NATIONAL BANK SAVINGS AND INVESTMENTS

Statement of Principles on Conflicts of Interest

Introduction

Securities regulations in Canada require National Bank Savings and Investments Inc. ("NBSI", "our", "we" or "us") to comply with rules about conflicts of interest. It is important that we disclose material conflicts of interest that we have identified and how we are managing them, as well as how we are trying to reduce their impact.

Thus, you will find below the existing and reasonably foreseeable material conflicts of interest that may affect you as a client, including how we address these conflicts in the best interest of our clients. We will update you in a timely manner if any additional material conflicts of interest are identified.

What is a conflict of interest?

We consider a conflict of interest or potential conflict of interest to be any circumstance in which our interests or the interests of our representatives or employees could be inconsistent or divergent with the interests of the clients using our services. We take reasonable steps to identify, disclose and address all existing material conflicts of interest, as well as those that are reasonably foreseeable, in your best interests. We avoid any situation that would create a material conflict of interest which cannot be addressed in your best interest.

A conflict of interest is considered material when it can be reasonably expected that either or both of the following will occur: 1) it could impact a client's investment decision or their decision to use our services; or 2) it has an impact on the recommendations or decisions of NBSI or its representatives. To ensure we always put you, our client, first in any situation where a conflict of interest may hinder our relationship, our representatives must comply with (i) the National Bank of Canada's ("NBC") Code of Conduct, which established the basic principles which guide their conduct, and (ii) the regulatory requirements summarized in NBSI's policies and procedures. A description of the material conflicts of interest that we have identified is provided below.

NBSI's conflicts of interest

1. Proprietary products

NBSI's product offering is limited to proprietary products and services that are manufactured and offered by NBC and its subsidiaries, such as NBI Funds and Guaranteed Investment Certificates including Market-Linked GICs.

As a result, products offered by competing firms cannot be purchased through NBSI, and NBSI's suitability assessment will not take into account non-proprietary products or the fact that some of these products might be better, worse, or equal in meeting our clients' investment objectives.

We manage this conflict by offering a wide range of products that can meet the needs of each investor profile and by conducting periodic due diligence on comparable products available from our competitors and by assessing the competitiveness of our products and their capacity to meet our client's financial needs.

2. Revenues, employees' compensation and personal interests

We, as well as NBC and its subsidiaries, generate revenue from the products and services we sell to you, including through the management fees embedded in some of our products. NBSI and its representatives are also paid for the services provided. As a result, we may be incentivized to sell certain products and services that help us maximize our revenues. We may also be incentivized to have our clients acquire more products and services offered by NBC and its subsidiaries, since individual and collective compensation of our employees may be based, in part, on sales volume.

These conflicts are managed by robust and effective risk-based account surveillance and compliance systems monitoring, and by disclosing the fees that may be charged on you while avoiding duplication. In addition, our compensation programs are validated and approved by a number of sectors to ensure that representatives do not recommend products that are not in clients' interests. As indicated in our policies and procedures, representatives must not, under any circumstances, force a client or exert undue pressure on a client to acquire a product or service. Lastly, we offer our representatives training programs on conflicts of interest.

3. Services provided by related entities

NBC and its subsidiaries may receive various forms of compensation related to your doing business with us. As part of NBSI's offering to clients, NBC and its subsidiaries may be compensated for management, administration and other services rendered or provided to one another. This could include income such as: income and/or spreads on cash balance held in your account, interest margins on deposits, interests on investment loan, foreign exchange margins at the time of currency conversion as well as trust and custodial fees. We may also suggest using the services of NBC or one of its subsidiaries as your needs change over time. For example, this may be appropriate depending on the complexity of your situation or the size of your assets. Your information may also be shared with NBC and its subsidiaries, to manage our relationship with you and offer you additional products and services.

NBSI related entities are: National Bank Investments Inc., National Bank Financial Inc., National Bank of Canada Financial Inc., National Bank Trust Inc., National Trust Company, NBC Global Finance Limited in Ireland, NBC Financial Markets Asia Limited in Hong Kong only, NatWealth Management (USA) Inc., CWB Wealth Management Ltd., CWB Wealth Partners Ltd., Canadian Western Financial Ltd., PGM Global Inc. and PGM Global Asset Management Inc.

