EVERYTHING STARTS WITH AN IDEA

OUR SOCIAL RESPONSIBILITY 2014

NATIONAL BANK | Powering your ideas
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Since it was founded more than 150 years ago, National Bank has been committed to forging close relationships with its clients and the communities it serves. Keeping this tradition top of mind was more important than ever in guiding our actions in 2014.

As our new brand signature—Powering your ideas—makes clear, we want to actively support clients with their projects while offering top-notch service. We want to truly roll out the red carpet for all our clients in order to better meet their changing needs. The various initiatives we have implemented to update our branch network, enhance our mobile solutions and promote ongoing training in our teams are helping us do just that. The quality of our customer service was in fact recognized at the Ipsos Best Banking Awards.

This recognition is a testament to the outstanding work of our nearly 20,000 employees, whose engagement is central to our success. The Bank sees its workforce as one of its most valuable assets. That’s why we strive to build on the strengths of our organizational culture, including communication and collaboration, to help employees achieve their full potential. In 2014, for instance, we created the National Tour, a series of events that gave the Bank’s management the opportunity to meet with over 4,000 employees across Canada and discuss a wide range of topics concerning the organization.

Together with its employees and retired employees, National Bank supports hundreds of organizations each year, with a special focus on helping the next generation. Through its One for Youth program, the Bank encourages young people to succeed. In 2014, the Bank’s regional One for Youth committees selected 175 organizations that will share a total of $1 million, allowing them to pursue inspiring projects in their communities and help thousands of young people from coast to coast.

The Bank also entered into several agreements geared to stimulating entrepreneurship and paving the way for tomorrow’s business leaders. For example, it contributed to the creation or expansion of a number of entrepreneurial expertise centres that will foster innovation in the field. The Bank was also proud to salute the contribution of organizations of all sizes to Quebec’s economic vitality at the 20th edition of its SME Awards.

Over the past year, the Bank continued to optimize its environmental management practices, standing out for its innovative approach through such initiatives as issuing the first green bond to fund a public-private partnership in North America.

Through its operations, the Bank paid over $650 million in taxes and other contributions to the various levels of government in Canada in 2014, an amount representing 30% of its income before income taxes. Year after year, the Bank has reaffirmed its position as a key contributor to the wealth of our society. National Bank intends to keep doing its utmost in all these areas to create lasting value for the communities it serves. We will spare no effort to foster even closer and more rewarding relationships with all our stakeholders.

Louis Vachon
President and Chief Executive Officer
ABOUT US

National Bank of Canada offers integrated financial services to consumers, small and medium-sized enterprises and large corporations. It operates three key lines of business—Personal and Commercial Banking, Wealth Management and Financial Markets—with total assets in excess of $205 billion as at October 31, 2014.

Through its approximately 20,000 employees, National Bank provides a complete range of services, including banking and investment solutions for individual and corporate clients, securities brokerage, insurance and wealth management.

National Bank is the leading bank in Quebec and the partner of choice for small and medium-sized enterprises. It is also the sixth largest bank in Canada, with branches in almost every province. Clients in the United States, Europe and other parts of the world are served through a network of representative offices, subsidiaries and partnerships. Its head office is located in Montreal and its securities are listed on the Toronto Stock Exchange.

Acting responsibly

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

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

Ranking among the best

National Bank distinguished itself in 2014, placing among the top companies in a number of prestigious lists. For example, National Bank received two Best Banking Awards in Canada from Ipsos Reid for the quality of its customer service. What’s more, it was once again ranked among the 50 best employers in Canada by Aon Hewitt in addition to being recognized by Interbrand as one of the 25 best Canadian brands and classed among the 20 greenest banks in the world by Bloomberg Markets magazine.

Last but not least, the Bank’s President and Chief Executive Officer, Louis Vachon, was named CEO of the Year by Canadian Business magazine.

www.nbc.ca > About Us > Our organization > Portrait of the Bank > Awards, Distinctions and Honours
NATIONAL BANK AT A GLANCE

- **19,955** Number of employees
- **452** Number of branches
- **935** Number of banking machines
- **2.4 MILLION** Number of individual clients
- **$205.4 BILLION** Assets
- **$338.3 BILLION** Assets under management and administration
- **$52.68** Common share price at closing (TSX: NA)
- **$17.3 BILLION** Stock market capitalization

(as at October 31, 2014)
SERVING OUR CLIENTS BETTER

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

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

Our pledge: to roll out the red carpet for all our clients

In 2014, the Bank continued to implement initiatives aimed at delivering on its Client Promise, which is central to the second phase in its One client, one bank transformation. This promise reflects our belief that a superior client experience hinges on being accessible, convenient and proactive.

Going forward, we intend to keep making tangible improvements in all our sectors of activity. We plan to be more proactive in serving our clients, while continuing to develop convenient multi-channel services that are accessible in branches, by telephone and via our digital banking solutions (Internet, tablet or smartphone).

Investing in technology

This year, National Bank also continued to upgrade its IT systems as part of one of the largest technological overhauls ever undertaken in the Canadian banking industry. All Bank sectors are pooling their efforts to review systems and processes with the goal of simplifying them and bringing them more in line with clients’ needs. Our goal is to serve clients when they want and how they want through high-performance digital and traditional channels.

Here are some of the improvements we made in 2014 to enhance the client experience, make our services more accessible, and develop our digital banking solutions.

Corporate website (nbc.ca)

The nbc.ca website was updated to facilitate navigation and optimize the user experience. The branch locator tool was also reviewed and upgraded.

Tablet apps

National Bank expanded its suite of mobile banking solutions by launching two new apps for tablets—NBC mobile banking and MyIdea—to help users manage their banking and plan their finances for short-, mid- and long-term projects. These new tools, with their user-friendly interface and sleek design, allow users to quickly view the information they need to make decisions and take action on their own or with the expert assistance of a Bank advisor. With the NBC mobile banking app, clients can carry out a wide range of transactions, including ordering foreign currency. The MyIdea app, also available online, gives clients the option of setting up a savings plan and sharing it with a National Bank advisor, who can help them carry it out.

Mortgage platform

The new mortgage origination platform rolled out in Quebec last year is now being implemented in the rest of Canada. Since September 2014, clients in Ontario, New Brunswick and British Columbia have been able to enjoy the benefits of the new platform, which enables most of them to receive a mortgage financing decision in a single hour-long meeting. In the past, this same process could require several meetings.
Consolidating our presence coast to coast

In 2014, National Bank completed the acquisition of TD Waterhouse Institutional Services from Toronto-Dominion Bank, thereby finalizing one of the largest asset conversions in Canadian financial history.

A total of 248 independent market intermediaries, representing $39 billion in assets under management and 133,000 client accounts, were integrated into the National Bank Correspondent Network (NBCN) in just seven months. NBCN is Canada’s premier provider of brokerage, custody, trading, clearing, settlement and record-keeping services for registered independent portfolio managers and introducing brokers.

With this acquisition, NBCN now serves over 400 independent market intermediaries managing $102 billion in assets, firmly positioning it as a leader within this sector of the securities industry.

Offering comprehensive, personalized advice

We want to build close relationships with our diverse clients and help them make the best possible financial decisions. In 2014, we continued to develop tools and services to that end. The Bank also committed to expand its offering of low-cost accounts for designated client groups.

Services and advice for newcomers

To assist newcomers to Canada, National Bank has added new services to its offering specifically tailored to their financial needs. The Bank also helps newcomers get acquainted with the Canadian banking system through partnerships with various non-profit organizations. In addition, it administers the Canada and Quebec Immigrant Investor Programs, which allows it to help foreign entrepreneurs and their families get established. The National Bank and National Bank Financial websites provide detailed information on these services and valuable advice for immigrant clients.

