NATIONAL BANK

Annual Information Form

December 4, 2018

Powering your ideas™

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, 2018 (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, 2018.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS IN THIS ANNUAL INFORMATION FORM

From time to time, the Bank makes written and oral forward-looking statements, such as those contained in the "Major Economic Trends" section of the 2018 Annual Report, in other filings with Canadian securities regulators, and in other communications, for the purpose of describing the economic environment in which the Bank will operate during fiscal 2019 and the objectives it hopes to achieve for that period. These forward-looking statements are made in accordance with current securities legislation in Canada and the United States. They include, among others, statements with respect to the economy—particularly the Canadian and U.S. economies—market changes, observations regarding the Bank's objectives and its strategies for achieving them, Bank projected financial returns and certain risks faced by the Bank. These forward-looking statements are typically identified by future or conditional verbs or words such as "outlook," "believe," "anticipate," "estimate," "project," "expect," "intend," "plan," and similar terms and expressions.

By their very nature, such 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 2019 and how that will affect the Bank's business are among the main factors considered in setting the Bank's strategic priorities and objectives and in determining its financial targets, including provisions for credit losses. In determining its expectations for economic growth, both broadly and in the financial services sector in particular, the Bank primarily considers historical economic data provided by the Canadian and U.S. governments and their agencies.

There is a strong possibility that express or implied projections contained in these forward-looking statements will not materialize or will not be accurate. The Bank recommends that readers not place undue reliance on these statements, as a number of factors, many of which are beyond the Bank's control, could cause actual future results, conditions, actions or events to differ significantly from the targets, expectations, estimates or intentions expressed in the forward-looking statements. These factors include credit risk, market risk, liquidity and funding risk, operational risk, regulatory compliance risk, reputation risk, strategic risk and environmental risk, all of which are described in more detail in the Risk Management section beginning on page 52 of the 2018 Annual Report, general economic environment and financial market conditions in Canada, the United States and certain other countries in which the Bank conducts business, including regulatory changes affecting the Bank's business, capital and liquidity; changes in the accounting policies the Bank uses to report its financial condition, including uncertainties associated with assumptions and critical accounting estimates; tax laws in the countries in which the Bank operates, primarily Canada and the United States (including the U.S. *Foreign Account Tax Compliance Act* (FATCA)); changes to capital and liquidity guidelines and to the manner in which they are to be presented and interpreted; changes to the credit ratings assigned to the Bank; and potential disruptions to the Bank's information technology systems, including evolving cyber attack risk.

The foregoing list of risk factors is not exhaustive. Additional information about these factors can be found in the "Risk Management" section of the 2018 Annual Report. 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.

The forward-looking information contained in this document is presented for the purpose of interpreting the information contained herein and may not be appropriate for other purposes.

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 24, 2019
Bank:	National Bank of Canada
BIS:	Bank for International Settlements
OSFI:	Office of the Superintendent of Financial Institutions (Canada)
Audit Committee:	Audit 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
Board:	Board of Directors of the Bank
RMC:	Risk Management Committee of the Board
CPA:	Chartered Professional Accountants
CRCGC:	Conduct Review and Corporate Governance Committee of the Board
HRC:	Human Resources Committee of the Board
DBRS:	DBRS Limited
Deloitte:	Deloitte LLP
Fitch:	Fitch Ratings Ltd.
NVCC:	Non-viability Contingent Capital
IFRS:	International Financial Reporting Standards
Act:	*Bank Act*, S.C. 1991, c. 46
Moody's:	Moody's Investors Service Inc.
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, 2018
MD&A:	Management's Discussion and Analysis of the Bank's consolidated annual financial statements for the fiscal year ended October 31, 2018
SEDAR:	System for Electronic Document Analysis and Retrieval
S&P:	Standard & Poor's Financial Services LLC
TSX:	Toronto Stock Exchange

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 on 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 2018: The Bank recorded net income of $2,232 million for fiscal 2018 compared to $2,024 million for the corresponding period of 2017, an increase of 10%. Diluted earnings per share were $5.94, as against $5.38 in fiscal 2017. [BRC1] These increases were driven by net income growth across all business segments. In addition, return on equity (ROE) was 18.4% for fiscal 2018 compared to 18.1% in 2017. The Bank's Common Equity Tier 1 (CET1), Tier 1 and total capital ratios were, respectively, 11.7%, 15.5% and 16.8% as at October 31, 2018, i.e. above the regulatory requirements, compared to ratios of 11.2%, 14.9% and 15.1%, respectively, as at October 31, 2017 The increase in the CET1 capital ratio stems essentially from net income, net of dividends, common share issuances under the Stock Option Plan, remeasurements of pension plans and other post-employment benefit plans, factors that were mitigated by the growth in risk-weighted assets and the common share repurchases during the year ended October 31, 2018, as well as by the impact of adopting IFRS 9 on November 1, 2017. Lastly, the dividend payout ratio was 41% in 2018 compared to 42% in 2017. In the Personal and Commercial segment, total revenues were up 6% year over year, essentially due to growth in net interest income resulting from higher personal and commercial loan and deposit volumes and from an improved net interest margin, which was 2.32% in 2018 versus 2.26% in 2017. In the Wealth Management segment, total revenues were up 10% year over year, mainly due to higher net interest income that was driven by improved margins as well as by higher fee-based revenues given net inflows across all solutions and a steady rise in stock market performance. In the Financial Markets segment, total revenues were up 8% owing to global market revenues, commissions and commercial banking financial services. In the U.S. Specialty Finance and International segment, revenues were up 18% year over year, partly driven by an increase in Credigy Ltd.'s revenues, particularly due to growth in loan volumes, and partly driven by the revenues from the Advanced Bank of Asia Limited subsidiary, which are experiencing sustained growth arising from increasing loan and deposit volumes.

Fiscal 2017[(1)]**:** The Bank recorded net income of $2,024 million for fiscal 2017 compared to $1,256 million for the corresponding period of 2016. Diluted earnings per share were $5.38, as against $3.29 for fiscal 2016. These increases were driven by net income growth across all business segments and by the fact that, in fiscal 2016, a $183 million, net of income taxes, sectoral provision for credit losses had been recorded for oil and gas producers and service companies. In addition, a greater amount of unfavourable specified items had been recorded in fiscal 2016. The specified items, net of income taxes, reduced the 2017 net income by $25 million compared to a $357 million net income reduction in 2016. In 2016, these items, net of income taxes, had included a $145 million write-off of the Bank's equity interest in associate Maple Financial Group Inc., a $96 million restructuring charge, $42 million in acquisition-related charges, $32 million in intangible asset impairment losses and $18 million in litigation charges. Net income excluding specified items for the year ended October 31, 2017 totalled $2,049 million, up 27% from $1,613 million in 2016, and the 2017 diluted earnings per share excluding specified items stood at $5.45, up 25% from $4.35 in 2016. Common Equity Tier 1 (CET1), Tier 1 and total capital ratios, under Basel III, stood at 11.2%, 14.9% and 15.1%, respectively, as at October 31, 2017, well above regulatory requirements, compared to the ratios of 10.1%, 13.5% and 15.3%, respectively, as at October 31, 2016. Lastly, the dividend payout ratio was 42% in 2017 compared to 66% in 2016. In the Personal and Commercial segment, total revenues were up 6% year over year, essentially due to growth in net interest income resulting from higher personal and commercial loan and deposit volumes and from an improved net interest margin, which was 2.26% in 2017 versus 2.24% in 2016. In the Wealth Management segment, total revenues were up 11% year over year, mainly due to higher net interest income that was driven by deposit growth and improved margins as well as by higher fee-based revenues given net inflows across all solutions and a steady rise in stock market performance. In the Financial Markets segment, total revenues were up 24% year over year owing to all revenue categories, in particular the segment's Other revenue category, which in 2016 had included the write-off of the Bank's equity interest in associate Maple Financial Group Inc.; the segment's total revenues excluding specified items rose 10%. In the U.S. Speciality Finance and International segment, revenues were up 32% year over year, partly driven by a 26% increase in Credigy Ltd.'s revenues, particularly due to growth in loan volumes, and partly driven by the revenues from the Advanced Bank of Asia Limited subsidiary, which have been consolidated into the Bank's results since the third quarter of 2016 and that are experiencing sustained growth arising from increasing loan and deposit volumes. These increases more than offset the $41 million non-taxable gain on the revaluation of the previously held equity interest in Advanced Bank of Asia Limited that had been recorded in 2016.

