

# Annual Meeting of Shareholders

## April 21, 2023

Notice of Annual Meeting of the Holders of  
Common Shares of National Bank of Canada

Management Proxy Circular



## 3 IMPORTANT DOCUMENTS



### Notice of meeting

Informs you of the matters being submitted to a vote and where, when and how to vote.



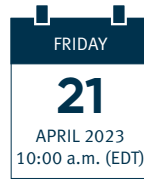
### Management Proxy Circular

Current document that provides information, before you vote, about the matters being submitted to a vote, the experience and competencies of director nominees, the compensation of the director nominees, the compensation of senior management, and the Bank's governance practices.



### Voting form

Unable to attend the annual meeting of shareholders? Vote using the form received by mail or email.



**NOTICE OF ANNUAL MEETING**  
of the holders of common shares  
of National Bank of Canada and  
notice of availability of proxy  
materials

**HYBRID MEETING**



**By live webinar at:**

<https://web.lumiagm.com/459589964>



**In person at:**

National Bank of Canada  
600 De La Gauchetière Street West,  
4<sup>th</sup> floor  
Montreal, Quebec, Canada

Join us at the annual meeting of the holders of common shares of National Bank of Canada to vote on the following matters:

**AGENDA**

For more information,  
please see:

<b>1</b>	To receive the consolidated financial statements for the fiscal year ended October 31, 2022, and the independent auditor's report thereon	<a href="#">Section 1 of the Circular and the 2022 Annual Report</a>
<b>2</b>	To elect the directors	<a href="#">Section 1 of the Circular</a>
<b>3</b>	To consider an advisory resolution to accept the approach taken by the Board of directors of National Bank of Canada (the "Bank") with respect to executive compensation	<a href="#">Section 1 of the Circular</a>
<b>4</b>	To appoint Deloitte LLP as independent auditor	<a href="#">Section 1 of the Circular</a>
<b>5</b>	To examine a shareholder proposal	<a href="#">Sections 1 and 7 of the Circular</a>
<b>6</b>	To examine any other matter that may be duly brought before the meeting	<a href="#">Section 1 of the Circular</a>

**Vote now!**  
It's simple.



It is very important to read the Circular carefully before voting.

Consult the Circular at:  
[nbc.ca/investors](http://nbc.ca/investors) or [sedar.com](http://sedar.com)

## Notice-and-access procedures

In accordance with securities regulations and the authorization of the Office of the Superintendent of Financial Institutions of Canada, we have elected to follow notice-and-access procedures for the delivery of the Circular.

The notice-and-access procedures provide a quicker access to the Circular while contributing to environmental protection by reducing tree, water, and energy consumption. We are proud to take this step to help protect the environment. As a result, you will not receive the Circular by mail unless you request it.

### How to vote

Registered holders and beneficial owners holding shares on the record date, i.e., on February 22, 2023 at 5:00 p.m. (EST), are entitled to receive a notice of meeting and to cast one vote per share held, at the time of the meeting, subject to the restrictions set out in the Bank Act (Canada).

You are a **registered holder** when your shares are held directly in your name with Computershare Trust Company of Canada (Computershare), our transfer agent.

You are a **beneficial owner** when your shares are held through an intermediary such as a securities broker, trustee or financial institution.

In order for you to exercise the voting rights attached to your common shares, you will receive by mail or email, a form of proxy or voting instructions form in addition to this notice of meeting.

For more information on how to vote, refer to [Section 1](#) of the Circular.

#### REGISTERED HOLDER



#### **VOTE** via the form of proxy

You must follow the instructions on your form of proxy and return it using one of the following methods:



To be valid, your form of proxy must be received by Computershare no later than **5:00 p.m. (EDT) on Wednesday, April 19, 2023.**

#### BENEFICIAL OWNER



#### **VOTE** via the voting instructions form

You must follow the instructions on your form of proxy and return it using one of the following methods:



Your intermediary must receive your instructions no later than **5:00 p.m. (EDT) on April 18, 2023**, for your vote to be processed before 5:00 p.m. (EDT) on Wednesday, April 19, 2023. Please refer to the instructions on your voting instructions form.

If you prefer to exercise your voting rights during the meeting or to appoint a proxyholder to represent you at the meeting and exercise your voting rights there, please refer to your form of proxy or your voting instructions form as well as to [Section 1](#) of the Circular.

## Common shares outstanding on the record date

On the reference date for the meeting, i.e., February 22, 2023, there were **337,272,205** common shares of the Bank outstanding and conferring voting rights at the meeting, subject to the restrictions set out in the Bank Act (Canada).

## How to obtain a printed copy of the Circular

To receive a free printed copy of the Circular before the meeting or in the year after the date the Circular was filed, you may submit a request using the procedure below:

REGISTERED HOLDER		BENEFICIAL OWNER
Before the meeting, call:  <b>1-866-962-0498</b> (toll-free in Canada and the United States) or 1-514-982-8716 (other countries)	After the meeting, call:  <b>1-866-964-0492</b> (toll-free in Canada and the United States) or 1-514-982-8714 (other countries)	Call <b>1-877-907-7643</b> (toll-free in Canada and the United States)  or go to <a href="https://proxyvote.com">proxyvote.com</a> and enter the 16-digit control number shown on your voting instructions form.
Enter the 15-digit control number indicated on your form of proxy.		

If you request the Circular before the date of the meeting, it will be sent to you within three business days. To receive the Circular before the voting deadline and the date of the meeting, we estimate that your request must be received no later than 5:00 p.m. (EDT) on Monday, April 10, 2023.

If you request it on the date of the meeting or in the year following the filing of the Circular, it will be sent to you within ten calendar days of receiving your request.

## Who to contact for questions or assistance with voting

If you have any questions regarding this notice, the notice-and-access procedures or the meeting, or if you require assistance with voting, you may contact TMX Investor Solutions Inc., a proxy solicitation firm mandated by the Bank, at **1-800-622-1603** (toll-free in Canada and the United States) or 1-800-217-0538 (toll-free in other countries), or by email at: [INFO\\_TMIXIS@TMX.com](mailto:INFO_TMIXIS@TMX.com).

## How to participate in the meeting

Please refer to [Section 1](#) of the Circular and the code of procedure at [nbc.ca/investors](https://nbc.ca/investors) for more details, as well as the most recent information on how to attend the meeting.

**Shareholders will be able to register and connect to the live webcast beginning at 9:00 a.m. (EDT) on April 21, 2023. We recommend that you register in advance so that the meeting can begin promptly at 10:00 a.m. (EDT).**

By order of the Board of directors,  
Senior Vice-President, Legal Affairs and Corporate Secretary,



**Dominic Paradis**

Montreal, February 22, 2023

# THE BOARD'S PRIORITIES FOR 2023

**The Board of director's primary responsibility is to ensure the Bank's sustainability and ability to create long-term value for all stakeholders**

**Here are the Board's most important priorities for 2023:**

- › Continue to oversee the Bank's three-year strategic plan as well as the Bank's major projects in a context of economic uncertainty
- › Oversee the digital transformation and technology investments
- › Ensure the effectiveness of cybersecurity and of data privacy programs and practices
- › Oversee the implementation of our guiding principles and priorities related to environmental, social and governance (ESG) matters, including our climate commitments
- › Oversee the Bank's workforce strategy, including talent management, the evolution of work organization and the transition to the Bank's new head office.

# OUR ONE MISSION

We exist to have a **POSITIVE IMPACT** in people's lives.

By building **long-term relationships** with our clients, employees and communities.

## People first.

### Why do we need a One Mission?

Our One Mission is aligned with our continued efforts to drive social and economic development.

In response to changing trends in the banking industry, we've adopted a people first approach that will help us achieve our objectives and boost our collaboration with stakeholders.

### How is our One Mission put into practice?

- › Through the experiences we want to deliver to our clients, our employees and the communities we serve.
- › Through behaviours that reflect our values: partnership, empowerment and agility.
- › Through the way employees work together to boost client satisfaction, employee engagement and community involvement.
- › Through the initiatives we prioritize to have a positive impact.

Montreal, February 22, 2023



**Jean Houde**  
Chair of the  
Board of directors

Dear shareholder,

We cordially invite you to join the members of the Board of directors and the Executive Officers for the annual meeting of shareholders of the Bank that will be held in a hybrid format this year. To allow all our shareholders to participate, we are offering the option to attend the meeting virtually or in person.

### **Your meeting**

This meeting is an opportunity for us to inform you about our achievements, our current initiatives and how we intend to ensure our future success as well as to hear your opinions and answer your questions. At the same time, the meeting is an opportunity for you to participate in the governance of your organization and to vote on matters that are important to you.



**Laurent Ferreira**  
President and  
Chief Executive  
Officer

### **Strong performance in uncertain market conditions**

We can be proud of the Bank's sustained financial performance in 2022, as we navigated through a climate of uncertainty and a challenging economic and operational environment. This solid performance is based on our three key pillars: our culture encouraging us to be agile, entrepreneurial and collaborative; our leadership in Quebec and our strategic positioning focused on the national market, as well as our international presence ensuring the diversification of our revenue sources; and finally, our disciplined and balanced approach to managing our capital, costs and risks. Once again, we can be proud of the dedication and talent of our employees, our valued relationships with our clients and our continued focus on value creation.

In 2023, the Board will continue its activities related to the three-year strategic plan and technology investments, prioritizing our human impact objective and focusing on our practices related to environment, social and governance (ESG) matters, privacy, talent management and the transition to our new corporate headquarters. We will also continue to focus on markets outside Quebec and sectors with a high potential for growth.



## **Our ESG commitments**

We are proud to have continued to prioritize our ESG strategy, particularly in managing the impacts of our climate change activities and proactively creating opportunities for our clients to contribute to a sustainable economy with us. It is critical for us to continue to implement our action plan for carbon neutrality by 2050 and to strengthen our support to our clients during this environmental transition.

The Board is committed to adopting exemplary governance practices. The composition of our Board is a key aspect of governance, and we are proud to have a strong and competent team. We are pleased to announce that Annick Guérard and Pierre Pomerleau will be new candidates for election at the meeting. We would like to thank Andrée Savoie and Pierre Thabet for their commitment and contribution as they will not be seeking re-election as directors. Finally, after 12 years as director, including 9 years as Chair of the Board, I will not be soliciting the renewal of my mandate as director and will be leaving the Bank's Board after this meeting. It has been an honour to serve on this Board and to chair it for all these years, and I am very proud of what we have accomplished together. It is now my great pleasure to announce that following this meeting, Robert Paré will succeed me as the Bank's Chair of the Board, subject to re-election. Robert Paré, who has been a member of this Board for since 2018 and who is recognized for his extensive experience and leadership qualities, will competently take over the role previously conferred on me.

## **People first**

In 2022, the Bank maintained its status as an employer of choice. We have remained committed to our mission of putting "People first", and this includes our employees, our clients and the communities we serve. Our human and entrepreneurial culture thus continues to be central to the Bank's success.

With a strong balance sheet, strategic priorities and a highly talented team, we look forward to 2023 with confidence.

Cordially,



**Jean Houde**  
Chair of the Board of directors



**Laurent Ferreira**  
President and Chief Executive Officer

## Caution Regarding Forward-Looking Statements

Certain statements made in this report are forward-looking statements. All such statements are made in accordance with applicable securities legislation in Canada and the United States. Forward-looking statements in this document may include, among other things, statements with respect to the Bank's strategies, objectives, outlook, priorities, commitments and targets for fiscal years 2023 and beyond, particularly as to sustainability, climate, inclusion and diversity, including its interim financed emissions-reduction targets and the pursuit of its commitments to the Net-Zero Banking Alliance and the Partnership for Carbon Accounting Financials and the steps it will take to achieve them, the regulatory framework in which it operates and some of the risks the Bank faces. These forward-looking statements are typically identified by verbs or words such as "outlook", "believe", "foresee", "forecast", "anticipate", "estimate", "project", "expect", "intend" and "plan", in their future or conditional forms, notably verbs such as "will", "may", "should", "could" or "would" as well as similar terms and expressions. Such forward-looking statements are made for the purpose of assisting the holders of the Bank's securities in understanding the Bank's vision, strategy, objectives and priorities, including those related to our environmental, social and governance progress to date and may not be appropriate for other purposes.

Our ability to achieve our objectives, priorities and targets, including environmental, social and governance progress, is based on a number of assumptions, which are subject to certain factors, many of which are beyond the control of the Bank and whose effects are difficult to predict, including, among other things, general economic conditions in Canada, the United States and certain other countries where the Bank carries out activities; the development of regulatory requirements relating to the environmental, social and governance field, the transition to a low-carbon economy and the Bank's ability to meet the expectations of its stakeholders regarding environmental and social issues; the availability of comprehensive, high-quality greenhouse gas emissions and other third-party data; the Bank's ability to develop indicators to effectively track our progress; the development and deployment of new technologies and sustainable products; the Bank's ability to identify climate-related opportunities and to assess and manage climate-related risks, material changes in consumer behaviour; housing conditions, the Bank's ability to attract and retain key resources; and the possible impact of major events on the local and international economy, including international conflicts, natural disasters and public health emergencies such as the COVID-19 pandemic, the evolution of which is difficult to predict and which could continue to have implications for the Bank.

There is a strong possibility that the Bank's express or implied predictions, forecasts, projections, expectations or conclusions will not prove to be accurate, that its assumptions may not be confirmed and that its vision, strategic objectives and financial performance targets will not be achieved. The Bank recommends that readers not place undue reliance on forward-looking statements, as a number of factors could cause actual results to differ significantly from the expectations, estimates or intentions expressed in these forward-looking statements. These risk factors include credit risk, market risk, liquidity and funding risk, operational risk, regulatory compliance risk, reputation risk, strategic risk, environmental and social risk and certain so-called emerging risks or risks deemed significant, all of which are described in greater detail in the "Risk Management" section beginning on page 65 of the [2022 Annual Report](#).

The foregoing list of risk factors is not exhaustive. Additional information about these risk factors is provided in the "Risk Management" section of the [2022 Annual Report](#) and may be updated in the quarterly shareholders' report subsequently published. Investors and others who rely on the Bank's forward-looking statements should carefully consider the aforementioned factors as well as the uncertainties they represent and the risk they entail. Except as required by legislation, 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 Bank cautions investors that such forward-looking statements are not guarantees of future performance and that actual events or results may differ materially from these statements due to a number of factors.

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The information contained in the various documents, policies or reports published by the Bank or available on the Bank's website and referred to in this document is not and should not be considered to be incorporated by reference in the Circular, unless expressly stated otherwise.

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## Glossary

**AC:** Audit Committee of the Board

**Board:** Board of directors of the Bank

**CRCGC:** Conduct Review and Corporate Governance Committee of the Board

**ESG:** Environmental, Social and Governance

**ESG Report:** Report on Environmental, Social and Governance Advances

**Executive Officers:** means the President and Chief Executive Officer and all executive vice-presidents (Senior Leadership Team)

**HRC:** Human Resources Committee of the Board

**Other Executive Officers:** means all Executive Officers except for the President and Chief Executive Officer

**RMC:** Risk Management Committee of the Board

**TC:** Technology Committee of the Board

**TCFD Report:** Report on the Task Force on Climate-related Financial Disclosures Advances

**The information provided in this Management Proxy Circular is as at February 22, 2023. All amounts are expressed in Canadian dollars unless otherwise indicated.**

Unless otherwise indicated, the words “NBC”, “Bank”, “we”, “us” and “our” refer to National Bank of Canada, the word “shares” refers to the common shares of the Bank and the words “shareholder”, “you” and “your” refer to a holder of common shares.

# 1.

# Agenda and Voting Information

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## References

Our Majority Voting Policy is available under the “Board of directors” page accessible on [nbc.ca/governance](http://nbc.ca/governance).

Our 2022 Annual Information Form is available on [nbc.ca/investors](http://nbc.ca/investors).

## Definitions

**Beneficial owner:** You are a beneficial owner (non-registered shareholder) when your shares are held through an intermediary such as a securities broker, trustee or financial institution. You have received a voting instructions form from your intermediary.

**Computershare:** Computershare Trust Company of Canada

**Deloitte:** Deloitte LLP

**Registered holder:** You are a registered holder (registered shareholder) when your shares are held directly in your name with Computershare, our transfer agent. You have received a form of proxy.

## AGENDA

### Receive the consolidated financial statements and the independent auditor's report

Our consolidated financial statements for the fiscal year ended October 31, 2022 and the independent auditor's report thereon are an integral part of our 2022 Annual Report, which is available on [nbc.ca/investors](http://nbc.ca/investors) and [sedar.com](http://sedar.com).

### Election of directors

You are called upon to elect 14 nominees for the position of director. Jean Houde, Andrée Savoie and Pierre Thabet will not be seeking re-election as directors. All other nominees are currently directors of the Bank, for the exception of Annick Guérard and Pierre Pomerleau. [Section 2](#) of the Circular provides a summary of the professional experience of each director nominee.

Each director elected at the meeting will hold office until his or her resignation, until the election or appointment of his or her replacement, or until the close of the next annual meeting of shareholders.

The election of directors will be conducted in accordance with our [Majority Voting Policy](#). For more information, refer to [page 72](#) in [Section 5](#).

**The Board recommends  
voting FOR each of the  
nominees**

### Advisory vote on the Board's approach to executive compensation

As part of an ongoing dialogue between shareholders and the Board, you are being asked to vote on the advisory resolution regarding the Board's approach to executive compensation.

The Board, assisted by its Human Resources Committee, is responsible for setting the objectives and establishing the principles underlying the approach to executive compensation. The Board's objective is to provide shareholders with clear explanations on the key components of executive compensation and on how its approach supports the Bank's strategic objectives.

By putting its executive compensation approach to an advisory vote, the Board is demonstrating its commitment to the shareholders while recognizing its responsibility for executive compensation decisions. The Board considers it crucial for shareholders to be well-informed and to fully understand the principles on which its compensation decisions are based.

**Last year, 96.24% of the votes cast were in favour of our approach to executive compensation and, over the past five years, our approach has always received the approval of at least 92.76% of the votes cast.**

**The resolution to be submitted to a vote is as follows:**

“It is resolved, on an advisory basis and not to diminish the roles and responsibilities of the Board of directors of the Bank, that the holders of common shares accept the approach to executive compensation disclosed in National Bank of Canada’s Management Proxy Circular delivered in advance of the annual meeting of the holders of common shares to be held in 2023.”

The above advisory resolution on which shareholders are asked to vote is not binding on the Board. However, the Board will consider the results of the vote when reviewing its approach to executive compensation.

For more information about the Board’s approach to executive compensation, refer to [Section 6](#) of the Circular.

Shareholders who have concerns or questions about the Board’s approach to executive compensation may contact the Board by email at [boardofdirectors@nbc.ca](mailto:boardofdirectors@nbc.ca) or by mail c/o: the Senior Vice-President, Legal Affairs and Corporate Secretary, National Bank of Canada, 600 De La Gauchetière Street West, 4<sup>th</sup> floor, Montreal, Quebec, Canada H3B 4L2.

**The Human Resources Committee and the Board  
recommend voting FOR the advisory resolution on the  
Board’s approach to executive compensation**

**Appointment of the independent auditor**

We ask you to vote on the appointment of the independent auditor. During fiscal 2022, the Audit Committee conducted its annual assessment of the performance and service quality of professional chartered accounting firm Deloitte, in its capacity as independent auditor of the Bank. This assessment was based, among other factors, on the audit plan submitted, the risk areas identified, the nature of the work done by Deloitte and the reports presented to the Audit Committee.

Given the satisfactory results of this assessment, the Audit Committee and the Board believe that Deloitte is the best choice in the interests of the Bank and its shareholders.

Deloitte has been one of the Bank’s audit firms since 1993 and became the Bank’s sole independent auditor in 2003.

For more information, refer to the “Guidelines for the Management of Services Provided by the Independent Auditor” section of the [2022 Annual Information Form](#).

## Independent auditor fees

Each year, the Audit Committee recommends to the Board that it approve the fees to be paid to the independent auditor and the budget 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:

	2022 (\$)	2021 (\$)
Audit fees <sup>(1)</sup>	5,700,000	5,200,000
Fees for audit related services <sup>(2)</sup>	4,170,087	2,951,300
<b>Subtotal</b>	<b>9,870,087</b>	<b>8,151,300</b>
Fees for taxation services <sup>(3)</sup>	295,579	469,189
Other fees <sup>(4)</sup>	759,241	575,556
<b>Total</b>	<b>10,924,907</b>	<b>9,196,045</b>

- (1) 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.
- (2) Fees for audit-related services include fees for comfort letters, statutory audits, certification services, consents, 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.
- (3) Taxation service fees include fees for assistance in tax planning, during restructurings and when taking a tax position, as well as fees for the preparation and review of income and other tax returns and tax opinions.
- (4) Other fees include fees for project-related advisory services, for risk management services and for statutory or regulatory compliance services.

**The Audit Committee and the Board recommend voting FOR the appointment of Deloitte as independent auditor of the Bank for the fiscal year beginning November 1, 2022 and ending October 31, 2023.**

## Shareholder proposals

This year, we have received, within the prescribed time limits, proposals from two shareholders, only one of which is submitted to shareholder vote. For full details on these proposals, refer to Section 7.

**The Board recommends voting AGAINST the proposal submitted to shareholder vote.**

The resolution regarding the election of administrators and appointment of the independent auditor must be adopted by a majority of the votes cast by the shareholders present or represented by proxy and entitled to vote at the meeting. For more information about our [Majority Voting Policy](#), refer to [page 72](#) in Section 5.

## DELIVERY OF MEETING DOCUMENTS

### Notice-and-access procedures

In compliance with securities regulations and with the authorization of the Office of the Superintendent of Financial Institutions of Canada, we have chosen to adhere to the notice-and-access procedures applicable to delivery of the Circular issued by the Bank's management for the purposes indicated in the notice of meeting, for use at the hybrid meeting.

If you are a registered holder or beneficial owner of common shares of the Bank as of February 22, 2023 at 5:00 p.m. (EST), you will receive a notice explaining how to access this Circular online instead of receiving it by mail.

You will still receive by mail the notice of meeting, as well as a form of proxy or voting instructions form allowing you to exercise the voting rights attached to your shares. This notice of meeting will explain how to view the Circular online and how to obtain a printed copy.

### NOTICE-AND-ACCESS PROCEDURES

 **FASTER**

 **GREENER**

 **ECONOMICAL**

You can consult this Circular electronically by visiting [nbc.ca/investors](http://nbc.ca/investors) or [sedar.com](http://sedar.com)





### Who can answer questions about the notice-and-access procedures?

If you have any questions about the meeting or the notice-and-access procedures, you may contact TMX Investor Solutions Inc., a proxy solicitation firm mandated by the Bank, at 1-800-622-1603 (toll-free in Canada and the United States) or 1-800-217-0538 (toll-free in other countries), or by email at: [INFO\\_TMXIS@TMX.com](mailto:INFO_TMXIS@TMX.com).



## How to obtain a printed copy of the Circular

To receive a free printed copy of the Circular before the meeting or in the year after the date the Circular was filed, you may submit a request using the procedure below:

<b>REGISTERED HOLDER</b> (registered shareholder)	<b>BENEFICIAL OWNER</b> (non-registered shareholder)
<div data-bbox="150 331 217 395"></div> <div data-bbox="372 331 440 395"></div> <p data-bbox="82 411 284 545">Before the meeting, call <b>1-866-962-0498</b> (toll-free in Canada and the United States) or 1-514-982-8716 (other countries)</p> <p data-bbox="305 411 507 545">After the meeting, call <b>1-866-964-0492</b> (toll-free in Canada and the United States) or 1-514-982-8714 (other countries)</p> <p data-bbox="103 630 486 673">Enter the 15-digit control number indicated on your form of proxy when required.</p>	<div data-bbox="725 331 792 395"></div> <p data-bbox="569 411 947 497">At any time, call <b>1-877-907-7643</b> (toll-free in Canada and the United States) or</p> <p data-bbox="585 513 932 582">Go to <a href="https://proxyvote.com">proxyvote.com</a> and enter the 16-digit control number shown on your voting instructions form.</p> <div data-bbox="720 593 797 651"></div>

## How to sign up for e-delivery

We also encourage you to use electronic delivery (e-delivery) to receive the Bank's other continuous disclosure documents, including annual and interim reports. You will be notified via email when a new document is made available, at which time it can be consulted or downloaded through [nbc.ca/investors](https://nbc.ca/investors).

<b>REGISTERED HOLDER</b> (registered shareholder)	<b>BENEFICIAL OWNER</b> (non-registered shareholder)
<p data-bbox="82 976 357 1021">By following the instructions on <a href="https://computershare.com/ca-en">computershare.com/ca-en</a></p>	<p data-bbox="424 976 979 1045">Via <a href="https://proxyvote.com">proxyvote.com</a> using the control number appearing on their voting instructions form or, after the meeting, by obtaining a unique registration number from the intermediary.</p>



By signing up for e-delivery, you will receive your documents faster and help protect the environment by reducing tree, water, and energy consumption.



The electronic Circular offers you a user-friendly consultation as well as a quick and easy access to a breadth of information thanks to its many hyperlinks.

## How to access documents online

The documents relating to the meeting can be found on [nbc.ca/investors](https://nbc.ca/investors) and [sedar.com](https://sedar.com).

## INFORMATION RELATING TO THE MEETING

### How to attend the meeting

The meeting will be held on Friday, April 21, 2023 at 10:00 a.m. (EDT) and will take place in a hybrid format. Therefore, you are invited to attend in person by going to **600 De La Gauchetière Street West, 4<sup>th</sup> floor, Montreal, Quebec, Canada** or by live webcast accessible directly online as of 9:00 a.m. (EDT) at <https://web.lumiagm.com/459589964>, as well as for any reconvening of the meeting in case of an adjournment. You can take part, vote and ask or submit your questions during the meeting.

Refer to the code of procedure of the meeting available on [nbc.ca/investors](http://nbc.ca/investors) to obtain more information on how to attend the meeting in person or online and on how to ask or submit questions before and during the meeting.

A recording of the meeting will be available for viewing on [nbc.ca/investors](http://nbc.ca/investors) until the next annual meeting.

If you opt for in-person attendance at the meeting, we invite you to visit [nbc.ca/investors](http://nbc.ca/investors) to obtain further details on how to attend.

## VOTING INFORMATION

### Who can vote

If you held shares of the Bank on February 22, 2023 at 5:00 p.m. (EST), you are entitled to receive the notice of meeting and to vote at the meeting. Each of your shares entitle you to cast one vote on each item listed in the notice of meeting.

You may exercise your voting rights before or during the meeting. The modalities of your voting rights depend on whether you are a registered holder or a beneficial owner. On February 22, 2023, there were **337,272,205** shares of the Bank outstanding and conferring voting rights at the meeting.

### Who is not entitled to vote

However, except for certain exceptions under the Bank Act (Canada), it is prohibited to exercise voting rights attached to common shares of the Bank that are beneficially owned by:

- › the Government of Canada or a province;
- › the government of a foreign country or of any political subdivision of a foreign country;
- › an agency of any of these entities;
- › a person who has acquired more than 10% of a class of Bank shares without the approval of the Minister of Finance (Canada);
- › a person who holds a significant interest in a class of shares of another widely held bank or bank holding corporation with equity of \$12 billion or more; or
- › a person, either alone or in conjunction with any entity controlled by that person, if the person's shareholdings entitle the person to vote on a particular matter within a vote of shareholders and those shares in the aggregate entitle the person to more than 20% of the eligible votes.

As of February 22, 2023, management and the Board are not aware of any person who owns or exercises control or direction over more than 10% of the outstanding shares.

## How to vote

You can vote in three ways: by proxy before the meeting, in person at the meeting or online at the meeting.

### REGISTERED HOLDER (registered shareholder)

#### Vote by form of proxy before the meeting

If you wish to exercise your voting rights before the meeting is held, you may give your instructions using one of the following methods:



Go to [www.investorvote.com](http://www.investorvote.com) and enter your 15-digit control number listed on your form of proxy



Send your form of proxy duly completed, signed and dated on the back, by fax to **1-866-249-7775** (toll-free in Canada and the United States) or **1-416-263-9524** (other countries)

or



Using the envelope provided, send the duly completed, signed and dated on the back, form of proxy by mail to **100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario, Canada M5J 2Y1**.

#### Vote in person at the meeting

If you would like to exercise your voting rights during the meeting, please register with Computershare when you arrive at **600 De La Gauchetière Street West, 4<sup>th</sup> floor, Montreal, Quebec, Canada**.

### BENEFICIAL OWNER (non-registered shareholder)

#### Vote by voting instructions form before the meeting

If you wish to exercise your voting rights before the meeting is held, you may give your instructions using one of the following methods:



Go to [www.proxyvote.com](http://www.proxyvote.com) and enter the 16-digit control number shown on your voting instructions form



Call **1-800-474-7501** (French) or **1-800-474-7493** (English)

or



Using the envelope provided, send the duly completed, signed and dated on the back, voting instructions form by mail.

#### Vote in person at the meeting

If you would like to exercise your voting rights during the meeting, please follow the steps below:

1. Identify yourself as a proxyholder by entering your name in the space provided on the voting instructions form you received by mail or email, as applicable.

Note: Do not otherwise complete the section of the form on voting rights, as your vote will be taken during the meeting.

2. Return the form according to the instructions provided thereon no later than 5:00 p.m. (EDT) on April 18, 2023, in order for your form to be processed before 5:00 p.m. (EDT) on April 19, 2023.

## 1. Agenda and Voting Information

**REGISTERED HOLDER**  
(registered shareholder)**Vote online during the meeting**

The link will become accessible one hour before the meeting.

Note: Make sure to have on hand your 15-digit control number, which can be found on the form of proxy that you received by mail or email.

1. Go to:  
<https://web.lumiagm.com/459589964>
2. Click on “Login” and enter your 15-digit control number as a user and the following password: “bnc2023” (case-sensitive)

**BENEFICIAL OWNER**  
(non-registered shareholder)**Vote online during the meeting**

If you would like to exercise your voting rights online during the meeting, you will need to follow these steps:

1. Identify yourself as a proxyholder by entering your name in the space provided on the voting instructions form you received by mail or email, as applicable.

Note: Do not otherwise complete the section of the form on voting rights, as your vote will be taken during the meeting.

2. Return the voting instructions form according to the instructions provided thereon no later than 5:00 p.m. (EDT) on April 18, 2023, in order for your form to be processed before 5:00 p.m. (EDT) on April 19, 2023.
3. Register as a proxyholder with Computershare by going to <http://www.computershare.com/nationalbank> no later than 5:00 p.m. (EDT) on April 19, 2023.

**Note: If you omit any of these steps, you will not receive the information you need to vote at the meeting.**

4. Computershare will send you a new control number by email that will allow you to vote online.

**On the day of the meeting, the link will become accessible one hour before the meeting.**

Note: Make sure to have on hand the control number received by email from Computershare.

1. Go to:  
<https://web.lumiagm.com/459589964>
2. Click on “Login” and enter your control number received from Computershare as a user and the following password: “bnc2023” (case-sensitive)

## How to appoint a proxyholder

You may appoint a proxyholder to represent you at the meeting and to exercise your voting rights there.

The proxyholders already designated in the form of proxy or voting instructions form are directors of the Bank. If you wish to appoint as your proxyholder a person other than those whose names are printed on the form of proxy or voting instructions form, you may do so by striking out the names appearing thereon and inserting such other person's name in the blank space provided.

If the registered holder or beneficial owner is a business corporation or a corporate entity, the form of proxy or voting instructions form must be signed by a duly authorized officer or agent of said registered holder or beneficial owner. Your proxyholder need not be a holder of common shares of the Bank.

Securities brokers and other intermediaries and their duly authorized agents are however prohibited from exercising the voting rights attached to your shares on your behalf unless you specifically instruct them to do so.

In order to appoint a proxyholder, please follow the instructions below:

<b>REGISTERED HOLDER</b> (registered shareholder)	<b>BENEFICIAL OWNER</b> (non-registered shareholder)
<p><b>Vote in person at the meeting</b></p> <ol style="list-style-type: none"><li>1. Identify your proxyholder by entering his or her name in the section provided on the form of proxy you received by mail or email.</li><li>2. Return your form of proxy no later than 5:00 p.m. (EDT) on April 18, 2023, using one of the methods indicated in Option 1 on page 13 (by web, fax or mail).</li></ol>	<p><b>Vote in person at the meeting</b></p> <ol style="list-style-type: none"><li>1. Identify your proxyholder by entering his or her name in the section provided on the voting instructions form you received by mail or email.</li><li>2. Return the voting instructions form according to the instructions provided thereon no later than 5:00 p.m. (EDT) on April 18, 2023, in order for it to be processed before 5:00 p.m. (EDT) on April 19, 2023.</li></ol>
<p><b>Vote online at the meeting</b></p> <p>If your proxyholder wishes to vote online, in addition to the first two steps:</p> <ol style="list-style-type: none"><li>3. Register your proxyholder by going to <a href="http://www.computershare.com/nationalbank">http://www.computershare.com/nationalbank</a> no later than 5:00 p.m. (EDT) on April 19, 2023.</li><li>4. Computershare will send your proxyholder a new control number by email that will allow him or her to represent you and vote online.</li></ol>	<p><b>Vote online at the meeting</b></p> <p>If your proxyholder wishes to vote online, in addition to the first two steps:</p> <ol style="list-style-type: none"><li>3. Register your proxyholder with Computershare by going to <a href="http://www.computershare.com/nationalbank">http://www.computershare.com/nationalbank</a> no later than 5:00 p.m. (EDT) on April 19, 2023.</li><li>4. Computershare will send your proxyholder a new control number by email that will allow him or her to represent you and vote online.</li></ol>

**Whether you are a registered holder or a beneficial owner, if you omit any of these steps, your proxyholder will not receive the information needed to represent you and vote at the meeting.**

## How your proxyholder will exercise the voting rights attached to your shares

The proxyholder will act in accordance with the instructions that you have carefully specified in the form of proxy or voting instructions form.

If no voting instructions are given, the directors of the Bank previously designated as proxyholders on the form of proxy or voting instructions form will exercise the voting rights attached to your shares as follows:

Matters set out in the notice of meeting	Vote
Election of each of the director nominees	<b>FOR</b>
Board's approach to executive compensation	<b>FOR</b>
Appointment of Deloitte as independent auditor	<b>FOR</b>
Proposal submitted by a shareholder and reproduced in <a href="#">Section 7</a> of the Circular	<b>AGAINST</b>

If no instructions are given, any other proxyholder will have discretionary authority when exercising the voting rights attached to your shares concerning these matters.

## What happens if there is a change to the agenda

Your proxyholder has discretionary authority with respect to any amendments or changes proposed at the meeting to the matters set out in the notice of meeting and with respect to any other business that may properly come before the meeting. However, they may vote only on the appointment of an independent auditor or the election of a director whose appointment or election is proposed in the form of proxy, the voting instructions form or the Circular.

On the date of the Circular, we are not aware of any amendment or other matter that will be duly presented at the meeting.

## How to revoke a proxy

If you change your mind, you may revoke your proxy or voting instructions as follows:

<b>REGISTERED HOLDER</b> (registered shareholder)	<b>BENEFICIAL OWNER</b> (non-registered shareholder)
<ul style="list-style-type: none"><li>› By delivering a written notice to this effect, signed by you or by your duly authorized agent, to c/o: Senior Vice-President, Legal Affairs and Corporate Secretary, the contact information for which is provided in <a href="#">Section 8</a> of the Circular, no later than the last business day preceding the date of the meeting or prior to any reconvening thereof in case of an adjournment; or</li><li>› by voting again virtually on the day of the meeting or, if adjourned, any reconvening thereof; or</li><li>› by completing, signing and returning to Computershare, in the manner set out on the form of proxy, a new form of proxy bearing a later date than the form already returned.</li></ul>	<ul style="list-style-type: none"><li>› By following the procedure specified by your securities broker.</li></ul>

## How the Bank solicits proxies

Proxies will be solicited by regular or electronic mail, by telephone or in person. Proxies will be solicited by employees, officers or directors of the Bank or by representatives of TMX Investor Solutions Inc. The Bank estimates that it will pay approximately \$33,000 in fees to TMX Investor Solutions Inc. for such services.

Certain beneficial owners may be contacted by TMX Investor Solutions Inc. and receive assistance to conveniently exercise their voting rights directly by telephone using the QuickVote™ service of Broadridge Investor Communications Corporation.

## How the Bank ensures voting confidentiality

To protect the confidential nature of voting, the votes exercised by registered holders are received and compiled for the meeting by Computershare, the Bank's registrar and transfer agent, while the votes cast by beneficial owners are compiled and submitted by intermediaries to Computershare. Computershare submits a copy of a form of proxy to the Bank only when a shareholder clearly wishes to express a personal opinion to management or when necessary to comply with legal requirements.

## Where to consult the voting results

Following the meeting, the Bank will promptly issue a press release on the voting results. You will be able to see these results directly on [nbc.ca/investors](http://nbc.ca/investors) or [sedar.com](http://sedar.com).

# 2.

## Director Nominees

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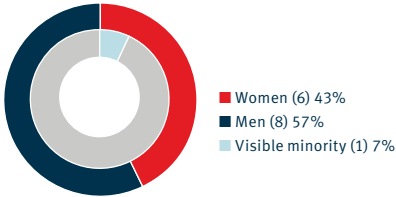
2. Director Nominees

This section provides information about each of the nominees proposed for election to the position of director at the Bank. This information includes a summary of their professional experience, their competencies, the Board’s position on each nominee, the Board committees on which they are members, their attendance at meetings during the past fiscal year and the names of the public corporations on whose boards they currently serve or have served in the past five years.

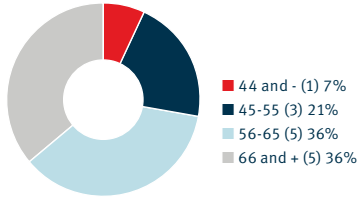
Data points on Board composition

The data presented below represents the main characteristics of the Board’s composition if each nominee for directorship is elected by the shareholders at the meeting:

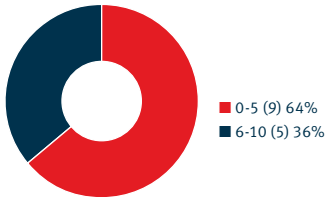
Gender and diversity



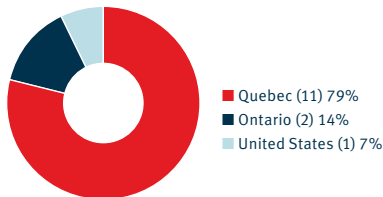
Age



Number of years in a directorship



Geographic representation



Average director tenure



## 2. Director Nominees

**Director nominees at a glance**

You are invited to elect the 14 directors who will make up the Board. For further information on the composition of the Board, refer to [Section 5](#) of the Circular.

