which such shares were issued, (ii) such premium, if any, as has been provided for with respect to such series, and (iii) in the case of cumulative first preferred shares, all cumulative accrued and unpaid dividends and, in the case of non-cumulative first preferred shares, all non-cumulative dividends declared and remaining unpaid on and including the date of distribution. After payment to the holders of first preferred shares of the amounts so payable to them, they may not participate in any further distribution of the property or assets of the Bank.

Voting Rights:

Subject to the provisions of the Act and except as otherwise provided in the rights, privileges, restrictions and conditions attaching to any series of first preferred shares, the holders of first preferred shares do not, as such, have any voting rights for the election of directors of the Bank, the appointment of the independent auditor, or for any other purpose nor are they entitled to receive any notice of or attend shareholders' meetings.

Redemption:

Subject to the consent of the OSFI and the provisions of the Act, the Bank may, at its discretion, redeem for cash the first preferred shares, in whole or in part, on the dates and at the amounts set out the conditions of the series.

Conversion:

Subject to certain conditions, holders of first preferred shares will have the right, at their discretion, to convert all or part of their shares into the corresponding number of first preferred shares of another series, on a fixed date, if applicable, in accordance with the series conditions.

First Preferred Shares, Series 44:

Non-Cumulative 5-Year Rate-Reset Series 44 First Preferred Shares ("Preferred Shares, Series 44") are part of the Bank's authorized share capital and of the assets of the NBC LRCN Limited Recourse Trust (the "LRCN Trust"). As at September 9, 2020, and concurrently with the issuance of 4.300% Limited Recourse Capital Notes, Series 1 ("LRCN, Series 1"), 500,000 Preferred Shares, Series 44, were issued at a price of $1,000 each in favour of the Computershare Trust Company of Canada as trustee for the LRCN Trust.

Every LRCN, Series 1, gives the holder a proportionate share of the assets of the LRCN Trust in case of: i) non-payment of interest on one of the interest-payment dates; ii) non-payment of the redemption amount in the event the LRCN, Series 1 are redeemed; iii) non-payment of principal of the LRCN, Series 1, when due or; iv) a case of default regarding the LRCN, Series 1.

Under such circumstances, the holders of LRCN, Series 1, would be entitled to receive Preferred Shares, Series 44, which would pay fixed rate non-cumulative preferential cash dividends, redeemable at the Bank's option as of October 15, 2025, except in the case of a redemption of LRCN, Series 1 or a special event, and subject to the provisions of the law and prior consent from OSFI.

As long as Preferred Shares, Series 44, are held by Computershare Trust Company of Canada as trustee of the LRCN Trust, they do not pay dividends.

First Preferred Shares, Series 45:

Non-Cumulative 5-Year Rate-Reset Series 45 First Preferred Shares ("Preferred Shares, Series 45") are part of the Bank's authorized share capital and of the assets of the NBC LRCN Trust. As at April 15, 2021, and concurrently with the issuance of 4.05% Limited Recourse Capital Notes, Series 2 ("LRCN, Series 2"), 500,000 Preferred Shares, Series 45, were issued at a price of $1,000 each in favour of the Computershare Trust Company of Canada as trustee for the LRCN Trust.

Every LRCN, Series 2, gives the holder a proportionate share of the assets of the LRCN Trust in case of: i) non-payment of interest on one of the interest-payment dates; ii) non-payment of the redemption amount in the event the LRCN, Series 2, are redeemed; iii) non-payment of principal of the LRCN, Series 2, when due, or; iv) a case of default regarding the LRCN, Series 2.

Under such circumstances, the holders of LRCN, Series 2, would be entitled to receive Preferred Shares, Series 45, which would pay fixed rate non-cumulative preferential cash dividends, redeemable at the Bank's option as of July 15, 2026, except in the case of a redemption of LRCN, Series 2, or a special event, and subject to the provisions of the law and prior consent from OSFI.

As long as Preferred Shares, Series 45, are held by Computershare Trust Company of Canada as trustee of the LRCN Trust, they do not pay dividends.

Automatic Conversion of Non-Viability Contingent Capital (NVCC)

In accordance with the capital adequacy requirements adopted by OSFI, non-common capital instruments issued after January 1, 2013, including subordinated debt securities and first preferred shares, must include terms providing for the full and permanent conversion of such securities into common shares upon the occurrence of certain trigger events relating to financial viability in order to qualify as regulatory capital.

The conditions of the first preferred shares provide that these shares will automatically and immediately be converted, on a full and permanent basis, into a specified number of common shares of the Bank as determined using an automatic conversion formula (value of the share, which is $25.00 or $1,000 based on the conditions set out for each series, plus all declared and unpaid dividends for these shares, divided by the conversion price, which for first preferred shares is the greater of a floor price of $5.00 (subject to certain adjustments) and the market price of the Bank's common shares or, in the absence of such a market price, their fair value) upon the occurrence of a trigger event.

A trigger event is defined as follows: (i) OSFI publicly announces that the Bank has been advised, in writing, that OSFI is of the opinion that the Bank has ceased, or is about to cease to be viable and that, after the conversion of all preferred shares and all other contingent instruments issued by the Bank, and taking into account any other factors or circumstances that are considered relevant or appropriate, it is reasonably likely that the viability of the Bank will be restored or maintained or (ii) a federal or provincial government in Canada publicly announces that the Bank has accepted or agreed to accept a capital injection, or equivalent support, from the federal government or any provincial government or political subdivision or agent or agency thereof without which the Bank would have been determined by OSFI to be non-viable.

Second Preferred Shares

Second preferred shares are part of the Bank's authorized share capital, but no shares in this category had been issued as at October 31, 2021. Second preferred shares carry and are subject to the rights, privileges, restrictions and conditions set out below:

Rank:

Second preferred shares rank senior to the common shares and the shares of any other class of Bank shares that rank junior to the second preferred shares, but rank junior to the first preferred shares with regard to dividends and return of capital in the event of the liquidation, dissolution or winding-up of the Bank.

Issuance in Series:

Second preferred shares may be issued from time to time in one or more series. The Board may, by resolution, subject to the provisions of the Act, set the number of shares in, and determine the respective designations, rights, privileges, restrictions and conditions of each series, including the rate, amount or calculation method and terms and conditions of redemption, purchase or conversion and sinking fund or purchase fund provisions.

Creation or Issue of Superior or Equal Ranking Shares:

The Bank may not, without the prior approval of the holders of first preferred shares in addition to such approvals as may be required by the Bank Act or any other legal requirement, create or issue any shares ranking in priority to or pari passu with the first preferred shares; or create or issue any additional series of first preferred shares, unless at the date of such creation or issuance of all cumulative dividends up to and including the dividend payment for the last completed period for which such cumulative dividends are payable, have been declared and paid or set aside for payment in respect of each series of cumulative first preferred shares then issued and outstanding, and all declared and unpaid non-cumulative dividends have been paid or set aside for payment in respect of each series of non-cumulative first preferred shares then issued and outstanding.

Changes to Series:

The Bank may not, without prior approval of the holders of second preferred shares of the series concerned, and subject to the approvals required by the Act, or any other legal requirement, delete or change the relevant provisions of the second preferred shares. Holders of first preferred shares of the series concerned may give their approval by resolution adopted through the affirmative vote of at least 66⅔% of the votes cast at a meeting of the holders of the shares of the series concerned, where the majority of shares outstanding in the series concerned is represented or, if such a quorum is not obtained at this meeting, any rescheduled meeting where the shareholders are present or represented by proxy would constitute the quorum needed.

Dividends:

Holders of second preferred shares are entitled to receive dividends in such amounts and payable at such times as the Board determines. With respect to dividends, holders of any series of second preferred shares have priority over the holders of common shares or any other class of Bank shares ranking junior to the second preferred shares. In the case of cumulative dividends, the priority will cover all dividends accrued (which for such purpose will be calculated as if such dividends were accruing from day to day) and unpaid. In the case of non-cumulative dividends, the priority will cover all declared and unpaid dividends. The holders of any series of second preferred shares are not entitled to any dividends other than those expressly provided for in the rights, privileges, restrictions and conditions attached to such series of second preferred shares.

Liquidation, Dissolution or Winding-Up:

In the event of the liquidation, dissolution or winding-up of the Bank, before any amount is paid or any property distributed to the holders of common shares or shares of any other class of Bank shares ranking junior to the second preferred shares, the holders of each series of second preferred shares are entitled to receive (i) an amount equal to the price at which such shares were issued, (ii) such premium, if any, as has been provided for with respect to such series, and (iii) in the case of cumulative second preferred shares, all cumulative accrued and unpaid dividends, and in the case of non-cumulative second preferred shares, all non-cumulative dividends declared and remaining unpaid up to and including the date of distribution. After payment to the holders of second preferred shares of the amounts so payable to them, they may not participate in any further distribution of the property or assets of the Bank.