Fiscal 2016: The Bank recorded net income of $1,256 million for fiscal 2016 compared to $1,619 million for the corresponding period of 2015. Diluted earnings per share were $3.29, as against $4.51 for fiscal 2015. The specified items, net of income taxes, reduced the 2016 net income by $357 million compared to a $63 million net income reduction in 2015. The 2016 results include the following specified items, net of income taxes: a $145 write-off of the Bank's equity interest in associate Maple Financial Group Inc., a $96 million restructuring charge, $42 million in acquisition-related

(1) On November 1, 2016, the Bank modified the presentation of segment disclosures to be consistent with the presentation adopted by the Bank for the fiscal year 2017. This presentation reflects the fact that the activities of subsidiary Credigy Ltd., which had previously been presented in the Financial Markets segment, and that the activities of subsidiary Advanced Bank of Asia Limited and of other international investments, which had previously been presented in the Other heading, are now presented in the U.S. Specialty Finance and International segment. The Bank made this change to better align the monitoring of its activities with its management structure. These changes have not been reflected in fiscal 2016 history.

charges, $32 million in intangible asset impairment losses, $18 million in litigation charges, $6 million in financing costs related to holding restructured notes, and $18 million from the impact of changes to tax measures. The 2015 results had included the following specified items, net of income taxes: $50 million in revenues reflecting capital repayments and a rise in the fair value of the restructured notes, net of the financing costs related to holding these notes and a gain on the disposal of the restructured notes of the MAV III conduits; a $25 million gain, net of underwriting fees, on the disposal of Fiera Capital Corporation shares; a $16 million loss resulting from a current tax asset write-down of an associate; a $62 million restructuring charge; $27 million in acquisition-related charges; and $33 million in intangible asset impairment losses. Excluding the specified items, adjusted net income for the year ended October 31, 2016 totalled $1,613 million, down 4% from $1,682 million in 2015, and the 2016 adjusted diluted earnings per share stood at $4.35, down 7% from $4.70 in 2015. These decreases came essentially from a sectoral provision for credit losses of $183 million, net of income taxes, recorded for producers and service companies in the oil and gas sector in the second quarter of 2016. Common Equity Tier 1 (CET1), Tier 1 and total capital ratios, under Basel III, stood at 10.1%, 13.5% and 15.3%, respectively, as at October 31, 2016, well above regulatory requirements, compared to the ratios of 9.9%, 12.5% and 14.0%, respectively, as at October 31, 2015. Lastly, the dividend payout ratio was 66% in 2016 compared to 45% in 2015. In the Personal and Commercial segment, total revenues rose 3% year over year, owing essentially to net interest income growth driven by increases in both personal and commercial loan and deposit volumes. In the Wealth Management segment, total revenues were up 1% year over year; excluding the gain on the disposal of Fiera Capital Corporation shares in 2015, the year-over-year revenue growth was 4%, stemming mainly from net interest income growth driven by the CashPerformer account and brokerage accounts as well as by higher fee-based revenues associated with the migration of assets from transactional accounts to fee-based accounts. Lastly, in the Financial Markets segment, total revenues were down 4% year over year as a result of the Bank's write-off of its equity interest in associate Maple Financial Group Inc.; excluding this write-off, the segment's total revenues rose 5% year over year, mainly owing to the revenues generated by the Credigy Ltd. subsidiary.

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

Environmental Measures: For several years, the Bank and its subsidiaries have been redoubling their efforts to properly manage the impact their activities may have on the environment. Accordingly, they have adopted various environmentally friendly practices and programs notably aimed at reducing the amount of energy consumed, increasing materials recovered and recycled, managing ecological maintenance products and carrying out space planning projects using a sustainable approach based on Leadership in Energy and Environmental Design (LEED) environmental certification principles.

Moreover, the Bank has participated in the Carbon Disclosure Project (CDP) since 2007. This organization asks large publicly traded Canadian corporations to answer a questionnaire to assess the management of climate change and environmental risks linked to their operations. This voluntary participation allows the Bank to ensure that its Carbon footprint is kept up-to-date.

Through sound environmental management, the Bank and one of its subsidiaries, National Bank Realty Inc., operate the Bank's buildings and premises in a sustainable manner by following acknowledged standards and adhering to applicable regulations. The Bank has also committed to taking the necessary actions to improve its environmental footprint by reducing its energy use, while encouraging all its partners, service providers and employees to adopt environmentally responsible best practices.

Impact of environmental requirements: To manage their credit risk exposure, the Bank and its subsidiaries have incorporated environmental criteria into their credit policies and introduced controls to make sure that environmental standards are met. These policies set out the measures to be taken to identify and mitigate any credit risk stemming from potential environmental risks, both now and in the future. Accordingly, all financing applications undergo risk classification and, as applicable, a multi-step analysis, including a specific environmental assessment. To date, the environmental risks involved have not had a material impact on the Bank's operations.

Number of Employees

The Bank had 23,372 employees at the end of the fiscal year on October 31, 2018. 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 Bank's Social Responsibility Report and is incorporated herein by reference. It is available on the nbc.ca website under "Social Responsibility" and on the sedar.com website.

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, 2018, 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. 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.

Common Shares

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.

As at October 31, 2018, there were 21,325 registered holders of common shares in the Bank's register of common shares.

First Preferred Shares

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

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.

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. 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.

In addition to the rights, privileges, restrictions and conditions described above, each series of first preferred shares has its own set of terms and conditions, which are summarized below.

Series 23: The First Preferred Shares, Series 23 are part of the Bank's authorized share capital, but no shares in this series had been issued as at October 31, 2018. Each NBC CapS II – Series 2 can be exchanged automatically, without the consent of the holders, for 40 First Preferred Shares, Series 23 upon the occurrence of any one of the following events: (i) proceedings are commenced for the winding-up of the Bank; (ii) OSFI takes control of the Bank; (iii) the Bank posts a Tier 1 capital ratio of less than 5% or a total capital ratio of less than 8%; or (iv) OSFI has directed the Bank to increase its capital or to provide additional liquidity and the Bank elects to cause such automatic exchange or the Bank does not comply with such direction to the satisfaction of OSFI. First Preferred Shares, Series 23 pay semi-annual non-cumulative cash dividends and have been redeemable at the Bank's option, subject to the prior approval of OSFI, since July 31, 2013, but are not redeemable at the option of the holders.

Series 30 (Series S) (NA.PR.S): Subject to the consent of OSFI and the provisions of the Act, the Bank may, at its option, redeem for cash the First Preferred Shares, Series 30 on May 15, 2019 and on May 15 every five years thereafter, in whole or in part, at a price equal to $25.00 per share, plus all declared and unpaid dividends up to the date set for redemption.

Holders of First Preferred Shares, Series 30 are entitled to receive a fixed quarterly non-cumulative preferential cash dividend, as and when declared by the Board, on the 15th day of February, May, August and November of each year, at an annual rate equal to $1.025 per share, during the initial period ending May 15, 2019. Thereafter, holders of First Preferred Shares, Series 30 are entitled to receive a fixed quarterly non-cumulative preferential cash dividend, as and when declared by the Board, on the 15th day of February, May, August and November of each year, in the amount per share determined by multiplying the sum of the Government of Canada bond yield on the applicable fixed rate calculation date plus 2.40% by $25.00.

Holders of First Preferred Shares, Series 30 will be entitled, at their option, to convert all of their shares to an equivalent number of First Preferred Shares, Series 31, subject to certain conditions, on May 15, 2019 and on May 15 every five years thereafter.

Series 31: The First Preferred Shares, Series 31 are part of the Bank's authorized share capital, but no shares in this series had been issued as at October 31, 2018. Subject to the consent of OSFI and the provisions of the Act, the Bank may, at its option, redeem for cash the First Preferred Shares, Series 31 on May 15, 2024 and on May 15 every five years thereafter, in whole or in part, at a price equal to $25.00 per share, plus all declared and unpaid dividends up to the date set for redemption.

On May 15, 2019, or on any other date thereafter that is not a conversion date for First Preferred Shares, Series 31, subject to the consent of OSFI and the provisions of the Act, the Bank may redeem for cash the First Preferred Shares, Series 31, in whole or in part, at a price equal to $25.50 per share, plus all declared and unpaid dividends up to the date set for redemption.

Holders of First Preferred Shares, Series 31 are entitled to receive a floating quarterly non-cumulative preferential cash dividend, as and when declared by the Board, on the 15th day of February, May, August and November of each year, in the amount per share determined by multiplying the sum of the 90-day Government of Canada Treasury Bill rate on the applicable floating rate calculation date plus 2.40% by $25.00, calculated on the basis of the actual number of days elapsed in such period divided by 365.

Holders of First Preferred Shares, Series 31 will be entitled, at their option, to convert all of their shares to an equivalent number of First Preferred Shares, Series 30, subject to certain conditions, on May 15, 2024 and on May 15 every five years thereafter.

Series 32 (Series W) (NA.PR.W): Subject to the consent of OSFI and the provisions of the Act, the Bank may, at its option, redeem for cash the First Preferred Shares, Series 32 on February 15, 2020 and on February 15 every five years thereafter, in whole or in part, at a price equal to $25.00 per share, plus all declared and unpaid dividends up to the date set for redemption.

Holders of First Preferred Shares, Series 32 are entitled to receive a fixed quarterly non-cumulative preferential cash dividend, as and when declared by the Board, on the 15th day of February, May, August and November of each year, at an annual rate equal to $0.975 per share, during the initial period ending February 15, 2020. Thereafter, holders of First Preferred Shares, Series 32 are entitled to receive a fixed quarterly non-cumulative preferential cash dividend, as and when declared by the Board, on the 15th day of February, May, August and November of each year, in the amount per share determined by multiplying the sum of the Government of Canada bond yield on the applicable fixed rate calculation date plus 2.25% by $25.00.

Holders of First Preferred Shares, Series 32 will be entitled, at their option, to convert all of their shares to an equivalent number of First Preferred Shares, Series 33, subject to certain conditions, on February 15, 2020 and on February 15 every five years thereafter.