Director nominees	Age	Director since	Main occupation	Independent	Committee	Board and committee attendance in 2022	Other directorships in public corporations
<b>Maryse Bertrand</b>	64	April 2012	Corporate director	✓	AC HRC	94%	<ul style="list-style-type: none"> <li>• Metro Inc.</li> <li>• Gildan Activewear Inc.</li> </ul>
<b>Pierre Blouin</b>	65	September 2016	Corporate director	✓	AC HRC TC (C)	100%	<ul style="list-style-type: none"> <li>• Fortis Inc.</li> </ul>
<b>Pierre Boivin</b>	69	April 2013	President and Chief Executive Officer of Claridge Inc.	✓	HRC (C)	100%	<ul style="list-style-type: none"> <li>• Metro Inc.</li> </ul>
<b>Yvon Charest</b>	66	April 2020	Corporate director	✓	RMC HRC CRCGC (C)	98%	–
<b>Patricia Curadeau-Grou</b>	67	April 2019	Corporate director	✓	RMC CRCGC TC	100%	<ul style="list-style-type: none"> <li>• Cogeco Inc.</li> </ul>
<b>Laurent Ferreira</b>	52	February 2021	President and Chief Executive Officer of the Bank		–	100%	–
<b>Annick Guérard</b>	52	New nominee	President and Chief Executive Officer of Transat A.T. Inc.	✓	–	–	<ul style="list-style-type: none"> <li>• Transat A.T. Inc.</li> </ul>
<b>Karen Kinsley</b>	66	December 2014	Corporate director	✓	AC (C) RMC	100%	<ul style="list-style-type: none"> <li>• Choice Properties Real Estate Investment Trust</li> <li>• Saputo Inc.</li> </ul>
<b>Lynn Loewen</b>	61	April 2022	Corporate director	✓	AC	100%	<ul style="list-style-type: none"> <li>• Emera Incorporated</li> </ul>
<b>Rebecca McKillican</b>	43	October 2017	Corporate director	✓	HRC TC	100%	–
<b>Robert Paré</b>	68	April 2018	Corporate director	✓	CRCGC HRC TC	100%	<ul style="list-style-type: none"> <li>• SNC-Lavalin Group Inc.</li> </ul>
<b>Pierre Pomerleau</b>	60	New nominee	President and Chief Executive Officer of Pomerleau Inc.	✓	–	–	<ul style="list-style-type: none"> <li>• Richelieu Hardware Ltd.</li> </ul>
<b>Lino A. Saputo</b>	56	April 2012	President and Chief Executive Officer of Saputo Inc.	✓	RMC	100%	<ul style="list-style-type: none"> <li>• Saputo Inc.</li> </ul>
<b>Macky Tall</b>	54	April 2021	Partner and Chair of the Infrastructure Group of The Carlyle Group Inc.	✓	RMC	68% <sup>(1)</sup>	–

(C) Chair of the committee

(1) Macky Tall was unable to attend certain meetings since he had contracted COVID-19.

## Skills of director nominees

The Board is composed of directors who possess extensive experience and complementary knowledge.

Each year, nominees assess their knowledge and skills related to the Bank's activities and the market in which it operates, in addition to their level of expertise or experience on various topics relevant to their role as directors.

Such knowledge, skills, expertise and experiences may have been acquired during their academic pathway, their career or through their experience as a member of the board of directors of other corporations.

**In order to give due attention to ESG issues and clearly identify director expertise in environmental, social and governance measures, we have opted for separate indication of the main ESG components in the skills matrix grid.**

The skills matrix grid presented on the following page indicates the range of competencies sought by the Bank and the Board for the 14 nominees. Each nominee's four main competencies are indicated in their respective profiles on the following pages.

For more information on the sought-after skills and aptitudes for director nominees, refer to [Section 5](#) of the Circular.

## 2. Director Nominees

## Skills matrix grid

	Marlyse Bertrand	Pierre Blouin	Pierre Boivin	Yvon Charest	Patricia Curadeau-Grou	Laurent Ferreira	Annick Guérard	Karen Kinsley	Lynn Loewen	Rebecca McKilligan	Robert Paré	Pierre Pomerleau	Lino A. Saputo	Macky Tall
<b>Strategic Leadership/Entrepreneurship</b> This experience, acquired in particular as a member of the senior management of a major corporation, is required to be able to advise the leadership team on the Bank's strategic orientations and assess its performance.	●	●	●	●	●	●	●	●	●	●	●	●	●	●
<b>Governance/Corporate Culture</b> Knowledge of best governance practices as well as experience implementing a corporate culture based on integrity, transparency as well as corporate and social responsibility enable the Board to be effective in its role and promote our One Mission.	●	●	●	●	●	●	●	●	●	●	●	●	●	●
<b>Audit/Finance</b> Understanding of accounting principles, experience in financial resources management, presentation of financial information and internal controls are required to ensure our financial soundness.	●	●	●	●	●	●	●	●	●	●	●	●	●	●
<b>Employee Experience/Executive Compensation</b> Knowledge of social measures and practices surrounding the management of human capital, such as compensation, employee benefits, recruitment and talent management, is crucial to fostering employee wellbeing, inclusion, diversity and retention.	●	●	●	●	●	●	●	●	●	●	●	●	●	●
<b>Risk Oversight</b> Knowledge of financial and non-financial risks as well as experience managing these risks through identification, measurement and control are crucial to understanding the challenges we are facing.	●	●	●	●	●	●	●	●	●	●	●	●	●	●
<b>Environmental Responsibility/Sustainable Development</b> Understanding of sustainable development factors and environmental issues, including climate risk, is essential to achieving our environmental objectives.	●	●	●	●	●	●	●	●	●	●	●	●	●	●
<b>Financial/Banking Services</b> Understanding of the development and exploitation of financial and banking products and services is required to oversee and judiciously advise the Bank with its business strategy.	●	●	●	●	●	●	●	●	●	●	●	●	●	●
<b>Client Experience</b> Experience with client relationships, such as developing and implementing strategies to improve customer satisfaction, deploying digital solutions and creating marketing campaigns, helps guide the Bank in its efforts to retain and develop its client base.	●	●	●	●	●	●	●	●	●	●	●	●	●	●
<b>Financial Markets</b> Understanding markets, investment banking and financial services tailored for large companies, public agencies or institutional investors is useful to advise the leadership team on these important activities for the Bank.	●	●	●	●	●	●	●	●	●	●	●	●	●	●
<b>Legal Affairs/Public Policy</b> Experience in public policy or as a legal advisor for a large company or law firm helps guide us in the complex regulatory environment in which we operate.	●	●	●	●	●	●	●	●	●	●	●	●	●	●
<b>Information Technology</b> Knowledge of information technology and emerging technologies, cybersecurity and data management is relevant to understand its management and risks, make investments and help integrate these technologies in our commercial activities.	●	●	●	●	●	●	●	●	●	●	●	●	●	●

## 2. Director Nominees

The Board recommends that shareholders vote **FOR** the election of all nominees.

## Maryse Bertrand



### Independent

Age 64  
Quebec, Canada

- Language skills: French, English
- Director since April 2012
- Voting results in 2022: 99.54% FOR

### Main competencies:

- Legal Affairs/Public Policy
- Risk Oversight
- Governance/Corporate Culture
- Environmental Responsibility/Sustainable Development

POSITION OF THE BOARD	Roles on the Board	Meetings attended (in the past fiscal year)	
The Board benefits from Maryse Bertrand's directorship given her expertise in business law and her knowledge of corporate governance and environmental responsibility. Through her various chair roles on boards and committees of public and private corporations, she has acquired leadership skills that are a major asset to the Board and to the committees on which she serves.	Member of the Board	17/17	100%
	Member of the AC	7/8	88%
	Member of the HRC	5/6	83%
	<b>Total</b>	<b>29/31</b>	<b>94%</b>

## SUMMARY OF PROFESSIONAL EXPERIENCE

### Main occupation

- Corporate director

### Professional experience

- Vice-President, Real Estate, Legal Services and General Counsel with CBC/Radio-Canada from 2009 to 2015

### Academic background and distinctions

- Bachelor's degree in Civil Law from McGill University's Law Faculty
- Master's degree in Risk Management from the Stern School of Business at New York University
- Member of the Quebec Bar
- Advocatus Emeritus of the Quebec Bar

### Boards and committees of private corporations or public interest organizations

- Member of the Board of Governors of McGill University since 2016, Chair of the Board since 2022 and Vice-Chair of the Social Responsibility Advisory Committee from 2017 to 2022
- Director of Canam Group Inc. and Chair of the Audit Committee and member of its Human Resources Committee since 2021
- Director of the Public Sector Pension Investment Board, member of its Investment and Risk Committee, and member of its Human Resources and Compensation Committee since 2018 and chairing this committee since 2022, member of its Governance Committee since 2019 and chaired this committee from 2020 to 2022
- Director of the Institute of Corporate Directors and member of its Audit Committee since September 2022
- Director of the Institute of Corporate Directors, Quebec Chapter from 2018 to August 2022 and Chair of the Board and Chair of the Nominating and Governance Committee from 2019 to 2021

### Public corporations

Director (in the past five years)		Roles on boards and committees As at October 31, 2022
Metro Inc.	2015 to date	<ul style="list-style-type: none"> <li>• Member of the Human Resources Committee</li> <li>• Chair of the Corporate Governance and Social Responsibility Committee</li> </ul>
Gildan Activewear Inc.	2018 to date	<ul style="list-style-type: none"> <li>• Member of the Audit and Finance Committee</li> <li>• Chair of the Corporate Governance and Social Responsibility Committee</li> </ul>

## 2. Director Nominees

## Pierre Blouin



### Independent

Age 65

Quebec, Canada

- Language skills: French, English
- Director since September 2016
- Voting results in 2022: 99.49% FOR

### Main competencies:

- Audit/Finance
- Strategic Leadership/Entrepreneurship
- Information Technology
- Client Experience

### POSITION OF THE BOARD

The Board benefits from Pierre Blouin's directorship given his extensive knowledge and experience in client experience management and in information technology that he has acquired during his 20-plus-year career in telecommunications companies. His strong skillset is a major asset to the Board and to the committees on which he serves.

### Roles on the Board

Meetings attended  
(in the past fiscal year)

Member of the Board	17/17	100%
Member of the AC	8/8	100%
Member of the HRC	6/6	100%
Chair and member of the TC	5/5	100%
<b>Total</b>	<b>36/36</b>	<b>100%</b>

### SUMMARY OF PROFESSIONAL EXPERIENCE

#### Main occupation

- Corporate director

#### Professional experience

- Chief Executive Officer of Manitoba Telecom Services Inc. from 2005 to 2014
- Group President, Consumer Markets of Bell Canada from 2003 to 2005, Chief Executive Officer of BCE Emergis Inc. from 2002 to 2003 and President and Chief Executive Officer of Bell Mobility Inc. from 2000 to 2002

#### Academic background and distinctions

- Bachelor of Business Administration with a specialization in finance and marketing from HEC Montréal
- Fellow Supply Chain Management Professional (FSCMP)

#### Public corporations

Director  
(in the past five years)

Fortis Inc.

2015 to date

Roles on boards and committees  
As at October 31, 2022

- Chair of the Governance and Sustainability Committee
- Member of the Human Resources Committee

## 2. Director Nominees

## Pierre Boivin

**Independent**

Age 69

Quebec, Canada

- Language skills: French, English
- Director since April 2013
- Voting results in 2022: 99.55% FOR

**Main competencies:**

- Environmental Responsibility/Sustainable Development
- Strategic Leadership/Entrepreneurship
- Employee Experience/Executive Compensation
- Information Technology

POSITION OF THE BOARD	Roles on the Board	Meetings attended (in the past fiscal year)	
Pierre Boivin provides the Board with extensive experience as a director of public and private corporations, particularly in the areas of information and digital technologies as well as in artificial intelligence development. In addition, his solid knowledge of human resources principles and practices is a major asset to the Board and to the committee on which he serves.	Member of the Board	17/17	100%
	Chair and member of the HRC	6/6	100%
	<b>Total</b>	<b>23/23</b>	<b>100%</b>

## SUMMARY OF PROFESSIONAL EXPERIENCE

**Main occupation**

- President and Chief Executive Officer of Claridge Inc. since September 2011

**Professional experience**

- President and Chief Executive Officer of the Club de hockey Canadiens Inc., the Bell Centre and evenko from 1999 to 2011

**Academic background and distinctions**

- Studies in commerce at McGill University
- Honorary Doctorate from Université de Montréal in recognition of his contribution to the development of the sports industry and of his community engagement
- Officer of the Order of Canada
- Knight of the Ordre national du Québec
- Institute of Corporate Directors, Director designation

**Boards and committees of private corporations or public interest organizations**

- Chair of the Board of MLA – Institut québécois d'intelligence artificielle since 2018
- Director of CH Group Inc. since 2011
- Founder and Chair of the Montreal Canadiens Children's Foundation since 2000

**Public corporations**

Director (in the past five years)		Roles on boards and committees As at October 31, 2022
Metro Inc.	2019 to date	• Chair of the Board
Canadian Tire Corporation Limited	2013 to 2020	–

## 2. Director Nominees

## Yvon Charest

**Independent**

Age 66

Quebec, Canada

- Language skills: French, English
- Director since April 2020
- Voting results in 2022: 99.37% FOR

**Main competencies:**

- Audit/Finance
- Risk Oversight
- Governance/Corporate Culture
- Strategic Leadership/Entrepreneurship

**POSITION OF THE BOARD****Roles on the Board****Meetings attended  
(in the past fiscal year)**

Yvon Charest provides the Board with extensive knowledge in the area of financial services. His experience in risk management and in implementing a culture of transparency in a large public corporation is a major asset to the Board and to the committees on which he serves.

Member of the Board	17/17	100%
Member of the RMC	13/14	93%
Member of the HRC	6/6	100%
Chair and member of the CRCGC	6/6	100%
<b>Total</b>	<b>42/43</b>	<b>98%</b>

**SUMMARY OF PROFESSIONAL EXPERIENCE****Main occupation**

- Corporate director

**Professional experience**

- President and Chief Executive Officer of Industrial Alliance, Insurance and Financial Services Inc. from 2000 to 2019

**Academic background and distinctions**

- Bachelor of Actuarial Science from Université Laval
- Honorary Doctorate in Administrative Sciences from Université Laval
- Fellow and recipient of the President's Award from the Canadian Institute of Actuaries (FCIA)
- Fellow of the Society of Actuaries (FSA)
- Officer of the Order of Canada
- Officer of the Ordre national du Québec

**Boards and committees of private corporations or public interest organizations**

- Director of iA American Life Insurance Company since 2019
- Chair of the Board of Propulsons Québec vers la modernité (j'ai ma passe) since 2019
- Special Advisor to Infrastructure Canada since 2019

**Public corporations**

Director  
(in the past five years)

Roles on boards and committees  
As at October 31, 2022

Industrial Alliance Insurance and Financial Services Inc. 1999 to 2019

–



## 2. Director Nominees

## Patricia Curadeau-Grou



### Independent

Age 67

Quebec, Canada

- Language skills: French, English
- Director since April 2019
- Voting results in 2022: 99.42% FOR

### Main competencies:

- Audit/Finance
- Risk Oversight
- Strategic Leadership/Entrepreneurship
- Financial/Banking Services

POSITION OF THE BOARD	Roles on the Board	Meetings attended (in the past fiscal year)	
Patricia Curadeau-Grou provides the Board with expertise in finance, risk oversight and strategic management. Her extensive senior management experience in the banking sector and as a corporate director are major assets to the Board and to the committees on which she serves.	Member of the Board	17/17	100%
	Member of the RMC	14/14	100%
	Member of the CRGCG	6/6	100%
	Member of the TC	5/5	100%
	<b>Total</b>	<b>42/42</b>	<b>100%</b>

## SUMMARY OF PROFESSIONAL EXPERIENCE

### Main occupation

- Corporate director

### Professional experience

- From 1998 to 2015, Chief Financial Officer and Executive Vice-President – Finance, Risk and Treasury of the Bank, and Executive Vice-President – Risk Management and Advisor to the Bank's President and Chief Executive Officer

### Academic background and distinctions

- Bachelor of Commerce from McGill University (Finance and Marketing option)
- Institute of Corporate Directors, Director designation
- Inducted into the Women's Executive Network Hall of Fame for Canada's most powerful women

### Boards and committees of private corporations or public interest organizations

- Director and Vice-President of Pointe-à-Callière, Montreal Museum of Archeology and History and member of its Corporate Governance and Strategist Committee since 2015 and Chair of the Audit Committee since 2016
- Director of Pomerleau Inc. since 2017 and Chair of the Human Resources Committee since 2020
- Director of Fairstone Financial Holdings Inc. from 2017 to 2021 and Chair of the Board from 2018 to 2021
- Director of Caisse de dépôt et placement du Québec and member of its Investment and Risk Management Committee from 2013 to 2019

### Public corporations

Director (in the past five years)		Roles on boards and committees As at October 31, 2022
Cogeco Inc.	2020 to date	<ul style="list-style-type: none"> <li>• Member of the Audit Committee</li> <li>• Member of the Human Resources Committee</li> <li>• Member of the Strategic Opportunities Committee</li> </ul>
Cogeco Communications Inc.	2012 to 2020	–
Uni-Select Inc.	2013 to 2018	–

## 2. Director Nominees

## Laurent Ferreira

**Non-Independent**

Age 52

Quebec, Canada

- Language skills: French, English
- Director since February 2021
- Voting results in 2022: 99.80% FOR

**Main competencies:**

- Risk Oversight
- Strategic Leadership/Entrepreneurship
- Financial/Banking Services
- Financial Markets

**POSITION OF THE BOARD****Role on the Board****Meetings attended  
(in the past fiscal year)**

The Board benefits from Laurent Ferreira's directorship given the expertise in operating and developing financial services that he acquired through his various roles within the Bank and its subsidiaries. In addition, his proficient knowledge of risk oversight, financial markets and the banking industry are major assets to the Board.

Member of the Board	17/17	100%
<b>Total</b>	<b>17/17</b>	<b>100%</b>

**SUMMARY OF PROFESSIONAL EXPERIENCE****Main occupation**

- President and Chief Executive Officer of the Bank since 2021

**Professional experience**

- Chief Operating Officer of the Bank from February 2021 to October 2021, Executive Vice-President and Co-Head – Financial Markets of the Bank from 2018 to 2021 and Executive Vice-President and Managing Director – Derivatives and Equities at National Bank Financial Inc. from 2015 to 2018
- Partner at Bankers Trust from 1996 to 1998

**Academic background and distinctions**

- Master's degree in Finance from HEC Montréal
- Bachelor's degree in Economics from Université du Québec à Montréal

**Public corporations**

Director  
(in the past five years)

Roles on boards and committees  
As at October 31, 2022

– – –

2. Director Nominees

**Annick Guérard**



**Independent**  
 Age 52  
 Quebec, Canada

- Language skills: French, English
- New nominee

**Main competencies:**

- Strategic Leadership/Entrepreneurship
- Client Experience
- Governance/Corporate Culture
- Information Technology

POSITION OF THE BOARD	Roles on the Board	Meetings attended (in the past fiscal year)
Annick Guérard brings a wealth of experience to the Board through her various leadership roles at a world-renowned airline and travel company. Her knowledge and experience in risk management, information technology and client experience will be a major asset to the Board.	New nominee	–

**SUMMARY OF PROFESSIONAL EXPERIENCE**

**Main occupation**

- President and Chief Executive Officer of Transat A.T. Inc. since 2021

**Professional experience**

- Chief Operating Officer of Transat A.T. Inc. from 2017 to 2021, President and Chief Executive Officer of Transat Tours Canada Inc. from 2012 to 2017

**Academic background and distinctions**

- Bachelor’s degree in Civil Engineering from École Polytechnique de Montréal
- Master of Business Administration from HEC Montréal
- Winner of the Prix femmes d'affaires du Québec in 2015

**Boards and committees of private corporations or public interest organizations**

- Director of Espace Go Inc. since 2019 and Chair of the Board since 2021
- Director of Pomerleau Inc. since 2019

**Public corporations**

Director  
(in the past five years)

Roles on boards and committees  
As at October 31, 2022

Transat A.T. Inc.	2021 to date	–
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## 2. Director Nominees

## Karen Kinsley

**Independent**

Age 66

Ontario, Canada

- Language skills: French, English
- Director since December 2014
- Voting results in 2022: 99.67% FOR

**Main competencies:**

- Audit/Finance
- Governance/Corporate Culture
- Strategic Leadership/Entrepreneurship
- Financial/Banking Services

**POSITION OF THE BOARD****Roles on the Board****Meetings attended  
(in the past fiscal year)**

The Board benefits from Karen Kinsley's directorship given the considerable experience in real estate and finance that she has acquired throughout her career at a Crown Corporation and given her role as a director in public corporations. In addition, her accounting expertise is a major asset to the Board and to the committees on which she serves.

Member of the Board	17/17	100%
Chair and member of the AC	8/8	100%
Member of the RMC	14/14	100%
<b>Total</b>	<b>39/39</b>	<b>100%</b>

**SUMMARY OF PROFESSIONAL EXPERIENCE****Main occupation**

- Corporate director

**Professional experience**

- President and Chief Executive Officer of Canada Mortgage and Housing Corporation (CMHC) from 2003 to 2013

**Academic background and distinctions**

- Bachelor of Commerce from the University of Ottawa
- Fellow of the Chartered Professional Accountants of Ontario
- Institute of Corporate Directors, Director designation

**Boards and committees of private corporations or public interest organizations**

- Director of Canada Mortgage and Housing Corporation (CMHC) from 2003 to 2013

**Public corporations****Director  
(in the past five years)****Roles on boards and committees  
As at October 31, 2022**Choice Properties Real Estate Investment Trust<sup>(1)</sup> 2018 to date

- Chair of the Audit Committee

Saputo Inc. 2015 to date

- Member of the Audit Committee

Canadian Real Estate Investment Trust<sup>(1)</sup> 2017 to 2018

–

(1) On May 4, 2018, Canadian Real Estate Investment Trust and Choice Properties Real Estate Investment Trust entered into a business combination agreement. The combined entity operates under the corporate name Choice Properties Real Estate Investment Trust.

## 2. Director Nominees

## Lynn Loewen

**Independent**

Age 61

Quebec, Canada

- Language skills: French, English
- Director since April 2022
- Voting results in 2022: 99.78% FOR

**Main competencies:**

- Audit/Finance
- Environmental Responsibility/Sustainable Development
- Strategic Leadership/Entrepreneurship
- Information Technology

POSITION OF THE BOARD	Roles on the Board	Meetings attended (in the past fiscal year)	
The Board and the committee on which Lynn Loewen serves benefit from her extensive experience in the areas of audit, financial control and finance which she has gained from the various positions held during her career. Furthermore, the social responsibility, environmental and sustainable development skills she has acquired through her directorships at various corporations are an asset to the Board.	Member of the Board	10/10	100%
	Member of the AC <sup>(1)</sup>	5/5	100%
	<b>Total</b>	<b>15/15</b>	<b>100%</b>

## SUMMARY OF PROFESSIONAL EXPERIENCE

**Main occupation**

- Corporate director

**Professional experience**

- President at Minogue Medical Inc. from December 2015 to 2019 and Chief Operating Officer from 2012 to November 2015
- Director and President of Expertech Network Installation Inc. from 2006 to 2011
- Vice-President of Financial Operations at BCE Inc. from 2005 to 2008 and Vice-President of Financial Controls from 2003 to 2005

**Academic background and distinctions**

- Bachelor of Commerce with a specialization in accounting from Mount Allison University
- Fellow of the Chartered Professional Accountants of Nova Scotia
- Institute of Corporate Directors, Director designation

**Public corporations****Director***(in the past five years)*

Emera Incorporated 2013 to date

**Roles on boards and committees***As at October 31, 2022*

- Member of the Audit Committee
- Member of the Health, Safety and Environment Committee
- Member of the Risk Management Committee

(1) Lynn Loewen was appointed member of the Board and of the Audit Committee on April 22, 2022.

## 2. Director Nominees

## Rebecca McKillican



### Independent

Age 43

Ontario, Canada

- Language skills: English
- Director since October 2017
- Voting results in 2022: 99.79% FOR

### Main competencies:

- Strategic Leadership/Entrepreneurship
- Employee Experience/Executive Compensation
- Information Technology
- Client Experience

### POSITION OF THE BOARD

Rebecca McKillican provides the Board with solid experience in developing and implementing strategies designed to improve client satisfaction and experience, particularly through digital service offerings. In addition, her knowledge of corporate responsibility and sustainable development practices is a major asset to the Board and to the committees on which she serves.

### Roles on the Board

Meetings attended  
(in the past fiscal year)

Member of the Board	17/17	100%
Member of the HRC	6/6	100%
Member of the TC	5/5	100%
<b>Total</b>	<b>28/28</b>	<b>100%</b>

### SUMMARY OF PROFESSIONAL EXPERIENCE

#### Main occupation

- Corporate director

#### Professional experience

- Chief Executive Officer of McKesson Canada Corporation from 2020 to 2023 and President, Retail Solutions from 2019 to 2020
- President and Chief Executive Officer of Well.ca from 2013 to 2019
- Senior Advisor to the Operations Group within the Retail and Consumer Group of the private equity firm Kohlberg Kravis & Roberts & Co., L.P. from 2007 to 2012

#### Public corporations

Director  
(in the past five years)

-

-

#### Academic background and distinctions

- Bachelor of Business Administration from the Ivey Business School of the University of Western Ontario
- Bachelor's degree in Software Engineering from the University of Western Ontario
- Master of Business Administration from Harvard Business School
- 2021 New CEO of the Year award granted by the Globe and Mail

#### Boards and committees of private corporations or public interest organizations

- Director of Well.ca from 2013 to 2019

Roles on boards and committees  
As at October 31, 2022

-

## 2. Director Nominees

## Robert Paré

**Independent**

Age 68  
Quebec, Canada

- Language skills: French, English
- Director since April 2018
- Voting results in 2022: 99.41% FOR

**Main competencies:**

- Legal Affairs/Public Policy
- Governance/Corporate Culture
- Financial Markets
- Employee Experience/Executive Compensation

POSITION OF THE BOARD	Roles on the Board	Meetings attended (in the past fiscal year)	
The Board benefits from Robert Paré's directorship given the knowledge he has acquired during a 40-plus-year career in business law, particularly in the areas of financial markets, mergers and acquisitions, and corporate governance. In addition, his experience as a director of public corporations is a major asset to the Board and to the committees on which he serves.	Member of the Board	17/17	100%
	Member of the CRCGC	6/6	100%
	Member of the HRC	6/6	100%
	Member of the TC <sup>(1)</sup>	3/3	100%
	<b>Total</b>	<b>32/32</b>	<b>100%</b>

## SUMMARY OF PROFESSIONAL EXPERIENCE

**Main occupation**

- Corporate director

**Professional experience**

- Strategic Advisor from 2018 to 2022 and Senior Partner from 1984 to 2018 to the law firm Fasken Martineau DuMoulin LLP

**Academic background and distinctions**

- Bachelor's degree in Law from Université Laval
- Member of the Quebec Bar

**Boards and committees of private corporations or public interest organizations**

- Director of Université de Montréal's Institute for Research in Immunology and Cancer since 2018
- Director of the Institute of Corporate Directors and member of its Governance and Human Resources Committee since 2018, and chaired the Quebec Chapter from 2015 to 2017

**Public corporations**

Director (in the past five years)		Roles on boards and committees As at October 31, 2022
SNC-Lavalin Group Inc.	2022 to date	<ul style="list-style-type: none"> <li>• Member of the Governance, Ethics and Sustainability Committee</li> <li>• Member of the Safety, Project Oversight and Technology Committee</li> </ul>
Quebecor Inc.	2014 to 2022	–
ADF Group Inc.	2009 to 2019	–

(1) Robert Paré was appointed member of the Technology Subcommittee, now the Technology Committee, on April 22, 2022.

## 2. Director Nominees

## Pierre Pomerleau



### Independent

Age 60

Quebec, Canada

- Language skills: French, English
- New nominee

### Main competencies:

- Strategic Leadership/Entrepreneurship
- Employee Experience/Executive Compensation
- Environmental Responsibility/Sustainable Development
- Risk Oversight

### POSITION OF THE BOARD

The Board will benefit from Pierre Pomerleau's considerable experience in governance, innovation and entrepreneurial initiative. His experience in the management of a major construction corporation guided by principles of sustainable development, his leadership as well as his involvement with various philanthropic organizations will be a major asset to the Board.

### Roles on the Board

New nominee

### Meetings attended (in the past fiscal year)

–

–

### SUMMARY OF PROFESSIONAL EXPERIENCE

#### Main occupation

- President and Chief Executive Officer of Pomerleau Inc. since 1997

#### Professional experience

- Vice-President of Pomerleau Inc. from 1989 to 1997

#### Academic background and distinctions

- Bachelor's degree in Civil Engineering from École Polytechnique de Montréal
- Master of Business Administration from the Ivey School of Business of the University of Western Ontario
- Prix MBA Accomplissements from the Association des MBA du Québec
- Prix Mérite 2014 from the Association des diplômés de Polytechnique

#### Public corporations

Director  
(in the past five years)

Richelieu Hardware Ltd.

2016 to date

Roles on boards and committees  
As at October 31, 2022

- Member of the Human Resources and Corporate Governance committee

#### Boards and committees of private corporations or public interest organizations

- Director of Borea Construction ULC and Chair of the Board since 2008, director and president of Beaubois Group Inc. since 2014, being subsidiaries of Pomerleau Group Inc.
- Director of the CHU Sainte-Justine Foundation since 2022
- Co-Chair of the campaign Branchés sur leur avenir 2021-2025 of the Fondation La Clé
- Member of the financing campaign firm of the Fondation Marie-Vincent since 2021
- Member of the Business Council of Canada since 2021
- Chair of the Board of the Chamber of Commerce of Metropolitan Montreal from 2016 to 2017
- Director of the Fondation de Polytechnique Montréal from 2012 to 2016



## 2. Director Nominees

## Lino A. Saputo

**Independent**

Age 56

Quebec, Canada

- Language skills: French, English
- Director since April 2012
- Voting results in 2022: 99.60% FOR

**Main competencies:**

- Risk Oversight
- Governance/Corporate Culture
- Strategic Leadership/Entrepreneurship
- Client Experience

POSITION OF THE BOARD	Roles on the Board	Meetings attended (in the past fiscal year)	
The Board benefits from Lino A. Saputo's directorship given the experience he has acquired as the business executive of a large, international public corporation, notably his experience in the areas of risk management, international growth and strategic planning. His proficient knowledge of client relations and client experience are also major assets to the Board and to the committee on which he serves.	Member of the Board	17/17	100%
	Member of the RMC	14/14	100%
	<b>Total</b>	<b>33/33</b>	<b>100%</b>

## SUMMARY OF PROFESSIONAL EXPERIENCE

**Main occupation**

- Chief Executive Officer of Saputo Inc. since 2004 and President since 2022

**Professional experience**

- Vice-Chair of the Board of Saputo Inc. from 2011 to 2017 and Chief Operating Officer of the Dairy Products Division (USA) of from 2001 to 2004

**Academic background and distinctions**

- Bachelor's degree in Political Science from Concordia University

**Boards and committees of private corporations or public interest organizations**

- Co-Chair of the Campaign for Concordia: Next-Gen Now since 2017
- Vice-Chair of the Amelia & Lino Saputo Jr. Foundation since 2011
- Chair of the Board of the Montreal Heart Institute Foundation from 2018 to 2020
- Director of Aeris Inc. (The Conference Board of Canada) from 2015 to 2018

**Public corporations****Director***(in the past five years)*

Saputo Inc. 2001 to date

**Roles on boards and committees***As at October 31, 2022*

- Chair of the Board

## 2. Director Nominees

## Macky Tall

**Independent**

Age 54

Florida, United States

- Language skills: French, English
- Director since April 2021
- Voting results in 2022: 99.77% FOR

**Main competencies:**

- Audit/Finance
- Risk Oversight
- Environmental Responsibility/Sustainable Development
- Strategic Leadership/Entrepreneurship

**POSITION OF THE BOARD****Roles on the Board****Meetings attended  
(in the past fiscal year)**

Macky Tall provides the Board with the extensive experience in finance, business and risk management that he has acquired through various roles in major investment corporations and government institutions. Throughout his career, he has developed an expertise in implementing environmental measures and sustainable development strategies, which are major assets to the Board and to the committee on which he serves.

Member of the Board	11/17	65%
Member of the RMC	10/14	71%
<b>Total</b>	<b>21/31</b>	<b>68%<sup>(1)</sup></b>

**SUMMARY OF PROFESSIONAL EXPERIENCE****Main occupation**

- Partner and Chair of the Infrastructure Group since September 2021 and a member of the Leadership Committee of The Carlyle Group Inc. since December 2022

**Professional experience**

- Co-Chair of the Infrastructure Group of The Carlyle Group Inc. from April to September 2021
- Chair of the Board of Ivanhoë Cambridge, Head of Real Assets and Private Equity from 2018 to 2020 and Executive Vice-President Infrastructures from 2016 to 2018 of the Caisse de dépôt et placement du Québec and President and Chief Executive Officer of CDPQ Infra from 2015 to 2020

**Academic background and distinctions**

- Bachelor of Business Administration (Finance) from HEC Montréal
- Master of Business Administration (Finance) from the University of Ottawa
- Undergraduate degree in Economics from Université de Montréal

**Public corporations**

Director  
(in the past five years)

Roles on boards and committees  
As at October 31, 2022

–	–	–
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(1) Macky Tall was unable to attend certain meetings since he had contracted COVID-19.

# 3.

## Director Compensation

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Share ownership requirements for directors	P. 36
Restriction on trading and hedging of Bank securities	P. 38

### Glossary

**DSUs:** Deferred share units

## 3. Director Compensation

We aim to offer compensation that reflects the complexity of our operations as well as the ever-growing responsibilities of directors. The Conduct Review and Corporate Governance Committee annually reviews the compensation program which is structured to meet the following objectives:

<b>Recruit and retain experienced directors</b>	<ul style="list-style-type: none"> <li>› Offer compensation that reflects the importance of the role of directors as well as their workload and the time they devote to their duties</li> <li>› Competitive compensation compared to the peer group of banks and financial institutions (the peer group is described in Section 6 of the Circular)</li> </ul>
<b>Align the interests of directors with those of shareholders</b>	<ul style="list-style-type: none"> <li>› Pay annual compensation entirely in the form of shares or DSUs<sup>(1)</sup> until the director has satisfied the share ownership requirements</li> </ul>

No changes have been made to the directors' compensation program for the fiscal year ending October 31, 2022.

### Total compensation

We pay directors a fixed base compensation for acting as a director, which includes participation on a committee or subcommittee. They also receive additional compensation for their role as Chair of the Board, chair of a committee or subcommittee or as a member of more than one committee.

As President and Chief Executive Officer, Laurent Ferreira does not receive any compensation as a director.

Directors must receive at least 50% of their base compensation in shares or DSUs. Additional compensation may be paid in shares, DSUs or in cash, at the director's choice. Jean Houde, as Chair of the Board, must receive at least 25% of his total compensation in either shares or DSUs.

However, directors may elect to receive the portions of their compensation payable in cash only when they have met the minimum shareholding requirements.

The tables below summarize the total compensation offered to our directors and the terms of payment:

Base salary	Cash (\$ (choice of)	Cash, shares or DSUs (mandatory) (\$)	Total (\$)
Member of the Board including membership in one committee or subcommittee	77,500	77,500	155,000
<b>Additional compensation</b>	<b>Cash, shares or DSUs (choice of) (\$)</b>		
Member of a committee or subcommittee (starting at the second membership)	15,000 (per committee) 10,000 (per subcommittee)		
Chair of the Board	225,000		
Chair of a committee or subcommittee	35,000 (per committee) 20,000 (per subcommittee)		

(1) Unit whose value equals that of a common share when credited to an account in the director's name or when redeemed by the director. Vested DSUs may be redeemed only when the director leaves all the positions he or she holds as a director. The DSUs must be redeemed in cash no later than the end of the calendar year following the year in which the director leaves his or her duties.

## 3. Director Compensation

We reimburse directors for out-of-pocket expenses for attending meetings or otherwise carrying out their duties as directors.

Directors do not participate in our pension plans. They are not entitled to any product or service at preferred rates or reduced fees due solely to their status of director.

Independent directors do not receive stock options or participate in any other security-based compensation arrangements of the Bank.

The table below shows the total compensation paid or awarded to independent directors having served on the Board during the fiscal year ended October 31, 2022:

Total compensation						
Director	Base compensation (\$)	Additional compensation for serving on a committee or subcommittee (\$)	Additional compensation Chair of the Board or chair of a committee or subcommittee (\$)	Total (\$)	Breakdown of total compensation (\$)	
					Shares/DSUs <sup>(1)</sup>	Cash
Maryse Bertrand	155,000	15,000	–	170,000	170,000	–
Pierre Blouin <sup>(2)</sup>	155,000	27,500	27,500	210,000	155,400	54,600
Pierre Boivin	155,000	–	35,000	190,000	190,000	–
Manon Brouillette <sup>(3)</sup>	26,114.13	–	–	26,114.13	26,114.13	–
Yvon Charest	155,000	30,000	35,000	220,000	220,000	–
Patricia Curadeau-Grou <sup>(2)</sup>	155,000	27,500	–	182,500	182,500	–
Jean Houde	155,000	–	225,000	380,000	104,500	275,500
Karen Kinsley	155,000	15,000	35,000	205,000	77,500	127,500
Lynn Loewen <sup>(4)</sup>	81,290.76	–	–	81,290.76	81,290.76	–
Rebecca McKillican <sup>(2)</sup>	155,000	12,500	–	167,500	167,500	–
Robert Paré <sup>(2)(5)</sup>	155,000	22,744.57	–	177,744.57	177,744.57	–
Lino A. Saputo	155,000	–	–	155,000	155,000	–
Andrée Savoie	155,000	15,000	–	170,000	92,500	77,500
Macky Tall	155,000	–	–	155,000	155,000	–
Pierre Thabet	155,000	15,000	35,000	205,000	205,000	–
<b>Total</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>2,160,049.46</b>	<b>535,100</b>

- (1) The number of shares granted is determined by dividing the amount paid by the share price at the time of each quarterly grant, i.e., \$103.27 on February 18, 2022; \$90.57 on May 18, 2022; \$94.49 on August 18, 2022; and \$96.03 on November 21, 2022. The number of DSUs granted is determined by dividing the amount paid by the share price at the time of each quarterly grant, i.e., \$103.47 on February 15, 2022; \$89.96 on May 15, 2022; \$93.70 on August 15, 2022; and \$96.36 on November 15, 2022.
- (2) The Technology Subcommittee became a Board committee on May 1, 2022. The compensation of the Chair and the members of the committee was therefore prorated.
- (3) Manon Brouillette ceased being a member of the Board on January 1, 2022. Her compensation has been prorated accordingly. The Bank made a \$5,000 donation to a charity chosen by Manon Brouillette in recognition of her service on the Board. She did not receive any financial benefit from this donation.
- (4) Lynn Loewen was appointed a member of the Board and of the Audit Committee on April 22, 2022. Her compensation has been prorated accordingly.
- (5) Robert Paré was appointed a member of the Technology Subcommittee on April 22, 2022. His compensation has been prorated accordingly.