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

New services and tools for do-it-yourself investors

National Bank Direct Brokerage (NBDB) continued to innovate in 2014 by opening a space dedicated to do-it-yourself investors and launching a new turnkey solution.

The Do-It-Yourself Investors Zone is located in the National Bank Tower in downtown Montreal. This space allows investors to learn about direct brokerage and NBDB’s service offering, attend seminars on-site, trade in the interactive zone, and speak with a representative.

NBDB also launched InvestCube, a solution for investors who do not want to worry about rebalancing their portfolios. The five exchange-traded fund portfolios available are each reviewed monthly and automatically rebalanced as needed.

NBDB is also on social media to facilitate exchanges with do-it-yourself investors and keep them well-informed. Investors who join these communities can learn more about the services NBDB offers and receive notifications about the seminars, training, and webinars it regularly presents.

www.nbdb.ca
Twitter: #NBDirectBrokerage
LinkedIn: National Bank Direct Brokerage

Active support for retirement planning

In 2014, National Bank continued to offer an impressive range of retirement planning resources to its clients. A variety of publications and interactive tools are available online, via tablet or in branches to help clients assess and plan their financial needs for retirement. During the year, our experts offered many retirement-themed seminars to thousands of clients across Canada.

www.nbc.ca > Personal > Investing > Plan your retirement
National Bank’s presence on social networks

National Bank clients were more connected than ever to a variety of web-based platforms and social media in 2014. The Bank’s daily presence on social networking sites has meant increased opportunities for interaction with clients and interest groups alike.

Connecting with us via social networks

LinkedIn
To view the hundreds of jobs posted each year.

Twitter
To follow National Bank news in real time and receive investment and savings advice and information about seminars presented by National Bank Direct Brokerage as well as the philanthropic initiatives of the One for Youth program.

Facebook
To check out photo albums, advice and articles on personal finance, personalized contests and job offers.

Google Maps
To find the nearest National Bank branch.

YouTube
To view dozens of video clips for a better understanding of personal finance.

Google+
To find a variety of ads and web content on personal finance and social responsibility.

Instagram
To view photos of events supported by the Bank.

For a list of our web addresses on social networks, go to www.nbc.ca/socialnetworks

Our information websites

clearfacts.ca
National Bank’s financial literacy site gives people of all ages the tools they need to understand their personal finances. In 2014, it published an exclusive series of articles on financial independence to mark Financial Literacy Month. More than a million visitors to the clearfacts.ca site since 2010 have received tips on managing their personal finances through some 2,500 articles, videos and webinars on a myriad of topics.

youth.nationalbank.ca
Our youth.nationalbank.ca site features the many different youth initiatives supported by the Bank, including the On the Ball program, the Breakfast Club of Canada, the One for Youth Bicycle Tour and the Quebec Foundation for Athletic Excellence.

commitment.nationalbank.ca
The Bank posts all the latest news on its community relations and many social involvement initiatives at commitment.nationalbank.ca.

Maintaining close ties with our business clients

National Bank is well-known for the strong ties it has forged over the years with its business clients. No matter which industry entrepreneurs operate in, our highly qualified advisors can guide them through every stage of their development.

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

In a business world where international trade, cash management, human resources management and risk management are becoming increasingly complex, our personalized approach takes into consideration our clients’ goals and projects to help them achieve optimal growth now and in the future.

In 2014, the Bank further expanded the services it provides to businesses. It launched Global Trade Solutions, a new web portal that gives clients the tools they need to manage their import-export operations more efficiently. In Quebec, it also began assisting businesses looking for expert advice on setting up a Voluntary Retirement Savings Plan for their employees.
The changing face of our branch network

The Bank pursued its branch improvement projects in 2014, with investments of $8 million. In all, four major projects in Quebec and Western Canada were completed. Work was also carried out to meet specific needs in over 230 branches.

For the second year, the Bank rolled out its red carpet concept in a number of branches. This concept centres on our commitment to offering the best possible experience to our clients, every time they do business with us. The red carpet symbolizes our Client Promise, which is reflected in our ongoing efforts to make our services more accessible and convenient, and to be more proactive. The following initiatives were carried out this year to deliver on the Client Promise:

- After analyzing client traffic in branches, the Bank adjusted business hours in certain regions to better meet clients’ needs.
- The account opening procedure for business clients was streamlined, considerably reducing processing times. Clients can now access a business account more quickly, after just one meeting.
- The Bank continued planning for the upgrade of all its banking machines. The new generation of ABMs will boast an intuitive interface for easier navigation and a wider range of functions. These ABMs will gradually be deployed throughout the branch network starting in 2016.
- The Bank introduced a range of proximity banking solutions at the National Bank Financial point of service in White Rock, British Columbia. This new branch concept features an interactive zone as well as on-site expert advisors to provide an efficient, personalized client experience.
- Several branches celebrated their 100th anniversary this year. In Quebec, the branches in Amos, Saint-Romuald, Hudson and Montreal’s Little Italy all marked their centennial. The Saint John, New Brunswick branch and the Casselman and Hawkesbury branches in Ontario also marked 100 years of serving their communities. Celebrations attended by clients, employees and local dignitaries were held at each branch.
- The Bank recently began examining how its branch model needs to evolve in order to continue meeting clients’ changing needs. New concepts that focus on technology and the expertise of our employees are being studied and will be tested over the next few years.
- The National Bank network now has 452 branches and 935 banking machines. We also provide access to some 2,500 ABMs across Canada through THE EXCHANGE® network.

Offering specialized services

Over the past fiscal year, the Bank continued to tailor its selection of financial solutions to its clients’ specific fields of activity. Our experts can offer specialized support to businesses in a wide range of industries, such as agriculture, health, television and film, to name but a few.

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

National Bank is convinced that pooling strengths is the best way to develop talent, which is essential to fostering entrepreneurial spirit. Accordingly, this year it announced a $1 million donation to the John Molson School of Business to establish the National Bank Initiative in Entrepreneurship and Family Business. The Bank also pledged to donate $1.2 million as part of a campaign in support of the École d'Entrepreneurship de Beauce and partnered with the Pond-Deshpande Centre for Innovation and Entrepreneurship at the University of New Brunswick. Furthermore, it was directly involved in the creation and development of the National Bank | HEC Montréal Institute for Entrepreneurship, thanks to a historical $10 million donation to Campus Montréal announced last year.

In 2014, the Bank renewed its association with numerous partners that promote and foster entrepreneurship and support home-grown entrepreneurs: Anges Québec; Notman House, Montreal’s technology hub and home of the web; the television shows Dans l’œil du dragon and Génération INC.; the Board of Trade of Metropolitan Montreal and its SME Passport program; the Fondation de l’entrepreneure; the Groupement des chefs d’entreprise du Québec; Junior Achievement Quebec; and Junior Achievement of Canada.

For the 20th year, National Bank paid tribute to entrepreneurs who make an outstanding contribution to the growth and prosperity of Quebec. The SME Awards are a way for the Bank to recognize their drive, innovative ideas and performance. This prestigious contest is intended to showcase exceptional performances by local businesses and salute leaders in a number of business categories.

The Gold winners in the 5 categories and the Jury’s Choice are:

- Agribusiness SME: Pépinière R.Y. Locas Inc. in Laval
- Export SME: Major Wire Industries Ltd. in Candiac

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Listening to our clients

For a number of years now, National Bank has used various means to measure clients’ satisfaction with the quality and competitiveness of its products and services and gain a better understanding of client expectations.