Series 33: The First Preferred Shares, Series 33 are part of the Bank's authorized share capital, but no shares in this series had been issued as at October 31, 2018. Subject to the consent of OSFI and the provisions of the Act, the Bank may, at its option, redeem for cash the First Preferred Shares, Series 33 on February 15, 2025 and on February 15 every five years thereafter, in whole or in part, at a price equal to $25.00 per share, plus all declared and unpaid dividends up to the date set for redemption.

On February 15, 2020, or on any other date thereafter that is not a conversion date for First Preferred Shares, Series 33, subject to the consent of OSFI and the provisions of the Act, the Bank may redeem for cash the First Preferred Shares, Series 33, in whole or in part, at a price equal to $25.50 per share payable in cash, plus all declared and unpaid dividends up to the date set for redemption.

Holders of First Preferred Shares, Series 33 are entitled to receive a floating quarterly non-cumulative preferential cash dividend, as and when declared by the Board, on the 15th day of February, May, August and November of each year, in the amount per share determined by multiplying the sum of the 90-day Government of Canada Treasury Bill rate on the applicable floating rate calculation date plus 2.25% by $25.00, calculated on the basis of the actual number of days elapsed in such period divided by 365.

Holders of First Preferred Shares, Series 33 will be entitled, at their option, to convert all of their shares to an equivalent number of First Preferred Shares, Series 32, subject to certain conditions, on February 15, 2025 and on February 15 every five years thereafter.

Series 34 (Series X) (NA.PR.X): Subject to the consent of OSFI and the provisions of the Act, the Bank may, at its option, redeem for cash the First Preferred Shares, Series 34 on May 15, 2021 and on May 15 every five years thereafter, in whole or in part, at a price equal to $25.00 per share, plus all declared and unpaid dividends up to the date set for redemption.

Holders of First Preferred Shares, Series 34 are entitled to receive a fixed quarterly non-cumulative preferential cash dividend, as and when declared by the Board, on the 15th day of February, May, August and November of each year, at an annual rate equal to $1.40 per share, during the initial period ending May 15, 2021. Thereafter, holders of First Preferred Shares, Series 34 are entitled to receive a fixed quarterly non-cumulative preferential cash dividend, as and when declared by the Board, on the 15th day of February, May, August and November of each year, in the amount per share determined by multiplying the sum of the Government of Canada bond yield on the applicable fixed rate calculation date plus 4.90% by $25.00.

Holders of First Preferred Shares, Series 34 will be entitled, at their option, to convert their shares, in whole or in part, to an equivalent number of First Preferred Shares, Series 35, subject to certain conditions, on May 15, 2021 and on May 15 every five years thereafter.

Series 35: The First Preferred Shares, Series 35 are part of the Bank's authorized share capital, but no shares in this series had been issued as at October 31, 2018. Subject to the consent of OSFI and the provisions of the Act, the Bank may, at its option, redeem for cash the First Preferred Shares, Series 35 on May 15, 2026 and on May 15 every five years thereafter, in whole or in part, at a price equal to $25.00 per share, plus all declared and unpaid dividends up to the date set for redemption.

On May 15, 2021, or on any other date thereafter for redemptions on any other date as of May 15, 2021, subject to the consent of OSFI and the provisions of the Act, the Bank may redeem for cash the First Preferred Shares, Series 35, in whole or in part, at a price equal to $25.50 per share payable in cash, plus all declared and unpaid dividends up to the date set for redemption.

Holders of First Preferred Shares, Series 35 are entitled to receive a floating quarterly non-cumulative preferential cash dividend, as and when declared by the Board, on the 15th day of February, May, August and November of each year, in the amount per share determined by multiplying the sum of the 90-day Government of Canada Treasury Bill rate on the applicable floating rate calculation date plus 4.90% by $25.00, calculated on the basis of the actual number of days elapsed in such period divided by 365.

Holders of First Preferred Shares, Series 35 will be entitled, at their option, to convert all of their shares to an equivalent number of First Preferred Shares, Series 34, subject to certain conditions, on May 15, 2026 and on May 15 every five years thereafter.

Series 36 (Series A) (NA.PR.A): Subject to the consent of OSFI and the provisions of the Act, the Bank may, at its option, redeem for cash the First Preferred Shares, Series 36 on August 15, 2021 and on August 15 every five years thereafter, in whole or in part, at a price equal to $25.00 per share, plus all declared and unpaid dividends up to the date set for redemption.

Holders of First Preferred Shares, Series 36 are entitled to receive a fixed quarterly non-cumulative preferential cash dividend, as and when declared by the Board, on the 15th day of February, May, August and November of each year, at an annual rate equal to $1.35 per share, during the initial period ending August 15, 2021. Thereafter, holders of First Preferred Shares, Series 36 are entitled to receive a fixed quarterly non-cumulative preferential cash dividend, as and when declared by the Board, on the 15th day of February, May, August and November of each year, in the amount per share determined by multiplying the sum of the Government of Canada bond yield on the applicable fixed rate calculation date plus 4.66% by $25.00.

Holders of First Preferred Shares, Series 36 will be entitled, at their option, to convert their shares, in whole or in part, to an equivalent number of First Preferred Shares, Series 37, subject to certain conditions, on August 15, 2021 and on August 15 very five years thereafter.

Series 37: The First Preferred Shares, Series 37 are part of the Bank's authorized share capital, but no shares in this series had been issued as at October 31, 2018. Subject to the consent of OSFI and the provisions of the Act, the Bank may, at its option, redeem for cash the First Preferred Shares, Series 37 on August 15, 2026 and on August 15 every five years thereafter, in whole or in part, at a price equal to $25.00 per share, plus all declared and unpaid dividends up to the date set for redemption.

On August 15, 2021, or on any other date thereafter for redemptions on any other date as of August 15, 2021, subject to the consent of OSFI and the provisions of the Act, the Bank may redeem for cash the First Preferred Shares, Series 37, in whole or in part, at a price equal to $25.50 per share payable in cash, plus all declared and unpaid dividends up to the date set for redemption.

Holders of First Preferred Shares, Series 37 are entitled to receive a floating quarterly non-cumulative preferential cash dividend, as and when declared by the Board, on the 15th day of February, May, August and November of each year, in the amount per share determined by multiplying the sum of the 90-day Government of Canada Treasury Bill rate on the applicable floating rate calculation date plus 4.66% by $25.00, calculated on the basis of the actual number of days elapsed in such period divided by 365.

Holders of First Preferred Shares, Series 37 will be entitled, at their option, to convert all of their shares to an equivalent number of First Preferred Shares, Series 36, subject to certain conditions, on August 15, 2026 and on August 15 every five years thereafter.

Series 38 (Series C) (NA.PR.C): Subject to the consent of OSFI and the provisions of the Act, the Bank may, at its option, redeem for cash the First Preferred Shares, Series 38 on November 15, 2022 and on November 15 every five years thereafter, in whole or in part, at a price equal to $25.00 per share, plus all declared and unpaid dividends up to the date set for redemption.

Holders of First Preferred Shares, Series 38 are entitled to receive a fixed quarterly non-cumulative preferential cash dividend, as and when declared by the Board, on the 15th day of February, May, August and November of each year, at an annual rate equal to $1.1125 per share, during the initial period ending November 15, 2022. Thereafter, holders of First Preferred Shares, Series 38 are entitled to receive a fixed quarterly non-cumulative preferential cash dividend, as and when declared by the Board, on the 15th day of February, May, August and November of each year, in the amount per share determined by multiplying the sum of the Government of Canada bond yield on the applicable fixed rate calculation date plus 3.43% by $25.00.

Holders of First Preferred Shares, Series 38 will be entitled, at their option, to convert their shares, in whole or in part, to an equivalent number of First Preferred Shares, Series 39, subject to certain conditions, on November 15, 2022 and on November 15 very five years thereafter.

Series 39: The First Preferred Shares, Series 39 are part of the Bank's authorized share capital, but no shares in this series had been issued as at October 31, 2018. Subject to the consent of OSFI and the provisions of the Act, the Bank may, at its option, redeem for cash the First Preferred Shares, Series 39 on November 15, 2027 and on November 15 every five years thereafter, in whole or in part, at a price equal to $25.00 per share, plus all declared and unpaid dividends up to the date set for redemption.

On November 15, 2022, or on any other date thereafter for redemptions on any other date as of November 15, 2022, subject to the consent of OSFI and the provisions of the Act, the Bank may redeem for cash the First Preferred Shares, Series 39, in whole or in part, at a price equal to $25.50 per share payable in cash, plus all declared and unpaid dividends up to the date set for redemption.

Holders of First Preferred Shares, Series 39 are entitled to receive a floating quarterly non-cumulative preferential cash dividend, as and when declared by the Board, on the 15th day of February, May, August and November of each year, in the amount per share determined by multiplying the sum of the 90-day Government of Canada Treasury Bill rate on the applicable floating rate calculation date plus 3.43% by $25.00, calculated on the basis of the actual number of days elapsed in such period divided by 365.

Holders of First Preferred Shares, Series 39 will be entitled, at their option, to convert all of their shares to an equivalent number of First Preferred Shares, Series 38, subject to certain conditions, on November 15, 2027 and on November 15 every five years thereafter.