## 3. Director Compensation

**Share ownership requirements for directors**

In order to align the interests of the directors with those of shareholders, the Bank's independent directors must hold a predetermined minimum value in shares or DSUs. Directors have five years from the date they assume office to meet these requirements.

Requirements	Minimum required
The total value of shares or DSUs held by a director is equal to or greater than eight times the base salary payable to directors in the form of shares or DSUs.	$8 \times \$77,500 = \$620,000$
Minimum share ownership requirement based on the closing price of the common shares of the Bank on the Toronto Stock Exchange on February 22, 2023.	$\$620,000 / \$99.02 = 6,261$ common shares or DSUs

Once the requirement is met, directors may elect to receive a portion of their compensation in the form of cash, shares or DSUs. They must still receive a minimum of 50% of their base salary in shares or DSUs, even if the share ownership requirements have been met.

The following table sets out, for each nominee, their total shares and DSUs and the corresponding market value, as well as their achievement of the share ownership requirements. The following information presents the situation as of February 23, 2022 and February 22, 2023:

Shares and DSUs held							Meets share ownership requirements for directors	
	Total shares <sup>(1)</sup>	Total DSUs	Total shares and DSUs	Share value <sup>(2)</sup> (\$)	Total market value of shares and DSUs (\$)			
<b>Maryse Bertrand</b>								
2023	6,035	29,104	35,139	99.02	3,479,464	561.2%	Yes	
2022	5,859	26,235	32,094	101.21	3,248,234	523.9%	Yes	
<b>Pierre Blouin</b>								
2023	0	15,759	15,759	99.02	1,560,456	251.7%	Yes	
2022	0	13,519	13,519	101.21	1,368,258	220.7%	Yes	
<b>Pierre Boivin</b>								
2023	19,108	23,372	42,480	99.02	4,206,370	678.5%	Yes	
2022	18,371	20,519	38,890	101.21	3,936,057	634.8%	Yes	
<b>Yvon Charest</b>								
2023	16,200	0	16,200	99.02	1,604,124	258.7%	Yes	
2022	14,718	0	14,718	101.21	1,489,609	240.3%	Yes	
<b>Patricia Curadeau-Grou</b>								
2023	21,514	8,187	29,701	99.02	2,940,993	474.4%	Yes	
2022	21,514	5,984	27,498	101.21	2,783,073	448.9%	Yes	
<b>Laurent Ferreira<sup>(3)</sup></b>								
2023	86,400	0	86,400	99.02	8,555,328	N/A	N/A	
2022	71,400	0	71,400	101.21	7,226,394	N/A	N/A	

## 3. Director Compensation

	Total shares <sup>(1)</sup>	Total DSUs	Total shares and DSUs	Share value <sup>(2)</sup> (\$)	Total market value of shares and DSUs (\$)	Meets share ownership requirements for directors	
<b>Annick Guérard</b>							
2023	0	0	0	0	0	0%	– <sup>(4)</sup>
<b>Karen Kinsley</b>							
2023	9,078	13,904	22,982	99.02	2,275,678	367.1%	Yes
2022	9,078	12,572	21,650	101.21	2,191,197	353.4%	Yes
<b>Lynn Loewen</b>							
2023	1,000	1,256	2,256	99.02	223,389	36.0%	No <sup>(5)</sup>
2022	0	0	0	0	0	0%	–
<b>Rebecca McKillican</b>							
2023	0	11,778	11,778	99.02	1,166,258	188.1%	Yes
2022	0	9,591	9,591	101.21	970,705	156.6%	Yes
<b>Robert Paré</b>							
2023	8,461	10,508	18,969	99.02	1,878,310	303.0%	Yes
2022	8,461	8,240	16,701	101.21	1,690,308	272.6%	Yes
<b>Pierre Pomerleau</b>							
2023	0	0	0	0	0	0%	– <sup>(6)</sup>
<b>Lino A. Saputo</b>							
2023	73,388	25,809	99,197	99.02	9,822,487	1,584.4%	Yes
2022	73,217	23,221	96,438	101.21	9,760,490	1,574.2%	Yes
<b>Macky Tall</b>							
2023	0	2,892	2,892	99.02	286,366	46.2%	No <sup>(7)</sup>
2022	0	1,187	1,187	101.21	120,136	19.4%	No

- (1) This number includes shares directly or indirectly beneficially owned or controlled, including shares held by a corporation controlled by a director but excluding shares which are under a director's control for the benefit of a third party.
- (2) These values represent the closing price of the Bank's shares on the Toronto Stock Exchange on February 22, 2023 and February 23, 2022.
- (3) Laurent Ferreira, as an executive director of the Bank, does not receive any compensation for participating in the activities of the Board and its committees and subcommittee, and he must meet the share ownership requirements specific to his position of President and Chief Executive Officer. For more information about these requirements and Laurent Ferreira's compensation, including the value of his PSUs, RSUs and stock options, refer to [Section 6](#) of the Circular.
- (4) If elected as director, Annick Guérard will have a five-year grace period starting April 21, 2023 to meet share ownership requirements specific to the position of director.
- (5) Lynn Loewen has a five-year grace period since April 22, 2022, which is the date on which she was appointed as a Bank director, to meet the share ownership requirements for directors.
- (6) If elected as director, Pierre Pomerleau will have a five-year grace period starting April 21, 2023 to meet share ownership requirements specific to the position of director.
- (7) Macky Tall has a five-year grace period since April 23, 2021, which is the date on which he was appointed as a Bank director, to meet the share ownership requirements for directors.

## 3. Director Compensation

The following table presents the total shares and DSUs held by directors having served on the Board during the fiscal year, but are not nominees for directorship, the corresponding market value, as well as their achievement of share ownership requirements:

Shares and DSUs held							
Date of departure of director	Total shares <sup>(1)</sup>	Total DSUs	Total shares and DSUs <sup>(2)</sup>	Share value <sup>(3)</sup> (\$)	Total market value of shares and DSUs (\$)	Met share ownership requirements for directors	
<b>Manon Brouillette</b>							
January 1, 2022	787	1,831	2,618	96.44	252,480	40.7%	No <sup>(4)</sup>
<b>Jean Houde</b>							
April 21, 2023	15,624	11,820	27,444	99.02	2,717,505	438.3%	Yes
<b>Andrée Savoie</b>							
April 21, 2023	3,455	17,724	21,179	99.02	2,097,145	338.3%	Yes
<b>Pierre Thabet</b>							
April 21, 2023	387,086	28,749	415,835	99.02	41,175,982	6,641.3%	Yes

- (1) This number includes shares directly or indirectly beneficially owned or controlled, including shares held by a corporation controlled by a director but excluding shares which are under a director's control for the benefit of a third party.
- (2) The information presented is as at December 31, 2021 for Manon Brouillette and as at February 22, 2023 for Jean Houde, Andrée Savoie and Pierre Thabet.
- (3) These values represent the closing price of the Bank's shares on the Toronto Stock Exchange as at December 31, 2021 for Manon Brouillette and as at February 22, 2023 for Jean Houde, Andrée Savoie and Pierre Thabet.
- (4) Manon Brouillette had a five-year grace period starting April 20, 2020, which is the date on which she was appointed as a Bank director, to meet the share ownership requirements for directors.

### Restrictions on trading and hedging of Bank securities

No director, officer or employee shall, directly or indirectly:

- > sell a security of the Bank or of any of the Bank's affiliates if they do not own such security or have not fully paid for the security to be sold (short sale);
- > buy or sell a call or put option on a security of the Bank or of any of the Bank's affiliates;
- > purchase financial instruments that are designed to hedge, offset, or cancel a decrease in market value of equity securities granted as compensation or held directly or indirectly by the director, officer, or employee.



# 4.

## The Board and its Committees

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### References

You can consult our 2022 Annual Report and our 2022 Annual Information Form on [nbc.ca/investors](https://nbc.ca/investors).

Additional information about the education and experience of the Audit Committee members can be found in the “Information on the Audit Committee” section of the 2022 Annual Information Form.

Our Statement of Corporate Governance Practices is available on [nbc.ca/governance](https://nbc.ca/governance).

You can also consult the following documents under the “Codes and commitments” page accessible on [nbc.ca/governance](https://nbc.ca/governance):

- › Corporate Social Responsibility Statement
- › ESG Report
- › Inclusion and Diversity Booklet
- › Privacy Booklet
- › Stakeholder Engagement Guidelines

The mandates of the Board, of the chairs and of the committees are published on the “Board of directors” page accessible on [nbc.ca/governance](https://nbc.ca/governance). The Board’s mandate is also available on [sedar.com](https://www.sedar.com) and incorporated by reference in this Circular.

Section 5 of this Circular provides additional information on the notions of “independent director” and “conflict of interest” as well as on the Board committees, including their power to retain legal counsel or other independent consultants.

The information contained in the various documents, policies or reports published by the Bank or available on the Bank’s website and referred to in this document is not and should not be considered to be incorporated by reference in the Circular, unless expressly stated otherwise.

## BOARD OF DIRECTORS

### Role and responsibilities

The Board's responsibilities are based on its duty to provide oversight and make decisions. Specifically, the Board is tasked with overseeing the management of the Bank's commercial and internal affairs, and it establishes strategic directions in conjunction with management. In turn, management ensures the day-to-day management of activities through the President and Chief Executive Officer and the Senior Leadership Team. To this end, the Board is also responsible for advising and guiding senior management and challenging its decisions, strategies and policies.

#### The Board's main responsibilities



**Approve**  
strategies,  
objectives and  
operating plans



**Promote**  
appropriate behaviour and a  
business culture of integrity and  
ethical conduct



**Ensure**  
compliance with legislation  
and regulations in addition  
to sound governance,  
including application and  
oversight of ESG principles



**Ensure**  
risks are managed  
effectively



**Oversee**  
the management of  
commercial activities  
and internal affairs



**Plan**  
and **develop**  
management  
succession



**Report and disclose**  
financial information  
with transparency  
and diligence



**Develop**  
a compensation and benefits  
approach that maximizes  
the Bank's competitiveness  
and favours goal attainment



**Ensure**  
that officers and material  
risk-takers comply with ethical  
and share ownership  
requirements

The Board develops and approves its own mandate and the mandate of its chair. It periodically reviews and evaluates the mandates to ensure that they remain compliant with applicable legislation and best practices and that they adequately reflect the duties and responsibilities of the Board and its chair.

## The Board's achievements

The Board's primary responsibility is to ensure the Bank's sustainability and ability to create long-term value for all stakeholders. Here are the Board's main achievements in fiscal 2022.

<b>Main responsibilities</b>	<b>Main achievements in fiscal 2022</b> Notably, we:
<b>Strategy and objectives</b>	<ul style="list-style-type: none"> <li>✓ Approved the 2022-2024 Strategic Plan</li> <li>✓ Held regular discussions with the President and Chief Executive Officer, with the Other Executive Officers and with officers about strategic initiatives, including growth opportunities, client interest in new digital solutions, acquisition of new clients, data management, technological change, environmental and social priorities, organizational transformation, impacts of the economic and political context and the review of the business environment</li> <li>✓ Reviewed the business plan, capital strategy, operating and funding budgets, and targets to be achieved</li> <li>✓ Held regular discussions with members of the Senior Leadership Team about the business plans for their respective business sectors as well as about their achievements and objectives</li> <li>✓ Participated in the Bank's strategic planning days to discuss with the President and Chief Executive Officer, with the Chief Operating Officer as well as with the Senior Leadership Team and officers about the current business plan, risks and challenges facing the Bank, the approach to environmental and social matters, investor relations, organizational culture, and acquisition strategies for certain client segments</li> <li>✓ Reviewed and held discussions about the activities of the Wealth Management sector</li> </ul>
<b>Risk management</b>	<ul style="list-style-type: none"> <li>✓ Reviewed and approved the Bank's 2022 risk appetite framework, in particular the risk appetite statements, measures and targets</li> <li>✓ Changed the Technology Subcommittee structure to the Technology Committee</li> <li>✓ Received strategic plans for the various business sectors that outline the risks to which the Bank is exposed</li> </ul>
<b>Financial reporting</b>	<ul style="list-style-type: none"> <li>✓ Reviewed and approved dividend declaration proposals and the proposed dividend increase</li> <li>✓ Reviewed and approved the interim condensed consolidated financial statements, the audited annual consolidated financial statements, the Annual Report, the Annual Information Form, the press releases for dividend declarations and supplementary financial information</li> <li>✓ Approved the appointment and compensation of the independent auditor</li> </ul>
<b>Management, performance and compensation</b>	<ul style="list-style-type: none"> <li>✓ Assessed the President and Chief Executive Officer's performance by comparing financial results against annual objectives and key performance indicators and approved the objectives for the following year</li> <li>✓ Received the President and Chief Executive Officer's evaluation report on the performance of the Other Executive Officers and approved their compensation</li> <li>✓ Received the reports from the RMC, AC and HRC on the performance of the Chief Compliance Officer and the Senior Vice-President – Internal Audit and approved their compensation</li> </ul>

## 4. The Board and its Committees

<b>Main responsibilities</b>	<b>Main achievements in fiscal 2022</b> Notably, we:
<b>Succession planning</b>	<ul style="list-style-type: none"> <li>✓ Approved an update to the succession and development plans of the Bank's Executive Officers and officers</li> <li>✓ Approved an update to the succession plan of the President and Chief Executive Officer in case of emergency</li> <li>✓ Approved the nomination of a candidate for the position of director of the Bank</li> <li>✓ Approved the appointments of members to the Senior Leadership Team: Julie Lévesque as Executive Vice-President – Technology and Operations; Marie Chantal Gingras as Chief Financial Officer and Executive Vice-President – Finance, Ghislain Parent as Executive Vice-President – International; Éric Bujold as Executive Vice-President and Co-Head – Commercial Banking and Private Banking; and Étienne Dubuc as Executive Vice-President and Co-Head – Financial Markets</li> </ul>
<b>ESG</b>	<ul style="list-style-type: none"> <li>✓ Reviewed and approved the Management Proxy Circular and the proxy form for the annual meeting of the holders of common shares of the Bank held on April 22, 2022</li> <li>✓ Acknowledged the Inclusion and Diversity Booklet</li> <li>✓ Acknowledged the ESG Report</li> <li>✓ Reviewed and approved the Statement on Governance Practices</li> <li>✓ Approved the mandate of the Technology Committee and the revision of the mandates of the Risk Management Committee and the Conduct Review and Corporate Governance Committee</li> <li>✓ Acknowledged the Net-Zero Banking Alliance's mid-range target for oil and gas</li> </ul>

The Board carried out an assessment of its performance during fiscal 2022 and is confident that it has fulfilled its duties and responsibilities with regards to its mandate.

Chair of the Board,  
Jean Houde

## COMMITTEES OF THE BOARD

In performing its duties, the Board is assisted by five standing committees: the Audit Committee, the Risk Management Committee, the Conduct Review and Corporate Governance Committee, the Human Resources Committee, and the Technology Committee<sup>(1)</sup>. The Board may also create ad hoc committees to address specific needs whenever a situation so requires.

The Board, in collaboration with the Conduct Review and Corporate Governance Committee, develops and approves the mandates that set the roles and responsibilities of each committee.

### Characteristics of the committees

#### Each Board committee:

- ✓ reports regularly to the Board on its activities;
- ✓ is composed exclusively of independent directors, as defined by the Canadian Securities Administrators;
- ✓ has implemented procedures to ensure its independence from the Bank's management;
- ✓ has met in camera, without the Bank's management being present, at each of its meetings;
- ✓ may inquire about any matter it deems relevant and, to that end, has full access to the Bank's books, records, facilities, premises, and any other employee of the Bank;
- ✓ may invite other individuals (who do not possess voting rights) to attend its meetings, either in full or in part; and
- ✓ periodically reviews and revises its own mandate and recommends its approval to the Board so that it properly reflects its operations, activities, responsibilities, and those of its chair.

### Experience and competencies of members

Each member has the required skills, knowledge and experience to adequately fulfill their duties and effectively contribute to the mandate of the committee on which they serve or is able to acquire the necessary expertise and knowledge within a reasonable length of time following their appointment.

Most of the directors serve on more than one committee, which fosters a better overall understanding of the committee mandates and of the challenges related to the Bank's various business sectors.

(1) Effective May 1, 2022, the Technology Subcommittee became a committee of the Board.

## AUDIT COMMITTEE

### Members



Karen Kinsley,  
Chair



Maryse Bertrand



Pierre Blouin



Lynn Loewen



Andrée Savoie



Pierre Thabet

The Audit Committee obtains reports on the Bank's management and financial position, the effectiveness and efficiency of the main governance processes and systems, the management of risks and internal controls, and the financial risks it faces. It stays up to date on developments and ensures that environmental, social and governance factors are integrated into financial reporting. It reviews the recommendations for addressing such risks and follows up on those implemented. It ensures that management has implemented the appropriate internal controls and recommends to the Board the candidate for the independent auditor position to be proposed to the shareholders.

### AUDIT COMMITTEE

Meetings	<ul style="list-style-type: none"> <li>✓ Seven (7) and one (1) meeting held jointly with the RMC</li> <li>✓ The independent auditor attended the majority of the committee meetings</li> </ul>
Particular characteristics of members	<ul style="list-style-type: none"> <li>✓ Are "financially literate" as required by Regulation 52–110 respecting Audit Committees</li> <li>✓ Do not serve on the audit committee of more than three public corporations, including that of the Bank</li> </ul>
In camera meetings	<ul style="list-style-type: none"> <li>✓ Chief Financial Officer and Executive Vice-President – Finance</li> <li>✓ Senior Vice-President – Internal Audit</li> <li>✓ Independent auditor</li> </ul>
Other role	<ul style="list-style-type: none"> <li>✓ Served as the Audit Committee for a subsidiary, namely, Natcan Trust Company</li> </ul>

## 4. The Board and its Committees

**AUDIT COMMITTEE** (continued)

<b>Main responsibilities</b>	<b>Main achievements in fiscal 2022</b> Notably, we:
Reviewing financial statements and Management's Discussion and Analysis (MD&A) and ensuring their integrity	<ul style="list-style-type: none"> <li>✓ Reviewed and recommended that the Board approve the interim condensed consolidated financial statements, the audited annual consolidated financial statements, the Annual Report, the Annual Information Form, the press releases for dividend declarations and supplementary financial information</li> <li>✓ Approved and recommended to the Board the approval of the dividend declarations and the proposed dividend increase</li> </ul>
Overseeing the work of the independent auditor and assessing its performance	<ul style="list-style-type: none"> <li>✓ Reviewed the independent auditor's conclusions regarding the annual consolidated financial statements and discussed the annual and interim condensed consolidated financial statements with the independent auditor</li> <li>✓ Reviewed and approved the agreement covering external audit services</li> <li>✓ Approved and recommended to the Board the appointment and compensation of the independent auditor</li> <li>✓ Reviewed and approved the independent audit plan for the fiscal year ending October 31, 2022</li> <li>✓ Carried out the annual assessment of the effectiveness and contribution of the independent auditor, including its competencies, resources and degree of autonomy, verified its independence and recommended to the Board that its services as independent auditor be proposed again for the fiscal year ending October 31, 2022</li> <li>✓ Oversaw the application of the guidelines concerning the management of services provided by the independent auditor and preapproved certain mandates</li> <li>✓ Received the Canadian Public Accountability Board inspection report</li> </ul>
Reviewing the effectiveness of internal control policies and procedures	<ul style="list-style-type: none"> <li>✓ Reviewed the report on internal controls over financial reporting</li> <li>✓ Reviewed the reports on the Bank's compliance with regulatory capital ratios</li> <li>✓ Reviewed and updated audit policies, as appropriate</li> </ul>
Oversight functions	<ul style="list-style-type: none"> <li>✓ Reviewed and approved the mandate, nature and scope of the Finance oversight function and Internal Audit oversight function, as well as the annual audit plan</li> <li>✓ Obtained assurance regarding the independence and effectiveness of the Finance oversight function and the Internal Audit oversight function, ensured that they have sufficient resources to fulfill their mandates and responsibilities, and approved their budgets</li> <li>✓ Reviewed the interim and annual reports of the Senior Vice-President – Internal Audit and ensured that necessary follow-up measures had been taken in response to the main recommendations in these reports</li> <li>✓ Received the interim and annual reports produced by the Chief Compliance Officer regarding the compliance status of the Bank and its subsidiaries, including compliance with anti-money laundering and proceeds of crime regulation</li> <li>✓ Assessed the performance of the Chief Financial Officer and Executive Vice-President – Finance as well as that of the Senior Vice-President – Internal Audit and made recommendations to the HRC and the Board regarding their compensation</li> <li>✓ Reviewed the succession plan of the Chief Financial Officer and Executive Vice-President – Finance as well as that of the Senior Vice-President – Internal Audit and made recommendations to the HRC and the Board</li> </ul>

## 4. The Board and its Committees

**AUDIT COMMITTEE** (continued)

<b>Main responsibilities</b>	<b>Main achievements in fiscal 2022</b> Notably, we:
Reviewing financial soundness	<ul style="list-style-type: none"> <li>✓ Received the annual report on litigation against the Bank and its subsidiaries that could constitute a material risk</li> <li>✓ Discussed the scope of application of the IFRS 17 standard on insurance contracts</li> <li>✓ Reviewed with the RMC the international regulatory provisions for Banks</li> <li>✓ Reviewed and recommended the operating budget to the Board</li> <li>✓ Reviewed and recommended to the Board, for approval, coupon payments for the Limited Recourse Capital Notes</li> </ul>

The Board carried out an assessment of its performance during fiscal 2022 and is confident that it has fulfilled its duties and responsibilities with regards to its mandate.

Chair of the Audit Committee,  
**Karen Kinsley**



## RISK MANAGEMENT COMMITTEE

### Members



Pierre Thabet,  
Chair



Yvon Charest



Patricia  
Curadeau-Grou



Karen Kinsley



Lino A. Saputo



Macky Tall

The Risk Management Committee oversees and approves the risk management framework, key risk management policies and risk tolerance limits. It ensures that the framework takes ESG risks into account and that they are identified and monitored. Finally, it monitors the trends of the Bank's activities and ensures alignment with the Bank's risk appetite. It proactively manages significant risks and ensures that management reports to the Board on the assessment process and control measures of such risks. It provides recommendations on risks arising from strategic decisions made by the Board and reviews certain strategic investments and initiatives that could have a significant impact on the Bank.

### RISK MANAGEMENT COMMITTEE

Meetings	✓ Twelve (12) and one (1) meeting held jointly with the RMC
In camera meetings	✓ Executive Vice-President – Risk Management ✓ Chief Compliance Officer

Main responsibilities	Main achievements in fiscal 2022 Notably, we:
Overseeing the management of the main risks to which the Bank is exposed	<ul style="list-style-type: none"> <li>✓ Held discussions with the Financial Consumer Agency of Canada and Canada Deposit Insurance Corporation as part of annual meetings</li> <li>✓ Reviewed integrated risk management reports that contain, among other things, a follow-up on risks related to sales practices, as well as geopolitical and environmental risks, including climate change and social risks</li> <li>✓ Received the summary of highlights from the Technology Subcommittee meetings</li> <li>✓ Reviewed the reports addressing the allowances for credit risk on impaired loans (IFRS 9)</li> <li>✓ Reviewed, with the AC, the international regulatory provisions for banks</li> <li>✓ Received the annual report on litigation against the Bank and its subsidiaries that could constitute a material risk</li> <li>✓ Reviewed the various sensitivity analyses related to credit risk</li> <li>✓ Reviewed, updated and approved, as necessary, certain risk management policies</li> <li>✓ Reviewed and approved various credit files of the Bank's clients in accordance with the credit approval policies</li> <li>✓ Reviewed and approved the contingency and business recovery plan and the Canadian resolution plan in case of bankruptcy</li> <li>✓ Reviewed the U.S. resolution plan</li> </ul>

## 4. The Board and its Committees

**RISK MANAGEMENT COMMITTEE (continued)**

<b>Main responsibilities</b>	<b>Main achievements in fiscal 2022</b> Notably, we:
Overseeing the management of the main risks to which the Bank is exposed (continued)	<ul style="list-style-type: none"> <li>✓ Received information on key changes made to laws, regulations and other rules, particularly those involving privacy, as well as information on material regulatory non-compliance risks</li> <li>✓ Reviewed and approved changes to certain sector limits and the methodology used to establish such limits</li> <li>✓ Reviewed the ESG strategy for greenhouse gas-intensive industries</li> <li>✓ Received an update on financed emissions of the portfolio and on targets</li> <li>✓ Reviewed reports on the oil and gas sector</li> <li>✓ Reviewed the governance of certain Bank subsidiaries</li> <li>✓ Reviewed the work of the Compensation Risk Oversight Working Group</li> </ul>
Reviewing and approving the Bank's risk appetite framework	<ul style="list-style-type: none"> <li>✓ Approved and recommended to the Board the approval of the Bank's risk appetite framework and ensured that the Bank's management was implementing appropriate processes to effectively manage risks</li> </ul>
Overseeing capital and liquidity and funding management	<ul style="list-style-type: none"> <li>✓ Reviewed and approved the results obtained from capital stress-testing scenarios</li> <li>✓ Reviewed and recommended that the Board approve the capital plan</li> <li>✓ Reviewed the liquidity management reports</li> <li>✓ Examined and approved the funding plan</li> </ul>
Oversight functions	<ul style="list-style-type: none"> <li>✓ Reviewed and approved the mandate, nature and scope of work of the Risk Management and Compliance oversight functions</li> <li>✓ Obtained assurance regarding the independence and effectiveness of the Risk Management and Compliance oversight functions, ensured that they have sufficient resources to fulfill their mandates and responsibilities and approved their budgets</li> <li>✓ Reviewed the interim reports and the annual report produced by the Chief Compliance Officer regarding the compliance status of the Bank and its subsidiaries, including the compliance with anti-money laundering and proceeds of crime regulations</li> <li>✓ Received the reports of the Senior Vice-President – Internal Audit and obtained assurance that necessary follow-up measures had been taken in response to the main recommendations in these reports</li> <li>✓ Received the annual audit plan</li> <li>✓ Assessed the performance of the Executive Vice-President – Risk Management and the Chief Compliance Officer and provided the HRC and the Board with recommendations regarding their compensation</li> <li>✓ Reviewed the succession plan of the Executive Vice-President – Risk Management and of the Chief Compliance Officer and made recommendations to the HRC and the Board</li> </ul>
Other	<ul style="list-style-type: none"> <li>✓ Reviewed the progress and timeframe for the construction of the new head office</li> <li>✓ Approved and recommended to the Board the updated budget for the new head office</li> <li>✓ Approved and recommended to the Board the revision to its mandate</li> </ul>

The Board carried out an assessment of its performance during fiscal 2022 and is confident that it has fulfilled its duties and responsibilities with regards to its mandate.

Chair of the Risk Management Committee,  
**Pierre Thabet**

## CONDUCT REVIEW AND CORPORATE GOVERNANCE COMMITTEE

### Members



Yvon Charest,  
Chair



Patricia  
Curadeau-Grou



Jean Houde



Robert Paré



Andrée Savoie

The Conduct Review and Corporate Governance Committee stays informed of the latest ESG trends and oversees the Bank's ESG strategy to ensure that the Bank's ESG practices are sound and in compliance with the law. It ensures that the directors, officers and employees act in an ethical and responsible manner. It oversees the management of complaints made by clients. It must also ensure the competence of the directors, plan their succession, the composition of the Board and share roles and responsibilities between the Board and the committees. It oversees the evaluation of the Board, its committees and its chairs. The committee ensures that mechanisms are put in place to prevent transactions between the Bank and related parties that are prohibited by legislation from being carried out.

### THE CONDUCT REVIEW AND CORPORATE GOVERNANCE COMMITTEE

Meetings	✓ Six (6)
Other role	✓ Served as the Conduct Review Committee for a subsidiary, namely, Natcan Trust Company

Main responsibilities	Main achievements in fiscal 2022 Notably, we:
Composition and operation of the Board and its committees	<ul style="list-style-type: none"> <li>✓ Verified the independence, eligibility, availability and competencies of the Board members</li> <li>✓ Reviewed and recommended that the Board approve the appointment of the Chair of the Board, the composition of the Board's committees and the appointment of committee and their chairs</li> <li>✓ Reviewed updates relating to recent changes in regulations, guidelines and governance and recommended to the Board changes to the Bank's governance practices</li> <li>✓ Obtained the assurance that each director complies with the Code of Conduct and Ethics, understands conflict of interest standards and is not in a conflict of interest situation</li> </ul>
Orientation and education of directors	✓ Identified training sessions for directors
Assessment of the Board, its committees and directors	<ul style="list-style-type: none"> <li>✓ Reviewed the methodology for assessing the Board and its chair, the committees and the committee chairs, and the directors</li> <li>✓ Developed an action plan for assessing the performance of the Board and its committees and monitored periodically the implementation of proposals designed to improve efficiency</li> </ul>
Succession planning for directors and the Chair of the Board	✓ Reviewed the Board's composition, diversity, the term of office of a directorship, the skills and experience of the Board and assessed potential director nominees

**CONDUCT REVIEW AND CORPORATE GOVERNANCE COMMITTEE (continued)**

<b>Main responsibilities</b>	<b>Main achievements in fiscal 2022</b> Notably, we:
Oversight of governance matters	<ul style="list-style-type: none"> <li>✓ Reviewed and recommended that the Board approve the Management Proxy Circular (including the shareholder proposals and responses thereto and the form of proxy) for the annual meeting of the holders of common shares of the Bank held on April 22, 2022</li> <li>✓ Reviewed the Subsidiary Governance Framework</li> <li>✓ Received the annual report on compliance with the Subsidiary Governance Framework</li> <li>✓ Reviewed the list of directors who are part of the Bank's group</li> <li>✓ Reviewed and recommended to the Board for approval the Stakeholder Engagement Guidelines</li> <li>✓ Reviewed and recommended to the Board for approval changes to the description of expectations of directors</li> <li>✓ Reviewed and recommended to the Board the approval of its mandate</li> </ul>
Oversight of environmental and social responsibility matters	<ul style="list-style-type: none"> <li>✓ Reviewed periodically the Bank's environmental and social strategy including the results of rating agencies</li> <li>✓ Reviewed and recommended that the Board approve the Corporate Social Responsibility Statement</li> <li>✓ Reviewed trends in environmental, social and governance responsibility</li> <li>✓ Reviewed, with the HRC, the Internal Audit report on the status of ESG priorities integrated into compensation</li> <li>✓ Reviewed carbon impact metrics and targets for the oil and gas portfolio</li> <li>✓ Reviewed and discussed advisory votes on climate action plans</li> <li>✓ Received the Bank's disclosure regarding privacy</li> </ul>
Oversight of matters related to review, ethics and client protection measures	<ul style="list-style-type: none"> <li>✓ Reviewed the reports and the implementation of mechanisms to ensure compliance with legislative provisions concerning related party transactions</li> <li>✓ Reviewed the reports on complaints made by clients of the Bank and processed by the Client Complaint Appeal Office and the action plan concerning the implementation of new legislative measures applicable to consumer protection</li> <li>✓ Approved and recommended to the Board for approval various policies, notably on complaint processing</li> <li>✓ Reviewed the implementation of new legislative measures for client protection</li> <li>✓ Reviewed the report on the application of the Code of Conduct and Ethics</li> <li>✓ Approved the revision of the Code of Conduct</li> <li>✓ Reviewed and updated, as appropriate, policies for reporting wrongdoing</li> </ul>
Director compensation	<ul style="list-style-type: none"> <li>✓ Reviewed and recommended to the Board a revision to the Bank's director compensation program</li> <li>✓ Reviewed the annual renewal of the directors and officers' liability insurance and of the crime insurance for financial institutions</li> </ul>
Other	<ul style="list-style-type: none"> <li>✓ Reviewed and discussed the crisis management action plan</li> <li>✓ Approved and recommended to the Board for approval the revision of the mandates of the TC and RMC</li> <li>✓ Received for information the review of the progress of the Bank's language obligations</li> </ul>

The Board carried out an assessment of its performance during fiscal 2022 and is confident that it has fulfilled its duties and responsibilities with regards to its mandate.

Chair of the Conduct Review and Corporate Governance Committee,  
**Yvon Charest**

## HUMAN RESOURCES COMMITTEE

### Members



Pierre Boivin,  
Chair



Maryse Bertrand



Pierre Blouin



Yvon Charest



Rebecca McKillican



Robert Paré

The Human Resources Committee, with the support of the Compensation Risk Oversight Working Group, ensures that the implemented compensation policies and programs are conducive to achieving the Bank's strategic and financial objectives without compromising its viability, solvency, or reputation. The committee oversees and approves compensation and talent management programs, officer succession plans, and pension plans. It ensures the existence of human resources management programs which allow it to attract and retain top talent and promote employee experience. The committee ensures that the Bank's human resources management strategies and organizational culture are aligned with the Bank's ESG practices and strategies. The Committee also puts emphasis on the employee experience by ensuring that in its practices and policies, that the mental, physical and financial well-being of employees is prioritized.

### HUMAN RESOURCES COMMITTEE

Meetings	✓ Six (6)
<b>Main responsibilities</b>	<b>Main achievements in fiscal 2022</b> Notably, we:
Monitoring of human resources policies, programs and practices including compensation and organizational culture	<ul style="list-style-type: none"> <li>✓ Reviewed the total compensation strategy with the aim of ensuring and improving the compensation offer which focuses as much on direct compensation as on the mental and physical well-being of employees</li> <li>✓ Recommended that the Board approve the targets and parameters of the annual Incentive Compensation Program (ICP), which applies to over 11,000 employees, and the parameters of the SYNERGY – Executives Program, which applies to Executive Officers and officers, for fiscal 2022</li> <li>✓ Approved the short-, mid- and long-term variable compensation envelopes for 2022, and, in collaboration with the CRCGC, reviewed the evolution of ESG priorities</li> <li>✓ Reviewed the work of the Compensation Risk Oversight Working Group including the approval of its own mandate</li> <li>✓ Reviewed and approved proposed changes to share ownership guidelines and to certain compensation programs, including the parameters of the 2023 executive compensation program metrics which include ESG priorities</li> <li>✓ Reviewed the compensation programs for the ABA Bank and Credigy management teams</li> <li>✓ Reviewed the Talent and Culture Review report, which discusses culture, a distinctive element of the Bank's branding as an employer, the Bank's overall capacity with respect to talent acquisition and retention, and discussed the necessity for the Bank to distinguish itself by its offer which includes time off, flexibility, as well as the overall well-being of its employees (mental, physical and financial)</li> <li>✓ Reviewed on a quarterly basis the Employee Experience scorecard presenting an overview of various dimensions, including culture, talent management, health, well-being, inclusion and diversity, as well as various initiatives (neurodiversity, women and financial independence, Black History Month)</li> <li>✓ Discussed flexible work arrangements as an attraction and retention strategy</li> </ul>

## 4. The Board and its Committees

**HUMAN RESOURCES COMMITTEE (continued)**

<b>Main responsibilities</b>	<b>Main achievements in fiscal 2022</b> Notably, we:
Performance and compensation management of the President and Chief Executive Officer	<ul style="list-style-type: none"> <li>✓ Approved the objectives of the executives scorecard and performance targets of the SYNERGY – Executives Compensation Program applicable to the President and Chief Executive Officer, Other Executive Officers and officers</li> <li>✓ Reviewed the competitiveness of the target total direct compensation of the President and Chief Executive Officer, and recommended that the Board approve changes to the compensation of the President and Chief Executive Officer</li> <li>✓ Assessed, based on financial results, the President and Chief Executive Officer's performance against annual objectives and key performance indicators, including ESG priorities, as well as the prudence with which he managed the Bank's operations and the risks to which the Bank is exposed, and subsequently reported to the Board</li> </ul>
Performance and compensation management of the Other Executive Officers and heads of the oversight functions	<ul style="list-style-type: none"> <li>✓ Received the President and Chief Executive Officer's report on the performance of the Other Executive Officers</li> <li>✓ Reviewed the competitiveness of the target total direct compensation and recommended that the Board approve changes to the compensation of the Other Executive Officers</li> <li>✓ Reviewed, in collaboration with the AC and the RMC, the competitiveness of the target total direct compensation of the heads of the oversight functions and subsequently recommended that the Board approve their compensation</li> </ul>
Review of the Executive Officers' and officers' succession and development plan	<ul style="list-style-type: none"> <li>✓ Reviewed the talent management strategies, including the talent attraction strategy</li> <li>✓ Reviewed and recommended that the Board approve the updated succession plan of the Executive Officers, of the heads of the oversight functions and of the officers of the Bank, considering the Bank's values, in particular with respect to inclusion and diversity</li> <li>✓ Reviewed and recommended to the Board the appointment, mandate and compensation of new members that joined the Senior Leadership Team in fiscal 2022</li> </ul>
Oversight of pension plans and employee benefits	<ul style="list-style-type: none"> <li>✓ Reviewed a report on the governance, performance and risk taking of the mutual fund and on the application of the investment policy to the Bank's pension plans</li> <li>✓ Approved the revision of the Mutual Fund Policy for the Bank's pension plans</li> <li>✓ Monitored the deployment of the new innovative employee benefits offer, which aims to improve employee benefits by promoting health and well-being of employees</li> <li>✓ Reviewed the provisions of the defined contribution pension plan for employees and officers and the officers' post-retirement allowance program, and recommended for Board approval</li> <li>✓ Approved the merger of National Bank Financial Inc.'s Post-Retirement Allowance Program (PRAP) and the PRAP of National Bank of Canada</li> <li>✓ Received the annual report on governance and risk management of pension plans and the quarterly updates</li> <li>✓ Tracked initiatives related to employee health, including the launch of four vaccination clinics for employees and their families and the distribution of 100,000 rapid tests to targeted employees and in branches</li> </ul>

## 4. The Board and its Committees

**HUMAN RESOURCES COMMITTEE** (continued)

<b>Main responsibilities</b>	<b>Main achievements in fiscal 2022</b> Notably, we:
Stakeholder engagement and compliance with compensation governance standards	<ul style="list-style-type: none"> <li>✓ Reviewed the Bank's Internal Audit oversight function's report on total compensation policies, programs and practices</li> <li>✓ Confirmed that all Executive Officers and heads of the oversight functions were compliant with the Bank's Code of Conduct and Ethics and with its conflict of interest standards</li> <li>✓ Received a report on exchanges with institutional shareholders which address, among other things, the inclusion of employees in the Bank's strategic decision-making</li> <li>✓ Monitored exchanges with the Bank's institutional shareholders and governance bodies</li> </ul>

The Board carried out an assessment of its performance during fiscal 2022 and is confident that it has fulfilled its duties and responsibilities with regards to its mandate.