Voting Rights:

Subject to the provisions of the Act and except as otherwise provided in the rights, privileges, restrictions and conditions attaching to any series of second preferred shares, the holders of second preferred shares do not, as such, have any voting rights for the election of directors of the Bank, the appointment of the independent auditor, or for any other purpose nor are they entitled to receive any notice of or attend shareholders' meetings.

Restrictions on Bank Shares under the Act

The Act contains restrictions on the issue, transfer, acquisition, beneficial ownership and voting of all shares of a chartered bank. The following is a summary of such restrictions.

Subject to certain exceptions specified in the Act, no person may be a major shareholder of a bank if the bank has equity of $12 billion or more. In the event that the equity of the Bank is less than $12 billion and the Act would otherwise permit a person to own up to 65% of any class of shares of the Bank, the Bank is deemed to be a bank to which the ownership restrictions for banks with equity of $12 billion or more apply until the Minister of Finance (Canada) specifies, on application by the Bank, that these restrictions no longer apply to the Bank.

A person is a major shareholder of a bank where a) the aggregate of shares of any class of voting shares of a bank beneficially owned by that person, by entities controlled by that person and by any person acting jointly or in concert with that person is more than 20% of all of the outstanding shares of that class of shares; or b) the aggregate of shares of any class of non-voting shares of a bank beneficially owned by that person, by entities controlled by that person and by any person acting jointly or in concert with that person is more than 30% of all of the outstanding shares of that class of non-voting shares.

Furthermore, no person may have a significant interest in any class of shares of a bank, without approval under the Act. A person has a significant interest in a class of shares of a bank where the aggregate of any shares of the class beneficially owned by that person, by entities controlled by that person and by any person acting jointly or in concert with that person exceeds 10% of all of the outstanding shares of that class of shares of such bank. Subject to certain exceptions, the Act also prohibits the registration of a transfer or issue of any shares of the Bank to Her Majesty in right of Canada or of a province or any agent or agency of Her Majesty, in either of those rights, or to the government of a foreign country or any political subdivision, agent or agency of any of them.

Notes

As at October 31, 2021, the Bank currently has outstanding $750 million 3.183% Medium Term Notes Due February 1, 2028 (Non-Viability Contingent Capital (NVCC)) (the "Subordinated Notes") which form part of the Bank's regulatory capital. The Bank also currently has outstanding $500 million LRCN, Series 1 and $500 million LRCN, Series 2 (collectively, the "LRCNs") which are classified as equity and form part of the Bank's additional tier 1 non-viability contingent capital.

The Subordinated Notes and the LRCNs carry and are subject to the rights, privileges, restrictions and conditions set out below:

Voting Rights:

The holders of Subordinated Notes do not, as such, have any voting rights for the election of directors of the Bank, the appointment of the independent auditor, or for any other purpose nor are they entitled to receive any notice of or attend shareholders' meetings. If the Subordinated Notes are converted into common shares of the Bank under NVCC requirements, holders of the Subordinated Notes will become holders of the Bank's common shares and will only have rights as holders of common shares.

The holders of the LRCNs do not, as such, have any voting rights for the election of directors of the Bank, the appointment of the independent auditor, or for any other purpose nor are they entitled to receive any notice of or attend shareholders' meetings. If the Preferred Shares, Series 44 or the Preferred Shares, Series 45 are converted into common shares of the Bank, holders of the LCRNs will become holders of the Bank's common shares and will only have rights as holders of common shares.

Liquidation, Dissolution or Winding-Up:

The Subordinated Notes are direct unsecured obligations of the Bank, constituting subordinated indebtedness for the purposes of the Act, ranking at least equally with other subordinated indebtedness of the Bank. In the event of the insolvency or winding-up of the Bank, the indebtedness evidenced by the Subordinated Notes, including, if a trigger event, as defined in the section Automatic Conversion of Non-Viability Contingent Capital (NVCC), has not occurred, the Subordinated Notes will be subordinate in right of payment to the prior payment in full of the deposit liabilities of the Bank and all other liabilities of the Bank except liabilities which by their terms rank in right of payment equally with or subordinate to indebtedness evidenced by the Subordinated Notes (including, but not limited to, the LRCNs, the First Preferred Shares, the Bank's second preferred shares and the Bank's common shares). Upon the occurrence of a trigger event, the subordination provisions of the Subordinated Notes will not be relevant since the Notes will be converted into Bank's common shares which will rank equally with all other common shares of the Bank.

The LRCNs are direct unsecured obligations of the Bank constituting subordinated indebtedness for the purpose of the Act which, if the Bank becomes insolvent or is wound-up (prior to the occurrence of a trigger event, as defined in the section Automatic Conversion of Non-Viability Contingent Capital (NVCC)), will rank: (a) subordinate in right of payment to the prior payment in full of all indebtedness, including certain subordinated indebtedness (including but not limited to the Subordinated Notes) and (b) in right of payment, equally with and not prior to indebtedness which by its terms ranks equally in right of payment with, or is subordinate to, the LRCNs (other than indebtedness which by its terms ranks subordinate to the LRCNs) in each case, from time to time outstanding, and will be subordinate in right of payment to the claims of the Bank's depositors and other unsubordinated creditors. In the event of the Bank's insolvency or winding-up, the LRCNs will rank ahead of the Bank's common shares and First Preferred Shares and the Bank's second preferred shares.

Purchase for Cancellation:

Subject to regulatory consent, the Bank may at any time, purchase for cancellation any Subordinated Notes at any price in the open market.

Subject to regulatory consent, the Bank may at any time, purchase for cancellation any LRCNs at any price in the open market. Prior to any such cancellation, the Bank shall, subject to regulatory consent, redeem a corresponding number of Preferred Shares, Series 44 or Preferred Shares, Series 45, as applicable, (the aggregate face amount of which shall equal the aggregate principal amount of the LRCNs to be cancelled) then held by the LRCN Trust for cancellation.

Distributions and Restrictions on Dividend, Maturity and Redemption, Conversion and Other Information:

Additional information on the Bank's Subordinated Notes and the LRCNs, including with respect to their redemption, conversion and the payment of interests, can be found in the pages of the Annual Report specified in the Table of Contents of the Annual Information Form and is incorporated herein by reference.

Credit Ratings

The table below details the ratings assigned to the Bank's outstanding securities by the following credit rating agencies as at October 31, 2021. Credit ratings must not be construed as recommendations to purchase, sell or hold securities of the Bank. The credit ratings assigned by ratings agencies represent their assessment of the Bank's credit quality based on qualitative information provided to them. Credit ratings may be revised at any time based on macro-economic factors or on the current and projected financial condition of the Bank.

The Bank has made customary payments to each of the ratings agencies in connection with the assignment of ratings and/or may have made such payments in respect of other services during the past two years.

Credit ratings are one of the main factors that influence the Bank's ability to access financial markets at a reasonable cost. A downgrade in the Bank's credit ratings could adversely affect the cost, size and term of future funding.

Funding and liquidity levels remained sound and robust, and the Bank continues to enjoy excellent access to the market for its funding needs. Refer to Appendix A for additional information on credit ratings.

	Moody's	S&P	DBRS (3)	Fitch (4)
Short-Term Debt	P-1	A-1	R-1 (mid)	F1+
Canadian Commercial Paper	---	A-1 (mid)	---	---
Long-Term Deposits	Aa3	---	AA (low)	AA-
Long-Term Non Bail-inable Senior Debt (1)	Aa3	A	AA (low)	AA-
Senior Debt (2)	A3	BBB+	A (high)	A+
Subordinated Debt	Baa2	BBB+	A	A-
Subordinated Debt (NVCC)	Baa2 (hyb)	BBB	BBB (high)	---
Limited Recourse Capital Notes (NVCC)	Ba1 (hyb)	BB+	BBB	---
Preferred Shares (NVCC)	Ba1 (hyb)	P-3 (high)	Pfd-2 (low)	---
Covered Bonds Program	Aaa	---	AAA	AAA
Outlook	Stable	Stable	Positive	Stable

(1) Includes Senior debt issued prior to September 23, 2018 and Senior debt issued on or after September 23, 2018 which is excluded from the Bank Recapitalization (Bail-in) Regime.
(2) Subject to conversion under the Bank Recapitalization (Bail-in) Regime.
(3) On April 30, 2021, DBRS reviewed its outlook from stable to positive.
(4) On January 13, 2021, Fitch reviewed its outlook from negative to stable.