Series 40 (Series E) (NA.PR.E): Subject to the consent of OSFI and the provisions of the Act, the Bank may, at its option, redeem for cash the First Preferred Shares, Series 40 on May 15, 2023 and on November 15 every five years thereafter, in whole or in part, at a price equal to $25.00 per share, plus all declared and unpaid dividends up to the date set for redemption.

Holders of First Preferred Shares, Series 40 are entitled to receive a fixed quarterly non-cumulative preferential cash dividend, as and when declared by the Board, on the 15th day of February, May, August and November of each year, at an annual rate equal to $1.15 per share, during the initial period ending May 15, 2023. Thereafter, holders of First Preferred Shares, Series 40 are entitled to receive a fixed quarterly non-cumulative preferential cash dividend, as and when declared by the Board, on the 15th day of February, May, August and November of each year, in the amount per share determined by multiplying the sum of the Government of Canada bond yield on the applicable fixed rate calculation date plus 2.58% by $25.00.

Holders of First Preferred Shares, Series 40 will be entitled, at their option, to convert their shares, in whole or in part, to an equivalent number of First Preferred Shares, Series 41, subject to certain conditions, on May 15, 2023 and on May 15 every five years thereafter.

Series 41: The First Preferred Shares, Series 41 are part of the Bank's authorized share capital, but no shares in this series had been issued as at October 31, 2018. Subject to the consent of OSFI and the provisions of the Act, the Bank may, at its option, redeem for cash the First Preferred Shares, Series 40 on May 15, 2028 and on May 15 every five years thereafter, in whole or in part, at a price equal to $25.00 per share, plus all declared and unpaid dividends up to the date set for redemption.

On May 15, 2023, or on any other date thereafter for redemptions on any other date as of May 15, 2023, subject to the consent of OSFI and the provisions of the Act, the Bank may redeem for cash the First Preferred Shares, Series 41, in whole or in part, at a price equal to $25.50 per share payable in cash, plus all declared and unpaid dividends up to the date set for redemption.

Holders of First Preferred Shares, Series 41 are entitled to receive a floating quarterly non-cumulative preferential cash dividend, as and when declared by the Board, on the 15th day of February, May, August and November of each year, in the amount per share determined by multiplying the sum of the 90-day Government of Canada Treasury Bill rate on the applicable floating rate calculation date plus 2.58% by $25.00, calculated on the basis of the actual number of days elapsed in such period divided by 365.

Holders of First Preferred Shares, Series 41 will be entitled, at their option, to convert all of their shares to an equivalent number of First Preferred Shares, Series 40, subject to certain conditions, on May 15, 2023 and on May 15 every five years thereafter.

Series 42 (Series G) (NA.PR.G): Subject to the consent of OSFI and the provisions of the Act, the Bank may, at its option, redeem for cash the First Preferred Shares, Series 42 on November 15, 2023 and on November 15 every five years thereafter, in whole or in part, at a price equal to $25.00 per share, plus all declared and unpaid dividends up to the date set for redemption.

Holders of First Preferred Shares, Series 42 are entitled to receive a fixed quarterly non-cumulative preferential cash dividend, as and when declared by the Board, on the 15th day of February, May, August and November of each year, at an annual rate equal to $1.2375 per share, during the initial period ending November 15, 2023. Thereafter, holders of First Preferred Shares, Series 42 are entitled to receive a fixed quarterly non-cumulative preferential cash dividend, as and when declared by the Board, on the 15th day of February, May, August and November of each year, in the amount per share determined by multiplying the sum of the Government of Canada bond yield on the applicable fixed rate calculation date plus 2.77% by $25.00.

Holders of First Preferred Shares, Series 42 will be entitled, at their option, to convert their shares, in whole or in part, to an equivalent number of First Preferred Shares, Series 43, subject to certain conditions, on November 15, 2023 and on November 15 very five years thereafter.

Series 43: The First Preferred Shares, Series 43 are part of the Bank's authorized share capital, but no shares in this series had been issued as at October 31, 2018. Subject to the consent of OSFI and the provisions of the Act, the Bank may, at its option, redeem for cash the First Preferred Shares, Series 43 on November 15, 2028 and on November 15 every five years thereafter, in whole or in part, at a price equal to $25.00 per share, plus all declared and unpaid dividends up to the date set for redemption.

On November 15, 2023, or on any other date thereafter for redemptions on any other date as of November 15, 2023, subject to the consent of OSFI and the provisions of the Act, the Bank may redeem for cash the First Preferred Shares, Series 43, in whole or in part, at a price equal to $25.50 per share payable in cash, plus all declared and unpaid dividends up to the date set for redemption.

Holders of First Preferred Shares, Series 43 are entitled to receive a floating quarterly non-cumulative preferential cash dividend, as and when declared by the Board, on the 15th day of February, May, August and November of each year, in the amount per share determined by multiplying the sum of the 90-day Government of Canada Treasury Bill rate on the applicable floating rate calculation date plus 2.77% by $25.00, calculated on the basis of the actual number of days elapsed in such period divided by 365.

Holders of First Preferred Shares, Series 43 will be entitled, at their option, to convert all of their shares to an equivalent number of First Preferred Shares, Series 42, subject to certain conditions, on November 15, 2028 and on November 15 every five years thereafter.

Automatic Conversion of the Non-Viability Contingent Capital (Series 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42 and 43)

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.

Preferred Shares Series 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42 and 43 therefore 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 for Preferred Shares Series 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42 and 43, plus all declared and unpaid dividends for these shares, divided by the conversion price, which for Preferred Shares Series 30, 31, 32, 33, 34, 35, 36, 37, 39, 40, 41, 42 and 43 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.

Change to authorized capital

On June 30, 2018, NBC Asset Trust (the Trust) a closed-end trust whose voting units are held by the Bank, redeemed all 400,000 NBC CapS II – Series 1 shares outstanding. As a result, the First Preferred Shares Series 19 are no longer part of the Bank's authorized share capital.

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, 2018. 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.

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. While 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 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 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

Information on the Bank's notes 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, 2018. 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 and quantitative 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**	**Fitch**
Short-term debt	P-1	A-1	R-1 (mid)	F1
Canadian commercial paper	---	A-1 (mid)	---	---
Long-term deposit	Aa3	---	AA (low)	---
Long-term non bail-inable senior debt [1]	Aa3	A	AA (low)	A+
Senior debt[2]	A3	BBB+	A (high)	A+
Subordinated debt	Baa2	BBB+	A	A
Subordinated debt (NVCC)	Baa2 (hyb)	BBB	BBB (high)	---
Preferred shares (NVCC)	Ba1 (hyb)	P-3 (high)	Pfd-2 (low)	---
Counterparty risk	Aa3/P-1	---	---	---
Covered bonds program	Aaa	---	AAA	AAA
Rating outlook	Stable	Stable	Stable	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.

MARKET FOR SECURITIES [(1) (2)]

Trading Price and Volume

As at October 31, 2018, the common shares and the First Preferred Shares, Series 30, 32, 34, 36, 38, 40 and 42 of the Bank (described below) were listed in Canada on the TSX. The First Preferred Shares, Series 23, 31, 33, 35, 37, 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, 2018.

Issue or Class	Ticker Symbol	Newspaper Abbreviation
Common Shares	NA	Nat Bk or Natl Bk
First Preferred Shares		
Series 30	NA.PR.S	Nat Bk s30 or Natl Bk s30
Series 32	NA.PR.W	Nat Bk s32 or Natl Bk s32
Series 34	NA.PR.X	Nat Bk s34 or Natl Bk s34
Series 36	NA.PR.A	Nat Bk s36 or Natl Bk s36
Series 38	NA.PR.C	Nat Bk s38 or Natl Bk s38
Series 40	NA.PR.E	Nat Bk s40 or Natl Bk s40
Series 42	NA.PR.G	Nat Bk s42 or Natl Bk s42

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, 2018.