Chair of the Human Resources Committee,  
**Pierre Boivin**

## TECHNOLOGY COMMITTEE

### Members



Pierre Blouin,  
Chair



Patricia  
Curadeau-Grou



Rebecca McKillican



Robert Paré

The Technology Committee ensures that management has implemented a technology program that meets the needs of the Bank and its clients, including the development of tools and the promotion of best technological practices. It ensures that it is informed of any situation that could jeopardize the Bank's technology systems and reviews major investments in technology. Among other things, it reviews the Bank's technology strategy and oversees the risks, particularly with respect to cybercrime.

## 4. The Board and its Committees

**TECHNOLOGY COMMITTEE**

Meetings	✓ Five (5)
<b>Main responsibilities</b>	<b>Main achievements in fiscal 2022</b> Notably, we:
Technology strategy	<ul style="list-style-type: none"> <li>✓ Reviewed the technology strategy and its alignment with the business strategy</li> <li>✓ Reviewed the progress made on strategy relating to the digitization of services, automation and digital offering</li> <li>✓ Reviewed the open banking strategy</li> <li>✓ Reviewed and discussed the Bank's artificial intelligence strategy, including its vision, mission, operational model and ethical challenges</li> </ul>
Technology investments and assets	<ul style="list-style-type: none"> <li>✓ Reviewed the annual budget to support the technology strategy and the investments in and management of technology assets</li> <li>✓ Reviewed the technology initiatives portfolios for each of the business sectors</li> <li>✓ Reviewed the investment strategy for investing in new financial technologies</li> <li>✓ Reviewed material outsourcing arrangements</li> <li>✓ Reviewed the interim reports regarding the delivery of technology services, including project follow-ups and technology modernization</li> </ul>
Surveillance and cybersecurity	<ul style="list-style-type: none"> <li>✓ Reviewed the effectiveness of the cybersecurity program and cyber resilience practices</li> <li>✓ Reviewed the interim reports on technology risks, including cyber risks and cybercrime</li> <li>✓ Received information about the delivery of technology risk projects, including cybersecurity</li> <li>✓ Reviewed real cases of cyber attacks, their impacts and lessons learned</li> <li>✓ Received the Technology and Cyber Risk Management Policy</li> </ul>
Technology monitoring	<ul style="list-style-type: none"> <li>✓ Reviewed trends in emerging and disruptive technologies and discussed their impacts</li> <li>✓ Discussed new regulations and legislation</li> </ul>
Privacy	<ul style="list-style-type: none"> <li>✓ Reviewed and discussed the data strategy, data security and data use</li> <li>✓ Reviewed the legislative amendments regarding privacy</li> <li>✓ Reviewed and updated the Privacy Policy</li> <li>✓ Acknowledged the Privacy Booklet</li> </ul>
Governance	<ul style="list-style-type: none"> <li>✓ Reviewed the integration and governance plan for a new technology subsidiary of the Bank</li> <li>✓ Approved and recommended to the Board the approval of the revision to its mandate</li> <li>✓ Reviewed the technology resource recruitment plan</li> </ul>

The Board carried out an assessment of its performance during fiscal 2022 and is confident that it has fulfilled its duties and responsibilities with regards to its mandate.

Chair of the Technology Committee,  
**Pierre Blouin**



# 5.

## Governance Practices

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### References

The ESG Report, TCFD Report, and the Inclusion and Diversity Booklet are available under the “Commitments and impact” page of [nbc.ca/about-esg](https://nbc.ca/about-esg).

You can consult the following documents under the “Board of directors” page accessible on [nbc.ca/governance](https://nbc.ca/governance):

- > Mandates of the Board, the committees, the Chair of the Board and the committee chairs
- > Majority Voting Policy
- > Policy regarding the Diversity of the Board of Directors
- > Director Independence Policy

You can consult the following documents under the “Codes and commitments” page accessible on [nbc.ca/governance](https://nbc.ca/governance):

- > Stakeholder Engagement Guidelines
- > Proxy Access Policy
- > Code of Conduct

The information contained in the various documents, policies or reports published by the Bank or available on the Bank’s website and referred to in this document is not and should not be considered to be incorporated by reference in the Circular, unless expressly stated otherwise.

### Glossary

**Code:** the Code of Conduct

**UN:** United Nations

## GOVERNANCE STRUCTURE AND APPROACH

**Our approach is based on the following principles:**



### **Rigour**

The directors exercise independent judgment in the performance of their duties to protect the interests of the Bank. They have the necessary skills to advise management on the Bank's strategic orientation.



### **Oversight**

The Board oversees the policies and the risk management framework to ensure that the Bank takes on risks in line with its risk appetite.



### **Integrity**

The directors and officers embody the values of the Bank and guide its governance culture.



### **Transparency**

The directors avoid conflicts of interest and ensure transparency in their interactions to maintain stakeholder confidence in the Bank.



### **Independence**

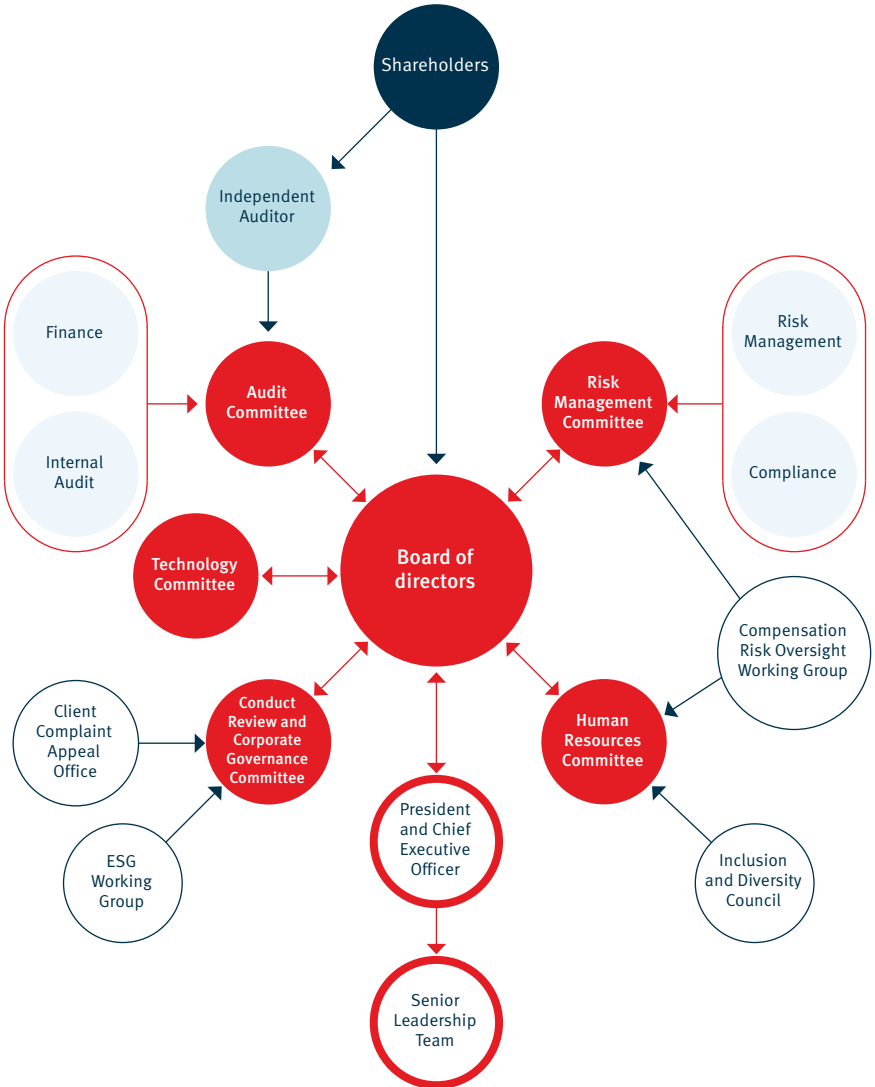
The Board is independent of the Bank and of its management so that it can carry out its oversight duties adequately.

We believe it is vital to adopt a governance culture that aims not only to have a positive impact in people's lives, as stated in our One Mission, but also, to ensure our compliance with best practices and the applicable rules, so we can meet the expectations of the Canadian regulatory authorities and our stakeholders. This transparency and independence allow the Board to meet its good governance goals. These rigorous principles are based on exemplary ethical standards and are aligned with our strategy; they guide the Bank in its interactions with its stakeholders, as well as promote the proper operation of the Bank.

### Our governance structure

Five committees support the Board in its mandate: Audit, Conduct Review and Corporate Governance, Risk Management, Human Resources and Technology. It also receives recommendations from the four oversight functions: Internal Audit, Risk Management, Compliance and Finance.

The diagram below illustrates the interactions between the Board, the committees, the oversight functions and other bodies mentioned in this section:



## Oversight functions

### Internal Audit

- › The Internal Audit segment is the third line of defence in the risk management framework.
- › It is responsible for providing the Bank's Board and management with:
  - Independent assurance on the effectiveness of the main governance, risk management, and internal control processes and systems
  - Recommendations that promote the long-term strength of the Bank.

### Finance

- › The Finance segment is responsible for optimizing management of financial resources and ensuring sound governance of financial information.
- › It helps the business sectors and the support functions with their financial performance.
- › It ensures regulatory compliance.
- › It is responsible for the presentation of the Bank's reporting to shareholders as well as the presentation of its external reporting outside of the various units, entities and subsidiaries of the Bank.
- › It is also responsible for capital management and actively participates in the activities of the Asset/Liability Management Committee.

### Risk Management

- › The Risk Management segment is responsible for:
  - Independent and integrated identification, assessment and monitoring of the various risks to which the Bank and its subsidiaries are exposed
  - Promoting a risk management culture within the Bank
- › The Risk Management team helps the Board and management understand and monitor the main risks.
- › This sector develops, maintains and communicates the risk appetite framework while ensuring the integrity and reliability of risk measures.

### Compliance

- › The Compliance segment is responsible for implementing a Bank-wide risk management framework for regulatory compliance.
- › It relies on an organizational structure that includes functional links to the main business sectors.
- › It also oversees and assesses independently the compliance of the Bank and its subsidiaries with the standards and policies relating to the management of risk of non-compliance with regulations.

## Chair of the Board

The Chair takes on the leadership of the Board, directs its activities and presides over its meetings as well as the annual meeting of shareholders. The Chair ensures that the Board performs its duties effectively and independently, in the interests of the Bank and taking into consideration the interests of its stakeholders.

The Chair promotes the highest standards of integrity and ethical conduct among Board members, as well as rigorous governance standards. Moreover, the Chair encourages frank and constructive debate among the directors and fosters open dialogue between directors and management.

The Chair also:

- › ensures that the Board’s committees fulfill the responsibilities assigned to them by the Board and that they report back to the Board on the results of their work;
- › ensures that the Board has the necessary resources and information to fulfill its mandate and responsibilities;
- › ensures that the independent directors meet at the end of each Board meeting, without members of the Bank’s management present, and presides these proceedings in camera;
- › participates as a non-voting guest at meetings of committees of which the Chair is not a member, but may, at the request of the committee chair, act as a member and cast a vote if the quorum could not otherwise be reached at a meeting;
- › assists the Conduct Review and Corporate Governance Committee in overseeing the process for evaluating the performance of the Board, committees and directors; and
- › participates in meetings with Bank stakeholders.

The Chair of the Board is independent as defined by the Canadian Securities Administrators and does not have a casting vote in the event of a tie among Board member votes.

## Committees created by the Board

The Board delegates some of its powers to its committees. It appoints committee members and chairs chosen among the directors, in accordance with the eligibility criteria established by the legislation in force.

Following the recommendations of the Conduct Review and Corporate Governance Committee, the Board approves the mandates of its committees as well as those of the committee chairs.

For further information on the composition, mandates and achievements of the committees, refer to [Section 4](#).

## CULTURE AND INTEGRITY

The Board, accompanied by management, sets an example and promote an ethical and transparent business culture across the Bank, particularly with regard to the duties to act with honesty and integrity, to comply with the law, to treat clients with respect and civility, to protect their privacy and avoid conflicts of interest.

The Board upholds the rules of conduct and ethics, by way of the Conduct Review and Corporate Governance Committee, which adopts and regularly reviews the Bank’s Code. Just as with employees and officers of the Bank, the directors are bound by the Code and other professional conduct and ethics rules.

### Our Code of Conduct

The Bank considers strict adherence to the Code essential to maintain the trust of our stakeholders. This applies to the directors, officers and all employees of the Bank. Our Code sets out six guiding principles aligned with our values, which shape every facet of the Bank. These principles guide the Board in fulfilling its mandate, including the important decisions it must make and the policies it adopts. It sets out standards for desired conduct and how our directors, officers and employees interact, with each other and with our stakeholders, including regulators, suppliers, the media, competitors and the public.

Furthermore, the Board ensures that the Bank has a permanent, appropriate and effective process in place that ensures compliance with these rules, by having the directors, officers and employees sign an annual commitment to follow the Code. It also ensures, in line with the existing continuous disclosure obligations, the disclosure of any material breach of the rules of this Code by a director or an Executive Officer. Finally, the Board ensures that the Code is filed with the Canadian Securities Administrators and that it be made available on the Bank’s website. The Code is accessible on [nbc.ca/governance](http://nbc.ca/governance).

### Independent complaint and report handling

The Board and the Senior Leadership Team strive to foster an environment open to dialogue, where employees can express themselves and share their concerns.

To ensure that our employees can raise concerns relating to accounting, internal accounting controls and auditing, and report wrongdoings without fear of reprisal, the Audit Committee and the Conduct Review and Corporate Governance Committee have adopted a whistleblower policy and oversee its application. This means we have an effective, accessible and confidential process in place to facilitate the handling of these complaints and irregularities, so as to foster a culture conducive to reporting for all of our employees and those of our subsidiaries. It is the Bank’s Ethics Ombudsman who receives, handles and archives these complaints, concerns and reports.

Furthermore, the Bank has a Client Complaint Appeal Office and an Employee Ombudsman. The Client Complaint Appeal Office investigates, as a last resort, complaints from clients relating to products and services offered by the Bank. The Employee Ombudsman helps resolve disputes employees may have in the course of their duties and, where necessary, preserves employee anonymity when handling reports. In all these situations, the complaint handling process is impartial and independent, to ensure equitable treatment.

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For further information on the duties of the Client Complaint Appeal Office, the Ethics Ombudsman and the Employee Ombudsman, consult the “Complaint settlement” and “Report wrongdoing” pages on [nbc.ca](http://nbc.ca).



## BOARD COMPOSITION

The Board, with the support of the Conduct Review and Corporate Governance Committee, regularly reviews its size and composition using a set of criteria and expectations for directors that it establishes and reviews on an ongoing basis, and which include:

- › Skills
- › Independence
- › Integrity
- › Availability
- › Diversity

These expectations are described in further detail in the following pages. The Board believes that its composition is adequate to allow it to make informed decisions, staff its committees and plan its succession.

### Expectations for directors and desired skills

To ensure proper fulfillment of its role, the Board is composed of directors with a broad range of knowledge and complementary skills.

The directors perform an annual self-assessment of their skills, and these are reflected in the skills matrix grid provided in [Section 2](#) of the Circular. This grid is subsequently used in the succession planning process, when staffing committees, as well as to identify specific skills required by future candidates for a director position, as the Bank's strategy evolves. We believe that the skills and expertise of our two new candidates, Annick Guérard and Pierre Pomerleau, to be assets for the Board and will complement those of our existing directors. Altogether, they will have the skills, knowledge and expertise to fulfill their responsibilities.

Every year, the Conduct Review and Corporate Governance Committee reviews the list of skills sought by the Bank so that it reflects our changing needs and relevant best practices. This year, following this review, to adequately reflect the importance of ESG issues and to clearly identify the expertise of directors in environmental, social and governance measures, we have chosen to distinguish each of the main ESG components separately. You can consult these skills in [Section 2](#).

## 5. Governance Practices

In addition to the desired skills, the Conduct Review and Corporate Governance Committee also keeps a list of expectations for director contributions to the Board, in the form of desired aptitudes and behaviours. As such, the Board expects all directors and candidates to demonstrate the following skills and conduct:



### Dedication and integrity

- › Look after the interests of the Bank
- › Strive for continuous improvement
- › Act as ambassador of the Bank in their area and in the broader community
- › Understand their role and responsibilities as well as the associated expectations and obligations
- › Make full use of their skills, experience and influence in a constructive manner
- › Perform their duties with integrity, honesty and candour
- › Adhere to the Bank's Code
- › Ensure compliance with the eligibility criteria set out in the Bank Act (Canada), in any other legislation and within any internal rules
- › Avoid conflicts of interest
- › Ensure the confidentiality of all information to which they have access
- › Adhere to the standards of independence from the Bank's management



### Commitment, rigour and participation

- › Devote the time and energy needed to meet their obligations in full
- › Prepare adequately for meetings
- › Attend at least 75% of the meetings to which they are called
- › Keep financial skills up to date
- › Meet share ownership requirements and demonstrate transparency in transactions
- › Stay up to date on the Bank's affairs and on any issues or trends that could affect its activities
- › Participate in the Bank's Continuing Education Program
- › Take responsibility for decisions made by the Board



### Contribution to the Bank's values and business acumen

- › Challenge the status quo, encourage change and seek solutions
- › Contribute to responsible risk management across the Bank
- › Demonstrate leadership, initiative, foresight and courage
- › Manage conflict constructively and work collaboratively with other members
- › Have an entrepreneurial spirit and an interest in innovation
- › Understand the vision, strategic direction, objectives and risks associated with the Bank's activities
- › Exercise clear and sound judgment to assess opportunities for the Bank
- › Exhibit sound business judgment
- › Think critically about the Bank's growth strategies
- › Lead by example and contribute to the corporate culture
- › Be open to the views and concerns of the Bank's stakeholders



## Director independence

A director is independent if they do not have a direct or indirect material relationship with the Bank. A material relationship is one that the Board could reasonably expect it to interfere with a director's independent judgment.

The Board implements structures and procedures to ensure its independence from the Bank's management. Thus, for instance, the Conduct Review and Corporate Governance Committee has drafted the [Director Independence Policy](#), which sets out standards generally based on the criteria issued by the Canadian Securities Administrators and the Affiliated Persons (Banks) Regulations (Canada). The committee regularly assesses the independence of Board members, using among other things, information provided by the directors semi-annually, or information otherwise brought to its attention. The Board then reviews the independence assessment conducted by the Conduct Review and Corporate Governance Committee.

- › All members of the Board and director nominees are independent as defined by the Canadian Securities Administrators, with the exception of the President and Chief Executive Officer of the Bank, who in accordance with the Bank Act (Canada), is required to sit on the Board while serving in these roles.
- › The role of the Chair of the Board and the role of the President and Chief Executive Officer of the Bank are distinct.

During fiscal 2022, the independent directors met in camera, without members of management being present at each Board meeting and committee or subcommittee meeting, as set out in the agenda.

Moreover, the Board and its committees may hire legal counsel or other independent external consultants. They may define the mandates of these consultants and set their compensation, which is paid by the Bank. The Board or the relevant committee assesses the nature of the other mandates assigned by the Bank to these consultants, to ensure that these do not compromise their independence. When the Board or a committee retains the services of such consultants for an indefinite period, it must approve the list of mandates that the Bank plans to assign to the consultants annually so that these do not affect their independence.

## Director integrity

The directors act with integrity and exercise independent judgment in fulfilling their roles and responsibilities.

The Conduct Review and Corporate Governance Committee conducts a background and reference check on all director candidates before their election and at least once every five years thereafter. The directors submit an annual confirmation, in writing, that they do not have a criminal record.

Also on an annual basis, the directors agree, in writing, to comply with the Bank's conflict-of-interest standards. They must avoid all real, potential or apparent conflicts of interest with the Bank.

Any director who is party to a contract with the Bank or has an interest in a material transaction with the Bank must disclose the nature and scope of this interest to the Chair of the Board or of the Conduct Review and Corporate Governance Committee as soon as possible, in accordance with applicable legislation. This director must leave the meeting during review of the contract or transaction and abstain from voting on the matter, barring exceptions set out in the applicable legislation.

Moreover, the directors regularly confirm the absence of conflicts of interest to the Corporate Secretary, which ensures full disclosure.

## Director availability

The Board expects all directors to attend the meetings to which they are called and to remain present throughout. All directors must attend at least 75% of the meetings to which they are called unless the Conduct Review and Corporate Governance Committee excuses them due to factors beyond their control. In such cases, the Board may review the director's ability to serve effectively as a Bank director.

Information regarding the attendance of directors standing for election is set out in [Section 2](#) of the Circular.

**During fiscal 2022, the average attendance rate of director nominees was 96% for Board and committee meetings.**



Attendance rates of directors who served during fiscal 2022, but are not director nominees<sup>(1)</sup>:

Director	Date of departure from the Board	Attendance at meetings to which the director was called during the fiscal year
Jean Houde	April 21, 2023	100%
Andrée Savoie	April 21, 2023	100%
Pierre Thabet	April 21, 2023	100%

(1) Manon Brouillette ceased to be a director on January 1, 2022 and did not attend Board meetings during fiscal 2022.

### Outside directorships

Directors must inform the Chair of the Conduct Review and Corporate Governance Committee or of the Board before accepting any invitation to serve on a board of directors other than that of the Bank. In such cases, the Chair of the Conduct Review and Corporate Governance Committee, along with the Chair of the Board, assesses whether the director would have a real, potential or apparent conflict of interest and would be able to continue fulfilling their duties as director of the Bank.

**Director nominees do not sit on more than two boards of directors of public corporations in addition to that of the Bank.**

**The President and Chief Executive Officer does not serve on the board of directors of any other public corporation.**

The Board considers that the fact that a Bank director sits on the board of directors of another public corporation does not necessarily impair their ability to exercise independent judgment and act in the best interests of the Bank. We do not limit the number of boards on which directors may serve, but we regularly review this information to verify that each director can properly fulfill their role as a Bank director. Members of the Audit Committee are not permitted to serve on the audit committees of more than three public corporations, including that of the Bank, without prior approval of the Board.

We maintain a list of all the directorships of our directors and director nominees. In [Section 2](#) of the Circular, we disclose the names of the public corporations on whose boards the director nominees currently serve or have served in the past five years.

The table below shows the names of the public corporations that have more than one of the Bank’s director nominees serving on their board of directors:

Public corporation	Director	Committee memberships or roles of director nominees at the other public corporations
Saputo Inc.	Karen Kinsley	Member of the Audit Committee
	Lino A. Saputo	Chair of the Board
Metro Inc.	Maryse Bertrand	Chair of the Governance and Corporate Responsibility Committee Member of the Human Resources Committee
	Pierre Boivin	Chair of the Board

The Board has determined that these relationships do not impair the ability of these directors to exercise independent judgment.

### Change of status

Directors must notify the Chair of the Board or of the Conduct Review and Corporate Governance Committee as soon as possible in the event of any change in their professional or personal circumstances that may affect their role as a director, as well as any conflict of interest. The Chair of the Board or of the Conduct Review and Corporate Governance Committee then reports to the Board and makes the appropriate recommendations.

## DIVERSITY

### Diversity of the Board

Inclusion and diversity are core values of the Bank, and we are committed to diversity at every level of our organization, including the Board. Our goal is for the Board to be made up of people from different backgrounds, in order to benefit from diverse experiences and perspectives. We will therefore continue to review the composition of our Board so that it reflects and highlights the diversity of the communities of which we are part of.

The [Policy regarding the Diversity of the Board of Directors](#) (“The Board’s Diversity Policy”) outlines our commitment to:

1. Strive for gender parity on the Board
2. Ensure that at least one third of the directors are women
3. Ensure that half of the nominees selected for vacant director positions are women
4. Ensure that the nominee pool is representative of the characteristics specific to the communities in which the Bank is present and does business, including gender, age, designated groups<sup>(1)</sup>, sexual orientation, ethnocultural groups and geography. The committee draws from this list of potential candidates when a director position becomes vacant.

To reach these goals, the Board uses the tools provided by the Conduct Review and Corporate Governance Committee for the Board succession planning process.

This committee:

- › maintains a list of potential director nominees, taking into account the principles set out in the Board’s Diversity Policy, including the target for the representation of women on the Board and the inclusion of candidates from diverse backgrounds other than gender and representative of the communities in which the Bank is present and does business;
- › may enlist the services of external consultants to help expand its pool of potential nominees, taking into account gender and non-gender diversity criteria;
- › receives and analyzes the feedback received on the composition of the Board submitted by the directors during the annual Board assessment process; and
- › is informed of the diversity statistics obtained from the voluntary self-identification questionnaire completed by the directors.

In addition, the Bank supports the Catalyst Accord, which unites several large companies and aims to increase the number of women serving on the boards of directors in Canada.

**If all 14 director nominees are elected at the meeting, the Board will count six women (i.e., 43%) and one person who identifies as a visible minority.**

(1) Within the meaning of the Employment Equity Act (Canada).

## 5. Governance Practices

As of February 22, 2023:

- › 40% of Board members were women (6/15), which exceeds our commitment that at least one third of the directors should be women.
- › Half of the nominees selected to fill vacant director positions are women.
- › The Chair of the Audit Committee is a woman.
- › The representation of women on the Board and the committees is as follows:

Board	AC	RMC	CRCGC	HRC	TC
6/15 40%	4/6 67%	2/6 33%	2/5 40%	2/6 33%	2/4 50%

### Diversity in senior management and management<sup>(1)</sup>

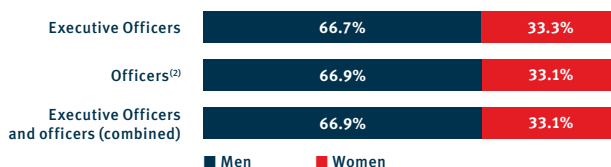
To help everyone reach their full potential, it is essential to offer an inclusive and diverse environment where each person can be themselves and develop with confidence. For this, the Bank continuously deploys a variety of initiatives to foster inclusion and the development of its different groups of employees.

The Bank takes into account the representation of women and diversity in its appointments to Executive Officer positions. The Bank has not set a specific target for these positions, as there are too few executive officers to set realistic targets. It does, however, monitor succession to ensure fair representation of women in this group. The Senior Leadership Team and the Human Resources Committee receive quarterly progress reports on this representation, in the form of the Employee Experience scorecards.

In line with the strategy of the 2020-2023 three-year plan, the overall target for the representation of women among the Bank's officers<sup>(2)</sup> and Executive Officers has been set at 36%. This target exceeds market availability<sup>(3)</sup> and was established following a rigorous review of our corporate commitments and supports the Bank's priorities in terms of culture and talent, namely to:

- › **Create an open and inclusive environment where employees feel recognized and where they can reach their full potential**
- › **Build diverse teams that are representative of the society and communities in which the Bank does business and access top talent**
- › **Strengthen our position as a people-centric employer of choice, recognized for our social commitment and sound governance.**

The following table illustrates the representation of women in executive officer and officer positions at the Bank in Canada:



(1) Regular employees active in Canada as of December 31, 2022.

(2) The term "officers" refers to vice-presidents and senior vice-presidents who are not Executive Officers.

(3) Market availability (i.e., 27.6%) is based on the 2016 Canadian census data, calculated according to the Employment Equity Regulations (Canada).

The Bank also sets targets for diversity beyond gender. While the Bank does not favour imposing a minimum number of hires as part of its approach in the representation of minority groups, it ensures that its human resources practices always consider the diversity of the population and its employees. Global and senior management-level representation targets, for women and other minority groups, are set out in the Bank's [Inclusion and Diversity Booklet](#).

### **Inclusion and Diversity Council**

The Inclusion and Diversity Council of the Bank, chaired by a member of the Bank's leadership team, is made up of officers and senior managers involved in all business sectors and employee segments, who work in close collaboration with our employee resource groups to promote inclusion and diversity throughout the organization. The Inclusion and Diversity Council also has the mandate to ensure regular monitoring and communication within each sector, with the Senior Leadership Team and with the Human Resources Committee.

### **Strategy and three areas of action**

The 2020-2023 three-year plan of the Bank is based on a strategy and clear guidelines, established in collaboration with the Inclusion and Diversity Council. The strategy draws on the experience shared by employees and on industry best practices and uses dialogue and awareness to change mindsets and foster openness while strengthening manager commitment and accountability. The Bank is continuing its activities and developing numerous initiatives to amplify its impact and create an inclusive culture, with training programs and workshops open to all employees.

Three areas of action frame the various initiatives across the organization to promote the inclusion and development of different employee groups (women, visible minorities, persons living with disabilities, Indigenous people and members of LGBTQ+ communities):

1. Discuss
2. Engage
3. Act on a daily basis

The past year has been marked by several achievements. Among these, let us mention the creation of the Réseau Autochtones / Indigenous Network (R.A./I.N.) and the Around Disability employee resource groups, which have been added to the existing employee resource groups and which aim to promote an inclusive work environment. Bold initiatives such as a pilot sponsorship project pairing 20 emerging women and visible minorities with leaders, and a program for neurodivergent persons were also implemented.

Our commitment to making the Bank a more inclusive and diverse organization has been praised by external bodies. The Bank made the Bloomberg Gender Equality Index for a fifth consecutive year, in addition to receiving Platinum-Level Parity Certification for a third year, the highest distinction awarded by the Women in Governance organization.

You will find all the initiatives and achievements associated with these three fields of action and put forward by the Bank in the [Inclusion and Diversity Booklet](#).

**Talent management and planning for officer succession**

The leadership vision of the Bank is constantly evolving, which makes it possible to respond to the challenges posed by globalization and to the impact of various major events on the economy, such as the effect of the global pandemic on the organization of work and competition for talent. This agility is essential in achieving our One Mission and our business strategies.

The Bank's succession planning analysis model allows it to refine its analysis of workforce risks and mitigate them. Based on the data collected during the year and drawing on the experience of the Bank's leaders, we continuously adjust our approach to meet needs in a targeted and timely manner. In addition, personalized coaching and/or mentoring helps develop inspiring, effective and committed management teams. The Bank now also offers a new development path for leaders to adapt their management style to hybrid work.

The annual Executive Officer succession planning process is an important component of the Human Resources Committee mandate. Monitoring helps identify potential candidates, supports the development of management teams and ensures the management of workforce risks. During the year, the Human Resources Committee reviews the succession plans for the President and Chief Executive Officer, for all members of the Senior Leadership Team and for those responsible for oversight and control functions. It actively participates in the review, analysis, discussion and reflection on executive succession and reviews the development plans for key talent. The objective is to ensure a holistic overview of high-potential successors, to get to know the candidates chosen for succession positions and to ensure that acquisition and development strategies support current and future needs in terms of skills and diversity. This year, the Human Resources Committee also reviewed the state of the pool of senior managers who constitute the successors of the officers of the Bank.

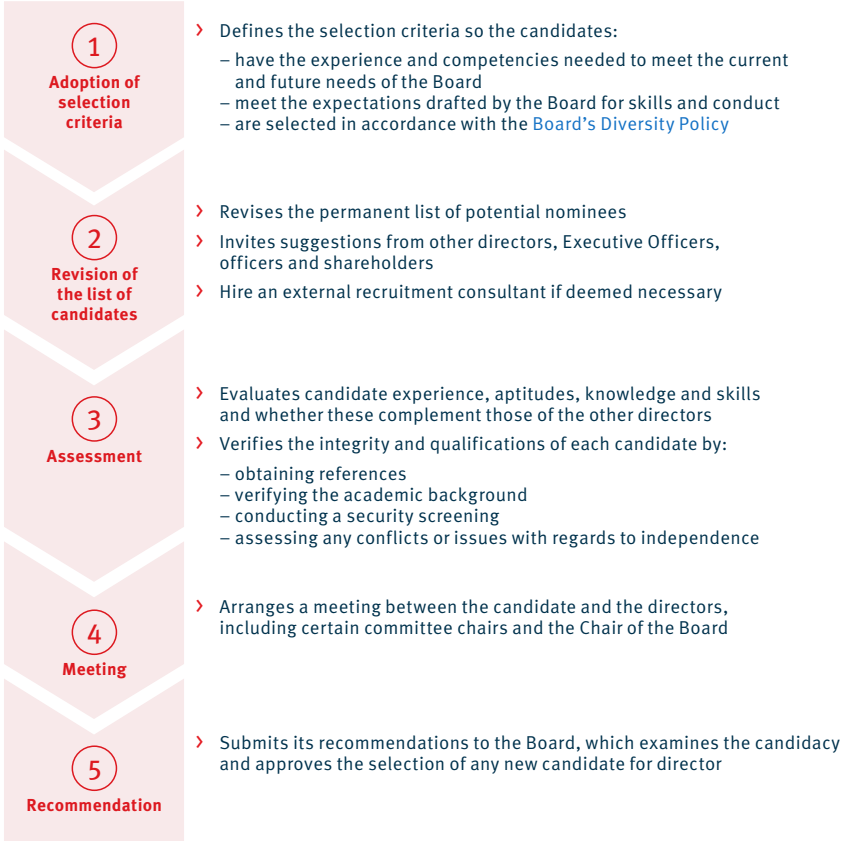
Lastly, the Human Resources Committee also reviews a variety of Employee Experience strategies, including those relating to talent acquisition, inclusion and diversity, the promotion of women in managerial and executive positions as well as the health and well-being of Bank employees.

## SUCCESSION PLANNING, ASSESSMENT AND TRAINING

### Succession planning

The Conduct Review and Corporate Governance Committee implements the director succession planning process. This committee is responsible for selecting candidates for director positions and for determining whether it is appropriate to re-elect each current director.

For new candidates, the Conduct Review and Corporate Governance Committee:



The committee conducts an annual assessment of the eligibility and availability of directors for re-election. It takes into account the annual performance assessments of the directors, their attendance at meetings of the Board and the committees they sit on and, their independence, skills and seniority.

In addition, on an ongoing basis throughout the year, the Conduct Review and Corporate Governance Committee reviews the selection criteria, updates the candidate list and regularly examines potential nominees, even when the Board does not have an immediate vacancy.



## Director nomination by shareholders

<b>Proposal under the Bank Act (Canada)</b>	<p>In accordance with the Bank Act (Canada), shareholders holding at least 5% of the Bank's outstanding shares for the minimum period set out in the legislation may submit a formal proposal to nominate candidates for election as directors.</p>
<b>Proposal pursuant to the Proxy Access Policy</b>	<p>The Board has developed a Proxy Access Policy to promote the ability of shareholders to influence the nominations for election to the Board. This policy specifies how eligible shareholders (as defined in the policy) may nominate persons for election to the Board and have them included in the Bank's Management Proxy Circular and form of proxy.</p> <p>Shareholders who wish to make nominations under the Proxy Access Policy are encouraged to read the full text of the policy, which is available under the "Codes and commitments" page accessible on <a href="http://nbc.ca/governance">nbc.ca/governance</a>.</p>
<b>Other proposals</b>	<p>Shareholders who do not meet the minimum criteria to make an official proposal, or who choose not to do so, may nevertheless recommend nominees for election to the Board at any time. They must submit the names of these nominees and the supporting information for the consideration of the Corporate Secretary of the Bank, at 600 De La Gauchetière Street West, 4th floor, Montreal, Quebec, Canada H3B 4L2.</p>

## Director tenure and Board vacancies

Director terms are subject to the following conditions:

- › **Term limit:** A director may not seek re-election beyond the 12<sup>th</sup> annual meeting following their first election. However, in exceptional circumstances and on the recommendation of the Conduct Review and Corporate Governance Committee, the Board may decide that it is in the Bank's best interest for a director who has reached this limit to be eligible for re-election for an additional one-year term, up to a maximum of three additional terms. Such exceptional circumstances have never occurred since adoption of this guideline.
- › **Age limit:** None
- › **President and Chief Executive Officer:** In accordance with the Bank Act (Canada), the person serving as President and Chief Executive Officer must also sit on the Board for as long as they hold that position.

The Board has adopted a guideline requiring a director to resign to the Chair of the Conduct Review and Corporate Governance Committee if the director:

- › has acted contrary to the policies of the Bank;
- › behaves or has behaved in a manner that could, directly or indirectly, have a material adverse effect on the interests, image or reputation of the Bank; and
- › has undergone a significant change in status that may affect their ability to contribute to the Board, including but not limited to no longer meeting the regulatory requirements to serve as a director.

The Conduct Review and Corporate Governance Committee makes a recommendation to the Board on whether to accept a resignation. The director does not participate in any meetings until the Board has issued its decision on the resignation.

### Majority voting

The Board has adopted a [Majority Voting Policy](#) governing the uncontested election of directors. Under this policy, a director nominee will be deemed not to have received the support of shareholders, even if elected, if the number of abstentions exceeds the number of votes cast in favour of electing the nominee at the meeting.

A director elected under these circumstances must immediately submit their resignation to the Conduct Review and Corporate Governance Committee, which, barring exceptional circumstances, will submit a recommendation to this effect to the Board. The Board will publish, within 90 days of the meeting, a press release announcing the resignation of the director in question or stating reasons for not accepting their resignation.

### Board performance assessment

In the interest of continuous improvement, the Board regularly assesses its own performance and effectiveness. The Conduct Review and Corporate Governance Committee is responsible for developing and overseeing the annual assessment process. Every year, the committee reviews this process and the contents of the questionnaire so that it meets the evolving needs of the Bank and the Board.