MARKET FOR SECURITIES [1]

Trading Price and Volume

As at October 31, 2021, the common shares and the First Preferred Shares, Series 30, 32, 38, 40 and 42 of the Bank were listed in Canada on the TSX. As at the same date, Preferred Shares, Series 44 and 45 of the Bank, issued in favour of a limited recourse trust to be held as assets in trust as part of the LRCN structure, were outstanding but not listed on the TSX. The First Preferred Shares, Series 31, 33, 39, 41 and 43 and the second preferred shares are part of the Bank's authorized share capital, although no shares of these series or of that class had been issued as at October 31, 2021.

The following table shows the monthly price ranges and trading volumes of each of the Bank's securities listed on the TSX for the fiscal year ended October 31, 2021.

		2020/11	2020/12	2021/01	2021/02	2021/03	2021/04	2021/05	2021/06	2021/07	2021/08	2021/09	2021/10
Common Shares (NA)	High ($)	73.89	74.02	74.70	80.79	89.12	89.83	98.03	95.59	95.87	101.12	101.43	104.70
	Low ($)	63.88	70.94	70.81	72.01	79.82	85.01	88.88	91.04	91.40	95.02	94.82	96.71
	Volume	24,320,523	41,750,828	25,168,736	22,010,645	52,308,394	28,295,139	24,885,709	45,242,845	19,394,084	23,741,143	53,574,116	22,264,760
Series 30 (NA.PR.S)	High ($)	18.95	20.00	20.79	22.15	23.80	23.45	24.17	24.55	24.60	24.84	24.90	25.10
	Low ($)	17.46	18.96	19.53	20.08	21.94	22.80	23.33	24.00	23.76	24.22	24.50	24.77
	Volume	296,099	274,502	108,594	252,357	456,135	290,700	424,995	323,865	291,284	143,478	132,317	177,139
Series 32 (NA.PR.W)	High ($)	18.38	19.43	19.75	21.60	23.32	22.94	24.25	24.45	23.99	24.50	24.50	24.72
	Low ($)	16.72	18.29	18.91	19.47	21.48	22.02	22.80	23.40	23.60	23.86	24.27	24.30
	Volume	330,292	156,198	240,989	341,285	236,765	88,486	136,675	131,487	72,255	69,830	51,980	186,850
Series 34 (NA.PR.X)	High ($)	25.47	25.53	25.49	25.40	25.35	24.99	25.00	-	-	-	-	-
	Low ($)	25.28	25.38	25.08	25.19	25.22	24.94	24.98	-	-	-	-	-
	Volume	319,553	138,856	281,432	504,304	419,406	630,659	71,603	-	-	-	-	-
Series 36 (NA.PR.A)	High ($)	25.62	25.65	25.63	25.49	25.61	25.27	25.54	25.40	25.34	25.00	-	-
	Low ($)	25.24	25.44	25.24	25.29	25.40	25.12	25.22	25.23	24.97	24.98	-	-
	Volume	161,550	1,063,039	208,149	841,586	221,898	338,869	196,558	279,302	794,345	100,490	-	-
Series 38 (NA.PR.C)	High ($)	24.71	24.99	25.03	25.20	25.49	25.57	25.91	26.24	26.01	26.08	26.00	26.16
	Low ($)	23.80	24.39	24.55	24.90	24.97	25.20	25.30	25.38	25.01	25.45	25.52	25.61
	Volume	181,259	241,247	365,482	457,086	369,493	294,923	135,938	149,523	92,796	89,651	90,449	107,065
Series 40 (NA.PR.E)	High ($)	20.00	21.20	22.32	23.61	24.20	24.38	25.10	25.13	25.10	25.35	25.37	25.63
	Low ($)	18.40	19.96	20.80	21.83	23.05	23.51	24.07	24.82	24.47	24.70	25.06	25.20
	Volume	162,721	197,215	90,828	172,985	213,499	157,189	292,794	331,860	73,800	151,431	106,253	114,956
Series 42 (NA.PR.G)	High ($)	21.52	23.00	24.09	24.64	25.00	25.10	25.95	26.98	25.59	25.86	25.84	25.97
	Low ($)	19.70	21.50	22.65	23.50	24.29	24.50	24.96	25.34	25.02	25.13	25.52	25.40
	Volume	150,961	161,860	132,159	238,459	295,336	133,306	130,138	251,992	84,171	106,518	142,728	115,472

The following table shows the monthly price range and trading volume of the Bank's security listed on the Luxembourg Stock Exchange that was traded in fiscal 2021.

Date [2]	High	Low	Volume
Floating-rate bond (NatlBank Canada 88-87 28/08s)	-	-	nil

[1] It is possible that the securities of the Bank may be listed on other exchanges by certain investors, brokers or other persons, without the Bank's consent or intervention. This section does not include debt classified as deposits.

[2] There was no trading activity in fiscal 2021.

Prior Sales

Information concerning prior sales can be found in the pages of the Annual Report specified in the Table of Contents of the Annual Information Form and is incorporated herein by reference.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

As at October 31, 2021, the securities listed in the table below were, to the Bank's knowledge, all the securities of the Bank held in escrow or securities subject to restrictions on transfer.

Designation of class	Number of securities held in escrow	Percentage of class
Common Shares [(1)]	0	0%
Preferred Shares, Series 44 [(2)]	500,000	100% of Preferred Shares, Series 44
Preferred Shares, Series 45 [(2)]	500,000	100% of Preferred Shares, Series 45

(1) No securities have been held in escrow since June 18, 2021.
(2) Preferred Shares, Series 44, and Preferred Shares, Series 45, are held by LRCN Trust, a limited recourse trust, as part of the issuance of LRCN, Series 1, and LRCN, Series 2. These shares may only be transferred or distributed to the holders of LRCN in certain circumstances. Please refer to the "Capital Structure – First Preferred Shares" section.

Additional information can be found in the page of the Annual Report specified in the Table of Contents of the Annual Information Form and is incorporated herein by reference.

NORMAL COURSE ISSUER BID OF THE BANK

For the fiscal year ended October 31, 2021, the Bank did not carry out its normal course issuer bid further to the OSFI press release on March 13, 2020 about lowering the domestic stability buffer and expecting Canadian banks to cease any dividends increases or share buybacks.

DIRECTORS AND EXECUTIVE OFFICERS

Directors

As at October 31, 2021, the following were members of the Board. The main positions they have held since November 1, 2016 are also specified. All directors elected at the Meeting will hold office until their resignation, the election or appointment of their replacement, or until the close of the subsequent annual meeting of holders of Common Shares of the Bank. For further information, please consult the Circular.

BERTRAND, Maryse (1) (4) (Quebec, Canada)	Corporate director. Strategic Advisor and Counsel for Borden Ladner Gervais LLP law firm from September 2016 to January 2017. Bank director since April 2012.
BLOUIN, Pierre (1) (4) (5) (Quebec, Canada)	Corporate director. Bank director since September 2016.
BOIVIN, Pierre (4) (Quebec, Canada)	President and Chief Executive Officer of Claridge Inc. since September 2011. Bank director since April 2013.
BROUILLETTE, Manon (New York, United States)	Chief Executive Officer and Executive Vice-President of Verizon Consumer Group since June 2021. Corporate director from December 2018 to June 2021. President and Chief Executive Officer of Videotron Ltd. from March 2014 to December 2018. Bank director since April 2020.
CHAREST, Yvon (2) (3) (4) (Quebec, Canada)	Corporate director. Special Advisor to Infrastructure Canada since August 2019. President and Chief Executive Officer of Industrial Alliance, Insurance and Financial Services Inc., from May 2000 to September 2018. Bank director since April 2020.
CURADEAU-GROU, Patricia (2) (3) (5) (Quebec, Canada)	Corporate director. Bank director since April 2019.
FERREIRA, Laurent (Quebec, Canada)	President and Chief Executive Officer of the Bank since November 2021. Chief Operating Officer of the Bank from February 2021 to October 2021. Executive Vice-President and Co-Head – Financial Markets from November 2018 to January 2021. Executive Vice-President and Managing Director – Equity Derivatives, National Bank Financial Inc. from January 2015 to November 2018. Bank director since February 2021.
HOUDE, Jean (3) (Quebec, Canada)	Chairman of the Board of Directors of National Bank of Canada since April 2014. Chairman of the Board of Directors of Énergir Inc. from December 2011 to November 2020. Bank director since March 2011.
KINSLEY, Karen (1) (2) (Ontario, Canada)	Corporate director. Bank director since December 2014.
MCKILLICAN, Rebecca (4) (5) (Ontario, Canada)	Chief Executive Officer of McKesson Corporation Canada since August 2020. President, Retail Solutions at McKesson Corporation Canada from October 2019 to August 2020. President and Chief Executive Officer of Well.ca from March 2013 to December 2019. Bank director since October 2017.
PARÉ, Robert (3) (4) (Quebec, Canada)	Strategic Advisor for the law firm Fasken Martineau DuMoulin LLP since February 2018. Senior Partner at Fasken Martineau DuMoulin LLP from February 1984 to January 2018. Bank director since April 2018.
SAPUTO, Lino A. (2) (Quebec, Canada)	Chief Executive Officer since March 2004 and Chairman of the Board of Directors of Saputo Inc. since August 2017. Vice-Chairman of the Board of Directors of Saputo Inc. from August 2011 to August 2017. Bank director since April 2012.
SAVOIE, Andrée (1) (3) (New Brunswick, Canada)	President and Chair of the Board of Directors of Acadian Properties Ltd since June 2016. Bank director since April 2015.
TALL, Macky (2) (Florida, United States)	Partner and Chair of the Infrastructure Group of The Carlyle Group since September 2021. Co-Chair of the Infrastructure Group of The Carlyle Group from April 2021 to September 2021. Head of Real Assets and Private Equity, Caisse de dépôt et placement du Québec from April 2020 to December 2020. President and Chief Executive Officer of CDPQ Infra from July 2015 to December 2020. Bank director since April 2021.
THABET, Pierre (1) (2) (Quebec, Canada)	President of Boa-Franc Inc. since September 1983. Bank director since March 2011.
VACHON, Louis (Quebec, Canada)	President and Chief Executive Officer of the Bank from June 2007 to October 31, 2021. Bank director from August 2006 to October 31, 2021.