NBSI related or connected issuers are:

National Bank of Canada: National Bank of Canada is a bank incorporated under the Bank Act (Canada) and is a reporting issuer that holds indirectly 100% of the voting and equity shares of NBSI.

NBI Funds: National Bank Investments Inc., a wholly owned subsidiary of National Bank of Canada, is the investment fund manager of all NBI Funds (including, without limitation, the Meritage Portfolios and NBI Private Portfolios, as listed in the NBI Funds prospectus, updated every two years). National Bank Trust inc. acts as portfolio manager of multiple NBI Funds.

CWB Mutual Funds: CWB Wealth Management Ltd., a wholly owned subsidiary of National Bank of Canada, is the trustee, the investment fund manager, the portfolio manager and the principal distributor of the CWB Onyx Funds and CWB Core Equity Fund, as listed in the CWB Funds prospectus, updated every two years.

We address these conflicts by assessing the services provided to you by our affiliates and ensuring that they remain competitive. We disclose the fees that may be charged to you by us and/or our affiliates, in compliance with applicable securities law and we obtain your consent for the collection, use or sharing of your personal information and restricting the internal sharing of information in accordance with our Privacy Policy.

4. Transactional errors

It is possible that, despite the good faith of a representative, an error could occur during the processing of a transaction for a client. For example, by failing to meet the cut-off time to enter a trade or by entering a transaction incorrectly, resulting in a loss for the client. A reasonable person might believe that NBSI has an interest in minimizing its costs in correcting such errors.

We manage this conflict by complying with Canadian securities laws, industry guidelines and our error correction policy, which has been reviewed by the NBI Independent Review Committee (IRC). The IRC is comprised of individuals who are independent from NBSI.

5. Conduct of NBSI and its representatives

In the ordinary course of performing our duties, we, our directors, officers, employees, and representatives may find our personal or commercial interests to be in potential conflict with those of a client. For example, we or our employees may be offered gifts that could compromise our impartiality or give the impression that our impartiality is compromised.

We address such conflict of interest by ensuring compliance with NBC's Code of Conduct and NBSI's policies and procedures, which apply to us and prohibit: (i) using confidential information acquired in the course of our work or as a result of our position; (ii) taking advantage of a situation to derive any kind of benefit; and (iii) accepting or giving gifts, invitations or compensation that could influence decisions to be made in the course of our duties.

In addition, we require our representatives to disclose all material conflicts of interest. In compliance with NBSI's policies and procedures, our representatives must avoid all material conflicts of interest or use controls for addressing conflicts in clients' best interests.

We also provide our representatives with training programs on conflict of interest in order to help them to identify, escalate, address and disclose conflicts of interest. We have an effective risk-based compliance system, which monitors for items such as powers of attorney and incapacity mandates, where clients may be more vulnerable.

6. Redemption of third-party products

When third-party products are contained in accounts transferred from a competitor to NBSI, NBSI may recommend redeeming these securities and re-investing the proceeds in securities offered by NBSI, since compensation for these products could be more profitable for NBSI. If these third-party securities are not redeemed and held instead in the client's investment account, NBSI may receive compensation, such as a trailing commission, from the issuer of the securities.

We manage this conflict by having policies and procedures in place, as well as robust and effective risk-based account surveillance and compliance systems that allow us to validate the suitability of transactions.

7. Dual occupation and outside activities

Our registered representatives act both as representatives for NBSI and as banking advisors for NBC. In addition, some may also serve on a board of directors or take up other duties.

We address these conflicts by complying with legal and regulatory requirements and restrictions on individuals who act for more than one regulated entity. We also require our representatives to disclose their outside activities and review the potential risks and conflicts of interest associated with them. We do not allow participation in outside activities that involve a risk or a material conflict of interest, unless approved by NBSI.

8. Other conflict of interest situations

Other situations which create potential or real conflicts of interest may arise from time to time. NBSI is committed to continuing to do whatever is necessary to identify and address these situations fairly, reasonably, and in the best interests of our clients.