The questionnaire has three sections:

1. A performance and effectiveness assessment of the Board, the committees and their chairs
2. A self-assessment
3. A peer input assessment

The directors answer questions on different topics affecting the Board and the committees, including the fulfillment of their duties in accordance with their respective mandates, the management of their priorities, their effectiveness and communications with management and those responsible for oversight functions. In addition, directors assess the composition of the Board and the diversity of its members.

They then assess their respective contribution as a member of the Board and of any committee(s), and their skills as well as those of their peers. They also indicate the areas in which they would like to receive training and, according to the priorities of the Board and the committees, identify topics of interest for the following year.

The self-assessment results are useful for several purposes:

- › The development of an action plan aimed at improving the functioning of the Board
- › The performance assessment of directors as part of the annual re-election and nomination process
- › Succession planning, particularly with regard to diversity and the skills sought in future candidates
- › Identification of continuing education topics for directors

The Bank's Senior Leadership Team is also called upon to assess the performance of the Board through an annual questionnaire.

## 5. Governance Practices

The annual assessment process is as follows:



Based on the 2022 assessment, the members of the Conduct Review and Corporate Governance Committee concluded that the Board and its committees are operating effectively and that their members, the Chair of the Board and the committee chairs have the required knowledge and dedicate the required time to perform their duties.

In 2021 and 2022, concrete improvements were realized thanks to the implementation of the action plan following the annual assessment process. For instance, the Board and some committees benefited from greater visibility on the governance of subsidiaries, by holding in-depth sessions on specific subsidiaries. Moreover, the directors received frequent updates on the pandemic recovery and the return to hybrid work, as well as ongoing monitoring of the strategic plan.

## **Orientation and continuing education for directors**

Directors must constantly expand their knowledge and their understanding of our activities and regulatory framework. To support them, we have developed an Orientation and Continuing Education Program, taking into consideration the expertise and different needs of the directors.

### **An orientation program for new directors**

The Board created an orientation program for new directors based on recommendations from the Conduct Review and Corporate Governance Committee. The program provides new directors with an overview of the Bank to help them better understand its operations, activities and key challenges. The program is continuously reviewed to ensure that it is aligned with best market practices and that it is adapted to the needs of each new director.

New directors participate in training and mentoring sessions on the role of directors, the Board and its committees.

In addition, new directors are invited to attend a meeting of every Board committee on which they do not sit. They also participate in individual information meetings with Executive Officers as well as with the Chief Compliance Officer and Chief Anti-Money Laundering Officer; the Chief Information Security Officer; the Senior Vice-President – Internal Auditing; the Senior Vice-President – Investor Relations; the Senior Vice-President, Legal Affairs and Corporate Secretary; the Senior Vice-President – Integrated Risk Management; and the Senior Vice-President – Communications and Corporate Social Responsibility in order to perfect their knowledge and understanding of the issues facing the Bank.

### **Director handbook**

Directors always have access to a set of reference materials covering matters such as their duties and the scope of their responsibilities.

### **Continuing Education Program for directors**

Directors regularly attend presentations and in-depth training sessions given by in-house experts or external consultants, to further enhance their knowledge in areas related to their duties. Directors are invited to share their training suggestions at any time and during the annual assessment process. These suggestions are then incorporated into the action plan overseen by the Conduct Review and Corporate Governance Committee.

During the year, directors attend presentations by the heads of each business sector on their strategic issues and business plans. When possible, directors participate in branch, subsidiary, business centre and operations centre visits. At least 10% of the time allocated annually to regular Board meetings is devoted to continuing education.

Furthermore, the Bank encourages directors to participate in professional development programs of their choice, offered by various organizations. The Chair of the Board or the Chair of the Conduct Review and Corporate Governance Committee may authorize the reimbursement of expenses incurred as part of such training.

To help directors stay current with developments in the areas of auditing, risk management, human resources, governance and technology, they have access at all times to the documentation submitted to the Board committees on which they do not sit. In addition, from time to time, the Corporate Secretary provides them with various articles and publications relevant to their duties.

## 5. Governance Practices

The table below lists the training programs provided by the Bank and those offered by recognized organizations (in particular, training programs given by their professional associations) that multiple directors have attended and that are relevant to their role as a director:

Quarter	Training provided by the Bank	Participants
Q1	Decentralized Financing	Board
	Investor Relations	Board
Q2	ESG Strategy for Greenhouse Gas-Intensive Industries	RMC
	Industries Update on Funded Portfolio Emissions and Targets	RMC
	Merger of the Commercial and Private Banking 1859 Teams	Board
	Economic Update	Board
Q3	New IFRS 17 Standard on Insurance Contracts	AC
	Flexible Work – Attraction and Retention Strategy	HRC
	Crisis Management: Plan and Lessons Learned	CRCGC
	Acquisition strategies for certain client-sector segments	Board
Q4	Activist Crisis Management	CRCGC
	Artificial Intelligence	TC
	Subsidiary Governance: Credigy	RMC
	Impact of Cloud Investments	AC and TC
	Talent and Culture Update	HRC
	Wealth Management	Board
	Economic Update	Board
	Basel III Reform Project	RMC and AC

#### Training provided by recognized organizations

- › Fundamentals of Climate Governance
- › Business Risk Oversight
- › Cybersecurity, environment, employee relations and executive compensation
- › National Director Conference
- › Financial Industry Forum
- › Leadership and Opportunities – Governance & Change
- › Audit Committee Forum
- › Board Oversight and Climate Change

## SUBSIDIARY GOVERNANCE

Subsidiary governance is an essential component of the Bank's risk management.

The Board conducts its oversight with the help of its committees, in particular the Conduct Review and Corporate Governance Committee and the Risk Management Committee, which are responsible for overseeing the governance practices of the subsidiaries. The Board and its committees have specific tools that ensure a long-term governance strategy for all our subsidiaries.

### A framework for subsidiaries

First, the Subsidiary Governance Framework ensures that our subsidiaries adopt best practices in governance, compliance and risk management; it enables them to prepare annual accountability reports. This framework thus helps the boards of directors of the subsidiaries ensure that the necessary controls are observed, while also considering the specific realities of the business, oversight by regulatory authorities and the risk appetite of the Bank.

### Oversight by NBC

Next, the Senior Vice-President and Corporate Secretary of the Bank, jointly with the Compliance, Risk Management and Legal Affairs segments, manage subsidiary governance. These parties identify best practices and work in concert with the management of the subsidiaries to enable implementation of good governance practices within all our subsidiaries. Moreover, the subsidiaries present to the Risk Management Committee periodic overviews of their activities, the portrait of their operations, their business strategy, their governance, their risk management framework, including their risk appetite and regulatory environment.

This centralized approach facilitates the mitigation of legal risks and allows us to respond to the changing needs of subsidiaries and the requirements and expectations of regulatory bodies.



**Our approach ensures the uniform deployment of a long-term governance strategy across all our subsidiaries, promoting best practices as well as a robust accountability framework.**

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) COMMITMENTS

As a key player in the Canadian financial sector, the Bank is committed to understanding and continuously reducing the impact of its operations on the environment and contributing to the prosperity of the communities where it operates. It therefore implements practices that support a smooth energy transition, inclusion and diversity, and good governance, all desired by both the Bank and its various stakeholders.



### Environmental

The Board and its committees address environmental issues, including climate change, particularly through risk assessment and through the review of ESG practices; as well as by staying apprised of relevant developments in the field.

For further information on the initiatives implemented by the Bank, consult [nbc.ca/about-esg](http://nbc.ca/about-esg).



### Social

The Bank is involved in the communities where it operates, namely through a donation and sponsorship program, through successful fundraising efforts and via our highly committed employees and retirees. For further information, consult the Corporate Social Responsibility Statement, the Inclusion and Diversity Booklet and the ESG Report available under the “Codes and commitments” page accessible on [nbc.ca/governance](http://nbc.ca/governance).

The Board, supported by its committees, ensures that the Bank is involved in the community, that it stimulates economic growth, and that it promotes inclusion and diversity.



### Governance practices

Having a strong ethical culture, rigorous risk management and the fact that the Board and its committees adopt good governance practices, enable the Bank to create value for all its stakeholders.

The Bank and its subsidiaries have upheld their commitments, namely through the following initiatives:

- › The Net-Zero Banking Alliance
- › Partnership for Carbon Accounting Financials
- › UN Principles for Responsible Banking
- › UN Environment Programme Finance Initiative
- › UN Principles for Responsible Investment
- › UN Women’s Empowerment Principles
- › UN Global Business Standards of Conduct for Tackling Discrimination Against Lesbian, Gay, Bi, Trans and Intersex People

The Bank supports the Task Force on Climate-related Financial Disclosures. Annually, it discloses a new report outlining the different issues addressed by this group. The Bank is also working with industry partners to develop a special disclosure approach for climate risk management.

To learn more about the Bank’s progress on environmental, social and governance goals, consult [nbc.ca/about-esg](http://nbc.ca/about-esg).

The ESG strategy of the Bank is based on the nine ESG principles adopted by the Board of directors in 2019.

## OUR ESG PRINCIPLES

ENVIRONMENT	SOCIAL	GOVERNANCE
 <p><b>We're working to develop a green economy</b></p> <ol style="list-style-type: none"> <li>1. We consider the fight against climate change in our economic and community actions</li> <li>2. We guide and advise our clients in their energy transition</li> <li>3. We manage and reduce our environmental footprint in all of our business segments</li> </ol>	 <p><b>We're enriching communities</b></p> <ol style="list-style-type: none"> <li>4. We maximize the potential of individuals and the community</li> <li>5. We promote inclusion and diversity</li> <li>6. We foster entrepreneurship, financial literacy, philanthropy and support for health and education</li> </ol>	 <p><b>We govern according to the highest standards</b></p> <ol style="list-style-type: none"> <li>7. We promote a strong ethics culture, sound governance practices and rigorous risk management</li> <li>8. We manage according to responsible business practices</li> <li>9. We ensure the long-term viability of the institution</li> </ol>

### Some of our initiatives that support our ESG principles

<ul style="list-style-type: none"> <li>› Setting of the first interim targets for funded emissions reduction by one of the more carbon-intensive sectors: Reduce by 31% the carbon intensity of the Canadian oil and gas producers subsector portfolio by 2030</li> <li>› Upholding our commitments as members of the Net-Zero Banking Alliance and Partnership for Carbon Accounting Financials to address climate change</li> <li>› A 64% reduction in outstanding loans to service and production companies in the oil and gas sector between 2015 and October 31, 2022</li> <li>› Creation of a Sustainable Finance Team to support clients in the transition</li> </ul>	<ul style="list-style-type: none"> <li>› Publication of a second progress report on the Bank's three-year Inclusion and Diversity Plan</li> <li>› The Bank is included for the 5<sup>th</sup> consecutive year in the Bloomberg Gender Equality Index</li> <li>› Like every year, millions of dollars are given back to communities through donations, sponsorships and fundraisers in addition to supporting hundreds of organizations across Canada</li> <li>› Participation in several initiatives aimed at promoting the development and advancement of women, visible minorities, persons living with disabilities, Indigenous peoples and members of LGBTQ+ communities</li> </ul>	<ul style="list-style-type: none"> <li>› The mandates of the Board of directors and all of its committees include ESG responsibilities</li> <li>› A working group made up of officers from different business sectors of the Bank and a team devoted entirely to ESG</li> <li>› Executive compensation linked to the achievement of ESG priorities</li> <li>› Director succession planning based on the Board's Diversity Policy (gender, age, designated groups, sexual orientations, ethnocultural groups and geographic origins)</li> </ul>
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## Overview of our ESG achievements

Supporting sustainable development is an integral part of our One Mission. In recent years, we have achieved the following milestones:

2022

- › Publication of an initial interim target for a 31% reduction in the intensity of emissions financed in the Canadian oil and gas producers subsector portfolio by 2030
- › Executive compensation linked to the achievement of ESG priorities and applied through the SYNERGY – Executives Compensation Program
- › Publication of the climate strategy
- › Committed member of the Progressive Aboriginal Relations certification program
- › Creation of the Technology Committee (formerly the Technology Subcommittee formed in 2020)
- › Public disclosure of the Policy on the Prevention of Workplace Discrimination
- › Publication of the Stakeholder Engagement Guidelines
- › Renewal of our endorsement of the Catalyst Accord

2021

- › Joined the Partnership for Carbon Accounting Financials
- › Joined the Net-Zero Banking Alliance
- › Set a 2050 net-zero emissions target for our own operating and financing activities
- › Commitment as a signatory member of the Canadian Council for Aboriginal Business
- › NBI becomes a founding participant in the Climate Engagement Canada Initiative
- › Publication of the Policy on the Prevention of Workplace Harassment and Violence
- › ESG and climate risk management training programs
- › Publication of the first Report on the Principles for Responsible Banking
- › Publication of the first Inclusion and Diversity Booklet
- › Publication of the first Privacy Booklet
- › Publication of the first Report on the Protection of Seniors

2020

- › Publication of the first Report on Environmental, Social and Governance Advances
- › Publication of the first Report on the Task Force for Climate-related Disclosures Advances
- › Publication of the Human Rights Statement
- › Signature of the UN Women's Empowerment Principles
- › Joined the BlackNorth Initiative
- › Set a greenhouse gas emissions reduction target of 25% by 2025 for our own operations

2019

- › Adoption of the ESG framework and principles of the Bank
- › Incorporation of ESG responsibilities into the mandates of the Board and its committees
- › Creation of the ESG Working Group
- › Signature of the UN Principles for Responsible Banking
- › First issue of sustainable bonds

## Our ESG governance approach

We have made concerted efforts in recent years to develop an effective strategy and identify priorities and activities that further the ESG mission of the Bank, with significant contributions from the Board. In addition to fulfilling its strategic oversight role, it ensures that ESG governance practices are ethical, transparent and supported by sound mechanisms, including stakeholder engagement.

### Oversight by the Board and committees

Our ESG governance structure relies on the fact that all levels of the organization participate in the achievement of our objectives and commitments, including directors, who exercise their oversight role over ESG factors. Along with management, the Board, through its committees, oversees the execution of the Bank's ESG strategy, which is structured around the nine ESG principles referred to on [page 78](#). Moreover, the Board ensures that ESG criteria are integrated into long-term strategic objectives and monitors the development and incorporation of ESG initiatives and principles into our day-to-day activities.

We consider ESG oversight to be a shared responsibility between the Board and its committees. Thus, in their mandates, the Board and its committees all have ESG responsibilities integrated, based on their respective roles and the expertise of their members. Each quarter, presentations, accountability reporting and follow-ups are scheduled on the agendas of the various meetings. The expertise of our members in matters of social measures, in governance and corporate culture and in sustainable development strategy and environmental responsibility enables the Board to fulfill its mandate adequately. This set of skills can be consulted in the skills matrix grid in [Section 2](#) and is considered in the composition of the committees and the succession planning process. In the annual self-assessment questionnaire, all of our directors report having environmental, social and governance competencies.

The Board and its committees are supported by management in the execution of their duties, including the ESG Working Group: a multidisciplinary team of officers from different business sectors in the Bank. The main role of the working group is to develop ESG initiatives and the ESG strategy, while also ensuring that the Bank upholds its commitment to address climate change, including its 2050 net-zero target and implementation of the TCFD recommendations and the UN Principles for Responsible Banking.

The working group meets monthly and at least twice a year and reports to the Conduct Review and Corporate Governance Committee on progress and on current and future initiatives. In addition, it makes regular presentations to other committees on topics of particular interest.

The Bank has implemented other governance structures to properly address specific ESG issues, such as privacy and diversity and inclusion.

**Main ESG responsibilities and achievements of the Board and the committees in 2022**

	<b>Main ESG responsibilities</b>	<b>Main ESG achievements in 2022</b>
<b>Board</b>	<ul style="list-style-type: none"> <li>› Ensure inclusion of the ESG criteria in the Bank's long-term strategic objectives</li> <li>› Monitor initiatives and integration of ESG principles across the Bank</li> <li>› Approve governance practices and policies</li> </ul>	<ul style="list-style-type: none"> <li>› Participated in the Bank's strategic planning sessions, which included the ESG strategy</li> <li>› Regularly met with the President and Chief Executive Officer as well as other members of the Senior Leadership Team and the officers to discuss strategic initiatives, in particular data management, technology trends and transformation</li> <li>› Acknowledged the intermediate target of the Net-Zero Banking Alliance: gas and oil</li> <li>› Reviewed and approved governance practices</li> <li>› Examined certain declarations made by the Bank regarding ESG matters</li> <li>› Approved the Stakeholder Engagement Guidelines</li> <li>› Approved the Corporate Social Responsibility Statement</li> </ul>
<b>Conduct Review and Corporate Governance Committee</b>	<ul style="list-style-type: none"> <li>› Oversee the ESG strategy of the Bank</li> <li>› Stay up to date on best ESG practices</li> <li>› Ensure that the Bank carries out its activities in accordance with these practices and its One Mission</li> <li>› Ensure that the Bank's ESG practices are sound and comply with the legislation</li> <li>› Review strategic ESG publications</li> <li>› Ensure that directors, officers and employees act ethically and responsibly</li> <li>› Plan the succession of the directors, of the chairs of committees and of the Board</li> </ul>	<ul style="list-style-type: none"> <li>› Periodically reviewed the Bank's environmental and social strategy, including the results of rating agencies</li> <li>› Reviewed the Internal Audit report on the progress status of ESG priorities and the impact on the Officer compensation package</li> <li>› Reviewed and discussed shareholder proposals on ESG issues and discussed the advisory votes on the climate action plans</li> <li>› Reviewed trends and developments in governance and social and environmental responsibility</li> <li>› Received the progress review on the linguistic obligations of the Bank</li> <li>› Reviewed the implementation of new legislative measures for client protection</li> <li>› Reviewed the carbon and impact metrics and targets of the oil and gas portfolio</li> <li>› Reviewed the report on the application of the Code and approved its revision</li> <li>› Examined the composition of the Board, particularly with regard to the diversity, skills and experience of the members</li> <li>› Examined the report on the Principles for Responsible Banking</li> </ul>

## 5. Governance Practices

	Main ESG responsibilities	Main ESG achievements in 2022
<b>Risk Management Committee</b>	<ul style="list-style-type: none"> <li>› Ensure that the risk management framework takes into account ESG-related risks</li> <li>› Ensure that ESG risks are properly identified, monitored and integrated into the risk management process in place</li> </ul>	<ul style="list-style-type: none"> <li>› Approved and recommended to the Board the risk appetite framework, including environmental risk</li> <li>› Examined the integrated risk management reports, which include monitoring of environmental and climate risks, as well as social risks</li> <li>› Reviewed the ESG strategy for greenhouse gas intensive sectors</li> <li>› Reviewed updates on measures and disclosure of greenhouse gas emissions for the oil and gas portfolio and on decarbonization targets</li> <li>› Monitored the progress of the construction of the new head office in accordance with LEED v4 Gold and WELL certification objectives</li> <li>› Received information on important changes to laws, regulations and other rules, particularly with regard to privacy</li> </ul>
<b>Audit Committee</b>	<ul style="list-style-type: none"> <li>› Monitor trends associated with control measures and the integration of ESG criteria into financial reporting</li> </ul>	<ul style="list-style-type: none"> <li>› Reviewed the TCFD Report</li> <li>› Reviewed the internal audit report, covering risks such as those associated with human capital, organizational culture, privacy and ESG</li> </ul>
<b>Technology Committee</b>	<ul style="list-style-type: none"> <li>› Ensure that practices to identify, assess, prevent and respond to cyberattacks and privacy breaches are rigorous</li> </ul>	<ul style="list-style-type: none"> <li>› Reviewed and discussed the data strategy, security and use</li> <li>› Examined the Bank's privacy reporting</li> <li>› Reviewed the new technology and cybersecurity risk management policy</li> </ul>

5. Governance Practices

	<b>Main ESG responsibilities</b>	<b>Main ESG achievements in 2022</b>
<b>Human Resources Committee</b>	<ul style="list-style-type: none"> <li>› Ensure that there are programs at the Bank that allow it to attract and retain the best talent and promote the employee experience</li> <li>› Ensure that the organizational culture and human resources management strategies are aligned with the Bank’s ESG practices and strategies, including aspects relating to the health and well-being of employees</li> <li>› Ensure the implementation of inclusion and diversity strategies</li> <li>› Communicate with Bank stakeholders and ensure compliance with governance standards with respect to compensation and other governance-related matters</li> </ul>	<ul style="list-style-type: none"> <li>› Recommended that the Board approve the parameters of the SYNERGY – Executives Program for Executive Officers and officers for fiscal 2022</li> <li>› In collaboration with the CRCGC, reviewed the evolution of ESG priorities, then approved the short and long-term variable compensation packages for 2022</li> <li>› Approved proposed changes to certain compensation programs, such as the parameters of the officer compensation program for 2023, including ESG priorities</li> <li>› Approved scorecard objectives and performance targets for the SYNERGY – Executives</li> <li>› Reviewed talent management strategies, including the talent attraction strategy</li> <li>› Reviewed the employee experience scorecard, covering various aspects such as culture, talent, development, performance and inclusion and diversity</li> <li>› Reviewed the Internal Audit report on the progress status of ESG priorities</li> <li>› Reviewed the inclusion and diversity action plan</li> <li>› Reviewed the changes to the mutual fund investment policy for pension plans, which includes responsible investment considerations and the integration of ESG factors</li> <li>› Monitored the rollout of the new innovative employee benefits offer, including employee health, safety and well-being</li> </ul>

For further information on our ESG governance practices, refer to the “Governance” section of the ESG Report.

## STAKEHOLDER ENGAGEMENT

Good governance is the fruit of the joint efforts of the Board, the Bank and its stakeholders. The Bank's growth has long been rooted in dialogue with stakeholders and the importance of these relationships lies at the heart of our One Mission.

### Engagement: a lever that creates opportunities

As set out in our [Stakeholder Engagement Guidelines](#), we are committed to engaging in open, transparent and constructive discussions with our clients, employees, shareholders and investors as well as with the broader community and to conferring with them on a variety of topics throughout the year. This dialogue is essential for the Bank. It gives us a better understanding of the views and concerns of our stakeholders, who in turn receive the information they need regarding our strategy, objectives and achievements. These discussions may explore any subject of interest to our stakeholders, such as financial performance, our governance approach, or even our diversity and inclusion strategy. We strive to be a key partner in the important issues that affect our clients, which is why we maintain a dialogue on both our day-to-day activities, as well as on our ESG activities, such as the fight against climate change. It is through concerted actions with our various stakeholders that we will be able to make a lasting contribution to our society.

Our principles of engagement, which govern the consideration of our stakeholders in our strategic decisions, more specifically ESG decisions, are an integral part of our governance practices because we also rely on this mechanism to update these practices. The rapid evolution of their expectations offers ample opportunities to engage and to better understand their priorities and concerns. We view dialogue as an effective process for bringing about positive change within our organization and the communities in which we do business.

The Bank considers a variety of criteria in identifying the stakeholders that will be approached as part of the annual ongoing dialogue process. Some examples here would be:

- › The presence and involvement of the stakeholder in the community we serve
- › The relative importance of the ESG issues with which the stakeholder is confronted or interested
- › The continuity of a pre-existing dialogue
- › The fact that a stakeholder is involved in or directly affected by the development of our business or ESG strategies or by our results
- › Shareholder positions.

The Bank's annual meeting is also an opportunity for the Board and management to discuss with shareholders. It is the time and place for them to have frank discussions on topics of interest to them and on their proposals. We review each of these and prepare recommendations based on our governance practices, the discussions we have had with the shareholder and the resulting conclusions.

## An efficient approach

Eager to demonstrate its commitment to an effective stakeholder engagement process, the Board has adopted guidelines describing the various channels in place that enable the Bank to initiate a conversation with its stakeholders and which also allow stakeholders to share their comments and questions. The Conduct Review and Corporate Governance Committee monitors the Bank’s dialogue mechanism, including its responses to shareholder proposals.

The Board and management are supported in this process by internal teams, namely the Corporate Secretary and the Corporate Governance, ESG and Investor Relations segments. These teams contribute to maintaining open, transparent and constructive dialogue. The Board regularly receives reports and presentations on topics of interest to each of the main stakeholders and exchanges with management on these items.

## What we have accomplished

Over the past year, at the request of our stakeholders, we have organized and participated in meetings on a variety of topics to discuss our ESG progress. This includes meeting with parties such as shareholders, shareholder rights education groups, regulatory bodies, rating agencies and consulting firms, including Institutional Shareholder Services (ISS) and Glass Lewis, to discuss our practices and their recommendations and positions. Some meetings were recurring, while others were held on an ad hoc basis, based on the needs of our stakeholders.

In 2022, our engagement activities focused on: our climate strategy, environmental and social risk governance, changes in ESG reporting practices, the economic situation and the impact of the slowing growth in Canada, as well as the impact of inflation on the financial health of our clients.

The success of our engagement with our stakeholders rests on our collective efforts. For further information on the main ESG topics discussed, consult the “Governance” section of the [ESG report](#).

## Publications

In addition to these interactions, we inform and communicate with our stakeholders through documents that we publish on our website. These documents provide information on many topics of interest, including:

- › Our financial situation ([nbc.ca/investors](http://nbc.ca/investors)): Annual Information Form, Annual Report, quarterly financial statements, etc.
- › Our governance ([nbc.ca/governance](http://nbc.ca/governance)): Management Proxy Circular, etc.
- › Our extra-financial performance ([nbc.ca/about-esg](http://nbc.ca/about-esg)): ESG Report, Corporate Social Responsibility Statement, Inclusion and Diversity Booklet, etc.

## Contact the Board and the management

Please do not hesitate to share your questions and comments with us:

Who do you want to communicate with?	Who to contact	How
<b>Board</b>	Corporate Secretary	<ul style="list-style-type: none"><li>&gt; <a href="mailto:boardofdirectors@nbc.ca">boardofdirectors@nbc.ca</a></li><li>&gt; <a href="mailto:investorrelations@nbc.ca">investorrelations@nbc.ca</a></li><li>&gt; <a href="mailto:pa@nbc.ca">pa@nbc.ca</a> (public affairs)</li></ul>
<b>Management of the Bank</b>	Investor Relations or Public Affairs	Complete contact details are available in Section 8 at the end of the Circular.
<b>Arrange a meeting with a member of the Board</b>	Corporate Secretary	<ul style="list-style-type: none"><li>&gt; Indicate whether you are a shareholder or a shareholder representative and the number and type of shares held</li><li>&gt; Identify any other person(s) who would like to attend the meeting</li><li>&gt; Outline the topic(s) to be discussed</li></ul>



# 6.

# Executive Officer Compensation

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## References

You can consult our 2022 Annual Report and our 2022 Annual Information Form on [nbc.ca/investors](https://www.nbc.ca/investors).

Our ESG Report, TCFD Report, and the Inclusion and Diversity Booklet are available on [nbc.ca/about-esg](https://www.nbc.ca/about-esg).

You can consult our Stakeholder Engagement Guidelines on [nbc.ca/governance](https://www.nbc.ca/governance).

The information contained in the various documents, policies or reports published by the Bank or available on the Bank's website and referred to in this document is not and should not be considered to be incorporated by reference in the Circular, unless expressly stated otherwise.

## Glossary

**CET1:** Capital measure representing Common Equity Tier 1 capital ratio

**Share Price:** means the price of the Bank's common shares on the Toronto Stock Exchange

**Closing Price:** means the price of the Bank's common shares on the Toronto Stock Exchange at the closing of the market

**Named Executive Officers:** means the President and Chief Executive Officer, the Chief Financial Officer and the three most highly compensated Executive Officers of the Bank, as defined in Regulation 51-102 respecting Continuous Disclosure Obligations

**Option(s):** Option(s) to purchase common shares of the Bank

**PRAP:** Post-Retirement Allowance Program

**ICP:** Corporate Annual Incentive Compensation Program applicable to employees in corporate sectors and sales forces with cross-sector roles

**Pension plan:** means the Bank's pension plan for designated employees of National Bank of Canada. The pension plan has two components, being the defined benefit and defined contribution.

**Stock Option Plan:** Stock option plan of the Bank

**ANI:** Available net income, i.e., net income attributable to holders of shares

**TSR:** Total shareholder return represents the average total return on an investment in the Bank's common shares. The return includes changes in share price and assumes that the dividends received were reinvested in additional common shares of the Bank.

**SYNERGY:** Incentive compensation program for our employees dealing with clients

**SYNERGY – Executives:** Unique total direct compensation program for our officers

**DSUs:** Deferred share units

**PSUs:** Performance share units

**RSUs:** Restricted share units

## NAMED EXECUTIVE OFFICERS



**Laurent Ferreira**  
President and  
Chief Executive Office



**Marie Chantal  
Gingras**  
Chief Financial Officer  
and Executive  
Vice-President – Finance  
(Marie Chantal Gingras  
was appointed and  
became an Executive  
Officer on April 1, 2022)



**Ghislain Parent**  
Executive  
Vice-President –  
International  
(Chief Financial Officer  
and Executive  
Vice-President –  
Finance until March 31,  
2022)



**Denis Girouard**  
Executive  
Vice-President and  
Co-Head – Financial  
Markets (Executive  
Vice-President and  
Head – Financial  
Markets until  
October 31, 2022)



**Martin Gagnon**  
Executive  
Vice-President –  
Wealth Management  
and Co-President and  
Co-Chief Executive  
Officer, National Bank  
Financiat<sup>(1)</sup>



**Lucie Blanchet**  
Executive  
Vice-President –  
Personal Banking and  
Client Experience

## OVERVIEW

### SYNERGY – Executives Compensation Program

**Common Equity Tier 1  
(CET1)<sup>(2)</sup> capital ratio  
threshold**

**> 10.5% ✓**

**ANI  
threshold**

**✓**

**Evaluation of  
ESG priority evolution**

**100.0%**

### ANI 2022

Net income attributable  
to holders of shares  
(growth vs fiscal 2021)

**\$3,277M**  
**8.4%<sup>(3)</sup>**

### 2022 Multiplier

Indicator	Target	Result
Net Client Growth	100%	<b>&gt; 110.0%</b>
Net Promoter Score	100%	<b>102.0%</b>
Adjusted Operating Leverage <sup>(4)</sup>	100%	<b>101.3%</b>

- (1) Martin Gagnon will retire on April 1, 2023.
- (2) Refer to the “Financial Reporting Method” section on pages 16 to 21 of the [2022 Annual Report](#) for details on capital management measures.
- (3) Refer to the “Financial Reporting Method” section on pages 16 to 21 of the [2022 Annual Report](#) for details on non-GAAP financial measures.
- (4) Refer to the “Financial Reporting Method” section on pages 16 to 21 of the [2022 Annual Report](#) for details on non-GAAP ratios.

## HIGHLIGHTS

### Fiscal 2022

- › In 2022, the Bank once again delivered good results due to a solid performance by all sectors, which were agile and implemented strategies to perform in a complex economic context. This was possible thanks to the synergy between the different sectors, the dedication of our teams and the relationships we have built with our clients.
- › The thresholds of the SYNERGY – Executives Program were reached, allowing the creation of an envelope. The ANI is 8.4%<sup>(1)</sup> higher than the one from the previous fiscal year. At the end of fiscal 2022, the objectives of the key indicators have all been exceeded (combined result of 104.4%) and we consider that we have achieved the level of evolution of our ESG priorities corresponding to the objectives we have set ourselves (i.e., 100%).
- › Our performance was also reflected in the ICP payouts to eligible employees (nearly 11,000 employees) as well as in the payouts of the SYNERGY variable compensation programs (nearly 8,000 employees).
- › The total direct compensation paid under the SYNERGY – Executives Program is consistent with the compensation paid by our other compensation programs.
- › The change in the total direct compensation paid for the President and Chief Executive Officer as well as to all of the Named Executive Officers reflects a good performance for the fiscal year. Budgeted net available income and multiplier indicator targets are exceeded.
- › The total direct compensation for some of the Named Executive Officers was adjusted. The changes made to the compensation of them are explained in the “Compensation of Named Executive Officers” section on [page 112](#) of the Circular.
- › The Board is satisfied that the Bank’s compensation approach is conducive to long-term value creation for shareholders. The average actual value of every \$100 granted annually to the President and Chief Executive Officer, in the form of direct compensation over the past five years was \$140 on December 31, 2022. By comparison, from a shareholder’s viewpoint, the average value of a \$100 annual investment in shares over the same period was \$153. For more information, refer to [page 123](#) of the Circular.

(1) Refer to the “Financial Reporting Method” section on pages 16 to 21 of the [2022 Annual Report](#) for details on non-GAAP financial measures.

## Evolution of practices and programs

Since 2021, we strengthened the alignment of compensation, performance, and shared responsibilities while encouraging desired behaviours by creating a compensation program for all Executive Officers and the hundred or so officers. Our SYNERGY – Executives Program consists of a single envelope created from our ANI, and then influenced by key indicators from our scorecard and, since fiscal 2022, ESG priorities, refer to [page 108](#). Our scorecard brings together the common objectives applicable to all officers, including the Named Executive Officers. Our SYNERGY – Executives Program can be summarized as follows:

- › A single collective compensation envelope funding the base salary as well as the short-, mid- and long-term variable compensation of all Executive Officers and officers.
- › An envelope creation rate that is determined according to a scale that causes the creation rate to gradually decrease as our ANI increases.
- › A performance multiplier that increases or decreases the envelope based on the achievement of our One Mission key operational indicators and a second metric associated with our ESG priorities.
- › The final SYNERGY – Executives envelope is subject to the review and discretion of the Board.
- › An envelope allocation process, framed with ceilings and rigorous allocation guidelines governed by the recommendations of Executive Officers and decisions from the Board, which rewards each Executive Officer's and officer's individual contribution to our success.

Changes have been made to the share ownership requirements as of February 1, 2022, for the President and Chief Executive Officer and the Other Executive Officers. For more information, refer to [page 103](#) of the Circular.

## MESSAGE TO SHAREHOLDERS

This section presents our compensation approach, the factors that determine the total compensation package applicable to Executive Officers, key information from the past fiscal year, and the compensation granted to the Named Executive Officers.

### Strong performance thanks to a solid team

During a year marked by the integration of a new President and Chief Executive Officer, the post-pandemic transition, and economic and geopolitical uncertainty, we maintained our commitment to prioritize the well-being of shareholders, employees, clients and communities.

Backed by its talented team, the Bank posted good results in 2022 thanks to a solid foundation on which it is building sustainable growth. The Board is proud of our performance, as it is a testament to our purpose-driven agility and adaptability.

Our consistent performance is supported by our three key pillars:

- ▶ First, our culture encourages us to be agile, entrepreneurial and to work as a team, enabling us to adapt and seize opportunities.
- ▶ Second, our unique strategic positioning with a domestic focus, our leadership in Quebec and our targeted strategy outside Canada provides diversification to our earning streams and resiliency through market cycles.
- ▶ Finally, our disciplined approach towards capital allocation, risk management and cost management are the cornerstone of our robust balance sheet. This solid foundation will continue to support future performance.

In fiscal 2022, we generated good organic growth across all our business segments. Operating leverage, a key performance indicator, was positive again this year.

We also delivered industry-leading return on equity, reflecting our ability to balance growth, disciplined capital deployment and credit quality. It also speaks to the diversification of our activities.

### High TSR

We stood out with our TSR for the three, five and 10-year periods.

Compound annual growth rate for the periods ended October 31, 2022.

Source: Nasdaq IR Insight via Factset.

	Rank <sup>(1)</sup>	National Bank	Canadian banks	TSX
3 years	#1	15%	9%	9%
5 years	#1	13%	7%	7%
10 years	#1	14%	11%	8%

(1) Among Canadian banks: Bank of Montreal, Canadian Imperial Bank of Commerce, Royal Bank of Canada, The Bank of Nova Scotia, and The Toronto-Dominion Bank.

## Supporting ESG transition and developing a green economy

As a bank, we play an important role in supporting a just energy transition that considers financial and social imperatives, as well as dependencies of the Canadian economy. On the environment, our strategy is based on two core principles: managing the impact of our activities on climate change and creating opportunities for our clients to contribute to a sustainable economy with us. This includes progressing in our journey to achieve net-zero greenhouse gas (GHG) emissions from operating and financing activities by 2050 and bolstering our support to clients in the transition.

As we continue to grow our renewable energy loan portfolio at a faster pace than non-renewable, decarbonization criteria and data related to our limits on high-emitting sector activities are now embedded in our lending and underwriting practices. We are also deploying capital to pursue business opportunities in renewable energy and to expand our adapted offering of sustainable products and services across our business units.

More broadly, we remain committed to our mission of putting “People first”, to generate a positive impact for employees, clients and the communities we have the privilege of serving, while governing ourselves according to the highest standards. Whether it is ensuring that more than 25% of our workforce is made up of diverse talent or being the leading lender in Quebec’s affordable housing sector, we will continue to actively advance our ESG priorities in 2023.

We are committed to implementing practices that support sustainable development and maintain the best balance of interests among stakeholders in society.

In 2022, we strengthened the alignment of compensation and our ESG objectives by adding a metric that influences the size of the SYNERGY – Executives envelope, namely ESG priorities. The ESG priorities that could lead to an adjustment of the SYNERGY – Executives envelope are presented on [pages 110](#) of the Circular.

Our key stakeholders, namely our shareholders, our employees, our clients and our communities are at the very heart of the Officer Scorecard objectives and achievements of the Executive Officers.

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For more information about ESG, inclusion and diversity, refer to [Section 5](#) of the Circular.



## Evolution of practices and programs

Over the last few years, our compensation and benefits programs have constantly evolved to generate a good level of profitability, efficiency, client satisfaction, and employee engagement. These are aligned around our One Mission and our common scorecard that combine the common objectives applicable to all officers, including the Executive Officers.

In order to bring our common objectives and our One Mission to life, many proposals have been put forward.

- › Various improvements and additions have been made to the benefits offer. For example, an expanded offer to the wellness account, the addition of a virtual sleep clinic, a telemedicine service including a new stress management and wellness promotion service, as well as numerous health and safety initiatives, including vaccination clinics, wellness articles, the expansion of ergonomic tools and the deployment of local committees.
- › Other initiatives will be rolled out in the near future, such as improving supplementary parental benefits and our employee share ownership plan, as well as reviewing our vacation program for certain groups of employees.
- › We strengthened the alignment of compensation, performance, shared responsibilities and behaviours by creating the SYNERGY – Executives Compensation Program. This change has allowed us to harmonize the compensation components for all officers and focus on achieving key indicators from our scorecard and ESG priorities. The SYNERGY – Executives Compensation Program is described in detail on [pages 104 to 111](#) of the Circular.