(1) Member of the Audit Committee
(2) Member of the RMC
(3) Member of the CRCGC
(4) Member of the HRC
(5) Member of the TSC

Executive Officers

The following are the Bank's executive officers, as defined in subsection 1.1(1) of *Regulation 51-102 Continuous Disclosure Obligation* (Quebec), as at October 31, 2021. The positions they have held both at the Bank and outside the Bank since November 1, 2016 are also specified:

ACHARD, Stéphane (Quebec, Canada)	**Executive Vice-President – Commercial Banking and Insurance since June 2018** From March 2017 to June 2018, Senior Vice-President – Personal and Commercial Banking, Canada and International, National Bank of Canada. From September 2016 to February 2017, President and Chief Executive Officer, Shiller Lavy Group Inc.
BLANCHET, Lucie (Quebec, Canada)	**Executive Vice-President – Personal Banking and Client Experience since June 2019** From June 2018 to June 2019, Executive Vice-President – Personal Banking and Marketing, National Bank of Canada. From April 2017 to June 2018, Senior Vice-President – Distribution, Solutions and Processes, Personal Banking, National Bank of Canada. From March 2017 to April 2017, Senior Vice-President – Solutions, Processes and Distribution Model, Personal Banking, National Bank of Canada. From May 2016 to March 2017, Senior Vice-President – Distribution Strategy, Personal and Commercial Banking, National Bank of Canada.
BONNELL, William (Quebec, Canada)	**Executive Vice-President – Risk Management since June 2012**
FERREIRA, Laurent (Quebec, Canada)	**President and Chief Executive Officer of the Bank since November 2021** From February 2021 to October 2021, Chief Operating Officer, National Bank of Canada. From November 2018 to January 2021, Executive Vice-President – Financial Markets, National Bank of Canada. From January 2015 to November 2018, Executive Vice-President and Managing Director – Equity Derivatives, National Bank Financial Inc.
GAGNON, Martin (Quebec, Canada)	**Executive Vice-President – Wealth Management and Co-President and Co-Chief Executive Officer, National Bank Financial since July 2016**
GÉNÉREUX, Nathalie (Quebec, Canada)	**Executive Vice-President – Operations since November 2019** From March 2016 to November 2019, Senior Vice-President – Operations, Personal and Commercial Banking, National Bank of Canada.
GIROUARD, Denis (Quebec, Canada)	**Executive Vice-President and Co-Head – Financial Markets since February 2021** From November 2018 to February 2021, Executive Vice-President and Co-Head – Financial Markets since November 2018. From June 2016 to November 2018, Executive Vice-President – Financial Markets, National Bank of Canada.
HÉBERT, Brigitte (Quebec, Canada)	**Executive Vice-President – Employee Experience since November 2019** From January 2019 to October 2019, Executive Vice-President – Employee Experience and Operations. From June 2018 to January 2019, Executive Vice-President – Human Resources, Corporate Affairs and Operations. From June 2015 to June 2018, Executive Vice-President – Operations, National Bank of Canada.
LÉVESQUE, Julie (Quebec, Canada)	**Executive Vice-President – Information Technology since June 2020** From February 2020 to June 2020 Senior Vice-President – IT Delivery Strategy, National Bank of Canada. From November 2016 to February 2020, Managing Director and Head of System and Data Delivery, Canada Pension Plan Investment Board. From January 2014 to November 2016, Vice-President – IT Delivery Management, Risk, Finance, IT, Human Resources and Corporate Services, National Bank of Canada.
PARENT, Ghislain (Quebec, Canada)	**Chief Financial Officer and Executive Vice-President – Finance since November 2018** From August 2011 to November 2018, Chief Financial Officer and Executive Vice-President – Finance and Treasury, National Bank of Canada.
VACHON, Louis (Quebec, Canada)	**President and Chief Executive Officer from June 2007 to October 31, 2021**

Shareholdings of Directors and Executive Officers

As at October 31, 2021, all the directors and executive officers of the Bank, as a group, directly or beneficially owned or controlled 949,014 common shares, i.e., 0.3% of the Bank's issued and outstanding common shares.

Cease-trading, Bankruptcies, Fines or Sanctions

To the knowledge of the Bank, no director or executive officer was, as at the date of the Annual Information Form, or has been, during the 10 years prior to this date, a director or executive officer of a company, including the Bank, which, while they were acting in such capacity or within a year of their ceasing to act in such capacity, became bankrupt, made a proposal under legislation relating to bankruptcy or insolvency, or became subject to, or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold their assets, except for:

- Manon Brouillette, who until November 24, 2020 was a member of the Board of Directors of Cirque du Soleil Canada inc., a company that filed for protection under the *Companies' Creditors Arrangement Act* (Canada) on July 24, 2020 as a result of the impact of the COVID-19 pandemic. An acquisition transaction by existing secured creditors was approved by the Superior Court of Québec on October 26, 2020 and closed on November 24, 2020, when the external directors resigned.

CONFLICTS OF INTEREST

To the knowledge of the Bank, no director or officer of the Bank has an existing or potential material conflict of interest with the Bank or any of its subsidiaries. Information on related party transactions can be found in the pages of the Annual Report specified in the Table of Contents of the Annual Information Form and is incorporated herein by reference.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Information on litigation to which the Bank is a party can be found in the pages of the Annual Report specified in the Table of Contents of the Annual Information Form and is incorporated herein by reference.

TRANSFER AGENT AND REGISTRAR

The Bank's registers are maintained in Montreal by:

Computershare Trust Company of Canada
1500 Robert-Bourassa Boulevard, 7th Floor
Montreal, Quebec, Canada H3A 3S8

Telephone:	1-888-838-1407
Fax:	1-888-453-0330
Email:	service@computershare.com
Internet:	computershare.com

Mailing address:

Computershare Trust Company of Canada
100 University Avenue, 8th Floor
Toronto, Ontario, Canada M5J 2Y1

INTERESTS OF EXPERTS

Deloitte is the Bank's auditor and is independent within the meaning given to this term in the Code of Ethics of the Ordre des comptables professionnels agréés du Québec. This firm has prepared the Auditor's Report to shareholders in respect of the Bank's consolidated financial statements.

INFORMATION ON THE AUDIT COMMITTEE

The mandate of the Audit Committee appears in Appendix B.

Composition of the Audit Committee and Financial Literacy of Members

The Audit Committee is made up entirely of independent directors, as defined by the CSA. As at October 31, 2021, the members of this committee were **Karen Kinsley** who is the Chair of this committee, **Maryse Bertrand**, **Pierre Blouin**, **Andrée Savoie** and **Pierre Thabet**.