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

Settling complaints

The Bank has a simple, accessible and effective complaint settlement process that focuses on finding solutions. The Office of the Ombudsman for Clients offers an alternative, independent method for handling complaints in a neutral, impartial way if the complaint has not already been resolved between the client and the Bank. It partners with specialists from all areas to promote suitable approaches and procedures, and contributes to the client experience by sharing its expertise. This year, it worked closely with various Bank sectors to implement a complaint settlement process with only one escalation level. The Office of the Ombudsman publishes data on the complaints processed over the past year on the Bank’s website.

www.nbc.ca > About Us > Our Organization > Complaint Settlement
National Bank is recognized as a top employer in Canada and is proud to count on its employees as its best ambassadors. They are always at the heart of the action, and we consider them to be one of our organization’s greatest assets.

It is therefore important for us to be attentive to their needs and provide them with a stimulating environment where they can achieve their full potential. We believe that this is the best way to build a solid team of engaged and talented employees.

**Being attentive to employees’ needs**

For National Bank, maintaining a stimulating work environment and a positive employee experience is essential. Through our surveys to measure employee motivation and engagement as well as our many different programs that support work/life balance, we constantly strive to be attentive to employees’ needs and ensure their well-being.

To promote employee wellness, National Bank set up the *My Health: My Wealth!* program to encourage employees to look after their physical and mental well-being by providing them with information, tools and resources to adopt healthy lifestyles. Launched nine years ago, this program is greatly appreciated by employees.

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

Moreover, in 1980, National Bank was the first company in Quebec to make a workplace daycare available to its employees. In operation for more than 30 years now, our *Voûte enchantée* daycare continues to offer excellent educational programs to its 175 youngsters, thanks to the support of more than 50 employees.

**Offering competitive total compensation**

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

- Offer competitive compensation in order to recruit, motivate and retain qualified employees
- Recognize employees’ contribution with fair and just compensation based on their roles and responsibilities
- Pay higher variable compensation when results exceed target objectives and lower compensation when they fall short of expectations
- Engage employees to focus on enhancing the Bank’s performance and generating added value for shareholders
- Contribute to the achievement of the sectors’ business objectives
- Support employees’ current and future needs and ensure their well-being

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

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

National Bank sees diversity as a tremendous source of wealth and is committed to promoting it within all business units. In addition to the four designated groups identified in the Employment Equity Act (women, persons with disabilities, visible minorities and aboriginal people), we welcome and value the talents that people of diverse ages, cultures and sexual orientations have to offer.

To achieve its diversity-related objectives, which are tracked in its three-year plans, the Bank promotes the adoption of inclusive human resources practices and networking initiatives. It also works with various organizations to better integrate minority groups into the job market.

In 2014, the Bank continued collaborating with several groups in order to forge closer ties with communities that represent members of the lesbian, gay, bisexual and transgender (LGBT) community, people living with limitations, as well as women. In keeping with this goal, the Bank signed on as official partner of the International Day Against Homophobia and Transphobia and developed new targeted attraction and recruitment strategies to reach out to people living with limitations. The Bank’s sustained efforts to increase the number of women in leadership roles also helped it remain among the Canadian banking institutions with the highest representation of women in management.

Languages spoken (as at October 31, 2014)

<table>
<thead>
<tr>
<th>Number of languages spoken by employees</th>
<th>French, English, Spanish, Arabic, Italian, Portuguese, Cantonese and Mandarin Most frequently spoken</th>
</tr>
</thead>
<tbody>
<tr>
<td>40</td>
<td>Most frequently spoken</td>
</tr>
</tbody>
</table>

Representation (as at October 31, 2014)

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women in management*</td>
<td>42.2%</td>
<td>26%</td>
</tr>
<tr>
<td>Visible minorities</td>
<td>18.8%</td>
<td>8.7%</td>
</tr>
<tr>
<td>Persons with disabilities</td>
<td>2.2%</td>
<td>2.2%</td>
</tr>
</tbody>
</table>

* Formerly referred to as “Women in senior management,” this category includes executive officers as well as officers and now has a more inclusive name. No changes were made to the compilation of data in relation to previous editions of the Social Responsibility Report.

One of Canada’s top employers

National Bank has received numerous awards over the years for being an outstanding employer. In 2014, we were recognized in several prestigious rankings, including the following:

- The 50 Best Employers in Canada (Aon Hewitt)
- The Best Employers in Quebec (Aon Hewitt)
- Montreal’s Top Employers (Mediacorp Canada)

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

- Our officers’ engaging leadership and inspiring vision
- Our commitment to clients and the community
- Our financial strength
- Our opportunities for a challenging career and commitment to employee development
- Our culture of collaboration and teamwork

A few of our partners (as at October 31, 2014)

- Pride at Work Canada
- Fondation Émergence
- GRIS-Montréal
- Association of Québec Women in Finance
- Women’s Executive Network
- Women in Capital Markets
- Catalyst
- Comité d’adaptation de la main-d’œuvre (CAMO) for persons with disabilities
- Service externe de main-d’œuvre (SEMO) in a number of administrative regions in Quebec
- Clef pour l’intégration au travail des immigrants (CITIM)
- Office français de l’immigration et de l’intégration (OFII)
Dynamic internal networks

In 2014, National Bank’s internal networks, namely, the Women’s Leadership Network, the Young Employees Network and the IDEO network for members of the lesbian, gay, bisexual and transgender (LGBT) community, continued their activities. Moreover, a new group, Connexion, was created for Generation Y employees. These internal networks organized numerous events that enabled participants to share best practices, expand their personal contacts, and benefit from the experience of members of senior management.

All four of these networks primarily serve to:
- Promote development and leadership among employees
- Facilitate networking
- Encourage mentoring
- Help their members strengthen community ties

Special programs to foster new talent

Students with functional limitations

Expanding horizons
Every year for over 20 years, National Bank has helped people with functional limitations pursue their postsecondary education by offering them financial support and relevant work experience.

In 2014, the Bank awarded a $5,000 bursary and a paid 12-week summer job to two university students as well as a $2,500 bursary and a paid 10-week summer job to one college-level student through its Bursary and Summer Employment Program for students with functional limitations.

Financial Markets Rotation Program

New graduates
As part of the 2014 edition of the Financial Markets sector’s ongoing rotation program, 12 recently graduated new recruits were able to deepen their knowledge of financial markets and the banking industry by completing a 12-month rotation in our trading rooms in Montreal, Toronto and Calgary. These employees were then offered a permanent assignment in line with their interests and strengths.

Women in Financial Markets

Scholarship program
In 2014, National Bank continued to offer scholarships for women in financial markets. This unique initiative in the Canadian banking industry is intended to encourage women seeking to carve out a career in finance to pursue graduate studies and also learn more about our organization.

The winners of the 5th annual scholarships are: Brigitte Crockford, an MBA student at McGill University, and Stéphanie Hamel, who is undertaking her Master’s in Finance at Université Laval.

In addition to sharing scholarships totalling $20,000, the two winners were each paired with an experienced female manager from the Financial Markets sector who will mentor them during their studies.

Contributing to professional development

National Bank continually invests each year in creating an environment that promotes career development and helps employees achieve their full potential. For a fifth consecutive year, the Bank has been awarded a certificate by Emploi Québec in recognition of its quality training initiatives.
By giving employees an opportunity to improve their knowledge and expertise, our program contributes, among other things, to fostering loyalty and engagement and is conducive to creating a distinctive client experience. In 2014, we invested more than $25 million in employee skills development. In all, some 117,600 courses were completed, representing approximately 46,000 training days. This year, we developed a special training program in connection with our Client Promise, which all employees will be taking in 2015. Other learning initiatives included:

- Training geared to the needs of our different groups of employees, such as:
  - roadmaps created specially for managers
  - new courses for professionals
  - a brand new offer specifically for clerical employees
- New training on the Bank’s business reality that allows participants to exchange views with members of senior management

Moreover, each business sector has its own development strategy that reflects the specific issues and challenges it faces. In this way, the Bank makes sure that all employees across the organization build their expertise and keep up to date with industry trends as they pursue their career path.