		2017/11	2017/12	2018/01	2018/02	2018/03	2018/04	2018/05	2018/06	2018/07	2018/08	2018/09	2018/10
shares	High ($)	64.14	64.39	65.68	64.33	64.06	61.82	63.69	64.46	64.20	65.95	65.39	65.01
Common	Low ($)	62.12	62.10	62.19	59.53	60.03	58.58	60.92	60.87	62.20	63.32	64.21	58.73
(NA)	Volume	17,523,036	20,304,116	18,444,402	21,263,639	26,942,675	20,285,432	22,326,325	19,073,790	14,268,439	18,884,930	18,295,879	20,749,568
Series 30	High ($)	24.04	23.75	24.41	23.82	23.73	23.30	24.07	23.65	23.44	23.85	23.73	23.66
(NA.PR.S)	Low ($)	23.57	22.88	23.37	23.20	23.24	22.81	23.07	23.00	23.07	23.35	23.10	21.65
	Volume	126,724	173,369	176,765	210,114	269,817	165,373	145,056	217,736	158,648	263,704	102,132	280,853
Series 32	High ($)	23.00	23.40	24.00	23.39	23.35	22.93	23.70	23.30	23.03	23.23	23.23	23.20
(NA.PR.W)	Low ($)	22.56	22.16	22.95	22.74	22.81	22.27	22.65	22.46	22.61	22.76	22.58	21.02
	Volume	107,412	173,704	375,327	227,605	134,170	105,480	355,987	255,674	114,100	149,988	139,108	196,656
Series 34	High ($)	26.95	27.10	27.15	26.73	26.55	26.53	26.50	26.45	26.48	26.41	26.43	26.50
(NA.PR.X)	Low ($)	26.54	26.36	26.38	26.10	26.25	26.08	26.13	26.15	26.08	26.20	26.21	25.51
	Volume	260,538	104,140	201,247	123,614	204,734	269,616	496,605	173,364	138,556	178,958	92,434	230,274
Series 36	High ($)	26.92	26.89	26.92	26.64	26.37	26.35	26.48	26.27	26.22	26.22	26.25	26.35
(NA.PR.A)	Low ($)	26.50	26.50	26.26	26.03	26.10	25.94	26.03	25.94	25.84	26.06	26.10	25.32
	Volume	703,876	542,710	87,519	474,387	317,199	161,649	394,616	143,607	147,061	181,793	104,025	147,236
Series 38	High ($)	26.05	25.96	25.94	25.40	25.26	25.30	25.62	25.15	25.45	25.63	25.51	25.42
(NA.PR.C)	Low ($)	25.42	25.25	25.11	24.56	24.85	24.82	25.00	24.92	24.81	25.19	24.90	24.39
	Volume	354,012	145,522	288,925	300,610	578,674	205,403	282,287	358,768	192,702	141,923	173,418	229,875
Series 40	High ($)	---	---	24.90	24.85	24.80	24.80	24.65	24.08	24.06	24.57	24.48	24.38
(NA.PR.E)	Low ($)	---	---	24.72	24.41	24.32	24.20	23.70	23.73	23.57	23.71	23.88	22.50
	Volume	---	---	1,236,619	945,335	596,502	600,170	493,528	408,285	172,178	682,493	156,075	256,266
Series 42	High ($)	---	---	---	---	---	---	---	25.07	25.30	25.81	25.67	25.73
(NA.PR.G)	Low ($)	---	---	---	---	---	---	---	24.85	24.80	25.09	25.30	24.05
	Volume	---	---	---	---	---	---	---	1,483,872	728,642	246,798	311,789	196,037

(1) This section does not include debt classified as deposits.
(2) 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.

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 2018[(1)].

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

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

As at October 31, 2018, the securities listed in the table below were, to the Bank's knowledge, all the securities of the Bank held in escrow. Computershare Trust Company of Canada is the custodian, as escrow agent, of said securities. These securities will be released on the dates and as per the conditions set out in the escrow agreements, including the degree to which the specified financial objectives are achieved.

Designation of class	Number of securities held in escrow	Percentage of class
Common Shares	23,897	0.007%

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

The description of the Bank's normal course issuer bid 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.

Shareholders may obtain, free of charge, a copy of the notice of intent regarding this NCIB, which was approved by the Toronto Stock Exchange, by writing to the Vice-President, Legal Affairs and Corporate Secretary, National Bank of Canada, 600 De La Gauchetière Street West, 4th floor, Montreal, Quebec, Canada H3B 4L2.

[(1)] This section does not include debt classified as deposits.
[(2)] There was no trading activity in fiscal 2018.

DIRECTORS AND EXECUTIVE OFFICERS

Directors

As at October 31, 2018, the following were members of the Board. The main positions they have held since November 1, 2013 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.

BACHAND, Raymond (2) (3) (Quebec, Canada)	Strategic Advisor for the law firm Norton Rose Fulbright Canada LLP since January 2014. Bank director since October 2014.
BERTRAND, Maryse (3) (4) (Quebec, Canada)	Corporate director. Strategic Advisor and Counsel for Borden Ladner Gervais LLP law firm from September 2016 to January 2017. Vice-President – Real Estate Services, Legal Services and General Counsel at CBC/Radio-Canada from September 2009 to May 2015. Bank director since April 2012.
BLOUIN, Pierre (1) (4) (Quebec, Canada)	Corporate director. Chief Executive Officer of Manitoba Telecom Services Inc. from December 2005 to December 2014. Bank director since September 2016.
BOIVIN, Pierre (2) (4) (Quebec, Canada)	President and Chief Executive Officer of Claridge Inc. since September 2011. Bank director since April 2013.
DENHAM, Gillian H. (4) (Ontario, Canada)	Corporate director. Bank director since October 2010.
FORTIN, Richard (1) (2) (Quebec, Canada)	Corporate director. Bank director since August 2013.
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. since December 2011. Chairman of the Board of Directors of Finance Montréal-Quebec's financial cluster from November 2010 to March 2014. Bank director since March 2011.
KINSLEY, Karen (1) (2) (Ontario, Canada)	Corporate director. Bank director since December 2014.
MCKILLICAN, Rebecca (4) (Ontario, Canada)	President and Chief Executive Officer of Well.ca since March 2013. Bank director since October 2017.
PARÉ, Robert (3) (Quebec, Canada)	Strategic Advisor for the law firm Fasken Martineau DuMoulin LLP since February 2018 and senior partner at Fasken Martineau DuMoulin LLP from February 1984 to January 2018. Bank director since April 2018.
SAPUTO, Lino A. Jr. (2) (3) (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. President and Managing Director of Acadian Construction (1991) Ltd. from January 2007 to December 2015. Bank director since April 2015.
THABET, Pierre (2) (Quebec, Canada)	President of Boa Franc Inc. since September 1983. Bank director since March 2011.
VACHON, Louis (Quebec, Canada)	President and Chief Executive Office of the Bank since June 2007. Bank director since August 2006.

(1) Member of the AC
(2) Member of the RMC
(3) Member of the CRCGC
(4) Member of the HRC

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, 2018. The positions they have held both at the Bank and outside the Bank since November 1, 2013 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. From September 2013 to June 2016, Senior Vice-President and General Manager – Commercial Banking, Cards and Electronic Money, Fédération des Caisses Desjardins du Québec.
BLANCHET, Lucie (Quebec, Canada)	**Executive Vice-President – Personal Banking and Marketing since June 2018** 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. From November 2014 to May 2016, Vice-President – Sales and Service, Personal and Commercial Banking, National Bank of Canada. From November 2012 to November 2014, Vice-President – Remote Channels, Sales and Service, National Bank of Canada.
BONNELL, William (Quebec, Canada)	**Executive Vice-President – Risk Management since June 2012**
FAGNOULE, Dominique (Quebec, Canada)	**Executive Vice-President – Information Technology since June 2016** From June 2015 to June 2016, Executive Vice-President – Information Technology and Strategic Initiatives Office, National Bank of Canada. From October 2013 to June 2015, Executive Vice-President – Information Technology, National Bank of Canada.
FERREIRA, Laurent (Quebec, Canada)	**Executive Vice-President and Co-Head– Financial Markets since November 2018** From January 2015 to November 2018, Executive Vice-President and General Manager – Equity Derivatives, National Bank Financial Inc. From September 2009 to January 2015, Executive Vice-President and General Manager – Derivatives, National Bank Financial.
GAGNON, Martin (Quebec, Canada)	**Executive Vice-President – Wealth Management and Co-President and Co-Chief Executive Officer, National Bank Financial since July 2016** From May 2012 to July 2016, Senior Vice-President – Intermediary Business Solutions, National Bank of Canada.
GIROUARD, Denis (Quebec, Canada)	**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. From May 2012 to June 2016, Executive Vice-President, Managing Director, Co-Head – Fixed Income and Deputy Head – Financial Markets, National Bank Financial Inc.
HÉBERT, Brigitte (Quebec, Canada)	**Executive Vice-President – Human Resources, Corporate Affairs and Operations since June 2018** From June 2015 to June 2018, Senior Vice-President – Operations, National Bank of Canada. From August 2014 to June 2015, Senior Vice-President – IT Delivery Management, Personal and Commercial Banking, Marketing and Operations, National Bank of Canada. From October 2013 to August 2014, Senior Vice-President – Application Solutions, 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.
PASCOE, Ricardo (New York, USA)	**Chief Transformation Officer and Executive Vice-President since February 2018** From June 2016 to February 2018, Chief Transformation Officer and Executive Vice-President – Strategic Initiatives Office, National Bank of Canada. From April 2014 to June 2016, Executive Vice-President – Financial Markets, National Bank of Canada. From September 2008 to April 2014, Executive Vice-President – Financial Markets and Co-President and Co-Chief Executive Officer, National Bank Financial, National Bank of Canada.
VACHON, Louis (Quebec, Canada)	**President and Chief Executive Officer of the Bank since June 2007**

Shareholdings of Directors and Executive Officers

As at October 31, 2018, all the directors and executive officers of the Bank, as a group, directly or beneficially owned or controlled 667,640 common shares, i.e., 0.2% of the Bank's issued and outstanding common shares.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

To the knowledge of the Bank, no director or executive officer of the Bank is, at the date of the Annual Information Form, or has been, within the 10 years before, a director, chief executive officer or chief financial officer of any company, including the Bank, that while the director or executive officer was acting in such capacity, or after the director or executive officer ceased to act in such capacity, and as a result of an event which occurred while the director or executive officer was performing his or her duties, was the subject of one of the following orders which was in effect for more than 30 consecutive days, namely, any cease trade or similar order or any order that denied it access to any exemption under securities legislation, except for:

- Gillian H. Denham, who, from June 13, 2012 to June 23, 2016, was a member of the Board of Directors of Penn West Petroleum Ltd., a company that was subject to a cease trade order further to the July 2014 announcement by Penn West Petroleum Ltd. of the review of some of its accounting practices and the decision to restate its financial statements. This order terminated on September 23, 2014.