The Board has determined that all the Audit Committee members are "financially literate" within the meaning of CSA rules relating to audit committees. All the Audit Committee members have acquired the experience and knowledge required to adequately fulfill their duties as Audit Committee members, from having served as chief executive officers or directors of other corporations or through their education. Several of them serve or have served on the audit committees of various corporations. The text below summarizes the education and experience of each Audit Committee member that are relevant to the performance of their responsibilities.

Maryse Bertrand has a law degree from McGill University and a Master's of Risk Management from the Stern School of Business at New York University. She has been a corporate director and audit committee member of several companies, including Metro Inc. where she has been a director since January 2015 and a member of its Audit Committee since January 2018 and Gildan Activewear Inc. where she has served on its Audit and Finance Committee since May 2018. She has also been a director and member of the Investment and Risk Committee of the Public Sector Pension Investment Board since September 2018. From September 2016 to January 2017, she was a strategic advisor and counsel for the law firm Borden Ladner Gervais LLP. Maryse Bertrand has been a member of the Audit Committee since April 2019.

Pierre Blouin holds a Bachelor of Business Administration, with a major in Finance and Marketing, from HEC Montréal and is a Fellow of the Purchasing Management Association of Canada. He has served on the Board of Directors of Fortis Inc. since May 2015 and on the Board of Telecon Inc. since March 2019. He has been a member of the Governance and Nomination Committee of Fortis Inc. since May 2016 and has chaired it since January 2020. He has also chaired the Human Resources Committee of Telecon Inc. since July 2019. He also served on the Board of Directors of Manitoba Telecom Services Inc. from March 2006 to December 2014, and on the Board of Holding Exelerence Inc. from December 2016 to March 2019, now known by its corporate name Les services financiers Gemco Inc. Moreover, he was Chief Executive Officer of Manitoba Telecom Services Inc. from 2005 to 2014, held positions of increasing responsibility at BCE Group, including that of President and Chief Executive Officer of Bell Mobility Inc. from 2000 to 2002, Chief Executive Officer of BCE Emergis Inc. from 2002 to 2003, and Group President, Consumer Markets, Bell Canada from 2003 to 2005. Pierre Blouin has been a member of the Audit Committee since April 2017.

Karen Kinsley has a Bachelor of Commerce from the University of Ottawa. She is a Fellow of the Chartered Professional Accountants of Ontario and has received the Certified Director designation (ICD.D) from the Institute of Corporate Directors. She has served on the Board of Directors and Audit Committee of Saputo Inc. since November 2015. She has been a corporate director of Choice Properties Real Estate Investment Trust, a member of its Audit Committee since April 2018, and Chair of this committee since April 2020. She was a member of the Board of Directors and the Audit Committee of CREIT (Canadian Real Estate Investment Trust) from May 2017 to May 2018. From June 2003 to June 2013, she was President and Chief Executive Officer of Canada Mortgage and Housing Corporation (CMHC). Karen Kinsley has been a member of the Audit Committee since April 2016 and has chaired it since April 2017.

Andrée Savoie has a Bachelor's degree in Chemical Engineering from McGill University and a Master's degree in Applied Sciences from the University of Ottawa. She has received the Certified Director designation (ICD.D) from the Institute of Corporate Directors. She has been President and Chair of the Board of Directors of Acadian Properties Ltd. since June 2016 and was Managing Director from February 2016 to June 2016. She was also President and Managing Director of Acadian Construction (1991) Ltd. from January 2007 to December 2015. Since February 2011 she has been a director on the Board of Assumption Mutual Life Insurance Company, which she has chaired since February 2019, and has also served on its Audit and Review Committee from February 2011 to February 2015 and its Investments Committee from February 2011 to February 2019. Andrée Savoie has been a member of the Audit Committee since April 2015.

Pierre Thabet has a Bachelor's degree in Administration, specializing in Accounting, from the Université de Moncton. He has been President of Boa-Franc Inc. since September 1983. He has also been the President of Prolam Limited Partnership since June 1997. From April 2006 to June 2017, he served on the Board of Directors of Canam Group Inc. and was also a member on its Audit Committee from April 2011 to June 2017. He is involved in various social and economic organizations in his region, and in 2010, he became an entrepreneur coach at the École d'entrepreneurship de Beauce. Pierre Thabet has been a member of the Audit Committee since January 2019.

GUIDELINES FOR THE MANAGEMENT OF SERVICES PROVIDED BY THE INDEPENDENT AUDITOR AND FEES PAID

The Bank's Audit Committee has put in place guidelines restricting the services that may be provided by the independent auditor in order to maintain its independence, which is essential to ensuring the smooth functioning of the Bank's operations and maintaining the confidence of its shareholders, investors and the general public. The Bank acknowledges that the audit work gives the independent auditor knowledge of the Bank that enables it to carry out other work more effectively and therefore deems it desirable, in certain circumstances, to entrust other work to it besides the annual audit in compliance with the regulatory framework governing the Bank and the independent auditor.

These guidelines state that a mandate may be assigned to the independent auditor for non-audit services provided the following conditions are met: the services are not on the list of prohibited services set out in the guidelines; the specific expertise of the independent auditor or its intrinsic knowledge of the Bank's activities allows it to carry out the mandate more effectively; the accepted mandate or the services rendered do not compromise the independence of the independent auditor within the prevailing regulatory framework; and the mandate is authorized as per the guidelines. The guidelines stipulate that the services must be preapproved by the Audit Committee in accordance with the following conditions: pre-approval policies and procedures are detailed; the Audit Committee is informed of each non-audit service; and procedures do not include delegation of the Audit Committee's responsibilities to Bank management. The Audit Committee has delegated responsibility for approving the awarding of specific mandates to its Chair. Consequently, whenever a specific pre-approval is required under these guidelines, Bank management must consult the Chair of the Audit Committee in the event of ambiguity, to determine whether a service is included in the pre-approved services.

Each year, the Audit Committee recommends to the Board that it approve the fees to be paid to the independent auditor and the envelopes established under the Guidelines for the Management of Services Provided by the Independent Auditor. The following table details fees billed by Deloitte to the Bank and to its subsidiaries for various services rendered during the past two fiscal years.

	2021 ($)	**2020 ($)**
Audit fees	5,200,000	4,700,000
Audit-related fees	2,951,300	2,601,065
Subtotal	8,151,300	7,301,065
Tax fees	469,189	62,699
Other fees	575,556	472,592
Total	9,196,045	7,836,356

The audit fees include fees for services related to the audit of the consolidated financial statements of the Bank and the financial statements of its subsidiaries or other services normally provided by the independent auditor in connection with statutory or regulatory filings or engagements required by applicable legislation. They also include fees for examining the Bank's interim condensed consolidated financial statements.

The fees for audit-related services include fees for comfort letters, statutory audits, certification services, consents and assistance with the preparation and review of documents filed with regulators, the interpretation of accounting and financial reporting standards and the translation of reports to shareholders and related services performed by the Bank's independent auditor. They also include fees for accounting consultations in connection with acquisitions and divestitures and internal control reviews.

Tax fees include fees for assistance in tax planning, during restructurings, and when taking a tax position, as well as the preparation and review of income and other tax returns and tax opinions.

Other fees include fees for consulting services for projects, risk management services and statutory and/or regulatory compliance services.

ADDITIONAL INFORMATION

Additional information on the Bank is available on its nbc.ca website and on the sedar.com website. The Bank's financial information is published in the consolidated financial statements and the MD&A, both of which are part of the Annual Report. The Annual Report can also be obtained on the sedar.com website.

The Bank will provide to any shareholder, free of charge and upon request, a copy of the Annual Information Form together with a copy of any document incorporated therein by reference, a copy of the annual consolidated financial statements together with the accompanying auditor's report and MD&A, a copy of any subsequent interim report, a copy of the Circular in respect of its most recent annual meeting of holders of common shares that involved the election of directors, and a copy of any document that is incorporated by reference into a prospectus, short form or other, whenever the securities of the Bank are part of a distribution.

The Circular contains additional information, such as the compensation and indebtedness of the directors and executive officers of the Bank and the securities authorized for issuance under equity compensation plans. Copies of these documents may be obtained upon request from the Legal Affairs Office of the Bank, 600 De La Gauchetière Street West, 4th Floor, Montreal, Quebec, Canada H3B 4L2.

As part of the Canadian bank resolution powers, certain provisions of, and regulations under the *Bank Act* (Canada), the *Canada Deposit Insurance Corporation Act* and certain other Canadian federal statutes pertaining to banks, provide for a bank recapitalization regime for banks designated by OSFI as domestic systemically important banks, which include the Bank.