Lastly, in order to manage the risks associated with employee departures and minimize the impact on the client experience, each unit is responsible for having a knowledge transfer strategy that takes personnel movements into account.

Maintaining a dialogue with our employees

Keeping employees well informed about developments underway in the organization, the issues we face and our objectives has always been a priority for senior management.

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

In 2014, President and Chief Executive Officer Louis Vachon also met with many employees at executive luncheons, branch visits, lunch meetings, and other events to talk directly with them and get their opinion on a variety of subjects that affect the organization.

Mr. Vachon also holds quarterly conference calls, during which he presents the Bank’s results and strategic orientations, and participates in many National Tour activities.

We also periodically assess employees’ level of engagement through objective and confidential internal surveys. Through these various channels, employees can voice their comments, concerns and suggestions about work-related matters. This feedback enables us to continually enhance and optimize the Bank’s practices.

Settling disputes with respect

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

National Tour – Succeeding Together

In 2014, the series of events offered through the National Tour, a new annual initiative, created unique opportunities for employees and members of senior management to meet and connect.

The Bank-wide Tour, which ran over one month, was developed in response to employees’ requests to discuss the Bank’s vision and strategic orientations with different members of management. National Bank’s senior-most executives travelled coast to coast to meet with teams in different regions and answer their questions. The Tour’s many activities were a resounding success. The chat session with President and CEO Louis Vachon was particularly interesting and constructive.

In all, more than 4,000 employees participated in the events and the over 900 comments gathered have helped us improve our operations and prioritize actions that have a direct impact on both the employee and client experience.
ENCOURAGING COMMUNITY DEVELOPMENT

A leading player in the country’s economy for over 150 years, National Bank is committed to promoting the well-being of the communities it serves. The Bank is always attentive to its employees, clients and partners, pinpointing what they expect of their financial institution. The information gathered enables us to do even more to meet their needs.

The Bank achieves this objective through a well-defined donations and sponsorships program, successful fundraising efforts, and teams of current and retired employee volunteers who are determined to make a difference. At the heart of this commitment is our involvement with youth, where a large proportion of our contributions are concentrated.

Helping through giving

Every year, through its donations and sponsorships, the Bank supports hundreds of Canadian organizations in the sectors of health, sports, education, arts and culture, and community outreach. The recipient organizations are selected in accordance with strict guidelines to ensure that each request is given due consideration, with a view to being as equitable as possible and maximizing social well-being.

In 2014, the Bank donated a total of $11.5 million* to organizations in the various sectors it prioritizes.

The Bank also helps communities by awarding several million dollars in sponsorships to all kinds of events. Amounts vary depending on the needs and scale of the event.

www.nbc.ca > About Us > Social Responsibility > Request for Financial Support

Focusing on youth

At National Bank, we know that young people represent our dreams and hopes for the future. We believe it is up to all of us to help the next generation develop to its fullest potential. Through its One for Youth program, National Bank provides financial support to numerous causes and encourages its nearly 20,000 employees to volunteer.

As part of this program, the Bank launched the second edition of the One for Youth Regional Committees in September 2014. The 12 regional committees set up across Canada were mandated to select the best local and regional initiatives centred on health and wellness; education; and inspiring and empowering young people. The committees, which are made up of a young person under the age of 25, community leaders and National Bank executives, selected 175 organizations from some 1,500 applicants. The recipients will share $1 million to carry out inspiring youth projects. This amount brings to $12 million the total that the Bank has invested over the past five years to promote education, healthcare and other initiatives aimed at young people.

For more information: www.youth.nationalbank.ca

* This amount includes advances of $1 million.
SOME OF OUR DONATIONS

Our commitment to HEALTH

- **CHU Sainte-Justine Foundation** (Montreal, Quebec; 2014-2023). Help establish a research chair in cardiovascular genetics as part of the CHU Sainte-Justine Foundation’s Healing More Better campaign and support the financing activities of the Young Leaders Circle to fund projects related to newborn care.
  
  **$2,500,000**

- **Jovia – Dr Clown** (Quebec City, Quebec; 2013-2015). Make it possible for therapeutic clowns to continue making hospitalized children smile at the Centre mère-enfant Soleil of the CHU de Québec.

  **$150,000**

- **BC Children’s Hospital Foundation** (Vancouver, British Columbia; 2015). Facilitate fundraising activities organized by National Bank employees in Vancouver on behalf of this foundation.

  **$15,000**

- **Leucan Mauricie-et-Centre-du-Québec** (Trois-Rivières, Quebec; 2015). Develop recreational therapy services to better meet the needs of families of children diagnosed with cancer.

  **$10,000**

Our commitment to COMMUNITY OUTREACH


  **$25,000**

- **St. Charles Garnier Basketball Program** (Downsview, Ontario; 2015). Improve the facilities for this extracurricular program, which uses basketball to teach sports skills and promote personal growth.

  **$12,000**

Our commitment to ARTS and CULTURE

- **Fondation de Bibliothèque et Archives nationales du Québec** (BAnQ) (Quebec; 2014-2023). Enable BAnQ to add to its collection of valuable historic works and set up the National Bank Medialab, a physical and virtual creative writing space for young people.

  **$750,000**


  **$60,000**

Our commitment to EDUCATION

- **John Molson School of Business at Concordia University** (Montreal, Quebec; 2014-2023). Establish the National Bank Initiative in Entrepreneurship and Family Business. This donation will propel research on entrepreneurship and family businesses and support graduate and undergraduate students.

  **$1,000,000**

- **LaunchPad program at Wilfrid Laurier University** (Waterloo, Ontario; 2014-2018). Promote entrepreneurship by providing grants and supporting mentorship.

  **$200,000**

- **Allô prof** (Quebec; 2015-2017). Fund the development of IT tools for this free homework assistance phone line and website, which helps thousands of children with their studies.

  **$150,000**

- **Pond-Deshpande Centre for Innovation and Entrepreneurship** (Fredericton and Saint John, New Brunswick; 2014-2017). Provide seed capital paired with mentorship to young entrepreneurs and innovators starting up their projects.

  **$100,000**

For information about other major donations, see the Supporting entrepreneurship section on page 8.
Our commitment to **ARTS** and **CULTURE**

Supporting young people is a priority for National Bank; that’s why we collaborate with groups of young professionals on various networking activities intended to promote philanthropy and sponsorship of cultural events among the next generation. In 2014, for example, we sponsored events held by the *Jeunes Philanthropes de Québec; Cercle 179*, the young associates of the *Fondation du Musée national des beaux-arts du Québec*; the Young McCord Council; the Montreal Museum of Fine Arts’ Young Philanthropists’ Circle; and the Young Associates of *Opéra de Montréal*.

Our commitment to **SPORTS**

**Promoting tennis, from beginners to pros**

The Bank remains committed to the advancement of tennis and tennis players at all levels across Canada. The *National Bank Young Aces* introductory program gives children six to eight years old a chance to take up the sport and sharpen their skills. Through its partnership with the *Repentigny National Bank International Junior Tennis Open*, the Bank encourages players age 14 to 18 to play their first sets at an international event. Since 2005, we have been the title sponsor of the *National Bank Challengers*, tournaments organized by Tennis Canada in Gatineau, Granby, Saguenay and, as of 2015, Drummondville. These tournaments foster the development of elite athletes and serve as a gateway to the professional tour for Canadian players, who can earn points toward their world ranking.