The main goal of these initiatives is to accelerate our organizational transformation, enhance the employee experience with a distinctive benefits offer and increase our client focus by leveraging variable compensation to promote collaboration and to reward the achievement of our business priorities, including our ESG priorities. These initiatives are being undertaken while remaining aligned with best compensation governance principles.

Several initiatives continue to be implemented to review the variable compensation programs of certain employee groups to ensure alignment with our One Mission and to promote desired behaviours, namely an increased attention on clients and on collaboration between our various sectors. The deployment of the new innovative offer in terms of employee benefits, including the defined contribution pension plan and flexible working conditions, continues to ensure that we remain an employer of choice in a highly competitive job market.

## Compensation of the President and Chief Executive Officer

As part of Laurent Ferreira's appointment as President and Chief Executive Officer, the composition of his compensation under SYNERGY – Executives was modified according to the parameters of the program for President and Chief Executive Officer. Laurent Ferreira rose to the new challenges of his first year at the helm of the Bank and delivered good results in a context of uncertainty and a challenging economic and operational environment. As a result, the Board and the Human Resources Committee set his total direct compensation at \$8,698,413 for fiscal 2022.



## Changes to Executive Officers

We made some changes to the Senior Leadership Team in 2022 and in 2023. These changes are in line with our succession planning process.

Marie Chantal Gingras succeeded Ghislain Parent as Chief Financial Officer and Executive Vice-President – Finance. Ghislain Parent, for his part, has held the new position of Executive Vice-President – International since April 1, 2022.

Martin Gagnon, Executive Vice-President – Wealth Management and Co-President and Co-Chief Executive Officer, National Bank Financial will retire on April 1, 2023. Upon his departure, Denis Girouard, currently Executive Vice-President and Co-Head – Financial Markets will lead Wealth Management on an interim basis until a successor is appointed.

Étienne Dubuc was appointed Executive Vice-President and Co-Head – Financial Markets on November 1, 2022 and joined the Executive Officers. He will become the sole holder of the position in Financial Markets on April 1, 2023.

## A constant commitment to good governance

The Board is committed to adopt the best governance practices with respect to compensation and human resources. It champions a strong risk management culture, strengthened through active compliance, controls, and audits across all of our business lines. It is in the context of our risk management framework, which takes into account both financial and non-financial risks, that the Board assesses the relevance of various business opportunities.

## Conclusion

We continually seek input from our stakeholders, including our shareholders, investors, shareholder representative groups and the various regulatory bodies, regarding our approach, strategy and governance regarding the compensation of Executive Officers.

We believe that our compensation approach, on which you are invited to vote, and our compensation-related decisions adhere to our guiding principles on compensation and, as such, achieve the right balance between earning the loyalty of talented and qualified officers, tying compensation closely to performance, promoting sound risk-taking, and aligning the interests of Executive Officers with those of shareholders.

We invite you to read the following pages of the Circular, where you will find more information on Executive Officer compensation.



**Jean Houde**  
Chair of the Board



**Pierre Boivin**  
Chair of the Human Resources Committee

## GUIDING PRINCIPLES FOR COMPENSATION

To create value for shareholders, our Executive Officers and officers must make decisions that help us reach our financial and stock performance objectives over the short-, mid- and long-term periods as well as our non-financial objectives such as client satisfaction and inclusion and diversity. They must also make decisions that are in the interests of the Bank. Our compensation policy developed in conjunction with our Human Resources Committee is based on the guiding principles described hereafter.

### Summary of our key compensation policies and practices

Our goal is to be a leader in the compensation strategies and the compensation governance practices we apply. The following are our preferred compensation practices.

#### 1. Pay for performance



- › Incentivize sustained performance
  - › Tie to financial/stock performance
  - › Provide recognition for different performance periods
- › We grant Executive Officers a target total direct compensation with a low fixed compensation component (fixed compensation represents less than 25% of total direct compensation)
  - › We assess Executive Officer performance by examining financial results, the demonstration of prudent risk management, a clear increase in clients and their satisfaction, the evolution of ESG priorities, the level of employee engagement, and the inclusive culture
  - › We ensure a significant portion of compensation is contingent and performance-based and maximizes the organizational transformation and the achievement of our ESG priorities
  - › We compensate Executives Officers and officers according to short-, mid- and long-term variable compensation programs based on complementary financial and non-financial measures, which are established according to our financial and stock performance
  - › We cap the allocation of the SYNERGY – Executives envelope to 150% of the individual target total direct compensation of the Executive Officers and officers
  - › The creation of the ICP offered to the vast majority of employees is limited to 200% of the target
  - › We adopt performance measures that are consistent with the strategic plan approved by the Board
  - › We implement our compensation programs only when simulations that consider different scenarios of our performance have been conducted in advance

## 2. Promote sound risk-taking



- › Promote compliance with our risk tolerance guidelines
  - › Ensure a balance between risk and performance
  - › Meet regulatory and normative requirements
- › We ensure to maintain an appropriate and coherent balance between expected performance, prudent risk management, and the compensation awarded
  - › We implement compensation policies and practices aligned with the Principles for Sound Compensation Practices and their Implementation Standards published by the Financial Stability Board
  - › We make sure that a significant portion of Executive Officer variable compensation is deferred, making them accountable for decisions that may entail greater long-term risk
  - › We have implemented a policy that confers the right to cancel and claw back variable compensation previously awarded to officers and material risk-takers if they fail to meet our risk tolerance limits, whether or not there has been a restatement of the financial statement
  - › Before being implemented, compensation programs applicable to material risk-takers are examined and approved by the Compensation Risk Oversight Working Group, which is supervised by both the HRC and RMC
  - › We maintain a capital management policy whereby annual bonus envelopes can be reduced, even cancelled, if our minimum regulatory capital level required by the regulatory authorities is not achieved
  - › We make sure that the compensation paid to the heads of oversight functions is structured in such a way as to ensure their independence in the exercise of their duties and that it does not depend on the performance of the business lines they oversee

## 3. Reward contribution



- › Ensure the competitiveness relative to that offered by organizations that make up our peer group
  - › Recognize the level of responsibility, expertise, competence and experience
- › We use a peer group consisting of Canadian banks and other financial institutions whose target profile converges with ours to establish the value of the total direct compensation of Executive Officers
  - › We determine the value of the target total direct compensation by adjusting the peer group median downward to reflect, among other things, our relative size
  - › We make sure that the HRC can use independent external consultants to obtain necessary information about trends and best practices on compensation policies and programs
  - › Our benchmarking approach reflects the best compensation practices
  - › Comparison ratios of the compensation of the President and Chief Executive Officer and that of the employees are submitted to the HRC annually (CEO-to-Employee Pay Ratio)
  - › We implement practices that ensure equitable compensation for all employees
  - › We reward Executive Officers and officers for their contributions to the success of the Bank and the achievement of our One Mission objectives, which include ESG priorities

#### 4. Align vision with that of shareholders

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- › Ensure that a significant portion of the compensation is share-based
  - › Compensate according to TSR relative to that of other banks
  - › Ensure compliance with minimum shareholding requirements
  - › Be responsive to shareholders and best governance bodies with respect to recommended practices
- › We have implemented share ownership guidelines to align the interests of Executive Officers, officers and material risk-takers with our long-term performance
  - › Executive Officers and officers may take gains from exercised Options, without retaining shares at a value equal to the gain, only when the applicable share ownership requirements are met
  - › We offer Executive Officers and officers the possibility of receiving up to 30% of their long-term variable compensation in the form of DSUs, redeemable only upon retirement or termination of employment, thus strengthening the alignment between their individual interests and those of the shareholders
  - › We have implemented several measures that ensure sound management of the Stock Option Plan
  - › Options are granted at Share Price
  - › Any downward adjustment of the price of existing Options is prohibited
  - › Hedging transactions of equity-based compensation are prohibited
  - › We invite you to participate in an advisory vote on the Board's approach to Executive Officer compensation
  - › We have established [Stakeholder Engagement Guidelines](#) on dialogue so that shareholders, associations representing them, and other stakeholders of the Bank can provide us with their questions, comments and suggestions
  - › We communicate regularly with institutional investors, proxy advisory firms and corporate governance advocacy groups on issues raised by them

By relying on these four principles, we ensure to maintain an appropriate and coherent balance between expected performance, prudent risk management and the compensation awarded.

## COMPENSATION GOVERNANCE

We view risk governance as an integral part of our success and operational diversification. As such, we favour a risk management approach consistent with our business expansion strategy. The purpose of the risk appetite framework is to provide reasonable assurance that incurred risks do not exceed acceptable thresholds and that such risks contribute to the creation of value for our shareholders. This means striking a just balance between risk and return.

In the normal course of business, we are primarily exposed to credit risk, market risk, liquidity and funding risk, operational risk, regulatory non-compliance risk, reputational risk, strategic risk, and environmental and social risk. These main risks, as well as others such as emerging risks or risks that are considered important, may result in losses that could adversely affect expected earnings.

As part of its compensation risk oversight role, the Human Resources Committee must ensure that compensation policies and programs do not induce Executive Officers, officers, material risk-takers, and employees in general to take risks that exceed our risk tolerance limits or risks that could damage our reputation. The Human Resources Committee fulfills this significant role with the support of various stakeholders, including the Compensation Risk Oversight Working Group. It also ensures that we comply with the principles of the Financial Stability Board.

The following diagram shows the interactions between the Compensation Risk Oversight Working Group and two of the committees created by the Board to which certain powers have been delegated, including oversight of compensation risks. For more information about the interactions among the committees, the oversight functions and the Board, refer to the diagram on [page 57](#) of the Circular.



The Compensation Risk Oversight Working Group created by the HRC has three members: the Executive Vice-President – Risk Management; the Chief Financial Officer and Executive Vice-President – Finance; and the Executive Vice-President – Employee Experience. As part of its mandate, this working group:

- › reviews our main variable compensation policies and programs at the design, review, and implementation stages to ensure that they are consistent with our risk management framework, taking into account a defined approval framework;
- › ensures that our compensation policies, programs, and practices are conducive to our business objectives without compromising our viability, solvency, or reputation;
- › ensures that our compensation programs and policies support our corporate values and standards of ethical conduct and are applied so as to provide an appropriate framework for sales practices;
- › verifies that our compensation policies, programs, and practices comply with applicable standards and regulations;
- › reviews the annual objectives and performance targets of the main variable compensation programs to ensure they are consistent with our risk management framework, including ESG priorities;
- › assesses the levels of the various risks incurred during the year by our material risk-takers and, if deemed necessary, recommends the HRC to adjust the annual bonus envelopes downward;
- › assesses the levels of the various risks incurred during the performance periods applicable to deferred variable compensation and, if deemed necessary, recommends the HRC to adjust payments downward;
- › assesses whether circumstances warrant a clawing back of variable compensation;
- › annually reviews the criteria used to define material risk-takers;
- › reviews the Internal Audit annual report to identify any significant variances between our compensation policies, programs and practices and the regulations and standards in effect; and
- › ensures its activities are carried out in accordance with our ESG practices and strategies and ensures policies and programs are also aligned.

## Human Resources Committee

With respect to compensation governance, the role of the Human Resources Committee is to:

- ▶ review the various components of total compensation, either when policies and programs are being developed or when they are being applied, while ensuring compliance with compensation governance principles;
- ▶ recommend that the Board approve new compensation programs or material changes to existing programs;
- ▶ ensure that our compensation policies and programs comply with applicable regulations and standards, without compromising our viability, solvency and reputation;
- ▶ ensure that we comply with the Corporate Governance Guideline issued by the Office of the Superintendent of Financial Institutions and with the Principles for Sound Compensation Practices and their Implementation Standards issued by the Financial Stability Board;
- ▶ review the Senior Vice-President – Internal Audit’s annual report on the assessment of any major variance between compensation paid and the compensation payable under our total compensation policies and programs and in accordance with Financial Stability Board principles;
- ▶ consider the expectations of governance organizations;
- ▶ ensure that our compensation policies and programs promote sound risk management and closely tie compensation paid to our financial performance and TSR; and
- ▶ exercise its discretion, as it deems necessary, to adjust the annual variable compensation envelopes.

### Competencies of committee members

In accordance with best governance practices, the Human Resources Committee is made up entirely of independent directors. All Human Resources Committee members have the competencies required to make decisions on our compensation policies and practices. These competencies were gained from the experience they acquired in current or former leadership positions, particularly in their capacities as chief executive officers or officers at other major corporations or as members of boards of directors or through their educational background.

For more information about the experience of each Human Resources Committee member as well as their role and education, refer to the individual biographies provided in [Section 2](#) of this Circular. For more information about the ongoing training of our directors, refer to [page 74](#) of the Circular.

The majority of the committee members serve on other Board committees, which helps the Human Resources Committee make more informed decisions on the alignment of our compensation policies and practices as well as its alignment with sound risk management principles and practices. In addition, the majority of the Human Resources Committee members have served as members or chairs of human resources committees in other businesses and institutions.

### **Training and self-assessment**

- › As part of the Orientation and Continuing Education Program for directors, members of the Human Resources Committee attend, among others, presentations on risk management, and use the knowledge they acquire in assessing compensation.
- › As part of the Orientation and Continuing Education Program for directors, all new directors meet with several of our officers. During these meetings, they learn about the organizational structure, compensation and employee experience practices.
- › The Board has a process for self-assessment of the level of expertise and experience of its members, including those of the Human Resources Committee. Please refer to [Section 5](#) of the Circular for more information on the Orientation and Continuing Education Program and the annual assessment process.

### **Collaboration with other segments of the Bank**

- › At its discretion, the Human Resources Committee may also call on the expertise of our various segments, such as Total Compensation, Finance, Internal Audit, and Risk Management. These segments work together, in particular to design and review compensation programs.
- › Each year, the Human Resources Committee receives a letter signed by three officers tasked with overseeing the application of the variable compensation programs. It confirms that the data used to establish the SYNERGY – Executives envelope and the annual bonus envelopes are consistent with the results for the purposes of these programs, and that the envelopes are calculated in accordance with the programs applicable to Executive Officers, officers, Financial Markets specialists and all other employees.

You may consult the “Human Resources Committee” section of [Section 4](#) of the Circular for more information about the committee and its achievements in the last fiscal year.

### **Monitoring implementation of compensation policies and programs**

In exercising its duties, our Employee Experience sector oversees the implementation of policies and of all of our variable compensation programs and those of our subsidiaries.

Additional measures are taken to balance risks and return, to adequately satisfy regulatory and prescriptive requirements, and to ensure our sustainability. More specifically, the various programs for Executive Officers, officers, and material risk-takers include the following measures:

#### **Variable compensation deferment**

A portion of the annual bonuses of Executive Officers, officers, and Financial Markets specialists who may have a considerable impact on our risk profile is deferred over three years or more.

### **Policy on Prohibited Transactions on Securities of the Bank and its Affiliates**

Policy prohibiting directors, officers, and employees to:

- › sell a security of the Bank or of any of the Bank's affiliates if they do not own such security or have not fully paid for the security to be sold (short sale);
- › buy or sell a call or put in respect of a security of the Bank or of any of the Bank's affiliates;
- › purchase financial instruments that are designed to hedge, offset, or cancel a decrease in market value of equity securities granted as compensation or held directly or indirectly by them.

### **Variable compensation clawback policy**

Policy allowing us to cancel and claw back not only the deferred portion but also all of the variable compensation awarded to Executive Officers, officers, and Financial Markets specialists in specific circumstances, i.e., when any of the following scenarios arise:

- › an employee has engaged in dishonest actions or unethical behaviour in the course of employment;
- › an employee has failed to comply with policies, rules, or procedures during the fiscal year or thereafter (for up to three years); or
- › a business segment's financial results must be materially restated and reissued, and employee compensation is based on those results.

### **Independent analysis of Internal Audit**

Each year, Internal Audit submits to the Compensation Risk Oversight Working Group and the Human Resources Committee the results of its independent analysis designed to detect any material differences between our compensation policies, programs, and practices and the principles and standards issued by the Financial Stability Board. Furthermore, the Internal Audit oversight function's analysis aims to detect any material differences between compensation paid and compensation payable under our total compensation policies and programs.

### **Share ownership requirements**

Requirements designed to tie the long-term interests of Executive Officers, officers and certain Financial Markets specialists with the interests of shareholders and to discourage them from taking undue and excessive risks.

- › The incumbents in the covered positions must maintain minimum holdings of shares, including non-vested RSUs, non-vested PSUs, vested and non-vested DSUs, and the increase in value of vested (but unexercised) in-the-money Options, it being understood that this minimum holding must be proportional to the compensation received and given that it is based on the position held.
- › The Human Resources Committee regularly monitors compliance with the minimum share ownership requirement.
- › Changes have been made to the share ownership requirements as of February 1, 2022. These changes are discussed hereafter.



### Officers' minimum ownership requirements

- › The minimum holding amount represents a multiple of the previous three years' average base salary in which the employee is in the role subject to the policy. If the employee has held the role subject to the policy for less than three years, the average annual base salary earned for the period to which they are subject to the policy is used.

Multiple of previous three years' average base salary		
Position	Until January 31, 2022	Since February 1, 2022
President and Chief Executive Officer <sup>(1)</sup>	7 times	8 times
Other Executive Officers <sup>(2)</sup>	4 times	5 times
Members of the Financial Markets Management Committee	3 times	3 times
Senior Vice-Presidents (or equivalent)	2 times	2 times
Vice-Presidents (or equivalent)	1 time	1 time

### Period for meeting the requirements

- › Until January 31, 2022: Everyone has five years from the date of hire or promotion to meet these requirements.
- › Since February 1, 2022: Everyone has five years from the date of hire or promotion, if not already subject to the requirements, to meet these requirements. In case of promotion and if already subject to the requirements, the period is now three years.
- › All individuals must comply with the share ownership requirements at all times. If, for any reason, there is a gap, the individuals must refrain from selling their shares and from exercising their vested Options (unless the shares are kept) until such time as the minimum requirements are once again met.

### Valuation method

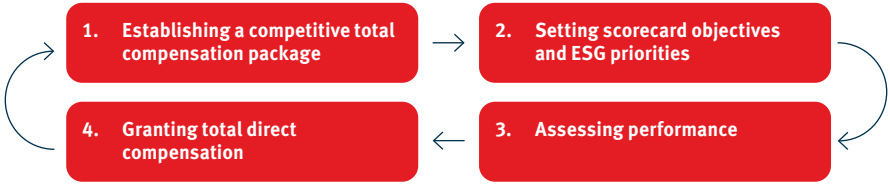
- › The minimum number of shares that must be held is calculated by dividing the minimum holding amount by the Share Price.

(1) The President and Chief Executive Officer was required to maintain the required shareholding multiple for at least one year after retirement. Since February 1, 2022, he shall maintain the required shareholding multiple for a period of at least two years after retirement.

(2) Since February 1, 2022, Other Executive Officers must maintain the required share ownership multiple for a period of at least one year after retirement.

## COMPENSATION DECISION-MAKING

A rigorous process is used to determine the compensation of the President and Chief Executive Officer, Executive Officers, and officers. The annual cycle includes the major steps described below.



### 1. Establishing a competitive total compensation package

#### Determining the components of the compensation package

Our compensation package is made up of direct compensation components such as base salary and variable compensation programs as well as indirect compensation components such as employee benefits that promote the well-being of all employees and their families.

	Components				Why do we offer this component and method of payment?							
Time horizon of variable compensation	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	
<b>Direct compensation</b>	Base salary (ongoing)				<ul style="list-style-type: none"> <li>– Rewards level of responsibility, expertise, competence and experience</li> <li>– Paid in cash</li> </ul>							
	Short-term variable compensation (1 year)				<ul style="list-style-type: none"> <li>– Rewards achievement of key annual financial and non-financial objectives</li> <li>– Paid in cash</li> </ul>							
	Mid-term variable compensation (3 years)				<ul style="list-style-type: none"> <li>– Rewards the creation of sustainable value for shareholders</li> <li>– Awarded in the form of PSUs or RSUs</li> </ul>							
	Long-term variable compensation (10 years or until termination/retirement)				<ul style="list-style-type: none"> <li>– Rewards sustained long-term growth in Share Price</li> <li>– Awarded in the form of Options and DSUs</li> </ul>							
<b>Indirect compensation</b>	Employee benefits and perquisites (ongoing)				<ul style="list-style-type: none"> <li>– Provides employees and their families with assistance and security</li> <li>– Completes the total compensation packaged offered to Executive Officers and officers</li> </ul>							
	Pension plan (long-term)				<ul style="list-style-type: none"> <li>– Encourages long-term retention of employees by rewarding their continued service and contributing to their retirement income</li> </ul>							

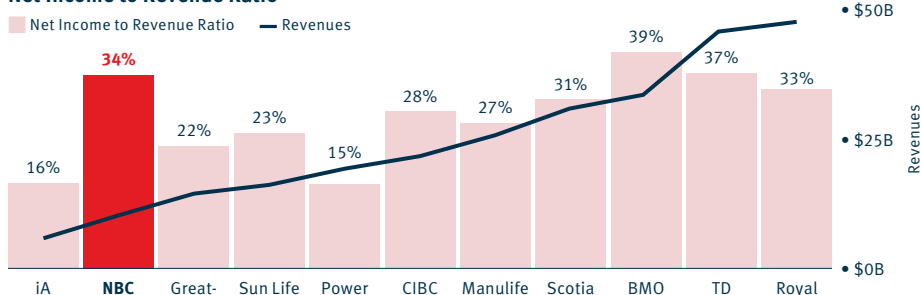
When programs are developed, the Compensation Risk Oversight Working Group and the Human Resources Committee ensure that they comply with the Financial Stability Board Principles for Sound Compensation and their Implementation Standards. They review the results of stress tests on various program application scenarios and consider the impact of these scenarios on our performance over different periods.

### Establishing the compensation policy

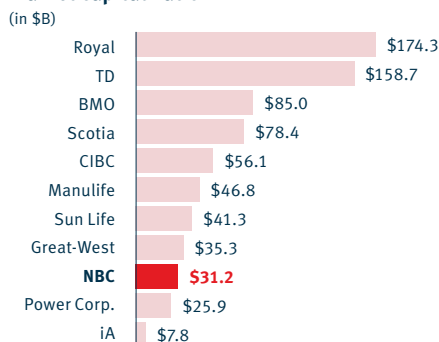
The compensation policy for Executive Officers generally aims to position their target total compensation at the peer group median (the 50<sup>th</sup> percentile) when results meet expectations and to ensure competitive compensation aligned with the market while taking into account the experience of the incumbents in the position. Moreover, the target total compensation of the peer group is adjusted downward to reflect our specific characteristics, notably our relative size. The peer group used to establish the compensation value varies according to our business lines. For Executive Officers, the peer group for fiscal 2022 is identical to the one used in fiscal 2021 and consists of banks and financial institutions with head offices in Canada, which target a comparable clientele, attract a similar employee profile, and have a large number of shareholders.

The following table shows how the Bank ranks in relation to other Canadian banks and financial institutions in its peer group. Our comparison is based on public source of information on the ratio of net earnings to revenues<sup>(1)</sup>, market capitalization and number of employees.

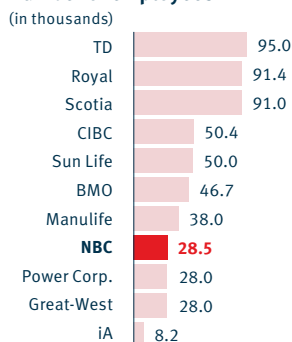
### Net Income to Revenue Ratio<sup>(1)(2)</sup>



### Market capitalization<sup>(2)</sup>



### Number of employees<sup>(2)</sup>



(1) Revenues and net earnings exclude non-recurring items, as well as benefits and claims related to insurance contracts presented by the respective financial institutions. Refer to the “Financial Reporting Method” section on pages 16 to 21 of the 2022 Annual Report for details on non-GAAP financial measures.

(2) Information on Canadian banks, i.e., Bank of Montreal, Canadian Imperial Bank of Commerce, Royal Bank of Canada, The Bank of Nova Scotia, and The Toronto-Dominion Bank are as at October 31, 2022. The information of the financial institutions, i.e., Sun Life Financial Inc., iA Financial Corporation Inc., Great-West Lifeco Inc., Power Corporation of Canada, and Manulife Financial Corporation are as at December 31, 2021.

Each year, the Human Resources Committee reviews the competitiveness of the target total direct compensation of Executive Officers. It examines the results of compensation studies prepared by an independent external consultant mandated for that purpose. It receives the recommendations of the President and Chief Executive Officer, the Audit Committee and the Risk Management Committee for the compensation of Other Executive Officers and the heads of the oversight functions, and then conducts its own review in order to make its recommendations to the Board.

Our compensation policy, which covers most other functions, also aims at positioning the target total direct compensation of officers and employees at the peer group median (the 50<sup>th</sup> percentile) when results meet expectations. To do so, market studies produced by external consultants are used, in particular to establish our salary scales, which ensure a competitive salary according to the region in which the employee works. Our compensation policy also applies to our subsidiaries in Canada and abroad. However, it is aligned with market practices by offering compensation that may vary from one business line to another and accounts for significant pay disparities that may exist among the large regions or countries where we provide our services.

### **Independent external consultants**

The Human Resources Committee has the power to retain, when it deems appropriate, the services of independent external consultants to assist in performing its duties and provide it with necessary information on trends and best practices in its peer group regarding compensation policies and programs as well as on the competitiveness of Executive Officer compensation.

In keeping with sound governance practices, the Human Resources Committee sets guidelines for awarding mandates to external consultants. These guidelines notably require external consultants to be independent from Executive Officers. They also enable the Human Resources Committee to select those it considers the most qualified to carry out the mandates.

All contracts awarded for work related to Executive Officer compensation are approved by the Chair of the Human Resources Committee.

At the start of the fiscal year, the Human Resources Committee members also review the performance and independence of the external consultants and approve the planned mandates to be awarded by us during the fiscal year. When their services are retained, external consultants are informed of these guidelines and must follow them.

Korn Ferry is the external consultant whose services have been retained for fiscal 2021 and fiscal 2022. They are the advisor to the Human Resources Committee on executive compensation matters. They have:

- › confirmed, this past fiscal year, that the target total direct compensation (base salary and variable compensation) of the positions held by Executive Officers and by the heads of the oversight functions is competitive with the compensation paid by corporations in our peer group;
- › adjusted the peer group data downward to reflect our relative size and differences in the level of responsibility associated with our positions compared to peer group positions;
- › submitted to the Human Resources Committee the market positioning of Executive Officer compensation as well as market trends and developments in officer compensation, organizational structure, governance and regulation; and
- › conducted compensation surveys, in which we participate each year, on market practices and compensation levels for all positions.

The following table presents the fees paid to Korn Ferry in the past two fiscal years:

Independent external consultants	Fiscal 2021			Fiscal 2022		
	Executive Officers' compensation – Related fees <sup>(1)</sup>	Other fees <sup>(1)(2)</sup>	Total	Executive Officers' compensation – Related fees	Other fees <sup>(3)</sup>	Total
Korn Ferry	\$54,843 28%	\$141,753 72%	\$196,596 100%	\$64,800 13%	\$427,994 87%	\$492,794 100%

## 2. Setting scorecard objectives and ESG priorities

To ensure the best possible client and employee experience, we are constantly refining our performance management approach in order to further strengthen synergy across business units, improve team performance, and facilitate learning and skills development. The annual objectives of the President and Chief Executive Officer are examined by the Human Resources Committee and approved by the Board at the beginning of each year, aligning with our Board-approved business plan. The objectives approved for the President and Chief Executive Officer apply to all Executive Officers as well as to officers. They share a single scorecard with common objectives and ESG priorities. Supporting sustainable development is an intrinsic part of our One Mission. We incorporate ESG matters into our business and operating decisions. These objectives support the financial and non-financial indicators used to balance the interests of the various stakeholders: shareholders, employees, clients and the communities we serve.

**The SYNERGY – Executives Compensation Program aims to promote alignment and collaboration on the achievement of our One Mission, including support for sustainable development, to optimize variable compensation, to recognize excellence and to intensify the rigour in cost management.**

## 3. Assessing performance

All employees, including officers, are subject to an assessment whereby our preferred behaviours and annual objectives each represent 50% of the evaluation of annual performance. When assessing the performance of the President and Chief Executive Officer and Other Executive Officers, the Board makes sure to consider all the fundamental pillars on which our social strategy is built.

We are committed to having a positive impact in people's lives. Our priorities, which are approved by the Board, demonstrate the importance we place on sustainable development and on maintaining the best balance of stakeholder interests in society.

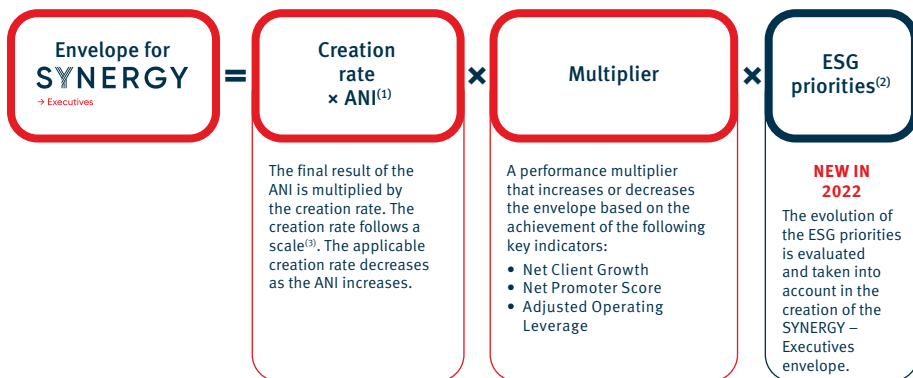
Executive Officers are expected to be continually engaged in discussions with the Board, to keep it informed on the changes and the performance of their sectors as well as the strategic initiatives they oversee.

- (1) An amount of \$97,384 included under "Executive Officers' compensation – Related fees" in 2021 should have been reported in "Other fees".
- (2) Total costs related to our participation in compensation surveys for employees who are not Executive Officers.
- (3) Total costs related to our participation in compensation surveys for employees who are not Executive Officers and for recruiting services.

## 4. Granting total direct compensation

### Formula for creating the SYNERGY – Executives envelope

The creation of the SYNERGY – Executives envelope, i.e., the total direct compensation envelope that includes base salary as well as short-, mid- and long-term variable compensation for Executive Officers and officers, is subject to a discretionary review by the Board and is calculated based on the following parameters:



Individual awards are capped at 150% of the target total direct compensation established for each participant.

### The initial SYNERGY – Executives envelope for 2022

The Board approved the renewal of the SYNERGY – Executives envelope creation scale approved at the beginning of fiscal 2021. The targets for each of the key multiplier indicators, the ANI growth projections, the ESG objectives as well as officers participating in the program have also been approved by the Human Resources Committee for fiscal 2022.

**The creation rate decreases as the ANI increases in order to drive efficiency and ensure a fair sharing ratio between shareholders and officers.**

The SYNERGY – Executives envelope is reviewed annually by the Board considering, among other factors:

- › ANI projections
- › The Bank's relative performance
- › The competitiveness of the compensation market
- › Special events or transactions

The SYNERGY – Executives program may not pay variable cash compensation in the event that the CET1 capital ratio threshold is not met.

- (1) ANI is net income less dividends on preferred shares, distributions on other equity instruments and the amount attributable to non-controlling interests.
- (2) In 2022, we introduced ESG priorities into the SYNERGY – Executives envelope and are focusing on a phased implementation of the measure to refine it over time.
- (3) This information is not disclosed as it is deemed to be sensitive.

## 2022 Available Net Income

For fiscal 2022, the ANI used for compensation purposes was \$3,277M<sup>(1)</sup> (an 8.4% increase over last year) and did not include any particular item. This ANI, along with other indicators, reflects our strong performance for fiscal 2022.

- › All of our operating segments generated higher organic growth.
- › Our CET1 ratio of 12.7%<sup>(2)</sup>, return on shareholders’ equity of 18.8%<sup>(3)</sup> and diluted earnings per share (\$9.61 in 2022 versus \$8.85 in 2021) are all aligned with our mid-term objectives.

The Human Resources Committee did not have to recommend the exclusion of specific items from the final ANI result used for compensation purposes. The Board did not use its discretion.

The creation rate of the SYNERGY – Executives envelope for 2022 is based on the creation rate, determined on a scale, applied to the ANI for fiscal 2022. The scale is undisclosed as we consider this information to be sensitive.

## The 2022 multiplier

The multiplier is composed of a set of three key performance indicators aligned with our Officer Scorecard and is consistent with the key compensation metrics used in many of our variable compensation programs. The multiplier can influence the amount of the SYNERGY – Executives envelope by a result that can vary between 90% and 110%. The following table shows the indicators as well as the weighted result for fiscal 2022. Therefore, the envelope created has been increased by a factor of 104.4%.

2022 Multiplier						
Indicator	Threshold	Target	Maximum	Result	Weighting	Weighted Result
<b>Net Client Growth<sup>(4)</sup></b> Measure that seeks to recognize both the acquisition of new clients and the retention and engagement of existing clients	90.0%	100.0%	110.0%	>110.0%	33⅓%	36.6%
<b>Net Promoter Score<sup>(4)</sup></b> Measure of client loyalty	90.0%	100.0%	110.0%	102.0%	33⅓%	34.0%
<b>Adjusted Operating Leverage<sup>(5)</sup></b> Measure of operational efficiency	90.0% -1.3%	100.0% 1.7%	110.0% 4.7%	101.3% 2.1%	33⅓%	33.8%
<b>2022 Multiplier</b>						<b>104.4%</b>

The overachievement of client experience metrics was driven by the return on investments in digital and the experience at ATMs as well as the excellent performance of our Personal Banking and Commercial Banking sectors, which exceeded its new client acquisition targets.

- (1) Refer to the “Financial Reporting Method” section on pages 16 to 21 of the [2022 Annual Report](#) for details on non-GAAP financial measures.
- (2) Refer to the “Financial Reporting Method” section on pages 16 to 21 of the [2022 Annual Report](#) for details on capital management measures.
- (3) Refer to the “Glossary” on pages 122 to 125 of the [2022 Annual Report](#) for details on the composition of this measure.
- (4) Not reported as we consider this information to be commercially sensitive.
- (5) Refer to the “Financial Reporting Method” section on pages 16 to 21 of the [2022 Annual Report](#) for details on non-GAAP ratios.

## ESG priorities for 2022

Among the priorities that we have set for ourselves in the mid-term, which will allow us to make ESG a lever for growth and an impact multiplier, the ones that were selected for the creation of the SYNERGY – Executives envelope in 2022 are presented in the table below. ESG priorities can influence the amount of the SYNERGY – Executives envelope by a result that can vary between 95% and 105%.

At the end of fiscal 2022, we believe that we have achieved the level of evolution of our ESG priorities in line with the objectives we have set ourselves. As such, the envelope created remained unchanged, given the 100% assessment of ESG priorities.

The table below lists the ESG priorities integrated into the creation of the SYNERGY – Executives envelope in 2022, as well as a summary of the main achievements:

ESG Priorities	2022 achievements
<b>Deliver on our commitments</b>	<ul style="list-style-type: none"> <li>✓ Disclosed an initial target for financed emissions as prescribed by the Net-Zero Banking Alliance.</li> <li>✓ Disclosed the carbon footprint measurement for financed emissions from oil and gas producers as required by the Partnership for Carbon Accounting Financials.</li> <li>✓ Reduced greenhouse gas emissions from our own operations by 30% compared to 2019.</li> <li>✓ Grew the renewable energy portfolio at a faster rate than the non-renewable one.</li> <li>✓ Made progress in achieving the objectives of the three-year inclusion and diversity plan. Several internal initiatives are being rolled out, including the public disclosure of employment equity information and the talent acquisition strategy.</li> </ul>
<b>Support clients in a just transition</b>	<ul style="list-style-type: none"> <li>✓ Deployed new sustainable products and services as well as grow both financing and investment volumes.</li> <li>✓ Created and reorganized certain activities and team mandates in order to better seize opportunities and support clients in the transition.</li> </ul>
<b>Be transparent</b>	<ul style="list-style-type: none"> <li>✓ Disclosed our climate strategy in the <a href="#">TCFD Report</a>.</li> <li>✓ Enhanced our disclosures to better meet the expectations of our stakeholders.</li> </ul>

## Final SYNERGY – Executives envelope for 2022

Given the performance reached in 2022, the Board approved the 2022 multiplier of 104.4%, and the result of the assessment of the evolution of ESG priorities at 100%, resulting in a final SYNERGY – Executives envelope creation above the envelope expected. The envelope created in 2022 serves to recognize all officers in a manner consistent with the majority of our compensation programs.



### **Adjusting annual variable compensation envelopes, including the SYNERGY – Executives, as necessary**

We are always striving to more closely align the potential impact of all types of risks with the compensation of Executive Officers, officers and material risk-takers from all our sectors, as required by the Financial Stability Board and Office of the Superintendent of Financial Institutions. We provide the Human Resources Committee with discretionary power to adjust, downward or upward, as it deems necessary, annual variable compensation envelopes including the SYNERGY – Executives envelope.

To avoid decisions based essentially on judgment, the Compensation Risk Oversight Working Group uses a scoring grid, jointly developed by the Internal Audit, Risk Management and Compliance segments, that flags the main potential sources of significant risk, both internal (related to decision-making) and external (related to business conditions). The assessment therefore considers credit risk, market risk, liquidity and funding risk, operational risk, regulatory non-compliance risk, reputational risk, strategic risk, and environmental and social risk. In addition, a mechanism provides for referring to the Basel III Accord guidelines to reduce the size of annual bonus envelopes if we do not meet the minimum regulatory capital required by regulatory authorities. These guidelines dictate the elements to be reduced (share redemptions, dividends, and annual bonuses) and the weighting of such reductions. The mechanism applies to all short-term variable compensation programs and to the programs offered to Executive Officers, officers and all our other employees.

The Human Resources Committee and the Board considered additional factors to determine if a discretionary adjustment to the calculated SYNERGY – Executives envelope should be recommended for Board approval:

- › Outcome of the annual risk review, in collaboration with the Risk Management Committee
- › Financial and non-financial absolute and relative performance
- › Compliance with the CET1 capital ratio and ANI thresholds
- › Officer scorecard results, including employee engagement and assessment of the evolution of our ESG priorities
- › Analysis, feedback and recommended adjustments from Executive Officers
- › Any unforeseen events during the fiscal year

No adjustments deriving from the use of their discretionary authority were made in fiscal 2022 for Executive Officers or officers by the Human Resource Committee or the Board.