A description of Canadian bank resolution powers and the consequent risk factors attaching to certain liabilities of the Bank can be found in the pages of the Annual Report specified in the Table of Contents of the Annual Information Form and is incorporated herein by reference, and at: https://www.nbc.ca/content/dam/bnc/a-propos-de-nous/relations-investisseurs/fonds-propres-et-dette/bail-in_senior_debt_en.pdf

The information available on the Bank's website does not form a part of this Annual Information Form.

APPENDIX A – EXPLANATION OF CREDIT RATINGS

The following descriptions of the ratings categories assigned by each of the rating agencies are provided in accordance with legislation and were taken from the agencies' respective websites. They do not constitute an endorsement by the Bank of the categories or of the application by the respective rating agencies of their criteria and analyses. More information can be obtained from the respective rating agencies.

Moody's

Short-Term Debt: P-1
A "P-1" rating indicates a superior ability to repay short-term debt obligations.

Long-Term Deposits: Aa3
An "Aa" is judged to be of high quality and subject to very low credit risk.

Long-Term Non Bail-inable Senior Debt: Aa3
An "Aa" is judged to be of high quality and subject to very low credit risk.

Senior Debt: A3
An "A" rating is considered medium-upper-grade and is subject to low credit risk.

Subordinated Debt: Baa2
A "Baa" rating is considered to be medium grade, but subject to moderate credit risk and, as such, may possess certain speculative characteristics.

NVCC Subordinated Debt: Baa2 (hyb)
A "Baa" rating is considered to be medium grade, but subject to moderate credit risk and, as such, may possess certain speculative characteristics.

NVCC Limited Recourse Capital Notes: Ba1 (hyb)
A "Ba" rating is considered to have speculative elements and subject to substantial credit risk.

NVCC Preferred Shares: Ba1 (hyb)
A "Ba" rating is considered to have speculative elements and subject to substantial credit risk.

Covered Bonds Program: Aaa
An "Aaa" rating is judged to be of the highest quality, with the lowest credit risk.

Other Information
Moody's assigns ratings of between "P-1" and "NP" to short-term obligations with initial maturities of 13 months or less, which reflect both the probability of default and the expected financial loss in the event of default.

Moody's assigns ratings of between "Aaa" and "C" to long-term financial instruments, to issuers or to obligations with initial maturities of one year or more, which reflect both the probability of default and the expected financial loss in the event of default.

Moody's appends numerical modifiers "1," "2" and "3" to each generic rating classification from "Aa" through "Caa." The modifier "1" indicates that the obligation ranks in the higher end of its generic rating classification; the modifier "2" indicates a mid- range ranking; and the modifier "3" indicates a ranking in the lower end of that generic rating classification. Moreover, the addition of "(hyb)" after the rating indicates a hybrid security.

Standard & Poor's

Short-Term Senior Debt: A-1
An "A-1" rating is in the highest category and it indicates that the obligor's capacity to meet its financial commitment on the obligation is strong.

Canadian Commercial Paper: A-1(Mid)
An obligation rated "A-1(Mid)" on the Canadian commercial paper rating scale corresponds to an "A-1" rating on Standard & Poor's global short-term rating scale. This rating reflects a strong capacity for the obligor to meet its financial commitment on the obligation.

Long-Term Non Bail-inable Senior Debt: A
An "A" rating is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitment is still strong.

Senior Debt: BBB+
A "BBB" rating exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

Subordinated Debt: BBB+
A "BBB" rating exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

NVCC Subordinated Debt: BBB
A "BBB" rating exhibits adequate protection parameters. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitment on the obligation.

NVCC Limited Recourse Capital Notes: BB+
A "BB" rating is less vulnerable to nonpayment than other speculative issues. However, it faces major ongoing uncertainties and exposure to adverse business, financial, or economic conditions that could lead to the obligor's inadequate capacity to meet its financial commitments on the obligation.

NVCC Preferred Shares: P-3(High)
A "P-3(High)" rating corresponds to a "BB+" rating on Standard & Poor's Global Scale Preferred Share Rating. A "BB" rating is considered less vulnerable in the near term than other lower-rated obligors. However, it faces major ongoing uncertainties and exposure to adverse business, financial, or economic conditions that could lead to the obligor's inadequate capacity to meet its financial commitments.

Other Information
The ratings from "AAA" to "CCC" may be modified by adding a plus or minus sign to show relative standing within the major rating categories.

DBRS

Short-Term Debt: R-1 (middle)
A rating of "R-1 (middle)" indicates superior credit quality, and the capacity for payment of financial obligations in the short term is very high. The "R-1 (middle)" rating differs from the "R-1 (high)" rating to a small degree. It is unlikely that securities rated "R-1 (middle)" will be significantly vulnerable to future events.

Long-Term Debt: AA (low)
An "AA" rating indicates superior credit quality, and the capacity for payment of financial obligations is considered high. The "AA" rating only differs slightly from "AAA" and it corresponds to securities that are unlikely to be significantly vulnerable to future events.

Long-Term Non Bail-inable Senior Debt: AA (low)
An "AA" rating indicates superior credit quality, and the capacity for payment of financial obligations is considered high. The "AA" rating only differs slightly from "AAA" and it corresponds to securities that are unlikely to be significantly vulnerable to future events.

Senior Debt: A (high)
An "A" rating indicates good credit quality and a substantial capacity for the payments of financial obligations, but of lesser strength than securities rated "AA." May be vulnerable to future events, but negative factors are considered manageable.

Subordinated Debt: A
An "A" rating indicates good credit quality and a substantial capacity for the payments of financial obligations, but of lesser strength than securities rated "AA." May be vulnerable to future events, but negative factors are considered manageable.

NVCC Subordinated Debt: BBB (high)
A "BBB" rating indicates adequate credit quality, and the capacity for payment of financial obligations is considered acceptable. Securities rated "BBB" may be vulnerable to future events.

NVCC Limited Recourse Capital Notes: BBB
A "BBB" rating indicates adequate credit quality, and the capacity for the payment of financial obligations is considered acceptable. Securities rated "BBB" may be vulnerable to future events.

NVCC Preferred Shares: Pfd-2 (low)
A "Pfd-2" rating indicates satisfactory credit quality. Protection of dividends and principal is still substantial, but earnings, the balance sheet, and coverage ratios are not as strong as "Pfd-1" rated securities. Generally, "Pfd-2" ratings correspond with companies whose senior bonds are rated in the "A" category.

Covered Bonds Program: AAA
An "AAA" rating is of the highest credit quality. The capacity for the payment of financial obligations is exceptionally high and unlikely to be adversely affected by future events.

Other Information
The "R-1" and "R-2" rating categories can be further qualified with the subcategories "high," "middle" and "low." All long-term rating categories other than AAA and D also contain the subcategories "high" and "low." The absence of either designation indicates that the rating is in the middle of the category.

Fitch Ratings

Short-Term Debt: F1+
An "F1" rating indicates the lowest expectations of default risk and the highest capacity to meet financial commitments in a timely manner. A "+" is added to the rating to indicate any exceptionally strong credit characteristic.

Long-Term Deposits: AA-
An "AA" rating denotes expectations of very low default risk. The capacity for payment of financial commitments is considered very strong. This capacity is not significantly vulnerable to predictable events.

Long-Term Non Bail-inable Senior Debt: AA-
An "AA" rating denotes expectations of very low default risk. The capacity for payment of financial commitments is considered very strong. This capacity is not significantly vulnerable to predictable events.

Senior Debt: A+
An "A" rating denotes expectations of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.

Subordinated Debt: A-
An "A" rating denotes expectations of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.

Covered Bonds Program: AAA
An “AAA” rating denotes lowest expectations of default risk. It is assigned only in cases of exceptionally strong capacity for payment of financial commitments. It is very unlikely that this capacity will be adversely affected by predictable events.

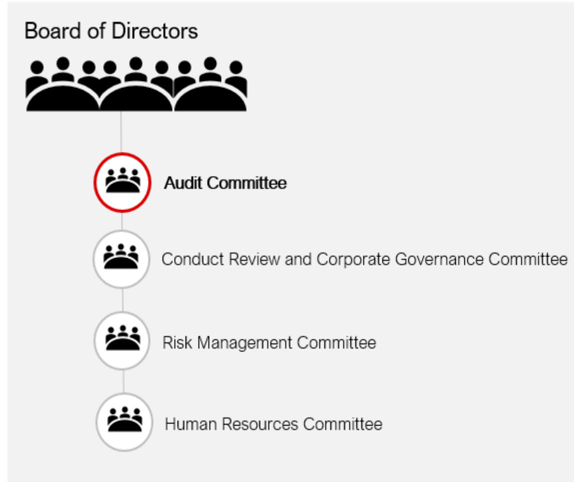
Other Information
The modifiers “+” or “-” may be appended to a rating to specify relative status within major rating categories.