The Bank has supported the Bell Challenge in Quebec City since the tournament’s beginnings and became the title sponsor in 2014. Now known as the *National Bank Cup* presented by Bell, it continues to be the largest indoor tennis event in Canada and one of the most prestigious women’s tennis tournaments of its class in the world.

The Bank has also been a partner of the prestigious *Rogers Cup* tournaments for the past 10 years in Montreal and four years in Toronto. During these events, top-ranking players from around the world square off, much to the delight of tennis fans of all ages.

National Bank’s Young Aces program gives children the chance to sharpen their tennis skills—and the opportunity to reach greater heights.
The On the Ball program reached its goal in 2014: one million tennis balls collected!
In 2014, National Bank’s On the Ball program hit a key milestone, with a total of one million tennis balls recovered. The Bank was supported in its efforts by professional tennis player Vasek Pospisil. For this program, the Bank joined forces with communities and tennis clubs in Quebec and Ontario to collect used tennis balls and redistribute them to elementary schools, where they are used as chair slippers to reduce classroom noise and create an environment conducive to learning. Since its creation in 2006, the On the Ball program has benefited thousands of children.

Montreal Canadiens (Montreal, Quebec). Serve as a major partner of the Bell Sports Complex, the Canadiens’ training site, as well as the Bell Centre.

Quebec Foundation for Athletic Excellence (Quebec; 2013-2017). Major investment of $1 million over five years to support athletic talent through bursaries to promising student athletes. In 2014, 37 bursaries were awarded to young athletes, including two London olympic and paralympic medalists.

Addressing urgent needs
Not only do we provide financial support through our donations and sponsorships program, but we also raise funds in our branches to address urgent humanitarian needs.

In 2014, National Bank made a donation to the Canadian Red Cross and raised funds to support the organization’s relief efforts at home, for the victims of the fire in L’Isle-Verte, Quebec. The Bank also supported humanitarian efforts abroad by accepting public donations for the West Africa Ebola Relief Fund. These are just two examples of the solidarity and compassion that motivate National Bank employees and clients.

Employees and retirees devoted to their community
National Bank employees and retirees have been volunteering in their communities for many years. Through their personal and collective action, they have always shown a sincere commitment to making a difference in people’s lives.

To recognize this engagement and multiply its impact, the Bank revamped its volunteer program in 2014. The National Bank Volunteer Program has an exciting new feature: it will now donate $1 to a youth organization for every hour of volunteer work done by Bank employees and retirees, whether individually or as a team (up to a maximum of $100,000 per year).
A FEW EXAMPLES OF FUNDRAISING INITIATIVES

United Way/Centraide campaign (Canada).
During the 37th annual campaign, more than $3 million was collected across Canada, including a corporate donation from National Bank. The Bank participated in the Centraide Cup, a benefit soccer tournament hosted by Centraide of Greater Montreal, for the third year in a row and proudly took home its second Cup.

$3,040,000

One for Youth Bicycle Tour (Chaudière-Appalaches region, Quebec). Close to 200 employees raised funds to help young people by participating in the fourth edition of this 300-km bike ride. The funds collected were used to support several Quebec-wide organizations, including Tel-jeunes, as well as four organizations based in the Chaudière-Appalaches region, namely, the Fondation pour l’éducation de l’École Pointe-Lévy, the Regional Center for Education of Science and Technology, the Maurice Tanguay foundation and the Audrey Lehoux foundation.

$100,000


$60,000

Breakfast Club of Canada (Canada).
Help hundreds of thousands of children start their school day well-nourished and mentally alert through the sale of exclusive items in National Bank branches across Canada. In 2014, we partnered with Chocolats Geneviève Grandbois to celebrate 10 years of raising funds for the Breakfast Club of Canada. Proceeds from the chocolates sold in branches amounted to over $360,000.

Over the past 10 years, we have donated over $4.1 million to this cause.

Supporting diversity

National Bank continued to support the lesbian, gay, bisexual and transgender (LGBT) community in 2014.

For the eighth consecutive year, we hosted the Laurent-McCutcheon Award ceremony, organized by Fondation Émergence. This award, formerly called the Fight Against Homophobia Award, is presented annually to a well-known person who has made a significant contribution to the fight against homophobia. The 2014 award was given to playwright and scriptwriter Michel Marc Bouchard.

We also once again supported Aires Libres, an artistic event that transforms a section of a major thoroughfare in Montreal’s Gay Village into a festive pedestrian walkway featuring a variety of activities, fairs and exhibits every summer.
National Bank Collection

Over 7,500 works of art to discover

Over the years, National Bank has built up an impressive collection of art, which it proudly displays in its offices, branches and subsidiaries across Canada. With over 7,500 original works of art, the National Bank Collection currently ranks as one of the largest corporate collections in Canada. This distinctive collection reflects the history of Quebec and Canadian art from 1895 to the present and includes paintings, prints, drawings, sculptures and photographs. Every year, the collection is further expanded with the addition of some 50 new pieces. By acquiring artwork, we directly support artists and creators across Canada and foster a feeling of pride in our collective heritage, while shining the spotlight on Canadian talent and enriching the surroundings for thousands of employees and clients.

National Bank has also created a heritage collection made up of archival documents, photographs and historic objects that represent the history of both the Bank and the field of banking in general. By scanning or otherwise preserving the rare items in its collection, the Bank is able to showcase its heritage while cataloguing the strides made by the financial services industry.

The National Bank Collection gets around!

Since spring 2013, many works of art have been loaned to museums and other institutions for a variety of exhibitions. This initiative, which continued through 2014, saw six pieces travel all over the country and even south of the border.

The Bank also has a permanent art gallery in its Montreal flagship branch. This gallery hosts exhibitions on various themes, featuring works from the National Bank Collection.

Recognition of our commitment to arts and culture

It was a great honour for the Bank to receive the Prix Arts-Affaires de Montréal in the Enterprise category. This award spotlights the Bank’s long-standing support of the Montreal arts scene. Two of our partners, the Pointe-à-Callière Foundation and the Fondation du Musée d’art contemporain de Montréal, acted as official sponsors in nominating the Bank for this award.
National Bank is concerned by society’s impact on the environment, particularly the effects of climate change. That’s why we are actively involved in implementing various initiatives to reduce our environmental footprint. The Bank stands out for the major partnerships it has developed over the years with various organizations and businesses that share its goal of contributing to sustainable social development.

Managing our carbon footprint optimally

National Bank strives to understand and reduce the impact of its activities on the environment as much as possible. Over the years, we have introduced a variety of voluntary measures for calculating, reducing and offsetting our greenhouse gas (GHG) emissions. Together, these measures form one of the most rigorous and comprehensive carbon footprint management processes in the industry.

Measuring greenhouse gases

The Bank took the first step in managing its carbon footprint in 2008 by measuring its GHG emissions and submitting the data to the Carbon Disclosure Project, an international organization committed to preventing climate change. We have since repeated this exercise every year, working closely with several well-known consulting firms to ensure our methods are in line with current best practices.
To support its rigorous GHG inventory process, the Bank recently acquired high-performance tools that allow it to quantify its emissions with greater accuracy.

The Bank’s GHG emissions in fiscal 2013 were estimated at 15,926 tons of CO₂.

Reducing our footprint

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

Energy efficiency program

As most of our emissions stem from our energy consumption, we invest a great deal of effort each year in various energy efficiency measures. Our widely acclaimed energy efficiency program for branches is undoubtedly one of our most promising initiatives to date. Launched in 2007, the program owes its success to an innovative web-controlled remote interface that allows us to centrally manage heating, cooling and ventilation in branches and cut annual energy consumption by as much as 30%. Under the program, we have invested nearly $7 million to improve the energy efficiency of 277 buildings, including the 9 branches integrated this past year. This has generated savings of millions of kWh of electricity, thousands of cubic metres of natural gas and thousands of litres of fuel oil. The branch integration rate has tapered in recent quarters, however, given changes in the Bank’s business environment.