### **Assessing performance and approving awards**

Following the creation of the SYNERGY – Executive envelope, the final step in the award process consists of an individual and business line performance evaluation against the scorecard set out at the beginning of the fiscal year for Executive Officers and officers. After considering the recommendations made by the Human Resources Committee and the President and Chief Executive Officer for the Other Named Executive Officers, the Board confirms the short-, mid-, and long-term variable compensation awards. The fiscal 2022 awards and total direct compensation approved for each Named Executive Officer are presented on [pages 122 to 127](#) of the Circular.

## COMPENSATION OF NAMED EXECUTIVE OFFICERS

This section presents information on the total direct compensation awarded to Named Executive Officers for the fiscal year ended October 31, 2022.

### Components of total direct compensation

Although they are funded from the SYNERGY – Executives envelope, base salaries of officers are not at risk. The remainder of the calculated envelope is at risk and is allocated in the form of short-, mid- and long-term variable compensation based on our performance, individual performance in the case of variable cash compensation, contribution to our future success for deferred compensation, and the following guidelines. Variable compensation in cash is also based on individual performance while deferred compensation is allotted based on the contribution to future success. Succession planning considerations, competitive pressures and internal equity can influence total direct compensation.

The 2022 composition of the target total compensation and of the variable compensation that is pre-determined according to the level of position held are presented below:

TARGET TOTAL DIRECT Compensation					
	FIXED Compensation (base salary)	VARIABLE Compensation			
		CASH Compensation (annual bonus)	DEFERRED Compensation		Options and/or DSUs
			PSUs and/or RSUs		
President and Chief Executive Officer	12%	88%	25%	75%	67% in PSUs 33% in Options <sup>(1)</sup>
Other Executive Officers	8% to 19%	81% to 92%	40%	60%	67% in PSUs 33% in Options <sup>(1)</sup> When the deferred compensation exceeds \$1.5M, the excess amount is granted in the form of RSUs.

(1) Executive Officers and officers may elect to receive up to 30% of their long-term compensation in the form of DSUs.

Our allocation guidelines ensure that:

- › Variable compensation is fully at risk and fluctuates based on the creation of the SYNERGY – Executives envelope.
- › At least 60% of variable compensation is deferred over a three-year period for PSUs and RSUs, up to 10 years for Options, and up to retirement or termination of employment for DSUs.
- › PSUs remain the main driver for the target deferred compensation of Named Executive Officers.
- › In 2022, 88% of Laurent Ferreira's target total direct compensation was at risk, and a minimum of 81% for the other Named Executive Officers was at risk.

Individual awards are capped at 150% of target total direct compensation.

### Total direct compensation

Under the SYNERGY – Executives approach, total direct compensation is discretionary; variable compensation is allocated to officers based on our performance and variable cash compensation is based on individual performance. Base salary is fixed. All other compensation components are variable: short-term variable compensation payable in cash, mid-term variable compensation granted in the form of PSUs or RSUs, and long-term variable compensation granted in the form of Options or DSUs. In accordance with our compensation policies, the purpose of total direct compensation is to recognize annual financial performance, client satisfaction and the evolution of our ESG priorities. It considers the prudence demonstrated in risk management as well as the achievement of the Officer Scorecard objectives which include employee engagement and ESG objectives. SYNERGY – Executives aims to continue to increase complicity between teams, support concerted decision-making, optimize the use of all compensation components, recognize excellence, and increase the rigour in cost management.

The total direct compensation is awarded based on:

- › our final ANI result multiplied by the creation rate. The creation rate is determined according to a scale. The creation rate decreases as the ANI increases;
- › the position level according to established guidelines;
- › individual contribution to the achievement of our strategic plan; and
- › compliance with our risk appetite in achieving results.

The Compensation Risk Oversight Working Group reviews the levels of the various risks incurred during the year and may recommend to the Human Resources Committee and then to the Board, if necessary, to adjust the SYNERGY – Executives envelope downward.

The Board has discretionary power to adjust the SYNERGY – Executives envelope and, consequently, the variable compensation, downward or upward, when it deems appropriate. Such adjustments could be necessary if the result of the SYNERGY – Executives formula does not reflect all relevant elements, such as performance, risks, or any unforeseen situation that occurred during the fiscal year.

In 2022, the Board did not exercise its discretion.

## Fixed compensation – base salary

In accordance with the objectives of the compensation policy, the purpose of base salary is to reward contribution. It allows to ensure that our compensation is competitive relative to that offered by our peer group. It also recognizes the level of responsibility, expertise, competence and experience.

## Variable compensation

Variable compensation is total direct compensation minus base salary.

Variable compensation consists of two parts:

- › Variable compensation paid in cash based on the SYNERGY – Executives envelope and individual performance
- › Discretionary deferred compensation as a retention incentive granted in the form of PSUs, RSUs, Options, and DSUs

### Clawback of variable compensation

In accordance with the variable compensation clawback policy, payments made to employees subject to the policy may be clawed back in certain circumstances.

## Variable cash compensation

### Objectives

For Executive Officers and officers, variable cash compensation (annual bonus) is designed to:

- › Strengthen the value of cooperation among all business units
- › Encourage officers to:
  - generate sustained and growing net income, year after year
  - accelerate the organizational transformation
  - improve client satisfaction
  - meet the officer scorecard objectives, which include employee engagement and ESG objectives
- › Share part of our success with Executive Officers and officers and identify and recognize those whose performance exceeds expectations.

### Grant

Variable cash compensation awards are subject to the attainment of a CET1 ratio threshold. Given that the threshold was exceeded in fiscal 2022, the Board approved the allocation of the short-term variable compensation under the SYNERGY – Executives envelope and based on our established guidelines.

## Deferred variable compensation

The purpose of deferred variable compensation is to align the vision and expectations of Executive Officers and officers with those of shareholders over mid- and long-term horizons. The award of deferred variable compensation is influenced by our performance and by the expected contribution of Executive Officers and officers to our future success.

### Mid-term deferred variable compensation

Mid-term deferred variable compensation is granted in the form of PSUs and RSUs, if applicable, i.e., when the deferred variable compensation of the Other Executive Officers exceeds \$1.5M.

It aims to align the vision and expectations of Executive Officers and officers with those of shareholders over a three-year horizon.

PSUs	RSUs
<b>Objectives</b>	
The program is designed to tie a portion of the value of the compensation to the future value of the shares and to the relative performance versus our peers.	The program is designed to tie a portion of the value of the compensation of eligible officers to the future value of the shares.
<b>Grant</b>	
<p>The value granted to each Executive Officer is based on the composition of predetermined compensation package.</p> <p>Ultimately, the HRC also has discretionary power over the value of annual awards.</p> <p>The number of PSUs granted is based on the average Closing Price over the 10 days preceding the sixth business day in December, as published by the Toronto Stock Exchange.</p> <p>Additional PSUs, in an amount proportional to the dividends paid on the shares, are credited to the participant's account during the period between award and payment.</p>	<p>For the Other Executive Officers when deferred compensation is above \$1.5M, the excess is granted in the form of RSUs.</p> <p>The number of RSUs granted is based on the average Closing Price over the 10 days preceding the sixth business day in December, as published by the Toronto Stock Exchange.</p> <p>Additional RSUs are credited to the participant's account, in an amount proportional to the dividends paid on shares, during the period between award and payment.</p>

PSUs	RSUs								
<b>Vesting, performance indicator and payment</b>									
<p>The PSUs vest after three years.</p> <p>Upon vesting, the cash payment is equal to the number of PSUs vested, multiplied by the average Closing Price for the 10 days preceding the sixth business day in December, and then adjusted upward or downward depending on relative TSR.</p> <div style="border: 1px solid black; padding: 5px; margin: 10px 0;"> <p style="text-align: center;">Growth index of our TSR over three years + Average TSR growth index of the peer group composed of Canadian banks <sup>(1)</sup> over three years</p> </div> <p>The adjustment to the payable value, based on the relative TSR, is established in a linear manner within the following limits:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: center;">Relative TSR result</th> <th style="text-align: center;">Adjustment range of payable value</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">≥ 1.25</td> <td style="text-align: center;">125%</td> </tr> <tr> <td style="text-align: center;">= 1.00</td> <td style="text-align: center;">100%</td> </tr> <tr> <td style="text-align: center;">≤ 0.75</td> <td style="text-align: center;">75%</td> </tr> </tbody> </table> <p>The Board has the discretionary power to adjust the cash value downward to as low as \$0 if it considers that a significant event has occurred during the performance period that had an impact on our financial performance or that of our peers.</p>	Relative TSR result	Adjustment range of payable value	≥ 1.25	125%	= 1.00	100%	≤ 0.75	75%	<p>There are two possible types of vesting for RSUs: full vesting after three years and vesting in equal portions spread over three years.</p> <p>At vesting, the cash payment is equal to the number of RSUs vested, multiplied by the average Closing Price for the 10 days preceding the sixth business day of December.</p>
Relative TSR result	Adjustment range of payable value								
≥ 1.25	125%								
= 1.00	100%								
≤ 0.75	75%								

#### Payment of PSUs granted in 2019

For the PSUs granted in 2019 to Executive Officers that vested in 2022, the relative TSR was 34% higher than that of the banks included in the peer group, i.e., the banks included in the S&P/TSX banks <sup>(1)</sup>. Consequently, a payment with a performance factor limited to 125% was awarded to participants, as shown in the table below.

Relative TSR result	Adjustment of payable value
1.34	125%

For information on the treatment of PSUs and RSUs according to reason of departure, refer to the table entitled “Conditions applicable in the event of the termination of employment” on [page 139](#) of the Circular.

(1) Royal Bank of Canada, The Toronto-Dominion Bank, The Bank of Nova Scotia, Canadian Imperial Bank of Commerce, Bank of Montreal, Canadian Western Bank, and Laurentian Bank of Canada.

## Long-term deferred variable compensation

The purpose of long-term deferred variable compensation is to align the vision and expectations of Executive Officers and officers with those of shareholders, i.e., over a 10-year horizon, for Options and up to retirement or termination of employment for DSUs.

Executive Officers and officers may elect to receive up to 30% of their long-term compensation in the form of DSUs.

Options	DSUs
<b>Objectives</b>	
<p>The program is designed to retain eligible Executive Officers and officers and to encourage them to contribute to our success and to work towards growing the value of the investment of shareholders.</p> <p>Each Option confers the right to purchase one share at a price equal to the Closing Price on the day preceding the grant.</p> <p>The price of Options already granted cannot be lowered, despite changes in the Share Price, so that Executive Officers and officers can only benefit from the Options granted to them to the extent that the Share Price increases steadily over the long term.</p>	<p>The program is designed to tie a portion of the value of certain officers' compensation to the future value of our shares.</p>
<b>Grant</b>	
<p>The number of Options granted is based on:</p> <div data-bbox="85 842 513 919" style="border: 1px solid black; padding: 5px; margin: 10px auto; width: fit-content;"> <math display="block">\frac{\text{the dollar value of the grant}}{\text{the value determined using the Black-Scholes Model}}</math> </div> <p>Since the Stock Option Plan was adopted, we have made only one grant of Options per fiscal year, on a specific date (in December), regardless of any hire or appointment of Executive Officers and officers during the fiscal year. This annual grant date has never been amended retroactively.</p> <p>Each year, when the Options are granted, the HRC takes into account the number and term of Options previously granted.</p>	<p>The number of DSUs granted is based on:</p> <div data-bbox="544 842 972 919" style="border: 1px solid black; padding: 5px; margin: 10px auto; width: fit-content;"> <math display="block">\frac{\text{the dollar value of the grant}}{\text{the Closing Price, the day before the grant}}</math> </div> <p>Additional DSUs are credited to the account of the participant, in an amount proportional to the dividends paid on the shares, during the period between award and payment.</p>

## 6. Executive Officer Compensation

Options	DSUs
<b>Vesting, performance indicator and payment</b>	
<p>Options vest over a four-year period at a rate of 25% per year. No Options may be exercised in the first year after the grant date. Vested Options may be exercised:</p> <ul style="list-style-type: none"> <li>› only during quarterly transaction periods, as established by Legal Affairs, following the release of the financial statements</li> <li>› only by a participant or their estate (Options may not be sold to a third party, but ownership may be transferred to a beneficiary or to a legal representative in the event of the participant's death)</li> <li>› in whole or in part, before the expiration date set by the HRC at the time the Options are granted; however, where the expiration date falls within or immediately after a blackout period, the expiration date of the Options is deferred, as applicable, (i) by 10 business days if the expiration date falls during the blackout period or (ii) by a number of business days equal to 10 business days less the number of business days elapsed between the end of the blackout period and the expiration date if such date falls no later than 10 business days after the end of the blackout period.</li> </ul> <p>Each Executive Officer and officer must keep at all times after the exercise of Options, shares with a value equal to the gain resulting from the exercise of vested Options, until the share ownership requirements applicable to that individual have been met.</p> <p>The payment of an Option is based on the difference between its exercise price and the Share Price at the time of exercise.</p>	<p>DSUs vest over a four-year period at a rate of 25% per year.</p> <p>DSUs may be redeemed only upon the termination of employment or retirement of the Executive Officer or officer.</p> <p>A participant may redeem vested DSUs by filing redemption notices during a fixed period after the termination of employment.</p> <p>The cash payment is equal to the number of vested DSUs multiplied by the Closing Price on the business day preceding receipt of the redemption notice.</p>

For information on the treatment of Options and DSUs according to reason of departure, please refer to the table entitled “Conditions applicable in the event of the termination of employment” on [page 139](#) of the Circular.



## Officer Scorecard

The Human Resources Committee evaluated the performance of Laurent Ferreira and the Named Executive Officers by taking into account the results obtained with respect to the objectives of the scorecard applicable to all Executive Officers and officers. We present below the main results considered in the Officer Scorecard based on our social responsibility pillars.

### Shareholders

In 2022, the Bank once again delivered good results due to a solid performance by all sectors, which were agile and implemented strategies to perform in a complex economic context. In addition, we increased our dividend by 26%, including a 23% increase paid in February 2022, following the lifting of the Office of the Superintendent of Financial Institutions' restrictions on dividend increases and share buybacks established at the beginning of the pandemic. The objective of this substantial growth was to adjust the dividend level towards our medium-term distribution target range of 40% to 50% of net income. During the year, we also returned \$245M in capital to our shareholders through share buybacks. Three, five and 10-year TSR has been among the best in the industry, demonstrating our ability to generate consistent returns over time.

<b>Growth in diluted earnings per share – adjusted <sup>(1)</sup></b> <b>8.3%</b>	<b>Strong earnings growth <sup>(1)</sup></b> <b>11.4%</b>	<b>Operating leverage ratio – adjusted <sup>(2)</sup></b> <b>2.1%</b>	<b>CET1 greater than 10.5% <sup>(3)</sup></b> <b>12.7%</b>
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### Clients

In 2022, our Personal Banking and Commercial Banking sectors delivered strong growth as we continued to balance volumes, margins and credit quality. We are pleased with the continued improvement in client satisfaction, which reflects our continued efforts to improve the overall client experience.

Our differentiated Wealth Management sector delivered strong performance in 2022, despite challenging market conditions. This performance was achieved through a well-diversified revenue base, including a solid deposit base, above-market asset growth and increased cross-sector opportunities across the country.

Our Financial Markets sector demonstrated its resilience and ability to quickly adapt to changing market conditions in 2022. Over the years, by investing in our people and in technology while developing new targeted revenue streams, this sector has been able to diversify and increase its earnings power.

- (1) Adjusted income before provisions for credit losses and income taxes. Refer to the "Financial Reporting Method" section on pages 16 to 21 of the [2022 Annual Report](#) for details on non-GAAP financial measures.
- (2) The adjusted operating leverage is the difference between the growth rate of adjusted total revenues and the growth rate of adjusted non-interest expenses. Refer to the "Financial Reporting Method" section on pages 16 to 21 of the [2022 Annual Report](#) for details on non-GAAP ratios.
- (3) Refer to the "Financial Reporting Method" section on pages 16 to 21 of the [2022 Annual Report](#) for further information on capital management measures.

Outside of Canada, our International sector offers added value in terms of geographic and business diversification. In 2022, Credigy maintained a disciplined investment approach, generating strong underlying performance. ABA Bank has continued to demonstrate significant growth and is now a leading financial institution in Cambodia. With our focused international strategy, we are well positioned to deliver strong growth and superior performance over the long term.

The measure that seeks to recognize both the acquisition of new clients and the retention and engagement of existing clients, net client growth, exceeded our objectives in 2022. In addition, the result of the net recommendation rate, a measure of client loyalty used in the SYNERGY – Executives multiplier, exceeded our target as presented in the 2022 multiplier table on [page 109](#) of the Circular.

### Net Promoter Score result

**102.0%**

### Employees

To support our long-term growth, we are committed to continuing to invest in our employees and culture. With the intent of providing a stimulating work environment, we are building a new corporate headquarters that will support an optimal employee experience as of 2023 while fostering a culture of collaboration between our teams.

We continued to prepare our employees for the move by opening an immersion centre that allows them to experience the new work environment and be involved in decisions about the new head office.

The publication of our second [Inclusion and Diversity Booklet](#) also demonstrates the state of progress, particularly in terms of gender diversity and visible minorities and the challenges surrounding this important social topic, as well as the main initiatives deployed that allow us to maintain a fruitful dialogue.

In order to bring our corporate culture and values to life for our employees, we have evolved our hybrid work model towards a balanced form where global office attendance represents on average 40% of the time worked. We have enhanced our offer of remote work and continued the initiative to work temporarily outside the country or province of residence.

Open dialogue with our employees is continuously maintained through internal surveys regarding different facets of their experience, including, among others, issues related to inclusion and diversity, well-being and engagement. Engagement remained high in 2022 (i.e., 102.3% of the target). The relationship of trust with the manager, flexibility and well-being are crucial to maintain a positive work experience for our employees.

### Employee Engagement Index result relative to the target

**102.3%**

## Operational quality

We have invested in technology and talent to deploy technological enhancements in Capital Markets and Wealth Management.

With digital innovation and automation critical to improving client and employee experience, as well as operational efficiency, we continue to build on and invest in our advances in these areas.

We have simplified the client journey, whether personal or commercial, as well as the most frequently used banking transactional features. We enhanced our digital granting processes for our bank accounts and credit cards, as well as our digital investment platform with the addition of several self-service capabilities that enhance client autonomy.

Improving the protection of our cloud platforms, updating our prioritized and outdated servers and databases, and implementing standard delivery practices, tools and processes have allowed us to streamline the execution of our operational processes and our technological ecosystems as well as reinforcing the reliability of our services.

We continued to manage the risk associated with cyberattacks by securing our infrastructures.

## ESG

As a bank, we play a key role in supporting a just energy transition that addresses financial and social imperatives and dependencies in this regard in the Canadian economy. Our environmental strategy is based on two core principles: managing the impact of our operations on climate change and creating opportunities for our clients to contribute to a sustainable economy with us. This includes implementing our plan to achieve net-zero greenhouse gas emissions for our operations and financing by 2050 and strengthening our support to clients during the transition.

As we continue to grow our renewable energy loan portfolio faster than the non-renewable energy loan portfolio, decarbonization criteria and data related to our high-emission limits are now integrated into our loan and underwriting practices. We are also deploying capital to seize business opportunities in the renewable energy sector and to expand our tailored offering of sustainable products and services across all of our business units.

More broadly, we remain committed to our mission of putting “People first” to create a positive impact for the employees, clients and communities we are privileged to serve, while maintaining the highest standards in our own governance. Whether it is ensuring that more than 25% of our workforce is made up of diverse talent or being the leading lender in Quebec’s affordable housing sector, we will continue to actively advance our ESG priorities in 2023. Please see the “Promoting Employee Well-Being” section of the [ESG Report](#). For more information on our ESG governance practices, consult the “Governance” section of the ESG Report and [pages 77 to 83](#) of the Circular.

**Laurent Ferreira**  
President and Chief Executive Officer



Education  
Master's degree in Finance  
from HEC Montréal

Years of service  
with the Bank  
24 years

**KEY RESPONSIBILITIES AND 2022 HIGHLIGHTS**

Laurent Ferreira has been Chief Executive Officer since November 1, 2021. At the time of his appointment, he had been holding the position of Chief Operating Officer since February 1, 2021. Laurent Ferreira and Denis Girouard had jointly held the positions of Executive Vice-Presidents and Co-Heads – Financial Markets from November 1, 2018 to January 31, 2021. Laurent Ferreira reports to the Board on the strategies, orientations, performance, and development of the Bank and its subsidiaries.

The Officer Scorecard illustrates all of Laurent Ferreira's achievements for fiscal 2022.

Laurent Ferreira is Co-Chair of La Soirée des grands philanthropes, the Bal des lumières, the Centraide of Greater Montreal 2022 campaign, in addition to having acted as Co-Chair of the most recent campaign of Women's Y Foundation Montreal. He was also the Honorary President of the 85<sup>th</sup> edition of the St. Mary's Ball.

**HUMAN RESOURCES COMMITTEE DECISIONS REGARDING TOTAL DIRECT COMPENSATION**

In connection with the appointment of Laurent Ferreira as President and Chief Executive Officer, his base salary was subject to adjustment and his total direct compensation was set at \$7,700,000 for fiscal 2022. The composition of his compensation reflects that of the position of President and Chief Executive Officer.

The good performance of the Bank and the individual performance of Laurent Ferreira (refer to the "Officer Scorecard" section starting on page 119) justify the fact that his total direct compensation was set at \$8,698,413 for fiscal 2022, in accordance with the recommendation made by the Human Resources Committee and the approval of the Board. Please refer to the table below for the breakdown of his total direct compensation by compensation component.

The Human Resources Committee and the Board, following a performance evaluation and the positioning of Laurent Ferreira's compensation in relation to the market, determined that his target total direct compensation would be \$8,750,000 and his annual base salary would be \$1,000,000 for fiscal 2023.

Compensation								
TOTAL DIRECT								
	Compensation FIXED (base salary)	Compensation VARIABLE			Compensation DEFERRED			
		12%	88%	Compensation CASH (annual bonus) 25%	75%	PSUs	RSUs	Options
2022	\$8,698,413					\$947,409	\$7,751,004	\$1,937,748
2021	\$8,618,408	\$598,373	\$8,020,035	\$1,836,250	\$6,183,785	\$1,457,250	\$4,008,750	\$717,785

**SHARE OWNERSHIP REQUIREMENTS**

As at October 31, 2022, Laurent Ferreira was compliant with his share ownership requirement of eight times the average base salary of the last three years. It should be noted that only base salaries for the years in which Laurent Ferreira is in the role of President and Chief Executive Officer are considered. Since he has held the role for less than three years, the average annual base salary for the period to which he is subject to the policy (one year) is used.

He will have to maintain the required multiple of shareholding for a period of at least two years after retirement. The following table sets forth his holdings as at October 31, 2022, based on the Closing Price, i.e., \$92.76:

Base salary considered for the reporting period	Directly held shares	Multiple of base salary in directly held shares	Non-vested PSUs	Appreciation in value of vested Options	Non-vested RSUs	Vested and non-vested DSUs	Total value of shareholding	Multiple of the base salary of the total shareholding
\$950,010	\$8,014,464	8.4 times	\$4,143,761	\$6,549,456	\$6,322,160	\$0	\$25,029,841	26.3 times

## Link between performance and compensation for the President and Chief Executive Officer

A significant portion of the President and Chief Executive Officer's direct compensation is conditional on our financial and Share Price performance. The average actual value of every \$100 granted annually to our President and Chief Executive Officer, in the form of direct compensation over the past five years was \$140 on December 31, 2022. By comparison, from a shareholder's viewpoint, the average value of every \$100 invested on the first day of each fiscal year in our shares over the same period was \$153. The Board is therefore satisfied with our compensation approach which is conducive to long-term value creation for shareholders.

The representation below illustrate the historical link between the direct compensation granted to the President and Chief Executive Officer since 2018 and our TSR. These values are defined as:

- Total direct compensation **awarded**: corresponds to the salary and annual bonus paid as well as the value of the RSUs, PSUs and Options awarded for each fiscal year.
- Total direct compensation **received**: equals the sum of the salary and annual bonus paid, the value of the RSUs and PSUs vested and paid, and the Options vested and exercised each fiscal year.
- Total direct **realizable** compensation: is equal to the value at risk of unvested PSUs and in-the-money and unexercised Options for each year. The value of the PSUs is established by multiplying the number of PSUs by the Closing price on December 31, 2022, i.e. \$91.23, while the value of the Options is established by the difference between the Closing price on December 31, 2022, i.e. \$91.23, and the exercise price of the Options.
- **Actual** total direct compensation: is the sum of the total direct compensation **received** and the **realizable** compensation as at December 31, 2022.
- Value of \$100 paid as **actual** total direct compensation to the President and Chief Executive Officer: value of **actual** total direct compensation divided by total direct compensation **awarded**.

Laurent Ferreira succeeded Louis Vachon as President and Chief Executive Officer for fiscal 2022. For each fiscal year, we indicate the total direct compensation values according to the following concepts for Louis Vachon between 2018 and 2021 and the total direct compensation values for Laurent Ferreira for 2022.

These compensation values are compared to the value of a \$100 investment in our shares made on the first day of the fiscal year.

Year	A	B	C	D = B+C	D/A	
	Value of total direct compensation awarded (\$M)	Value of total direct compensation received (\$M)	Value of total direct realizable compensation (\$M)	Value of actual total direct compensation (\$M)	President and Chief Executive Officer	Shareholders
2018	8.1	10.9	7.3	18.2	225	180
2019	7.6	9.0	4.0	13.0	170	181
2020	7.4	2.4	8.9	11.3	152	153
2021	9.7	3.3	4.1	7.4	76	155
2022	8.7	2.9	3.7	6.6	76	94
<b>Average 2018-2022</b>					<b>140</b>	<b>153</b>

■ Realized compensation ■ Realizable compensation (at risk) ■ Value of a \$100 investment in our shares

## Marie Chantal Gingras

### Chief Financial Officer and Executive Vice-President – Finance



Education  
**Bachelor's degree in Business Administration from HEC Montréal**

**Chartered Financial Analyst®**

Years of service with the Bank  
**24 years**

#### KEY RESPONSIBILITIES AND 2022 HIGHLIGHTS

Marie Chantal Gingras joined the Executive Officers on April 1, 2022 as Chief Financial Officer and Executive Vice-President – Finance. She is responsible for all activities related to accounting, finance, strategic planning, sourcing, real estate, mergers and acquisitions, including capital management, taxation, investor relations and financial governance. In accordance with our succession planning process, she succeeded Ghislain Parent. In her previous role as Senior Vice-President – Financial Accounting, Marie Chantal Gingras oversaw all of our financial accounting activities and those of our subsidiaries.

In addition to her professional activities, Marie Chantal Gingras is Vice-Chair of the Board of the Montreal Institute of Internal Auditors. She is dedicated to the organization Regroupement Partage for the advancement and development of sustainable solutions in food security.

Marie Chantal Gingras led the financial management efforts for the second half of the fiscal year. Our return on equity is among the best in the industry, reflecting our ability to balance growth, disciplined capital deployment and credit quality. Our operating leverage, a key performance indicator, was positive again this year.

In an environment of complex economic uncertainty, we maintained strong regulatory capital levels. We end 2022 strong with our high capital ratios and with our prudent levels of provisions for credit losses.

#### HUMAN RESOURCES COMMITTEE DECISIONS REGARDING TOTAL DIRECT COMPENSATION

In connection to the appointment of Marie Chantal Gingras as Chief Financial Officer and Executive Vice-President – Finance, her target total direct compensation was set following a benchmark of comparable positions within our peer group, adjusted downward to account for our unique characteristics, notably our size. The composition of her compensation is determined according to the SYNERGY – Executives Program.

In light of the individual performance of Marie Chantal Gingras in her role as Chief Financial Officer and Executive Vice-President – Finance, as well as in her previous role, in addition to the good performance of the Bank (refer to the “Officer Scorecard” section starting on page 119), her total direct compensation was established at \$2,418,002, as recommended by the Human Resources Committee and approved by the Board:

Compensation								
TOTAL DIRECT								
	Compensation <b>FIXED</b> (base salary)	Compensation <b>VARIABLE</b>			Compensation			
		CASH (annual bonus)	DEFERRED		PSUs	RSUs	Options	
2022	19%		81%	40%				60%
	\$2,418,002	\$342,010	\$2,075,992	\$830,392	\$1,245,600	\$834,545	–	\$411,055

#### SHARE OWNERSHIP REQUIREMENTS

As at October 31, 2022, Marie Chantal Gingras was compliant with the share ownership requirements of five times the previous three years' average base salary. It should be noted that only base salaries for the years in which Marie Chantal Gingras is in the role of Chief Financial Officer and Executive Vice-President – Finance are considered. Since she has held the role for less than three years, the average annual base salary for the period to which she is subject to the policy (one year) is used.

She will have to maintain the required multiple of shareholding for a period of at least one year after retirement. The following table sets forth her holdings as at October 31, 2022, based on the Closing Price, i.e., \$92.76:

Base salary considered for the reporting period	Directly held shares	Multiple of base salary in directly held shares	Non-vested PSUs	Appreciation in value of vested Options	Non-vested RSUs	Vested and non-vested DSUs	Total value of shareholding	Multiple of the base salary of the total shareholding
\$410,019	178,321	0.4 times	405,598	\$3,127,612	41,306	\$0	\$3,752,837	9.2 times

## Denis Girouard

### Executive Vice-President and Co-Head – Financial Markets



Education  
**Master's degree in Finance**  
from HEC Montréal

**Chartered Financial Analyst®**

Years of service  
with the Bank  
**32 years**

#### KEY RESPONSIBILITIES AND 2022 HIGHLIGHTS

Since November 1, 2022, Denis Girouard and Étienne Dubuc jointly hold the position of Executive Vice-Presidents and Co-Heads – Financial Markets. In this role, Denis Girouard is responsible for wholesale banking services and treasury, including investment banking, corporate banking, equities, fixed income and derivatives. He is also responsible for our cultural transformation. Laurent Ferreira and Denis Girouard had jointly served as Executive Vice-Presidents and Co-Heads – Financial Markets from November 1, 2018 to January 31, 2021. Since February 1, 2021, Denis Girouard was Executive Vice-President – Financial Markets.

Denis Girouard is currently a director of CanDeal.

In 2022, our Financial Markets sector demonstrated its resilience and ability to quickly adapt to changing market conditions. Over the years, by investing in our employees and in technology while developing new targeted revenue streams, this sector has been able to diversify and increase its earnings power. The expertise, discipline, strategic direction and stable risk profile of this sector have strengthened our leadership in certain business units across Canada. This enables the franchise to consistently generate profitable growth in all market cycles.

#### HUMAN RESOURCES COMMITTEE DECISIONS REGARDING TOTAL DIRECT COMPENSATION

Denis Girouard's total direct compensation and base salary were adjusted as of November 1, 2021 to better align with the market and reflect his experience. His target total direct compensation was modified for fiscal 2022, however the composition of his compensation remained unchanged.

To reflect Denis Girouard's contribution to the Bank's success (refer to the "Officer Scorecard" section starting on page 119), while taking our results into account, his total direct compensation has been set at \$7,423,655, as recommended by the Human Resources Committee and approved by the Board.

Compensation							
TOTAL DIRECT							
	Compensation	Compensation					
	FIXED (base salary)	VARIABLE					
			Compensation		Compensation		
			CASH (annual bonus)	DEFERRED	PSUs	RSUs	Options
2022	8%	92%	40%	60%			
\$7,423,655	\$498,636	\$6,925,019	\$2,769,999	\$4,155,020	\$1,005,000	\$2,654,997	\$495,023
2021							
\$7,771,308	\$450,006	\$7,321,302	\$2,925,755	\$4,395,547	\$1,005,000	\$2,895,525	\$495,022

#### SHARE OWNERSHIP REQUIREMENTS

As at October 31, 2022, Denis Girouard was compliant with his share ownership requirements of five times the average base salary of the last three years. He will have to maintain the required multiple of shareholding for a period of at least one year after retirement. The following table sets forth his holdings as at such date based on the Closing Price, i.e., \$92.76:

Base salary considered for the reporting period	Directly held shares	Multiple of base salary in directly held shares	Non-vested PSUs	Appreciation in value of vested Options	Non-vested RSUs	Vested and non-vested DSUs	Total value of shareholding	Multiple of the base salary of the total shareholding
\$466,672	\$2,782,800	6.0 times	\$3,706,146	\$9,511,128	\$5,244,959	\$0	\$21,245,034	45.5 times

**Martin Gagnon**  
Executive Vice-President – Wealth Management and Co-President and Co-Chief Executive Officer, National Bank Financial



Education  
**Master's degree  
in Finance from the  
University of  
British Columbia**

**Chartered Financial  
Analyst®**

Years of service  
with the Bank  
**25 years**

**KEY RESPONSIBILITIES AND 2022 HIGHLIGHTS**

Martin Gagnon was appointed Executive Vice-President – Wealth Management and Co-President and Co-Chief Executive Officer of National Bank Financial Inc. in July 2016. As such, he is responsible for all wealth management-related activities at the Bank, including full-service securities brokerage, services for high-net-worth individuals, trust services, third-party clearing services, investment product design and distribution as well as self-directed brokerage solutions.

In fiscal 2022, Martin Gagnon continued to serve as Chair of the Board of National Bank Trust Inc., Natcan Trust Company and National Bank Investments Inc. as well as being Co-Chair of the Board of National Bank Financial Inc. He is also the Chair of the Institut universitaire en santé mentale de Montréal Foundation and also serves on the board of directors of the Chamber of Commerce of Metropolitan Montreal.

Our differentiated Wealth Management sector delivered a strong performance in 2022, despite challenging market conditions. This performance was achieved through a well-diversified revenue base, including a solid deposit base, above-market asset growth and increased cross-sector opportunities across the country. Our Wealth Management sector, which is a key long-term growth driver for the Bank, is well-positioned for a robust growth of earnings and strong return on equity over the cycle.

**HUMAN RESOURCES COMMITTEE DECISIONS REGARDING TOTAL DIRECT COMPENSATION**

As a result of a benchmarking analysis, Martin Gagnon's total direct compensation were adjusted as of November 1, 2021, to better align with the market and reflect his experience. There were no proposed adjustments to the composition of his compensation.

Martin Gagnon's total direct compensation was set at \$4,292,504 for fiscal 2022. It takes into account his contribution to the achievement of the objectives set and his individual performance (refer to the "Officer Scorecard" section starting on page 119), as recommended by the Human Resources Committee and approved by the Board.

Compensation								
TOTAL DIRECT								
2022	Compensation FIXED (base salary)	Compensation VARIABLE			Compensation DEFERRED			
	14%	86%	40%	60%	PSUs	RSUs	Options	DSUs <sup>(1)</sup>
\$4,292,504	\$548,496	\$3,744,008	\$1,497,599	\$2,246,409	\$1,005,000	\$746,398	\$346,511	\$148,500
2021								
\$4,487,534	\$511,105	\$3,976,429	\$1,502,000	\$2,474,429	\$1,005,000	\$974,400	\$346,529	\$148,500

**SHARE OWNERSHIP REQUIREMENTS**

As at October 31, 2022, Martin Gagnon was compliant with his share ownership requirements of five times the previous three years' average base salary. He will have to maintain the required multiple of shareholding for a period of at least one year after retirement. The following table sets forth his holdings as at October 31, 2022, based on the Closing Price, i.e., \$92.76:

Base salary considered for the reporting period	Directly held shares	Multiple of base salary in directly held shares	Non-vested PSUs	Appreciation in value of vested Options	Non-vested RSUs	Vested and non-vested DSUs	Total value of shareholding	Multiple of the base salary of the total shareholding
\$525,007	1,559,173	3.0 times	\$3,992,228	\$9,687,914	\$942,868	\$2,108,601	\$18,290,784	34.8 times

(1) Martin Gagnon elected to receive 30% of his long-term compensation in the form of DSUs.



## Lucie Blanchet

### Executive Vice-President – Personal Banking and Client Experience



Education  
**Bachelor's degree in Business Administration from Université du Québec à Montréal**

Years of service with the Bank  
**20 years**

#### KEY RESPONSIBILITIES AND 2022 HIGHLIGHTS

As Executive Vice-President – Personal Banking and Client Experience, Lucie Blanchet is responsible for all personal banking activities. In this capacity, her responsibilities extend from managing the financial planner network, branches and the Customer Experience Centre, product and pricing management, as well as distribution strategies. She is also responsible for several interdisciplinary business units at the Bank, including client experience, digital strategy and data.

In addition to her activities at the Bank, Lucie Blanchet devotes herself to her passion for youth-related causes and sits on a few related boards of directors. She also serves as Chair of the Board of the Canadian Bankers Association.

In 2022, our Personal Banking and Commercial Banking sectors delivered strong growth as we continued to balance volumes, margins and credit quality. We had a record year of new client acquisition and are pleased with the continued improvement in client satisfaction, reflecting our ongoing efforts to improve the overall client experience.

#### HUMAN RESOURCES COMMITTEE DECISIONS REGARDING TOTAL DIRECT COMPENSATION

Lucie Blanchet's total direct compensation is established following a benchmarking with comparable positions within our peer group, adjusted downwards to take into account our size and the composition of her compensation is determined according to the SYNERGY – Executives Program.

The good performance of the Bank and the individual performance of Lucie Blanchet justify the fact that her total direct compensation was set at \$3,388,563 (refer to the "Officer Scorecard" section starting on page 119), as recommended by the Human Resources Committee and approved by the Board.

Compensation								
TOTAL DIRECT								
2022	Compensation	Compensation			Compensation			
	FIXED (base salary)	VARIABLE		CASH (annual bonus)	DEFERRED			
					PSUs	RSUs	Options	DSUs <sup>(1)</sup>
2022	18%	82%	40%	60%				
\$3,388,593	\$523,575	\$2,865,018	\$1,145,995	\$1,719,023	\$1,005,000	\$218,992	\$371,281	\$123,750

#### SHARE OWNERSHIP REQUIREMENTS

As at October 31, 2022, Lucie Blanchet was compliant with her share ownership requirements of five times the average base salary of the last three years. She will have to maintain the required multiple of shareholding for a period of at least one year after retirement. The following table sets forth her holdings as at October 31, 2022, based on the Closing Price, i.e., \$92.76:

Base salary considered for the reporting period	Directly held shares	Multiple of base salary in directly held shares	Non-vested PSUs	Appreciation in value of vested Options	Non-vested RSUs	Vested and non-vested DSUs	Total value of shareholding	Multiple of the base salary of the total shareholding
\$441,676	175,604	0.4 times	\$3,384,168	\$4,902,071	\$386,088	\$268,241	\$9,116,172	20.6 times

(1) Lucie Blanchet elected to receive 25% of her long-term compensation in the form of DSUs.