APPENDIX B – AUDIT COMMITTEE MANDATE

Audit Committee

The Bank's Board of Directors delegates certain powers to the Audit Committee, which has the mandate to oversee the Bank's financial soundness. Among the activities it performs as part of its mandate, the Committee:

- **Obtains reports** on the Bank's management and financial position, the effectiveness and efficiency of the main governance processes and systems, the management of risks and internal controls, and the financial risks it faces.
- **Reviews the recommendations** for addressing such risks and follows up on the recommendations implemented.
- **Ensures** that Management has implemented the appropriate internal controls.
- **Recommends** to the Board the independent auditor candidate who will be proposed to shareholders.



The Committee entrusts certain responsibilities to Bank resources or independent third parties, such as to the Finance and Internal Audit oversight functions and to the independent auditor:

- **The Finance oversight function**: Reporting to the Chief Financial Officer and Executive Vice-President – Finance, the Finance oversight function, oversees the management of financial resources and the governance of financial information. It helps the Bank sectors manage their financial performance, ensures compliance with regulatory requirements, and is responsible for presenting the Bank's information to shareholders.
- **The Internal Audit oversight function**: The Senior Vice-President – Internal Audit is responsible for objectively providing independent assurance and advice to the Committee, the Board and Bank Management on the efficiency of the main governance processes and systems and on the management of risks and internal controls, as well as for offering recommendations and advice for promoting the Bank's long-term strength.
- **The independent auditor**: The independent auditor expresses an opinion on the consolidated financial statements and provides reports. It makes recommendations for improving the Bank's internal controls.

Moreover, the Committee:

- **Oversees** their performance and independence.
- **Ensures** that Management has implemented the measures and procedures to provide quality financial information.
- **Obtains information** about any situation that could jeopardize the Bank's financial soundness.
- **Examines** any document under its responsibility by law, regulation or submitted to any regulatory authority.

1 Role and Responsibilities

1.1 Appointment and Mandate of the Oversight Functions and the Independent Auditor's Functions

Independent auditor

Appointment

- The Committee evaluates the independent auditor candidates. It periodically considers whether it is appropriate to launch a call for tenders in order to select a candidate firm to act as independent auditor.
- It proposes the appointment of the independent auditor. It recommends the appointment to the Board, which submits it to a shareholder vote.

- The Committee also makes recommendations concerning the independent auditor's remuneration.
- The Committee can recommend the removal of the independent auditor.

Mandate and annual plan

- The Committee approves the annual plan and the engagement letter which sets out the conditions and scope of services provided by the independent auditor.
- It ensures that the scope of the plan is appropriate, namely that it is based on financial and other material risks.
- In the event of a key change to the annual plan, the Committee assesses, with the support of the independent auditor, whether the change could adversely affect the quality of the audit engagement.
- The Committee must preapprove the audit and any other mandates of the independent auditor and put in place clear procedures and conditions for assigning those and any other mandates:
    - Guideline: Each year, the Committee recommends to the Board of Directors that it approve the guidelines concerning the management of the services provided by the independent auditor.
    - Delegation: The Committee delegates to its Chair the power to approve these mandates.

Oversight function heads

Appointment of the Chief Financial Officer and Executive Vice-President – Finance and of the Senior Vice-President – Internal Audit

- The Committee reads over the recommendations of the President and Chief Executive Officer of the Bank concerning the appointment or replacement of the Senior Vice-President – Internal Audit and the Chief Financial Officer and Executive Vice-President – Finance. The Committee then makes its recommendations to the Board.
- Once a year, the Committee reads over the succession plans for the Senior Vice-President – Internal Audit and the Chief Financial Officer and Executive Vice-President – Finance. The Committee then makes its recommendations to the Board.

Mandate and annual plan

- Each year, the Committee reviews and approves the Internal Audit Charter and the mandate of the Finance oversight function.
- Each year, the Committee reviews and approves the Annual Internal Audit Plan and makes recommendations as necessary.
- The Committee ensures that the oversight functions have the necessary and appropriate resources and structure to fulfill their mandate.
- The Committee approves the budgets of the oversight functions annually.

1.2 Performance, Oversight and Independence of the Oversight Functions and the Independent Auditor

Independent auditor

Self-assessment

At least once a year, the independent auditor presents a report outlining:

- Its internal practices concerning the quality control of its services
- Important matters arising from its most recent quality control and peer reviews or following investigations by professional or government authorities in the previous five years regarding its engagement and the measures taken to settle such matters
- Its assessment and internal procedures for ensuring its independence
- Its business relationship with the Bank

Annual assessment by the Bank

- Before the independent auditor tables its report on the annual consolidated financial statements, the Committee formally assesses the effectiveness of the contribution of the independent auditor, as well as its competencies, resources, independence, support and communication skills.
- The Committee reports to the Board on the effectiveness of the independent auditor.

Periodic assessment by the Bank

- The Committee periodically assesses the overall performance of the independent auditor for all provided services. It is supported by Management and the opinion of the Bank's Senior Vice-President – Internal Audit.
- At least once every five years, the Committee conducts a full assessment of the independent auditor in accordance with the recommendations of CPA Canada and the Canadian Public Accountability Board.

Rotation of partners responsible for the engagement

- The Committee reviews the competencies, performance and independence of the partner responsible for the audit and the audit team.
- The Committee discusses the appropriate time and procedure for rotating each of its partners.

Chief Financial Officer and Executive Vice-President – Finance and Senior Vice-President – Internal Audit

Assessment of independence

- The Committee ensures the independence and effectiveness of the Internal Audit and Finance oversight functions. To fulfill this role, it ensures that these oversight functions are free of any influence that could adversely affect their ability to carry out their responsibilities objectively. The Committee also ensures that these oversight functions have sufficient stature and authority within the Bank.
- The Chief Financial Officer and Executive Vice-President – Finance reports to the President and Chief Executive Officer of the Bank and has direct access to the Committee Chair.
- To ensure the independence of the Internal Audit oversight function, the Committee ensures:
    - That he or she reports in an administrative capacity to the President and Chief Executive Officer
    - That he or she has direct access to the Committee Chair and the President and Chief Executive Officer of the Bank
    - That he or she has access to the required information
    - That he or she regularly meets with the Chair of the Committee without Management being present in order to review the matters raised concerning relations with the Bank's Management and access to required information.

Performance assessment, compensation and oversight

- The Committee periodically assesses the effectiveness of the Finance and Internal Audit oversight functions, as well as their oversight processes. To fulfill this role, with the assistance of independent external consultants, it benchmarks the Finance and Internal Audit oversight functions and processes.
- The Committee annually reviews the performance of the Senior Vice-President – Internal Audit and the Chief Financial Officer and Executive Vice-President – Finance, and helps determine their compensation. The Committee then makes its recommendations to the Board.

1.3 Financial Reporting

Integrity of financial information

- The Committee reviews, together with the independent auditor, the consolidated financial statements, the Annual Report and the Annual Information Form, and ensures that they accurately present the Bank's financial performance and cash flows.
    - *Approval*: It recommends that the Board approve them before they are published, after looking over the independent auditor's conclusions.

- The Committee continuously oversees the independent auditor's work, which may include conclusions regarding the financial statements, reviews, certifications and all other services.
- In the event of disagreement between the independent auditor and Management regarding financial information, the Committee may intervene to reach an agreement.
- The Committee, the independent auditor and Management discuss documents related to the integrity of financial information and any other concerns the independent auditor may have.
- The Committee and the independent auditor discuss the quality and acceptability of the accounting principles applied in preparing the consolidated financial statements.
- The Committee reviews the annual management letter from the independent auditor and follows up on the corrective action taken by Management.
- The Committee obtains all important correspondence between the independent auditor and Management about audit findings.

Financial reporting

- The Committee reviews the press releases concerning financial information, audit processes and management information systems. It ensures their integrity, the effectiveness of processes, and compliance with applicable accounting standards.
- It reviews the process whereby the President and Chief Executive Officer and the Chief Financial Officer certify the integrity of the financial statements.
- The Committee ensures that adequate procedures are in place for publicly disclosing information derived from the financial statements.

1.4 Review of the Bank's Financial Soundness

Annual budget and financial plan

- The Committee reviews and recommends to the Board the Bank's operating budget, which contains information on economic outlooks, consolidated and sector financial objectives, operating expenses and the capital budget.

Investments and transactions

- The Committee is made aware of any investment or transaction having a material effect on the Bank's financial position brought to its attention by Internal Audit, the independent auditor or a member of Management.