Screening of suppliers’ practices

National Bank recently implemented a process to screen its suppliers’ practices in order to ensure a more sustainable and responsible approach to sourcing. Over time, the Bank will be able to assess its suppliers’ impact on the environment and society and, consequently, will be in a better position to consider these aspects when making purchasing decisions.

Moreover, in 2014 the Bank joined the Espace québécois de concertation sur les pratiques d’approvisionnement responsable (ECPAR), a Quebec-based multi-party organization whose mission is to mobilize supply chain stakeholders and promote responsible procurement.
Certification for our buildings

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

In 2014, National Bank was awarded LEED Canada-CI Gold certification for the interior design of its branch and offices in Sherbrooke, Quebec and its branch in the Quebec City suburb of Beauport, bringing its total LEED certifications to four in all. Other certification projects are underway.

In addition, National Bank’s head office tower received the highest honour for its environmental performance and management: level 4 BOMA BEST certification from the Building Owners and Managers Association of Canada (BOMA Canada), the Canadian industry standard for commercial building sustainability certification.

Offsetting our emissions

After doing its utmost to measure and reduce its GHGs as much as possible, the Bank proudly achieved carbon neutrality in 2011.

Under an innovative agreement with the Sobeys supermarket chain, the Bank agreed to purchase 15,000 tons of certified carbon credits annually until 2015, which will enable it to fully offset its GHG emissions. The proceeds of the sale of carbon credits will be used to further improve the supermarket chain’s refrigeration systems.

Obtaining carbon neutral certification

The Bank’s commitment to carbon footprint management recently earned it Carbon Care™ certification from Enviro-access. After several years of hard work and a rigorous carbon audit, we became the first-ever recipient of this distinction.

To promote open communications with stakeholders, each year we produce a table showing our SOFT (sourcing, operations, facilities and travel) footprint, which can be consulted on our website.

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

National Bank among the greenest banks in the world

For the third consecutive year, National Bank was named one of the leading banking institutions in the world for its environmental performance, according to the 2014 ranking of the World’s Greenest Banks by internationally renowned Bloomberg Markets magazine. The Bank was notably recognized for its efforts to reduce its environmental impact, and for the scope of the investment banking services it provides to clean energy companies. This nomination is further confirmation of the Bank’s active role in financing renewable energy projects in Canada.
Partnership with the Nature Conservancy of Canada

Since 2012, the Bank has been providing financial support to preserve representative areas of the Green Mountains in Quebec’s Eastern Townships region, which is home to a 6,800-hectare nature reserve with 55 km of hiking trails.

National Bank’s contributions have already helped fund a number of activities geared to promoting and preserving plant life and wildlife as well as improvements to visitor infrastructures.

Managing loan-related environmental risk

For several years, the credit policies of the Bank and some of its subsidiaries have included provisions and controls intended to assess whether clients comply with environmental standards and whether property taken as security is exposed to any environmental risks. These policies set out the procedures for managing environmental risks when granting credit or realizing on assets as well as the measures to accurately assess current and future risks.
ENSURING EFFECTIVE GOVERNANCE

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

Ensuring compliance with the Code of Conduct and Ethics

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

Our Code, which was introduced in 1985 and is regularly reviewed, defines the behaviours expected from our employees, officers and, insofar as the provisions of the Code apply to them, the members of the Board of Directors. Interns, consultants, contract workers, agents and service providers must also read the Code and pledge to follow the provisions applicable to their activities. It allows us to make sure that our standards concerning information confidentiality, conflicts of interest, information security and other aspects related to our activities are followed. The Code was updated in 2014 to reflect changes within the industry and the latest best practices.

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

Adopting leading-edge governance standards

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

www.nbc.ca > About Us > Governance

The Board is meticulous in carrying out its mandate of overseeing the management of the Bank. In the past fiscal year, the Board’s four committees (Audit Committee, Conduct Review and Corporate Governance Committee, Human Resources Committee and Risk Management Committee) addressed a number of issues that fall under their respective purviews, including cyber risk management as well as acquisition opportunities and strategic transactions for the Bank. They also continued to improve our governance practices.
Meeting applicable requirements

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

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

Fostering dialogue

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

For example, in order to encourage this dialogue, the letter to shareholders in the Bank’s Management Proxy Circular sets out the approach the Bank takes in terms of executive compensation. Moreover, the Board once again submitted its executive compensation approach to an advisory vote by shareholders. At the Annual Meeting on April 10, 2014, 95.34% of shareholders voted in favour of the approach proposed by the Bank’s Board of Directors.

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

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

Striving for diversity on the Board

The Board believes that diversity among its members enriches discussion and recognizes the value of increasing the number of women directors. It therefore adopted a statement in 2013 regarding the diversity of the Board of Directors in which it acknowledges the importance of having diversified representation among its directors to better reflect the diversity of the Bank’s clients, employees and shareholders. The statement notably stipulates that the Bank’s Board of Directors must strive for parity between men and women and specifies that, to meet this objective, it aims to have women nominees for half of all directorships that become vacant in the future.

National Bank also responded this year to Catalyst’s call to action for Canadian corporations to increase the overall proportion of board seats held by women. In 2014, the Bank’s exemplary practices in this regard were recognized by Governance Studio in its TSX 60 Gender Diversity Scan report.

The independence of Board members is another prime consideration for the Bank. Of the 15 directors serving on the Board on October 31, 2014, 13 are independent, including the Chairman of the Board and the members of each of the Board’s committees.

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

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

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

Driving our economy forward

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

In 2014, through its subsidiary National Bank Financial, the Bank financed numerous major infrastructure projects, including many promising renewable energy projects. The Bank also issued the first Green Bond to fund a public-private partnership in North America. In this way, the Bank is contributing to the sustained growth of the economy and improving the infrastructures that serve all of society.

National Bank's financial results were solid again this year. In 2014, the Bank remained among the best financial institutions both in Canada and abroad owing primarily to its sound risk management, its reputation and its service quality. Excluding specified items, the highlights of the Bank’s operating results were as follows:

- Net income totalled $1,593 million in 2014, representing diluted earnings per share of $4.48
- Return on common shareholders’ equity was 18.5%
- Total revenues on a taxable equivalent basis reached $5,638 million

Detailed financial information is available on our website, specifically in our 2014 Annual Report.

www.nbc.ca > About Us > Investors > Annual Reports

<table>
<thead>
<tr>
<th>Our economic contribution by the numbers:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>$50 MILLION</strong></td>
<td>invested in our facilities</td>
</tr>
<tr>
<td><strong>$658 MILLION</strong></td>
<td>paid in income and other taxes</td>
</tr>
<tr>
<td><strong>$1 BILLION</strong></td>
<td>spent on goods and services</td>
</tr>
<tr>
<td><strong>$2 BILLION</strong></td>
<td>paid in salaries and employee benefits</td>
</tr>
<tr>
<td><strong>$59 BILLION</strong></td>
<td>granted to finance Canadian businesses</td>
</tr>
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</table>
### Geographic breakdown of employees (as at October 31, 2014)