To the knowledge of the Bank, no director or executive officer of the Bank is, at the date of the Annual Information Form, or has been, within the 10 years before, a director or executive officer of any company, including the Bank, that while the director or executive officer was acting in such capacity or within a year of the director or executive officer ceasing to act in such capacity, became bankrupt, made a proposal under any 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 its assets, except for:

- Pierre Boivin, who, until November 26, 2009, was a board member of Toptent Inc., a corporation that filed a commercial proposal with its creditors on April 30, 2010. On August 3, 2010, Toptent Inc. was discharged from the proposal;
- Richard Fortin, who, until August 6, 2015, was a board member of Les Jardins Val-Mont Inc., a corporation that filed a proposal with its creditors on July 8, 2016. On September 8, 2016, the Court approved the proposal.

In addition, to the knowledge of the Bank, no director or executive officer of the Bank has, in the 10 years prior to the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold his or her assets.

Furthermore, to the knowledge of the Bank, no director or executive officer of the Bank has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority, or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision. Moreover, in the opinion of the Bank, no disclosure concerning a settlement agreement entered into by a director or executive officer of the Bank before December 31, 2000 would likely be considered important to a reasonable investor in making an investment decision.

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, 8th 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, 9th 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, 2018, the members of this committee were Karen Kinsley, who is the Chair of this committee, Pierre Blouin, Richard Fortin and Andrée Savoie.

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.

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 was the Chief Executive Officer of Manitoba Telecom Services Inc. from December 2005 to December 2014. He is a member of the Board of Directors of Fortis Inc., he has been a member of the Human Resources Committee since May 2015 and he has been a member of the Governance and Nominating Committee since May 2016. He has also served on the Board of Directors of Exelerence Holdings Inc. since December 2016. Pierre Blouin has been a member of the Audit Committee since April 2017.

Richard Fortin has a Bachelor's degree in Management (with a major in Finance) from Université Laval. He has been a member of the Board of Directors of Alimentation Couche-Tard inc. since 1988. He has also served on the Board of Directors of Transcontinental Inc. since 2004 and been a member of its Audit Committee since 2004, which he has chaired since 2008. He has held a number of positions in finance at Alimentation Couche-Tard Inc., including Executive Vice-President and Chief Financial Officer. He was a director and member of the Audit Committee of Rona Inc. from 2009 to 2013. Richard Fortin was on the Board of Directors and Audit Committee of National Bank Life Insurance, a Bank subsidiary, from August 2005 to April 2018 and was chaired the Committee from February 2013 to April 2018. In 2012, he was the first recipient of "The Aces of Finance" Homage Award, presented by the Quebec Chapter of Financial Executives International (FEI Canada) in recognition of his exceptional career as a financial executive. Richard Fortin has been a member of the Audit Committee since August 2013.

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. Since November 2015, she has served on the Board of Directors and on the Audit Committee of Saputo Inc. She has also been a member of the Board of Directors and the Audit Committee of Choice Properties Real Estate Investment Trust since April 2018. She was a member of the Board of Directors and the Audit Committee of CREIT (Canadian Real Estate Investment Trust) from May 2017 to April 2018. From June 2003 to June 2013, she was President and Chief Executive Officer of Canada Mortgage and Housing Corporation (CMHC). She has been a Director since April 2016 and Chair of the Audit Committee 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 been President and Chair of the Board of Directors of Acadian Properties Ltd. since June 2016. From February 2016 to June 2016, she was Managing Director of Acadian Properties Ltd. From January 2007 to December 2015, she held the position of President and Managing Director of Acadian Construction (1991) Ltd. Since 2011, she has been a member of the Board of Directors of Assumption Mutual Life Insurance Company and its Investment Committee. She has also been a member of its Human Resources Committee since February 2016 and Vice-Chair of the Board since February 2018. She served on its Audit and Review committees from February 2011 to February 2015. Andrée Savoie has been a member of the Audit Committee since April 2015.

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.

	2018 ($)	**2017 ($)**
Audit fees	3,144,307	3,044,308
Audit-related fees	1,940,177	2,047,999
Subtotal	5,084,484	5,092,307
Tax fees	25,280	72,658
Other fees	210,394	628,422
Total	5,320,158	5,793,387

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 directors and executive officers of the Bank and 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.

For a description of Canadian bank resolution powers and the consequent risk factors attaching to certain liabilities of the Bank reference is made to "Regulatory Context" on page 46 of the 2018 Annual Report and to 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 AIF.

APPENDIX A – EXPLANATION OF 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
The ratings assigned by Moody's to short-term obligations are opinions of the ability of the issuer to honour short-term financial obligations with an original maturity of 13 months or less. A "P-1" rating indicates that an issuer has a superior ability to repay short-term debt obligations.

Senior Debt: A3
The ratings assigned by Moody's to Senior Debt obligations are opinions of the relative credit risk of fixed-income obligations with an original maturity of one year or more. Obligations rated "A" are judged to be upper-medium grade and subject to low credit risk.

Long-term deposits: Aa3
The ratings assigned by Moody's to Senior Debt obligations are opinions of the relative credit risk of fixed-income obligations with an original maturity of one year or more. Obligations rated "Aa" are judged to be high quality and subject to very low credit risk.

Long-term non bail-inable senior debt: Aa3
The ratings assigned by Moody's to Senior Debt obligations are opinions of the relative credit risk of fixed-income obligations with an original maturity of one year or more. Obligations rated "Aa" are judged to be high quality and subject to very low credit risk.

Covered bonds program: Aaa
The ratings assigned by Moody's to Senior Debt obligations are opinions of the relative credit risk of fixed-income obligations with an original maturity of one year or more. Obligations rated "A" are judged to be of the highest quality and subject to the lowest level of credit risk.

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

Preferred Shares: Ba1 (hyb)
An issue rated "Ba" is considered to be speculative and subject to substantial credit risk.

Other Information
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 category; the modifier "2" indicates a mid-range ranking; and the modifier "3" indicates a ranking in the lower end of that generic rating category. Moreover, the addition of "(hyb)" after the rating indicates a hybrid security.

Standard & Poor's

Short-Term Senior Debt: A-1
A short-term obligation rated "A-1" is rated in the highest category by Standard & Poor's. The obligor's capacity to meet its financial commitment on the obligation is strong.

Canadian Commercial Paper: A-1 (middle)
An obligation rated "A-1 (middle)" on the Canadian commercial paper rating 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 Senior Debt: A
An obligation rated "A" 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.

Subordinated Debt: BBB+
An obligation rated "BBB" 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 (NVCC): BBB
An obligation rated "BBB" 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.

Preferred Shares (NVCC): P-3 (high)
A "P-3" rating corresponds to a "BB+" rating on the Standard & Poor's global scale. An obligation rated "BB" is 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 Senior Debt: R-1 (middle)
Short-term debt rated "R-1 (middle)" is of superior credit quality, and the capacity for payment of financial obligations in the short term is very high. Short-term debt rated "R-1 (middle)" differs from "R-1 (high)" by a relatively modest degree. It is unlikely that such securities will be significantly vulnerable to future events.

Covered bonds program AAA
Long-term debt rated “AAA” is of Highest credit quality. The capacity for the payment of financial obligations is exceptionally high and unlikely to be adversely affected by future events.

Long-Term Senior Debt: AA (low)
Long-term debt rated “AA” is of superior credit quality and the capacity for payment of financial obligations is considered high. Credit quality differs from AAA only to a small degree and it is unlikely to be significantly vulnerable to future events.

Subordinated Debt: A
Long-term debt rated “A” is of good credit quality. The capacity for payment of financial obligations is considered substantial, but of lesser credit quality than AA. May be vulnerable to future events, but qualifying negative factors are considered manageable.

Subordinated Debt (NVCC): BBB (high)
Long-term debt rated “BBB” is of adequate credit quality. The capacity for payment of financial obligations is considered acceptable.May be vulnerable to future events.

Preferred Shares (NVCC): Pfd-2 (low)
Preferred shares rated “Pfd-2” are of 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 companies. Generally, Pfd-2 ratings correspond with companies whose senior bonds are rated in the “A” category.

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 Senior Debt: F1
“F1” indicates the strongest intrinsic capacity for timely payment of financial commitments.

Long-term non bail-inable senior debt A+
“A” ratings denote 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.

Senior debt: A+
“A” ratings denote 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
“AAA” ratings denote lowest expectations of default risk. They are assigned only in cases of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.

Subordinated Debt: A
“A” ratings denote 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.

Preferred Shares: BBB-
“BBB-” ratings indicate that expectations of default risk are currently low. The capacity for payment of financial commitments is considered adequate but adverse business or economic conditions are more likely to impair this capacity.

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

APPENDIX B – AUDIT COMMITTEE MANDATE

NATIONAL BANK OF CANADA

AUDIT COMMITTEE:

The Audit Committee (the “Committee”) is formed by the Board of Directors (the “Board”) of National Bank of Canada (the “Bank”). It oversees the work of the internal auditor and the independent auditor, the financial reporting and analysis process, the Bank’s internal controls, and the application of the policy for reporting irregularities.