Disputes and claims

- The Committee looks over all reports from Management regarding any dispute, notice of assessment or claim that could adversely affect the Bank's financial position.
- It ensures that material claims are properly disclosed in the financial statements.

Taxation

- The Committee reads over any reports relating to tax planning and risks.

Dividends

- The Committee reviews the declaration of dividends and makes recommendations to the Board.

Environmental, social and governance responsibility (ESG)

- The Committee performs its activities in accordance with the Bank's ESG practices and strategies.
- It monitors trends relating to controls and the integration of ESG criteria in financial reporting.

1.5 Control Mechanisms and Reporting

Internal Audit reports

- Reviews the report of the Senior Vice-President – Internal Audit, discusses the main audit reports, and ensures that the necessary steps are taken to follow up on important report recommendations.

Reporting of irregularities related to accounting, auditing or internal controls

- The Committee reviews and reports to the Board any accounting or financial irregularities reported anonymously by employees or directors.
- It ensures that the policy on reporting irregularities and adequate procedures are implemented for the receipt, retention and handling of irregularities reported and the confidential submission of concerns relating to accounting or auditing matters. This policy is reviewed periodically.
- It reviews the Corporate Compliance report on matters reported to the Ombudsman as well as investigation results.

1.6 Ongoing Training

- The Committee is informed of changes to accounting standards that could have an impact on the Bank or the disclosure of its consolidated financial statements.
- The Committee also stays abreast of legislative and regulatory changes in auditing and financial reporting.
- It informs the Board of such changes or new developments.
- To stay informed on matters relating to its mandate, the Committee attends information sessions on matters that fall under its expertise.

1.7 Bank Subsidiaries

- The Committee acts as an Audit Committee for Natcan Trust Company in accordance with the *Trust and Loan Companies Act* (Canada), notably for the approval of the consolidated financial statements and the appointment of the independent auditor.
- The Committee may also act as an Audit Committee for any other subsidiary of the Bank where permitted under its incorporating act. As such, it fulfills all the duties incumbent upon such committee, in accordance with legislation.

2 Powers

2.1 Hiring Independent External Consultants

- The Committee may hire legal advisors or other independent external consultants to assist it in fulfilling its responsibilities.
- The Committee sets and pays its consultants' compensation. The Bank provides the funds necessary to pay for the services of these consultants.

2.2 Investigating and Having Access to the Books, Records, Premises, Offers and Employees

- The Committee may investigate any issue it deems relevant. To conduct its investigation, it may have full access to the Bank's books, records, premises, officers and employees.

2.3 Delegating Powers to a Sub-Committee

- The Committee may, at its discretion, designate a sub-committee to review any issue raised by the current mandate.

2.4 Contacting Officers and Employees Directly

- The Committee may contact the independent auditor, the Senior Vice-President – Internal Audit, the Chief Financial Officer and Executive Vice-President – Finance, the Senior Vice-President – Finance, the Chief Compliance Officer and any other Bank officer or employee directly.

2.5 Performing any Duties Assigned to it or Stipulated by Law

- The Committee performs any duty required by the legislation in effect or any duty assigned to it by the Board from time to time.
- The Committee submits to the Board all recommendations it deems appropriate with respect to matters that fall within its purview.

3 Composition

3.1 Composition of the Committee

- Appointed by the Board and composed of Board directors.
- Minimum of three members.
- A majority of the members consists of directors who are not affiliated with the Bank; no employee or officer of the Bank or one of its subsidiaries may therefore be part of it.
- Members appointed by the Board upon recommendation from the Committee.
- One Chair, appointed by the Board from among the Committee members.
- One secretary, who is the secretary of the Bank, an assistant secretary or any other person designated by the secretary of the Bank.
- The composition of the Committee is reviewed every year.

Overboarding

- Members of the Committee will not serve on more than three public corporation audit committees, including the Bank's, without the approval of the Board.

3.2 Chair of the Committee

- The duties of the Committee Chair are set out in the mandate of the Chair. The Committee Chair may ask the Chair of the Board to have certain matters for which the Committee is responsible submitted to the Board.

3.3 Selection Criteria for Committee Members

Have the required skills and knowledge

- Each of the Committee members is "financially literate" within the meaning of *Regulation 52-110 respecting Audit Committees* or is able to become financial literate within a reasonable period of time following his or her appointment.

Be independent

- Every member must be independent as defined by the Canadian Securities Administrators.

3.4 Term of Mandate for Committee Members

Duration

All members carry out their duties until a successor is appointed, or until they:

- resign
- are relieved of their duties
- no longer sit as Board directors

Replacing a member after their departure during the year (vacancy)

- A vacancy on the Committee is filled by the Board as it deems appropriate.
- If it does not appoint a new member and the Committee has the required minimum number of members, the Committee's decisions will be valid.

4 Meetings

4.1 Dates of Meetings

Regular meetings scheduled in advance

- At least one meeting per quarter
- Dates, times, goals and locations of meetings are set in advance by the Board for the entire year. This information is sent to members at the beginning of the year. No other notice is sent.

Unscheduled meetings called during the year (as needed)

Who may call them?

- Unscheduled meetings may be called by:
  - ✓ The Chair of the Committee
  - ✓ Any other Committee member
  - ✓ The Chairman of the Board
  - ✓ The President and Chief Executive Officer
  - ✓ The Chief Financial Officer and Executive Vice-President – Finance
  - ✓ The Senior Vice-President – Internal Audit

Date, time and location of such a meeting

- The date, time, goal and location of the meeting are sent to the Committee members by any means of communication, without any required additional notice. The notice also states the purpose of the meeting.

Notice of meeting required unless exception

- *24-hour notice*: Members must be advised about an unscheduled meeting no less that 24 hours before the time and date set for the meeting.
- *Waiver of notice*: The presence of a member at a meeting constitutes a waiver of this notice of meeting, except if this member is present to specifically oppose the review of any issue, claiming that the meeting was not called in due form.
- *Exception No. 1 – Two-hour notice*: The notice may be sent two hours in advance if there is an emergency called by the Chairman of the Board, the Chair of the Committee or the President and Chief Executive Officer.
- *Exception No. 2 – Without notice*: An unscheduled Committee meeting may be held without notice when all Committee members are present or when the absent members provide a written waiver of notice of meeting.

Exceptional meetings of the Board to review matters of interest to the Committee

- The Committee Chair may call a meeting of the Board to discuss matters of interest to the Committee.

4.2 Attendance: In Person or Remotely

- Meetings may be held by telephone or via any other means that enable all members to communicate with each other adequately and simultaneously. The person participating remotely is presumed to be in attendance.

4.3 Individuals Who May be Invited to Meetings

President and Chief Executive Officer

- He may attend every meeting of the Committee.

Independent Auditor, Executive Vice-President – Finance and Senior Vice-President – Internal Audit

- They are entitled to receive the notices for Committee meetings, attend discussions involving related parties and express their opinion.

Any other person invited by the Committee

- They can attend part of or the entire meeting, based on what has been agreed with the Committee.

In camera meeting

- Part of the meeting must always take place in the absence of the President and Chief Executive Officer or any other Bank officers.
- At every meeting, the Committee meets with the Finance and Internal Audit oversight function, and the independent auditors, individually and in camera.

4.4 Minimum Number of Members Required to Hold a Committee Meeting (Quorum)

- **A majority of the Committee members must be present:** If a member is temporarily absent from a meeting because the topic discussed puts them in a conflict of interest, they will be considered to be present for the meeting (subsection 182(3) of the *Bank Act*).
- **Not enough members present for quorum:** The Committee Chair can ask the Chairman of the Board to act as a member of the Committee for this meeting and give them voting rights, unless the Chairman of the Board is already a member of the Committee.
- **The Chair is unavailable to attend:** The Committee selects a Chair from the members of the Committee present at the meeting or asks the Chairman of the Board to chair the meeting.

4.5 Vote

- All decisions to be made by the Committee must be voted on.
- **Majority vote:** The decisions voted on by the Committee must be approved by a majority vote of the members present.
- **Unanimous vote if the meeting only includes two members:** If the Committee is composed of three members and only two members attend a meeting, the decisions to be voted on must be passed unanimously.

4.6 Minutes of the Meeting

- **Minutes:** The secretary is responsible for drafting the minutes after each Committee meeting. These must be approved by the Committee members before being filed with the record of minutes. These minutes are provided to all directors at the next Board meeting for information purposes.
- **Oral report of the Chair to the Board:** The Committee Chair must present an oral report on the deliberations and recommendations of the Committee at the next Board meeting.