<table>
<thead>
<tr>
<th>Province</th>
<th>Full-time</th>
<th>Part-time</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Newfoundland and Labrador</td>
<td>—</td>
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<tr>
<td>Prince Edward Island</td>
<td>16</td>
<td>5</td>
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</tr>
<tr>
<td>Nova Scotia</td>
<td>37</td>
<td>0</td>
<td>37</td>
</tr>
<tr>
<td>New Brunswick</td>
<td>188</td>
<td>104</td>
<td>292</td>
</tr>
<tr>
<td>Quebec</td>
<td>12,628</td>
<td>3,105</td>
<td>15,733</td>
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<tr>
<td>Ontario</td>
<td>1,872</td>
<td>300</td>
<td>2,172</td>
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<tr>
<td>Manitoba</td>
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<td>Saskatchewan</td>
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<tr>
<td>British Columbia</td>
<td>310</td>
<td>17</td>
<td>327</td>
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</table>

**Total Canada**

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<tr>
<th></th>
<th>Full-time</th>
<th>Part-time</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>Newfoundland and Labrador</td>
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<td>16</td>
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<tr>
<td>Nova Scotia</td>
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<tr>
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<td>17</td>
<td>327</td>
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**Outside Canada**

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**Total**

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<tr>
<td></td>
<td>15,484</td>
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### Income and other taxes paid or payable in Canada (in thousands of dollars; as at October 31, 2014)

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<th>Income taxes 1</th>
<th>Capital taxes 1</th>
<th>Other taxes 2</th>
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<td>Prince Edward Island</td>
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<td>2,663</td>
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<tr>
<td>Yukon, Northwest Territories and Nunavut</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
</tbody>
</table>

**Total – Provincial**

|                      | 122,527 | 7,025 | 293,504 |

**Total – Federal and Provincial**

|                      | 297,163 | 7,025 | 353,383 |

1 Income taxes and capital taxes: Estimated amounts
2 Other taxes: Amount including employee benefits (employer’s contribution including amounts paid to the Canada Pension Plan, Employment Insurance and provincial health insurance plans), business taxes, property taxes, sales taxes (including GST/HST and estimated provincial sales tax) and deposit insurance premiums.
Debt financing made available to companies in Canada (in thousands of dollars)

In 2014, National Bank approved more than $58 billion in debt financing to businesses across Canada.

<table>
<thead>
<tr>
<th>Province</th>
<th>$0 to $24.9</th>
<th>$25.0 to $99.9</th>
<th>$100.0 to $249.9</th>
<th>$250.0 to $499.9</th>
<th>$500.0 to $999.9</th>
<th>$1,000.0 to $4,999.9</th>
<th>$5,000.0 or more</th>
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</thead>
<tbody>
<tr>
<td>Newfoundland and Labrador</td>
<td>a</td>
<td>b</td>
<td>c</td>
<td>d</td>
<td>d</td>
<td>d</td>
<td>d</td>
<td>—</td>
</tr>
<tr>
<td>Number of clients</td>
<td>a</td>
<td>b</td>
<td>c</td>
<td>d</td>
<td>d</td>
<td>d</td>
<td>d</td>
<td>—</td>
</tr>
<tr>
<td>Prince Edward Island</td>
<td>468.4</td>
<td>1,541.5</td>
<td>c</td>
<td>d</td>
<td>d</td>
<td>d</td>
<td>d</td>
<td>2,009.9</td>
</tr>
<tr>
<td>Number of clients</td>
<td>60</td>
<td>29</td>
<td>c</td>
<td>d</td>
<td>d</td>
<td>d</td>
<td>d</td>
<td>89</td>
</tr>
<tr>
<td>Nova Scotia</td>
<td>141.0</td>
<td>b</td>
<td>4,634.8</td>
<td>d</td>
<td>d</td>
<td>d</td>
<td>d</td>
<td>4,775.7</td>
</tr>
<tr>
<td>Number of clients</td>
<td>17</td>
<td>b</td>
<td>29</td>
<td>d</td>
<td>d</td>
<td>d</td>
<td>d</td>
<td>46</td>
</tr>
<tr>
<td>New Brunswick</td>
<td>8,124.2</td>
<td>23,929.7</td>
<td>41,642.1</td>
<td>59,945.7</td>
<td>87,811.2</td>
<td>244,330.5</td>
<td>940,285.3</td>
<td>1,406,068.7</td>
</tr>
<tr>
<td>Number of clients</td>
<td>925</td>
<td>490</td>
<td>262</td>
<td>172</td>
<td>128</td>
<td>114</td>
<td>38</td>
<td>2,129</td>
</tr>
<tr>
<td>Quebec</td>
<td>291,664.9</td>
<td>669,370.2</td>
<td>1,035,132.8</td>
<td>1,602,727.7</td>
<td>2,450,041.9</td>
<td>7,732,738.1</td>
<td>23,787,194.5</td>
<td>37,568,870.2</td>
</tr>
<tr>
<td>Number of clients</td>
<td>37,513</td>
<td>13,771</td>
<td>6,650</td>
<td>4,517</td>
<td>3,511</td>
<td>3,796</td>
<td>890</td>
<td>70,648</td>
</tr>
<tr>
<td>Ontario</td>
<td>21,846.7</td>
<td>48,056.2</td>
<td>85,805.5</td>
<td>139,710.2</td>
<td>231,737.2</td>
<td>937,051.9</td>
<td>7,398,334.0</td>
<td>8,862,541.7</td>
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<tr>
<td>Number of clients</td>
<td>2,686</td>
<td>979</td>
<td>540</td>
<td>386</td>
<td>331</td>
<td>432</td>
<td>432</td>
<td>5,600</td>
</tr>
<tr>
<td>Manitoba</td>
<td>533.4</td>
<td>1,602.7</td>
<td>4,152.2</td>
<td>7,062.1</td>
<td>22,995.6</td>
<td>88,102.1</td>
<td>694,773.0</td>
<td>819,221.0</td>
</tr>
<tr>
<td>Number of clients</td>
<td>72</td>
<td>38</td>
<td>27</td>
<td>19</td>
<td>33</td>
<td>39</td>
<td>28</td>
<td>256</td>
</tr>
<tr>
<td>Saskatchewan</td>
<td>451.0</td>
<td>1,148.8</td>
<td>3,179.3</td>
<td>7,985.6</td>
<td>16,939.5</td>
<td>92,242.1</td>
<td>591,202.1</td>
<td>713,148.4</td>
</tr>
<tr>
<td>Number of clients</td>
<td>56</td>
<td>23</td>
<td>21</td>
<td>23</td>
<td>23</td>
<td>38</td>
<td>24</td>
<td>208</td>
</tr>
<tr>
<td>Alberta</td>
<td>1,969.6</td>
<td>5,328.6</td>
<td>14,230.8</td>
<td>21,128.2</td>
<td>23,148.9</td>
<td>114,267.9</td>
<td>7,975,175.4</td>
<td>8,155,249.2</td>
</tr>
<tr>
<td>Number of clients</td>
<td>244</td>
<td>112</td>
<td>89</td>
<td>63</td>
<td>33</td>
<td>54</td>
<td>158</td>
<td>753</td>
</tr>
<tr>
<td>British Columbia</td>
<td>858.3</td>
<td>2,597.5</td>
<td>7,941.5</td>
<td>12,156.6</td>
<td>17,473.7</td>
<td>72,136.6</td>
<td>959,999.8</td>
<td>1,073,163.9</td>
</tr>
<tr>
<td>Number of clients</td>
<td>94</td>
<td>62</td>
<td>53</td>
<td>34</td>
<td>26</td>
<td>31</td>
<td>25</td>
<td>325</td>
</tr>
<tr>
<td>Grand total</td>
<td>326,057.4</td>
<td>753,575.2</td>
<td>1,196,718.9</td>
<td>1,850,716.0</td>
<td>2,850,148.1</td>
<td>9,280,869.2</td>
<td>42,346,964.0</td>
<td>58,605,048.8</td>
</tr>
<tr>
<td>Number of clients</td>
<td>41,667</td>
<td>15,504</td>
<td>7,671</td>
<td>5,214</td>
<td>4,085</td>
<td>4,504</td>
<td>1,409</td>
<td>80,054</td>
</tr>
</tbody>
</table>

Note: To preserve client confidentiality, certain figures have been combined as follows:
- The figures for Newfoundland and Labrador have been added to the figures for Prince Edward Island and to that province's total.
- The figures for Newfoundland and Labrador and Nova Scotia have been added to the figures for Prince Edward Island and to that province's total.
- The figures for Newfoundland and Labrador and Prince Edward Island have been added to the figures for Nova Scotia and to that province's total.
- The figures for Newfoundland and Labrador, Prince Edward Island and Nova Scotia have been added to the figures for New Brunswick and to that province's total.