MANDATE

CREATION

1. The Committee is created by the Board of the Bank.

COMPOSITION

2. **Composition** – The Committee is composed of no fewer than three members. Each of the Committee members is “financially literate” within the meaning of *Regulation 52-110 respecting Audit Committees* or is able to become financially literate within a reasonable period of time following his appointment to the Committee.

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. **Eligibility** – A majority of the members of the Committee consists of directors who are not affiliated with the Bank in accordance with the *Bank Act* (Canada) (the “Act”).

4. **Independence** – Each of the members of the Committee is independent as defined by the Canadian Securities Administrators.

5. **Guests** – The Chairman of the Board can attend each of the meetings of the Committee as a guest. The Committee may invite any other person to attend all or part of the meetings of the Committee.

6. **Appointment and Vacancy**

a) **Appointment** – Each member of the Committee is designated annually by the Board from among the directors of the Bank.

b) **Term of Mandate** – All members carry out their duties until a successor is appointed, unless they resign, are relieved of their duties or no longer sit as directors.

c) **Vacancy** – A vacancy on the Committee is filled by the Board as it deems appropriate. Failure to fill a vacancy does not invalidate the decisions of the Committee, provided there is a quorum.

7. **Chair**

a) **Nomination** – The Chair of the Committee is designated by the Board from among the members of the Committee. If the designated Chair is unable to chair a meeting of the Committee, the Committee selects a Chair from the members of the Committee present for that meeting or the Chairman of the Board.

b) **Duties** – The duties of the Chair of the Committee are set out in the mandate of the Chair. The Chair of the Committee may ask the Chairman of the Board to have certain matters for which the Committee is responsible submitted to the Board.

8. **Secretary** – The Secretary of the Bank, an Assistant Secretary, or any other person designated by the Secretary, acts as Secretary of the Committee.

MEETINGS AND CALLING OF MEETINGS

9. **Regular Meetings** – Committee Meetings are held on the dates and at the times and locations established by the Board, at least once per quarter. The Committee members are informed annually in writing thereof, without any further notice required.

10. **In Camera Meetings** – The Committee members are scheduled to meet, without any members of the Bank’s management being present, at each Committee meeting, under the direction of the Chair of the Committee.

11. **Unscheduled Meetings**

a) **Meetings** – An unscheduled meeting may be called at any time by the Chair of the Committee, the Chairman of the Board, the President and Chief Executive Officer, one of the Committee members, the Senior Vice-President – Internal Audit, the Chief Financial Officer and Executive Vice-President – Finance, the Senior Vice-President – Finance, the Chief Compliance Officer of the Bank or by the independent auditor.

b) **Notices** – A notice specifying the purpose, place, date and time of each unscheduled meeting must be sent to each Committee member by mail or any other means of telephone or electronic communication, no less than 24 hours before the time and date set for the meeting, unless the Chair of the Committee, the Chairman of the Board or the President and Chief Executive Officer deems it necessary to call a meeting on shorter notice, in which case notice will be no less than two hours.

c) **Without Notice** – Unscheduled Committee meetings may be held without notice when all Committee members are present or when the absent members provide a written waiver of notice of meeting. The presence of a member constitutes a waiver of this notice of meeting, except if this member is present to specifically oppose the review of any question, claiming that the meeting was not called in due form.

12. **Means of Communication** – Meetings of the Committee may be held by telephone or any other means that enables all participants to communicate with each other adequately and simultaneously. Persons participating in a meeting by telephone or any other means of communication are deemed to have attended the meeting.

13. **Internal Auditor and Independent Auditor** – The internal auditor and the independent auditor are entitled to receive the notices calling meetings of the Committee, to attend and to be heard at such meetings.

QUORUM

14. **Principle** – A quorum of a Committee meeting is attained when a majority of the Committee members attend such meeting.

15. **Duration** – Quorum shall be maintained for the entire meeting so that the Committee members can legitimately deliberate and make decisions. However, any member who is not present at any particular time during the meeting for the purposes of subsection 182(3) of the Act shall be considered as attending for the purposes of quorum.

16. **Vote** – Notwithstanding the foregoing, the decisions made by the Committee concerning matters submitted for its consideration shall be made by a majority vote of the members present. Should only two members be present and quorum be attained, decisions shall be unanimous.

17. **Absence of quorum** – If quorum is not attained at a meeting of the Committee, the Chairman of the Board may, at the request of the Chair of the Committee, act as a member of the Committee for that meeting and have the right to vote.

MINUTES

18. **Recording** – The minutes of each meeting of the Committee, duly approved by the Committee, are entered by the Secretary in a register kept specifically for that purpose.

19. **Distribution** – The minutes of each Committee meeting are submitted for information to the members of the Board at a subsequent meeting of the Board.

20. **Report to the Board** – The Chair of the Committee makes an oral report on the deliberations of each meeting of the Committee and the recommendations of said Committee at a subsequent meeting of the Board.

ROLES AND RESPONSIBILITIES

Internal Audit

21. **Responsibilities** – The Committee:

a) **Mandate and Annual Audit Plan** – Reviews and approves, annually, the charter, the nature and the scope of the work of the internal audit oversight function, as well as the annual audit plan;

b) **Structure, Resources and Budget** – Ensures that the internal audit oversight function has the necessary structure and resources to fulfill its mandate and responsibilities and approves its budget annually;

c) **Independence and Effectiveness** – Ensures the independence and effectiveness of the internal audit oversight function, including by requiring that it be free of any influence that could adversely affect its ability to objectively assume its responsibilities, and that it have sufficient stature and authority within the Bank; ensures that the internal audit oversight function and the Senior Vice- President – Internal Audit report administratively to the President and Chief Executive Officer; ensures that the Senior Vice-President – Internal Audit has direct access to the Chair of the Committee and the President and Chief Executive Officer and access to the information required, and regularly meets with the Senior Vice-President – Internal Audit without Management being present in order to discuss, in particular, the questions he raises regarding relations between the internal audit oversight function and the Bank's Management and the access to the information required;

d) **Performance** – Assesses periodically the effectiveness of the internal audit oversight function and oversight processes and performs a comparative analysis from time to time of the internal audit oversight function and oversight processes with assistance from independent external consultants;

e) **Head of the Oversight Function** – Takes cognizance of the recommendations of the President and Chief Executive Officer of the Bank concerning the appointment and removal of the Senior Vice-President – Internal Audit and makes the appropriate recommendations thereon to the Board; appraises, on an annual basis, the performance of the Senior Vice-President – Internal Audit, helps determine the compensation and succession planning for the Senior Vice-President – Internal Audit and makes the appropriate recommendations thereon to the Board after taking cognizance of the recommendations of the President and Chief Executive Officer;

f) **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.

Independent Auditor

22. **Responsibilities** – The Committee:

a) **Appointment and Remuneration** – Submits to the Board its recommendations with regard to the choice of candidate for independent auditor proposed by the Board to the shareholders, and with regard to its reappointment, removal and remuneration. The Committee considers periodically whether it is appropriate to launch a call for tenders in order to select the candidate firm for independent auditor;

b) **Audit Plan and Engagement Letter** – Approves the annual audit plan prepared by the independent auditor after ensuring that the scope of the plan is appropriate, namely, that the plan is risk-based and addresses the most important issues. Together with the independent auditor, the Committee reviews all the key changes to the plan; assesses whether any change to the independent auditor's materiality level and/or proposed scope continues to ensure a quality audit; agrees to the scope and the terms of the audit engagement and approves the engagement letter;

c) **Oversight** – Oversees the work of the independent auditor to issue an opinion on the Bank's consolidated financial statements based on its audit or to perform other audit, review or attestation services for the Bank, including the review of the interim consolidated financial statements and the resolution of disagreements between Management and the independent auditor regarding financial reporting;

d) **Compliance of Financial Statements and Other Financial Information** – (i) Discusses with the independent auditor the quality of the financial statements and ensures that the financial statements present fairly, in all material respects, the financial performance and cash flows of the Bank; (ii) Meets with the independent auditor and Management to discuss the results of the audit, the interim and annual consolidated financial statements, any related documents, the audit report, the documents required by the Office of the Superintendent of Financial Institutions, or any concern of the independent auditor, including in particular, the key areas of risk for material misstatement of the financial statements, key areas of management judgment, the estimates/models judged to be "aggressive" or "conservative" within an acceptable range, significant or unusual transactions, difficult or contentious matters noted during the audit, changes in the audit scope or strategy, internal control deficiencies identified during the course of the audit, areas of financial statement disclosures that could be improved, and the role of other audit firms, if applicable; (iii) Discusses with the independent auditor the quality and acceptability of the accounting principles applied in preparing the consolidated financial statements; (iv) Reviews the annual management letter from the independent auditor of the Bank and follows up on the corrective action taken by Management; (v) Obtains all important correspondence between the independent auditor and Management about audit findings;

e) **Meetings with the Auditor** – Meets regularly with the independent auditor of the Bank without Management being present to understand all questions that might have been raised by the auditor with Management during the audit and how those questions were resolved, and reviews any questions that could be raised by the independent auditor;

f) **Practices and Independence of the Independent Auditor** – At least once a year, obtains and reviews a report by the independent auditor which explains: (i) its internal practices concerning quality control; (ii) all the important questions stemming from its most recent review of quality controls, or the latest control by peers, or following investigations carried out by professional or government authorities in the previous five years regarding one or more of its mandates and the measures taken regarding these questions; (iii) the internal procedures that the independent auditor takes to ensure its independence; and (iv) the details concerning the business relationship it has with the Bank;

g) **Assessment of Overall Performance** – At least once a year and before the independent auditor tables its report on the annual financial statements, formally assesses the effectiveness and contribution of the independent auditor, its competencies, resources and independence, its support and communication skills; takes into account the opinion of the Bank's Management and the Senior Vice-President – Internal Audit in order to assess the overall performance of the independent auditor for all services and reports annually to the Board on the effectiveness of the independent auditor and, at least every five years, makes a full periodic assessment of the independent auditor in accordance with the recommendations of CPA Canada and the Canadian Public Accountability Board;

h) **Assessment and Rotation of the Partner Responsible for the Audit Mandate** – Reviews and assesses the competencies, performance and independence of the partner of the independent audit firm responsible for the audit at the Bank and his team, and discusses the appropriate time and procedure for rotating the partner, concurring partners and all other partners who are active members of the audit team;

i) **Prior Approval of Mandates Given to the Independent Auditor** – Provides prior approval of mandates given to the independent auditor in accordance with the Guidelines Relating to Mandates to the Independent Auditor (the "Guidelines"), including the mandates for all non-audit services. To that effect, the Committee adopts a policy and specific procedures for the engagement of the independent auditor to perform non-audit services and ensures that the conditions in these policies and procedures are met. The Committee may delegate this approval authority to one of its members. The member of the Committee to whom this approval authority is delegated must present any decisions to the Committee at the next scheduled meeting;

j) **Hiring Policies** – Except when it must be submitted to the Board, reviews and approves the Bank's hiring policies regarding partners, employees and former partners and employees of the present and former independent auditors of the Bank.

23. **Independent Auditor's Report** – The independent auditor of the Bank reports directly to the Committee and reports to the Board and Committee as a representative of the shareholders including to present, via a letter, the main recommendations concerning internal controls.

Finance

24. **Responsibilities** – The Committee:

a) **Mandate** – Reviews and approves, annually, the mandate, and the nature and scope of the finance oversight function;

b) **Structure, Resources and Budget** – Ensures that the finance oversight function has the necessary structure and resources to fulfill its mandate and responsibilities and approves its budget annually;

c) **Independence and Effectiveness** – Ensures the independence and effectiveness of the finance oversight function, including by requiring that it be free of any influence that could adversely affect its ability to objectively assume its responsibilities, that it have sufficient influence and power within the Bank, and that it be distanced from operational management, by ensuring that the finance oversight function reports to an appropriate line level, ensures that the Chief Financial Officer and Executive Vice-President – Finance has direct access to the Chair of the Committee and access to the information required, and meets regularly with him without management being present in order to discuss, in particular, the questions he raises regarding relations between the finance oversight function and the Bank's Management and the access to the information required;

d) **Performance** – Assesses periodically the effectiveness of the finance oversight function and oversight processes and performs a comparative analysis from time to time of the finance oversight function and oversight processes with assistance from independent external consultants;

e) **Head of the Oversight Function** – Takes cognizance of the recommendations of the President and Chief Executive Officer of the Bank concerning the appointment and removal of the Chief Financial Officer and Executive Vice-President – Finance and makes the appropriate recommendations thereon to the Board; appraises, on an annual basis, the performance of the Chief Financial Officer and Executive Vice-President – Finance helps determine the compensation and succession planning for him and makes the appropriate recommendations thereon to the Board after reviewing the recommendations of the President and Chief Executive Officer;

f) **Financial Information** – Reviews the annual consolidated financial statements of the Bank and the related independent auditor's report, the interim consolidated financial statements of the Bank, the annual and interim Management's Discussion and Analysis, the Annual Information Form, press releases concerning material financial information, audit processes and management information systems and all other material financial information, in order to ensure their integrity, the effectiveness of processes, if applicable, and compliance with applicable accounting standards. The Committee recommends the approval thereof to the Board before the statements are publicly disclosed;

g) **Accounting Standards** – Asks Management and the independent auditor about changes to Canadian accounting standards that could have an impact on the preparation and/or disclosure of the consolidated financial statements of the Bank and those of its subsidiaries and informs the Board thereof, if applicable;

h) **Dispute, Notice of Assessment or Any Other Claim** – Takes cognizance of any oral or written report from Management on any dispute, notice of assessment or any other claim of a similar nature that could have a material impact on the financial position of the Bank, and ensures that such material claims are properly disclosed in the consolidated financial statements;

i) **Taxation** – Takes cognizance of any oral or written report from Management relating to tax planning and risks;

j) **Certification** – Reviews the process whereby the Chief Executive Officer and the Chief Financial Officer certify the integrity of the interim and annual financial statements of the Bank and other information for which certification is required;

k) **Public Disclosure** – Ensures that adequate procedures are in place to oversee the Bank's public disclosure of financial information extracted or derived from its consolidated financial statements and periodically assesses the adequacy of those procedures;

l) **Investments and Transactions** – Reviews such investments and transactions that could adversely affect the financial well-being of the Bank whenever the independent auditor, Internal Audit or any member of Management brings them to the Committee's attention.

Internal Control

25. **Responsibilities** – The Committee:

a) **Procedures** – Requires Management to implement and maintain appropriate internal control procedures and, at least once a year, reviews, evaluates and approves such procedures; and

b) **Effectiveness** – Reviews the effectiveness of the internal control policies and procedures of the Bank. Ensures that Management diligently applies measures to correct all important control problems identified during this review and that a process is implemented to track progress in order to correct deficiencies.

Reporting Irregularities

26. **Policy on Reporting Irregularities** – The Committee establishes a policy and procedures for (i) the receipt, retention and treatment of irregularities reported to the Bank regarding accounting, internal accounting controls or auditing matters; and (ii) the confidential, anonymous submission by any person of concerns regarding questionable accounting or auditing matters. Ensures that this policy is implemented and reviews it periodically.

27. **Report on Irregularities** – Reviews, as necessary, the report of Corporate Compliance on the irregularities or concerns related to accounting or auditing matters at the Bank that have been reported to the Ombudsman of the Bank, as well as the results of any related investigation. Examines the number of reported irregularities or concerns, whether or not they are founded.

VARIA

28. **Duties as Intermediary** – The Committee acts as intermediary between the Board, the independent auditor, and the internal audit and finance oversight functions, and ensures cooperation between Internal Audit and the independent auditor.

29. **Legislative Changes** – The Committee keeps abreast of legislative and regulatory changes and market trends relating to audit and financial information disclosure and informs the Board and other committees, if necessary.

30. **Engagement of Independent Consultants** – The Committee may, when it deems appropriate, engage legal counsel or other independent consultants to help it carry out its duties and responsibilities. It sets the remuneration and compensates the consultants it engages. The Bank provides the funds necessary to pay for the services of these consultants.

31. **Power of Inquiry** – The Committee may inquire about any question it deems relevant and, to that end, has complete access to the books, registers, facilities, Management and employees of the Bank.

32. **Superintendent** – The Committee meets with representatives of the Office of the Superintendent of Financial Institutions at the request of that organization and reports on such meetings to the Board.

33. **Delegation** – The Committee may, at its discretion, designate a sub-committee to review any matter within its mandate.

34. **Communication** – The Committee may communicate directly with the independent auditor, the Senior Vice-President – Internal Audit, the Chief Financial Officer and Executive Vice-President – Finance, the Senior Vice-President – Finance, and any other member of Management or employee of the Bank.

35. **Board Meeting** – The Chair of the Committee may call a meeting of the Board to discuss matters of interest to the Committee.

36. **Certifications, Declarations and Reports** – The Committee examines the certifications, declarations and/or reports required by a regulatory authority and that fall within the Committee's purview, and recommends the approval thereof to the Board.

37. **Subsidiaries** – The Committee acts as an audit committee for Natcan Trust Company and, if necessary, can act for any other subsidiary of the Bank where allowed under its incorporating act, and exercises all the duties incumbent upon such committee in accordance with the Trust and Loan Companies Act (Canada) or any other applicable legislative or regulatory provision.

38. **Mandate of the Committee** – The Committee regularly assesses and reviews its mandate by submitting the revised text, for approval, to the Conduct Review and Corporate Governance Committee, which then recommends it for approval to the Board.

39. **Review of Documents and Various Recommendations** – The Committee reviews any document required pursuant to applicable laws and the recommendations made by regulatory authorities or the internal auditor or the independent auditor and reports thereon to the Board.

40. **Other Duties** – The Committee shall exercise any other duty required under the applicable legislation or regulations or that the Board occasionally assigns to it. The Committee submits to the Board all recommendations it deems appropriate with respect to matters that fall within its purview.

APPROVED BY THE AUDIT COMMITTEE ON OCTOBER 25, 2017.
APPROVED BY THE CONDUCT REVIEW AND CORPORATE GOVERNANCE COMMITTEE ON OCTOBER 26, 2017.
APPROVED BY THE BOARD OF DIRECTORS ON OCTOBER 26, 2017.

NATIONAL BANK

Powering your ideas™