The figures shown have been rounded to one decimal point.
### Branches opened and closed (as at October 31, 2014)

**Branches closed**

<table>
<thead>
<tr>
<th>Quebec</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>4983 rue de Charleroi, Montreal</td>
<td></td>
</tr>
<tr>
<td>3224 boul. Taschereau, Greenfield Park</td>
<td></td>
</tr>
<tr>
<td>350 rue Smith, Sept-Îles</td>
<td></td>
</tr>
</tbody>
</table>

**Branches opened**

<table>
<thead>
<tr>
<th>Quebec</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>5498 boul. Henri-Bourassa Est, Montreal</td>
<td></td>
</tr>
<tr>
<td>3626 boul. Taschereau, Greenfield Park</td>
<td></td>
</tr>
<tr>
<td>805 boul. Laure, Sept-Îles</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>British Columbia</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>101-2121 160th Street, Surrey</td>
<td></td>
</tr>
</tbody>
</table>
**ABMs removed or added** *(as at October 31, 2014)*

**ABMs removed**

**Quebec**
- 6 av. de la Gare, Saint-Sauveur
- 268 boul. René-Lévesque Est, Quebec City
- 1312 boul. Saint-Paul, Chicoutimi
- 5000 boul. des Laurentides, Laval
- 20 boul. du Plateau, Gatineau
- 7 boul. Sainte-Anne, Sainte-Anne-des-Plaines
- 101-259 boul. Saint-Joseph, Gatineau
- 3224 boul. Taschereau, Greenfield Park (3 ABMs)
- 350 rue Smith, Sept-Îles (3 ABMs)
- 4983 rue de Charleroi, Montreal (2 ABMs)

**New Brunswick**
- 330 Archibald Street, Moncton
- 189 Lily Lake Road, Campbellton

**Ontario**
- 150 York Street, Toronto
- 2-18 York Street, Toronto

**ABMs added**

**Quebec**
- 3300 boul. Fréchette, Chambly
- 477 boul. Sainte-Anne, Sainte-Anne-des-Plaines
- 395 av. Sirois, Rimouski
- 305 rue Sherbrooke Ouest, Montreal
- 5255 av. Decelles, Montreal
- 1455 boul. De Maisonneuve Ouest, Montreal
- 5498 boul. Henri-Bourassa Est, Montreal (2 ABMs)
- 4200 chemin de la Savane, Longueuil
- 3626 boul. Taschereau, Greenfield Park (4 ABMs)
- 805 boul. Laure, Sept-Îles (3 ABMs)

**British Columbia**
- 101-2121 160th Street, Surrey

**ABMs installed temporarily**

**Quebec**
- Espace Saint-Hyacinthe – 2730 av. Beauparlant, Saint-Hyacinthe (2 ABMs)
- Uniprix Stadium – 285 rue Faillon Ouest, Montreal (2 ABMs)
- 124 rang Charlotte, Saint-Liboire (2 ABMs)

**Ontario**
- Rexall Centre – York University, 1 Shoreham Drive, Toronto (3 ABMs)

<table>
<thead>
<tr>
<th>Location</th>
<th>Event</th>
<th>Dates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Espace Saint-Hyacinthe</td>
<td>Saint-Hyacinthe agricultural show</td>
<td>January 14 to 16, 2014</td>
</tr>
<tr>
<td>Uniprix Stadium</td>
<td>Rogers Cup – Montreal</td>
<td>August 1 to 12, 2014</td>
</tr>
<tr>
<td>124 rang Charlotte</td>
<td>Expo-Champs farm show</td>
<td>August 26 to 28, 2014</td>
</tr>
<tr>
<td>Rexall Centre</td>
<td>Rogers Cup – Toronto</td>
<td>August 1 to 12, 2014</td>
</tr>
</tbody>
</table>
Subsidiaries* of National Bank (as at October 31, 2014)

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

National Bank Life Insurance Company
– National Bank Insurance Firm Inc.
– National Bank Planning and Benefits Inc.

NBC Alternative Investments Inc.

CABN Investments Inc.

National Bank Direct Brokerage Inc.

FBN Funding, LLC

NBF Securities (USA) Corp.

National Bank Financial Ltd.
– NBF Financial Services Inc.
– NBF Financial Services Ltd.

Innocap Investment Management Inc.

NBCN Inc.

NCEJV, LLC

Natcan Trust Company

National Bank Trust Inc.

National Bank Investments Inc.

National Founders LP

* The term subsidiary denotes an entity of the National Bank group.
This 2014 Social Responsibility Report is published by National Bank of Canada pursuant to the Public Accountability Statements Regulations adopted on March 21, 2002, and as directed by the Financial Consumer Agency of Canada. It complements National Bank’s Annual Report and Management Proxy Circular, and provides an overview of our activities during the year in support of all our stakeholders.

The information presented encompasses relevant activities related to National Bank and its main subsidiaries (listed on page 31) without specific limitations. The Social Responsibility Report is prepared by the Public Affairs team with the contribution of dozens of experts, then reviewed and approved by members of Management in the organization’s many different sectors.

Our reporting is guided by the main Level C indicators of the Global Reporting Initiative’s G3 Guidelines. An index of the indicators used is available on our website (nbc.ca/socialresponsibility). The Bank’s Social Responsibility Report can be found in the Global Reporting Initiative database (database.globalreporting.org).

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

Unless otherwise indicated, the information presented refers to fiscal 2014 (November 1, 2013 to October 31, 2014) and is subsequent to the public accountability statement for fiscal 2013, published in March 2014. None of the information contained in the report was materially changed or restated during 2014.

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

Également disponible en français.

Comments regarding this document may be submitted to our Public Affairs Department by email at pa@nbc.ca or by calling 514-412-2393.

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**Fighting money laundering and terrorist financing**

The methods and techniques used by criminal organizations to launder money and finance terrorist activities have become increasingly sophisticated over the years. Wanting not only to comply with legal and regulatory requirements but also to play an active role in the fight against these crimes, the Bank continues to implement measures to discourage money laundering and terrorist financing.

It has put in place an anti-money laundering/anti-terrorist financing program, policies, procedures, and a continuous training program that covers such requirements as screening individuals and entities with whom the Bank must refuse to do business, identifying clients, record-keeping, our duty of diligence vis-à-vis clients, and reporting obligations.

The Risk Management Committee monitors these procedures on behalf of the Bank’s Board of Directors.
This document is printed on 100% post-consumer recycled paper, processed chlorine free. The inks used for this production contain vegetable oils.
EVERYTHING STARTS WITH AN IDEA

Big or small.
Unexpectedly, it strikes us.
But decidedly, we transform it.
Into a project, a challenge,
an adventure, a source of pride.
Let’s go for it.
Let’s make progress.
Innovate.
Implement.
Empower.