## Summary of compensation of Named Executive Officers

The following table has been prepared in accordance with Canadian securities legislation. It shows the total compensation we awarded to each Named Executive Officer for the last three fiscal years.

The total direct compensation paid for all Named Executive Officers reflects a good fiscal year characterized by overachievement of the budgeted net income.

Name and principal position	Year	Salary (\$)	Share-based awards (\$) <sup>(1)(2)(3)</sup>	Option-based awards (\$) <sup>(4)(6)(5)</sup>	Non-equity incentive plan compensation		Value of pension plan (\$) <sup>(7)</sup>	Other compensation (\$) <sup>(8)</sup>	Total compensation (\$)
					Annual incentive plans (\$) <sup>(6)</sup>	Long-term incentive plans (\$)			
<b>Laurent Ferreira</b> <sup>(9)(10)</sup> President and Chief Executive Officer	2022	947,409	3,894,872	1,918,384	1,937,748	–	2,290,000	–	10,988,413
	2021	598,373	5,466,000	717,785	1,836,250	–	350,000	903	8,969,311
	2020	450,006	2,726,625	450,009	2,117,750	–	170,000	1,458	5,915,848
<b>Marie Chantal Gingras</b> <sup>(11)</sup> Chief Financial Officer and Executive Vice-President – Finance	2022	342,010	834,545	411,055	830,392	–	1,622,000	1,487	4,041,489
<b>Ghislain Parent</b> Executive Vice-President – International (Chief Financial Officer and Executive Vice-President – Finance until March 31, 2022)	2022	523,575	1,088,392	495,011	1,055,595	–	550,000	–	3,712,573
	2021	450,006	1,256,400	495,029	904,872	–	165,000	390	3,271,697
	2020	450,006	720,000	450,025	427,050	–	164,000	837	2,211,918
<b>Denis Girouard</b> <sup>(10)</sup> Executive Vice-President and Head – Financial Markets	2022	498,636	3,659,997	495,023	2,769,999	–	262,000	77	7,685,732
	2021	450,006	3,900,525	495,022	2,925,755	–	253,000	621	8,024,929
	2020	450,006	2,726,625	450,009	2,117,750	–	251,000	1,334	5,996,724
<b>Martin Gagnon</b> Executive Vice-President – Wealth Management and Co-President and Co-Chief Executive Officer, National Bank Financial	2022	548,496	1,751,398	495,011	1,497,599	–	95,000	1,500	4,389,004
	2021	511,105	1,979,400	495,029	1,502,000	–	915,000	1,971	5,404,505
	2020	475,015	1,068,750	475,019	728,175	–	97,000	2,500	2,846,459
<b>Lucie Blanchet</b> <sup>(12)</sup> Executive Vice-President – Personal Banking and Client Experience	2022	523,575	1,223,992	495,031	1,145,995	–	1,124,000	1,767	4,514,360

## 6. Executive Officer Compensation

- (1) The share-based and Option-based awards listed represent the most recently approved awards as at December 14, 2022.
- (2) The Named Executive Officers are eligible for mid-term share-based variable compensation. This compensation is paid in the form of PSUs. The value of each PSU granted on December 14, 2022, was determined based on an award price corresponding to the average Share Price for the 10 trading days preceding the sixth business day of December, being \$96.42. The fair value of the award is equal to the fair book value, amortized over a three-year period on a declining basis. The number of PSUs granted in December 2022 was: 40,394 to Laurent Ferreira; 8,655 to Marie Chantal Gingras; and 10,423 to Ghislain Parent, Denis Girouard, Martin Gagnon, and Lucie Blanchet, respectively.
- (3) The Other Named Executive Officers are eligible for mid-term share-based variable compensation paid in the form of RSUs when the deferred compensation exceeds \$1.5M. The value of each RSU granted on December 14, 2022 was determined based on the average Share Price for the 10 trading days preceding the sixth business day of December, being \$96.42. The fair value of the award is equal to the fair book value, amortized over a three-year period on a declining basis. The number of RSUs granted in December 2022 was: 864 to Ghislain Parent; 27,535 to Denis Girouard; 7,741 to Martin Gagnon; and 2,271 to Lucie Blanchet.
- (4) Ghislain Parent, Martin Gagnon, and Lucie Blanchet elected to receive a portion (30%, 30% and 25% respectively) of their long-term variable compensation in the form of DSUs, rather than Options. The value of each DSU was determined based on the Closing Price of the last business day preceding the grant date of December 14, 2022, being \$94.05. The fair value of the award is equal to the fair book value, amortized over a four-year period on a declining basis. The number of DSUs granted in December 2022 was: 1,578 to Ghislain Parent and Martin Gagnon, respectively, and 1,315 for Lucie Blanchet. The number of DSUs granted in December 2021 was: 1,541 for Ghislain Parent and Martin Gagnon, respectively. The number of DSUs granted in December 2020 was: 1,887 for Ghislain Parent and 1,992 for Martin Gagnon.
- (5) The Named Executive Officers are eligible for long-term variable compensation in the form of Options. The value of the Options awarded in 2022 was estimated at \$13.64 or 14.5% (representing the average estimated percentages according to the Black-Scholes Model from 2020 to 2022 of the Closing Price on the last business day preceding the grant date of December 14, 2022, i.e., \$94.05, and using a 10-year life expectancy).

In addition, the assumptions used to determine the fair value award for compensation purposes differ from those used in the notes to the Bank's 2022 financial statements. Under International Financial Reporting Standards, Options must be treated as an expense in the financial statements. Accordingly, different assumptions are used to determine an appropriate Black-Scholes factor, in particular, a life expectancy of seven years per Option (instead of 10 years), which reflects the exercise history of plan participants and the rate of cancellation due to departure. As a result, the carrying amount of an Option awarded in December 2022 was determined at 15.69% of the Share Price (i.e., \$94.05), which is \$1.12 more per Option than the value shown in the table.

- (6) The amounts in this column include the annual bonuses earned during each fiscal year ended October 31<sup>st</sup> and paid in cash.
- (7) The present value of the pension benefit accumulated during the fiscal year and any compensatory change during the fiscal year and calculated based on the assumptions used in the Bank's [Annual Report](#) for each of those years. For more information, refer to the "Retirement plans of Executive Officers" table on [page 134](#) of the Circular.
- (8) The amounts represent the value of perquisites on banking products and insurance premiums as well as contributions paid by the Bank into the Employee Share Ownership Plan (ESOP). Named Executive Officers are members of the ESOP on the same terms as all employees where the employer's contribution is equal to 25% of the employee's contribution, to a maximum of \$1,500 per year. The value of other taxable benefits is not shown as they total less than \$50,000 and 10% of each Named Executive Officer's salary.
- (9) Laurent Ferreira was appointed President and Chief Executive Officer on November 1, 2021.
- (10) Prior to February 1, 2021, Laurent Ferreira and Denis Girouard co-led the Financial Markets sector. Denis Girouard led the Financial Markets sector alone until October 31, 2022 as Executive Vice-President and Head – Financial Markets.
- (11) No historical data prior to 2022 is included for Marie Chantal Gingras who became a Named Executive Officer on April 1, 2022, the date of her appointment as Chief Financial Officer and Executive Vice-President – Finance.
- (12) No historical data prior to 2022 is included for Lucie Blanchet who became a Named Executive Officer in 2022.

## Link between the TSR and Named Executive Officer compensation

**Annualized increase of Named Executive Officers total compensation between 2017 and 2022**

**↑ 3.3%**

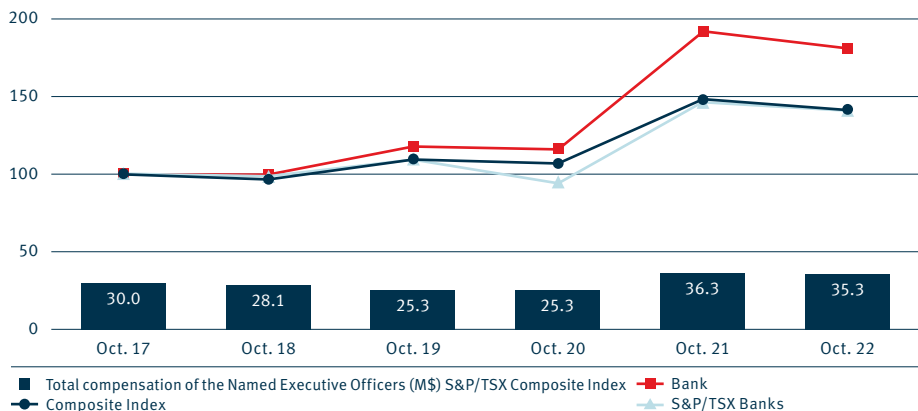
**Annualized increase of TSR<sup>(1)</sup> between 2017 and 2022**

**↑ 12.6%**

The performance graph on the following page shows the cumulative total return on a \$100 investment in shares on October 31, 2017, and the total cumulative return of the S&P/TSX Banks Sub-Index and the S&P/TSX Composite Index for the past five fiscal years, assuming dividends are fully reinvested at the market price on each dividend payment date.

(1) See the "Glossary" on pages 122 to 125 of the [2022 Annual Report](#) for details on the composition of this measure.

The performance graph below shows that our share generated a 181.10% total cumulative return between 2017 and 2022. The total return on our share far surpasses that of the S&P/TSX Banks Sub-Index and the S&P/TSX Composite Index.



### Total cumulative return of a \$100 investment

	Oct. 2017	Oct. 2018	Oct. 2019	Oct. 2020	Oct. 2021	Oct. 2022
Bank	\$100.00	\$99.23	\$117.94	\$116.12	\$192.31	\$181.10
S&P/TSX Banks Sub-Index	\$100.00	\$98.91	\$109.06	\$94.26	\$146.60	\$140.62
S&P/TSX Composite Index	\$100.00	\$96.59	\$109.39	\$106.88	\$148.31	\$141.06

### Total compensation awarded to Named Executive Officers

	Oct. 2017	Oct. 2018	Oct. 2019	Oct. 2020	Oct. 2021	Oct. 2022
Total compensation of the Named Executive Officers (\$M) <sup>(1)</sup>	30.0	28.1	25.3	25.3	36.3	35.3
Total compensation ratio of the Named Executive Officers versus the ANI attributable to shareholders used for compensation calculation purposes <sup>(1)</sup>	1.6%	1.4%	1.2%	1.2%	1.2%	1.1%

The graph above shows the total compensation awarded to the Named Executive Officers in office at the end of each fiscal year. Although there have been some changes among Named Executive Officers since 2017, the change year-to-year in the value of total compensation came mainly from ICP-attainment levels (ranging from 73% to 143%) which influenced the short-term variable compensation of the officers between 2017 and 2020, and from our performance for fiscal years 2021 and 2022, as reflected in the new SYNERGY – Executives Program. The change in the total compensation ratio of the Named Executive Officers compared to our ANI was also due to the ICP-attainment level and the SYNERGY – Executives Program, as the primary financial measure used to calculate them is the ANI. Refer to [page 109](#) of the Circular for more details on the 2022 results.

(1) Between 2017 and 2021, there were five Named Executive Officers. In 2022, there are six Named Executive Officers.

## 6. Executive Officer Compensation

## Outstanding share-based and Option-based awards

The following table summarizes, for each Named Executive Officer, all awards outstanding at the end of fiscal 2022:

Name	Award date	Number of securities underlying unexercised Options (#)	Exercise price of Options (\$)	Option expiration date	Value of unexercised in-the-money Options (\$) <sup>(1)</sup>	Number of non-vested shares or share units (#)	Market or payout value of non-vested share-based awards (\$) <sup>(2)</sup>	Market value or payout value of vested share-based awards (unpaid or undistributed) (\$)	
Laurent Ferreira	Dec. 10, 2013	22,248	44.96	Dec. 10, 2023	1,063,566	-	-	-	
	Dec. 10, 2014	21,956	47.93	Dec. 10, 2024	984,287	-	-	-	
	Dec. 9, 2015	19,748	42.17	Dec. 9, 2025	999,051	-	-	-	
	Dec. 12, 2016	16,320	54.69	Dec. 12, 2026	621,302	-	-	-	
	Dec. 11, 2017	16,236	64.14	Dec. 11, 2027	464,674	-	-	-	
	Dec. 11, 2018	59,764	58.79	Dec. 11, 2028	2,030,183	-	-	-	
	Dec. 9, 2019	55,420	71.86	Dec. 9, 2029	1,158,278	24,256	2,250,004	-	
	Dec. 8, 2020	59,368	71.55	Dec. 8, 2030	1,259,195	31,552	2,926,801	-	
	Dec. 14, 2021	65,372	96.35	Dec. 14, 2031	-	57,019	5,289,117	-	
	<b>Total</b>		<b>336,432</b>			<b>8,580,536</b>	<b>112,827</b>	<b>10,465,922</b>	<b>-</b>
Marie Chantal Gingras	Dec. 12, 2012	1,864	38.36	Dec. 12, 2022	101,402	-	-	-	
	Dec. 10, 2013	1,672	44.96	Dec. 10, 2023	79,930	-	-	-	
	Dec. 10, 2014	9,880	47.93	Dec. 10, 2024	442,920	-	-	-	
	Dec. 9, 2015	9,640	42.17	Dec. 9, 2025	487,688	-	-	-	
	Dec. 12, 2016	18,280	54.69	Dec. 12, 2026	695,920	-	-	-	
	Dec. 11, 2017	18,184	64.14	Dec. 11, 2027	520,426	-	-	-	
	Dec. 11, 2018	19,060	58.79	Dec. 11, 2028	647,468	-	-	-	
	Dec. 9, 2019	18,968	71.86	Dec. 9, 2029	396,431	1,556	144,341	-	
	Dec. 8, 2020	21,784	71.55	Dec. 8, 2030	462,039	1,565	145,140	-	
	Dec. 14, 2021	16,396	96.35	Dec. 14, 2031	-	1,697	157,422	-	
<b>Total</b>		<b>135,728</b>			<b>3,834,224</b>	<b>4,818</b>	<b>446,903</b>	<b>-</b>	
Ghislain Parent	Dec. 8, 2010	-	-	Dec. 8, 2020	-	-	-	773,476	
	Dec. 14, 2011	-	-	Dec. 14, 2021	-	-	-	1,366,786	
	Dec. 12, 2012	-	-	Dec. 12, 2022	-	-	-	437,431	
	Dec. 10, 2013	11,152	44.96	Dec. 10, 2023	533,121	-	-	358,005	
	Dec. 10, 2014	43,908	47.93	Dec. 10, 2024	1,968,396	-	-	-	
	Dec. 9, 2015	63,192	42.17	Dec. 9, 2025	3,196,883	-	-	-	
	Dec. 12, 2016	36,556	54.69	Dec. 12, 2026	1,391,687	-	-	257,429	
	Dec. 11, 2017	40,912	64.14	Dec. 11, 2027	1,170,901	-	-	237,270	
	Dec. 11, 2018	41,836	58.79	Dec. 11, 2028	1,421,169	671	62,234	186,703	
	Dec. 9, 2019	38,796	71.86	Dec. 9, 2029	810,336	12,370	1,147,485	97,730	
	Dec. 8, 2020	41,560	71.55	Dec. 8, 2030	881,488	12,132	1,125,404	46,934	
	Dec. 14, 2021	31,560	96.35	Dec. 14, 2031	-	14,708	1,364,269	-	
	<b>Total</b>		<b>349,472</b>			<b>11,374,481</b>	<b>39,881</b>	<b>3,699,392</b>	<b>3,761,764</b>
	Denis Girouard	Dec. 12, 2012	19,864	38.36	Dec. 12, 2022	1,080,602	-	-	-
Dec. 10, 2013		22,248	44.96	Dec. 10, 2023	1,063,566	-	-	-	
Dec. 10, 2014		21,956	47.93	Dec. 10, 2024	984,287	-	-	-	
Dec. 9, 2015		19,748	42.17	Dec. 9, 2025	999,051	-	-	-	
Dec. 12, 2016		34,000	54.69	Dec. 12, 2026	1,294,380	-	-	-	
Dec. 11, 2017		58,444	64.14	Dec. 11, 2027	1,672,667	-	-	-	
Dec. 11, 2018		59,764	58.79	Dec. 11, 2028	2,030,183	-	-	-	
Dec. 9, 2019		55,420	71.86	Dec. 9, 2029	1,158,278	24,256	2,250,004	-	
Dec. 8, 2020		59,368	71.55	Dec. 8, 2030	1,259,195	31,552	2,926,801	-	
Dec. 14, 2021		45,084	96.35	Dec. 14, 2031	-	40,689	3,774,298	-	
<b>Total</b>		<b>395,896</b>			<b>11,542,209</b>	<b>96,497</b>	<b>8,951,103</b>	<b>-</b>	
Martin Gagnon	Dec. 12, 2012	28,398	38.36	Dec. 12, 2022	1,544,851	-	-	-	
	Dec. 10, 2013	24,920	44.96	Dec. 10, 2023	1,191,301	-	-	286,404	
	Dec. 10, 2014	26,896	47.93	Dec. 10, 2024	1,205,748	-	-	282,297	
	Dec. 9, 2015	21,188	42.17	Dec. 9, 2025	1,071,901	-	-	167,974	
	Dec. 12, 2016	43,408	54.69	Dec. 12, 2026	1,652,543	-	-	305,697	
	Dec. 11, 2017	43,184	64.14	Dec. 11, 2027	1,235,926	-	-	250,452	
	Dec. 11, 2018	44,160	58.79	Dec. 11, 2028	1,500,115	708	65,692	197,075	
	Dec. 9, 2019	40,952	71.86	Dec. 9, 2029	855,897	17,911	1,661,390	103,159	
	Dec. 8, 2020	43,868	71.55	Dec. 8, 2030	930,440	17,358	1,610,144	49,541	
	Dec. 14, 2021	31,560	96.35	Dec. 14, 2031	-	22,250	2,063,872	-	
<b>Total</b>		<b>348,534</b>			<b>11,188,722</b>	<b>58,227</b>	<b>5,401,098</b>	<b>1,642,599</b>	
Lucie Blanchet	Dec. 10, 2013	8,456	44.96	Dec. 10, 2023	404,239	-	-	56,684	
	Dec. 10, 2014	12,352	47.93	Dec. 10, 2024	553,740	-	-	100,821	
	Dec. 9, 2015	8,596	42.17	Dec. 9, 2025	434,872	-	-	39,743	
	Dec. 12, 2016	19,648	54.69	Dec. 12, 2026	747,999	-	-	-	
	Dec. 11, 2017	27,936	64.14	Dec. 11, 2027	799,528	-	-	-	
	Dec. 11, 2018	46,016	58.79	Dec. 11, 2028	1,563,164	191	17,748	53,245	
	Dec. 9, 2019	47,416	71.86	Dec. 9, 2029	990,994	13,616	1,262,987	-	
	Dec. 8, 2020	55,412	71.55	Dec. 8, 2030	1,175,289	12,384	1,148,703	-	
	Dec. 14, 2021	45,084	96.35	Dec. 14, 2031	-	14,646	1,358,566	-	
	<b>Total</b>		<b>270,916</b>			<b>6,669,825</b>	<b>40,837</b>	<b>3,788,004</b>	<b>250,493</b>

- (1) The value of unexercised in-the-money Options at fiscal year-end is determined by calculating the difference between the Closing Price as at October 31, 2022, i.e. \$92.76, and the exercise price of the Options multiplied by the number of unexercised Options.
- (2) The market or payout value of share-based awards that have not vested is calculated by multiplying the number of share units by the Closing Price as at October 31, 2022, i.e. \$92.76.

## Incentive plan awards: value vested or earned during the year

The following table shows the value of awards vested or earned or value earned during the fiscal 2022:

Name	Option-based awards – Value vested during the year (\$) <sup>(1)</sup>	Share-based awards – Value vested during the year (\$) <sup>(2)</sup>	Non-equity incentive plan compensation – Value earned during the year (\$) <sup>(3)</sup>
Laurent Ferreira	1,538,590	6,303,496	1,937,748
Marie Chantal Gingras	633,530	215,179	830,392
Ghislain Parent	1,336,550	2,044,154	1,055,595
Denis Girouard	1,909,282	5,390,745	2,769,999
Martin Gagnon	1,410,792	2,789,794	1,497,599
Lucie Blanchet	1,419,953	2,047,206	1,145,995

## Additional information about the Stock Option Plan

In accordance with the specific amendment procedure approved by the shareholders on March 7, 2007, certain material amendments to the Stock Option Plan require shareholder approval, while certain minor changes can be approved by the Board without having to obtain shareholder approval. Subject to certain conditions, the Board may also amend some features of previously granted Options.

- ▶ The Board may not make the following amendments to the Stock Option Plan without shareholder approval:
  - an increase in the number of reserved shares;
  - any downward revision of the exercise price or purchase price, or any cancellation of Options in order to issue new Options;
  - any extension of the term of an Option beyond its initially planned maturity;
  - an amendment to the class of eligible participants that would allow for introduction or reintroduction, at the Board’s discretion, of non-employee directors of the Bank;
  - an amendment allowing share-based payments granted under the plan to be transferable or assignable other than in connection with an estate settlement following a member’s death; or
  - an amendment to the maximum amount issuable to insiders.
- ▶ Subject to the foregoing, the Board may at any time decide to suspend or terminate the Stock Option Plan, in whole or in part, or amend it as the Board deems appropriate without having to obtain shareholder approval.
- ▶ Subject to the other provisions of the Stock Option Plan, the Board shall be required to obtain the consent of the participants in the event that the suspension, termination or amendment of the Stock Option Plan affects the entitlements and responsibilities resulting from an Option already granted to such members under the Stock Option Plan.
- ▶ Without limiting the scope of the foregoing, the Board may, among other things, amend the Stock Option Plan for one or more of the following purposes, without requiring shareholder approval:
  - to amend the eligibility criteria and the limits for participating in the Stock Option Plan;
  - to amend the conditions and rules for granting, vesting and exercising Options;

(1) The amount represents the aggregate value that would have been realized had the Options been exercised on the vesting date, calculated as the difference between the Closing Price and the exercise price. On the vesting date, the Share Price was \$99.27, while the exercise price of Options ranged from \$58.79 to \$71.86.

(2) The amount represents the value of the share units on the vesting date, calculated using the Closing Price on the vesting date for the DSUs, or the average Closing Price for the 10 days preceding the vesting date for the RSUs and PSUs.

(3) The amounts in this column include the annual bonuses earned during fiscal 2022 and paid in cash.

- to make additions, amendments, or removals to the Stock Option Plan in order to comply with the legislation governing the Stock Option Plan or with the requirements of a regulatory authority or stock exchange;
  - to correct or rectify any ambiguity, incorrect stipulation, or omission in the text of the Stock Option Plan;
  - to amend the provisions relating to the administration of the Stock Option Plan; or
  - to amend the reasons for cancelling Options.
- › The Board may also amend the features of an Option granted to a participant (including the exercise price, the exercise conditions, or the expiry date of an Option) without having to obtain shareholder approval, provided the following conditions are met:
- the amendments do not have the effect of reducing the exercise price of an Option or extending the expiry date of Options already granted;
  - the Board would have had prior authority to grant the amended Option; and
  - the amendment does not materially prejudice the rights of participants affected by such amendment.

### Information about equity-based compensation plans

- › The number of shares reserved for a participant may not exceed 5% of the total number of issued and outstanding shares.
- › The aggregate number of shares issuable to insiders (as defined by the Canadian Securities Administrators), at any time, under all of the Bank’s security-based compensation arrangements, including shares issuable upon the exercise of Options granted under the Stock Option Plan may not exceed 10% of the total number of issued and outstanding shares.
- › The total number of shares issued to insiders, in any one-year period, under our security-based compensation arrangements, including shares issued upon the exercise of Options granted under the Stock Option Plan, cannot exceed 10% of the total number of issued and outstanding shares.

The table below is presented pursuant to Canadian securities legislation requirements and shows the status of the Stock Option Plan as at October 31, 2022:

	A	B	C
Plan category	Number of securities to be issued upon exercise of outstanding Options	Weighted average exercise price of outstanding Options	Number of securities remaining available for future issuance under equity compensation plans (excluding securities disclosed in column A)
Equity-based compensation plans approved by security holders	11,861,749	\$64.80	9,880,260
Number of securities divided by the number of shares outstanding on October 31, 2022, i.e., 337,099,000	3.52%	–	2.93%

The following table shows the dilution, overhang, and burn rate of the Stock Option Plan over the past three years, in accordance with the requirements of Canadian securities legislation:

	2020	2021	2022
<b>Dilution:</b> number of Options outstanding divided by the weighted average number of outstanding shares during the applicable fiscal year, i.e., 337,099,000	3.41%	3.37%	3.52%
<b>Overhang:</b> number of outstanding Options plus the number of Options remaining available for future issuance, divided by the weighted average number of outstanding shares during the applicable fiscal year	5.18%	6.80%	6.45%
<b>Burn rate:</b> number of Options granted during the year (1,771,588) divided by the weighted average number of outstanding shares during the applicable year	0.53%	0.61%	0.53%

### Retirement plans of Executive Officers

All the Executive Officers participate in a defined benefit pension plan as well as in the PRAP. The provisions of these plans are described in the table below:

<b>Plan definition</b>	<ul style="list-style-type: none"> <li>› The defined benefit plan is contributory and subject to legislation governing pension plans under federal jurisdiction</li> <li>› The PRAP aims to offset the impact of limits subject to the maximums prescribed under tax legislation with respect to pension benefits provided by a registered pension plan</li> <li>› A pension is payable under the registered pension plan up to the maximum pension prescribed by current legislation, while the PRAP provides for the supplemental pension benefit</li> <li>› The benefits accrued under the defined benefit pension plan and the PRAP form an integral part of our total compensation package</li> </ul>
<b>Features/ reasons for payment</b>	<ul style="list-style-type: none"> <li>› Designed to encourage long-term retention of Executive Officers by rewarding their continued service at the Bank and by contributing to their retirement income</li> </ul>
<b>Normal retirement age</b>	<ul style="list-style-type: none"> <li>› For membership years prior to January 1, 2014: Age 60</li> <li>› For membership years starting January 1, 2014: Age 65</li> </ul>
<b>Determination of the pension benefits</b>	<p><b>President and Chief Executive Officer</b></p> <ul style="list-style-type: none"> <li>› Effective November 1, 2021, Mr. Ferreira accrues an annual pension of \$110,000 for each year for which he acts as President and Chief Executive Officer, subject to a maximum cumulative pension of \$1,500,000 for all years of membership and payable at the normal retirement date.</li> <li>› The maximum cumulative pension is composed of the pension earned for all years of participation in the pension plans, both in his position as President and Chief Executive Officer and in his previous positions.</li> <li>› These accumulation conditions are consistent with the employment agreement of Laurent Ferreira as President and Chief Executive Officer and have been approved by the Board.</li> </ul>



<p><b>Determination of the pension benefits (continued)</b></p>	<p><b>Other Executive Officers</b></p> <ul style="list-style-type: none"> <li>› All Other Executive Officers accumulate 1.5 years of credited service per year of membership up to a maximum of five additional years</li> <li>› The following formula is used to calculate the pension benefits for the Other Executive Officers:             <ul style="list-style-type: none"> <li>– For membership years prior to January 1, 2014: 2% of average pensionable earnings for each year of credited service and, as of age 60, the pension is reduced to take into account benefits payable under the Quebec Pension Plan or Canada Pension Plan</li> <li>– For membership years starting January 1, 2014: 1.7% of average pensionable earnings for each year of credited service</li> </ul> </li> <li>› Average pensionable earnings consist of the average earnings for the 60 highest-paid consecutive months. Pensionable earnings include the base salary and annual bonus, which is subject to inclusion limits:             <ul style="list-style-type: none"> <li>– The eligible annual bonus has been capped at 45% of base salary since January 1, 2017</li> <li>– The average annual pensionable earnings are capped at \$1,000,000</li> </ul> </li> </ul>
<p><b>Contributions of Executive Officers</b></p>	<ul style="list-style-type: none"> <li>› 9% of pensionable earnings, up to \$22,126 per year</li> <li>› Upon retirement, the accumulated amount exceeding the basic contributions is converted into a supplemental pension, subject to the limits imposed by legislation in force</li> </ul>
<p><b>Reduction for early retirement applicable to Executive Officers</b></p>	<ul style="list-style-type: none"> <li>› Early retirement is permitted starting at age 55<sup>(1)</sup></li> <li>› For membership years prior to January 1, 2014:             <ul style="list-style-type: none"> <li>– The applicable reduction for a plan member who has been a member of the pension plan for 10 years or more is the lesser of:                 <ul style="list-style-type: none"> <li>• 4% for each year prior to age 60; or</li> <li>• 2% for each point before the sum of the age and years of service reaches 90 points</li> </ul> </li> <li>– The applicable reduction for a plan member who has been a member of the pension plan for less than 10 years is determined on an actuarial equivalence basis</li> </ul> </li> <li>› For membership years starting January 1, 2014:             <ul style="list-style-type: none"> <li>– The applicable reduction is 4% for each year prior to age 65</li> </ul> </li> </ul>

In 2023, we plan to implement a new defined contribution plan to the pension plan and the PRAP currently offered to officers.

(1) Early retirement with reduced pension is permitted from age 50 for Executive Officers whose plan participation began prior to January 1, 2014 (reduction by actuarial equivalence between ages 50 and 55).

## Governance practices on pension plan administration

Our pension plans are subject to the governance of the Human Resources Committee, which acts as the trustee of the pension plans, and are managed in accordance with best market practices. The committee reviews the asset/liability management strategy, monitors the capitalization level, approves the investment policy and approves any material changes deemed necessary to ensure the plan continuity.

The Human Resources Committee, on a proactive and voluntary basis, set up a Retirement Committee made up of external members as well as officers who are experts in finance, treasury, risk management and human resources. The Retirement Committee's role is to support the Human Resources Committee in its role as trustee, notably by ensuring optimal asset management and control of inherent risks, by reviewing the financial statements, and by approving the actuarial valuations. The Retirement Committee reports to the Human Resources Committee. The Retirement Committee members meet at least four times per year and regularly report on their work to the Human Resources Committee.

Furthermore, we periodically communicate with pension plan members, particularly through the Pensions Committee, which is made up of Bank representatives as well as active and retired members. Presented at the annual meeting, among other information, are the findings of the actuarial valuations along with a performance review of the investment fund as well as the financial statements thereto.

We fulfill our financial reporting obligations by ensuring the integrity of the information recorded and compliance with the accounting and disclosure standards to which we are subject. The financial statements undergo a rigorous audit by our independent auditor, appointed by the Retirement Committee at the beginning of the fiscal year. Note 23 to the financial statements for fiscal 2022, shows that, on an accounting basis, our pension plans are in a surplus position. You may consult the financial statements in the [2022 Annual Report](#).

The table on the following page presents, for each of the Named Executive Officers, the years of credited service as of October 31, 2022, annual benefits payable and changes in the accrued benefit obligation between October 31, 2021 and October 31, 2022, including compensatory and non-compensatory changes, with respect to their membership in pension plans for fiscal 2022.

It should be noted that the amounts in the table on the following page are estimates based on assumptions and employment conditions that can vary over time. The method used to calculate these amounts may also differ from that used by another company, which could potentially render a comparison less relevant.

## Defined benefit pension plans

Name	Years of credited service <sup>(1)</sup>	Annual benefits payable <sup>(2)</sup>		Accrued benefit obligation at start of the fiscal year (\$) <sup>(4)</sup>	Compensatory change (\$) <sup>(4)(5)</sup>	Non-compensatory change (\$) <sup>(4)(6)</sup>	Accrued benefit obligation at the end of the fiscal year (\$) <sup>(4)</sup>
		At fiscal year-end (\$) <sup>(3)</sup>	At age 65 (\$)				
<b>Laurent Ferreira</b>	24.1	480,000	1,500,000	1,584,000	2,290,000	(867,000)	3,007,000
<b>Marie Chantal Gingras</b>	20.9	136,000	249,000	1,575,000	1,622,000	(746,000)	2,451,000
<b>Ghislain Parent</b>	17.2	193,000	289,000	2,570,000	550,000	(609,000)	2,511,000
<b>Denis Girouard</b>	12.0	116,000	116,000	1,645,000	262,000	(276,000)	1,631,000
<b>Martin Gagnon</b>	28.9	394,000	603,000	6,089,000	95,000	(1,259,000)	4,926,000
<b>Lucie Blanchet</b>	22.6	232,000	387,000	3,412,000	1,124,000	(961,000)	3,575,000

- (1) The years of credited service of Marie Chantal Gingras, Ghislain Parent, Denis Girouard, Martin Gagnon, and Lucie Blanchet are calculated according to the provisions of the PRAP for eligible Executive Officers, i.e., 1.5 years of credited service per year during the 10 years following the date of designation by the Board. The designation dates are: April 1, 2022 for Marie Chantal Gingras; August 29, 2011 for Ghislain Parent; June 1, 2016 for Denis Girouard; July 1, 2016 for Martin Gagnon; and June 4, 2018 for Lucie Blanchet.

The years of credited service of Laurent Ferreira are calculated according to the provisions of the PRAP for eligible Executive Officers, i.e., 1.5 years of credited service per year for the period from November 1, 2018, the date of his first designation by the Board to October 31, 2021. As of November 1, 2021, Laurent Ferreira accumulates an annual pension of \$110,000 calculated prorated to the hours worked in a year for which he acts as President and Chief Executive Officer.

Laurent Ferreira's membership years prior to November 1, 2018, are attributable to the employee pension plan of National Bank of Canada. After this date, membership years are recognized in the Bank's pension plan for designated employees. Denis Girouard's membership years prior to June 1, 2016, are attributable to the employee pension plan of National Bank of Canada. After this date, membership years are recognized in the Bank's pension plan for designated employees.

- (2) The estimated pensions do not take into account the pension generated by additional contributions accumulated by the Named Executive Officer.

The pension is payable for life but reduced to reflect benefits payable under the Canada Pension Plan or Quebec Pension Plan for the years prior to 2014. Upon death, 60% of the pension is payable to the member's spouse. If there is no spouse, part of the pension is payable to the dependent children.

The pension includes a revalorization (at neutral cost) between ages 60 and 65 for the pension granted for services accumulated prior to January 1, 2014 based on accounting assumptions. Pension revalorization after the normal retirement age was introduced on January 1, 2014 for all employees. It is calculated on an actuarial equivalent basis, which means that the actuarial value of the pension remains unchanged. This provision is necessary so as not to penalize employees who opt to retire after the normal retirement age.

- (3) The year-end pension is equal to the pension payable at the assumed retirement age, i.e., the age used to calculate the value of the obligation at fiscal year-end (age 62 for Ghislain Parent, Martin Gagnon, and Lucie Blanchet; age 63 for Laurent Ferreira and Marie Chantal Gingras; and age 65 for Denis Girouard), calculated proportionately to the number of years of credited service at fiscal year-end.
- (4) The accrued benefit obligation represents the present value of the pension benefit for years of credited service up to October 31, 2021 or October 31, 2022. These values were calculated using the same assumptions as those used for the Bank's consolidated financial statements, namely a discount rate of 3.40% as at October 31, 2021, and 5.45% as at October 31, 2022. The calculations also take into account the discount rate for current service of 3.55% as at October 31, 2021. The value of benefits payable related to the Named Executive Officer's additional contributions is included in the calculation of the accrued benefit obligation.
- (5) The compensatory change includes the annual cost of retirement benefits and the impact of changes in base salary, the increase in maximum pensionable earnings following appointments, plan amendments, or grants of years of credited service.
- (6) The non-compensatory change includes amounts attributable to interest accruing on the obligation at the beginning of the fiscal year, contributions paid by the Named Executive Officer, actuarial gains and losses other than those associated with the compensation level and changes in actuarial assumptions.

## Termination and change of control benefits

### Termination of employment policy in the event of a change of control

Our termination policy provides that Executive Officers, including the President and Chief Executive Officer, will receive severance in the event of termination by the Bank following a change of control. The compensatory measures are applicable when both of the following events occur:

- › A change of control of the Bank means any change in ownership of the shares following the acquisition of shares, a merger or a business combination resulting in an incorporated or unincorporated entity beneficially owning in excess of 50% of the voting shares; and
- › A dismissal without cause resulting from a Bank initiative during the two-year period following the change of control, or the resignation of an Executive Officer further to a significant reduction in compensation or responsibilities or a transfer to another organization, against their wishes, during the two-year period following the change of control.

This policy is not applicable to cases of voluntary resignation, termination of employment with cause, demotion or termination of employment based on unsatisfactory performance.

Pursuant to this policy, Executive Officers would be entitled to severance equal to their base salary and their average annual bonus for the previous three years (or the target annual bonus for Executive Officers in their respective positions for less than three years) for a period of 24 months, up to the normal retirement age.

No amendments were made to the Termination of Employment Policy in the Event of a Change of Control in fiscal 2022.

### Conditions applicable in the event of the termination of employment

The following table summarizes the conditions applicable to Named Executive Officers in the event of a termination due to a voluntary resignation, termination of employment with cause, termination of employment without cause (lay-off), change of control, or retirement:

Compensation component	Voluntary resignation	Termination of employment with cause	Termination of employment without cause (lay-off)	Change of control and termination of employment within two years	Retirement
Salary	Cessation		Severance pay upon termination in the form of a lump sum or salary continuance	Severance benefits <sup>(1)</sup> paid for a period of 24 months until the normal retirement age	Cessation
Annual bonus in cash	Cancellation		Calculated on a prorated basis of the number of months worked		
PSUs/RSUs <sup>(2)</sup>	Cancellation		Vesting at end of the period covered by the severance package or according to the established maturity dates, whichever comes first	Vesting at termination date and according to actual performance upon a change of control in the case of PSUs	Vesting according to the initial time frame <sup>(3)</sup>
Options	A 90-day period is granted to exercise vested Options	Cancellation	A period is granted to exercise vested Options, during which vesting continues, if applicable. At the end of this period, vested but unexercised Options and non-vested Options are cancelled	Non-vested Options vest immediately. A 12-day period is granted to exercise the Options	Vesting and expiry of Options according to the initial time frame
DSUs	Vested DSUs are paid out and non-vested DSUs are cancelled		A period is granted for vested DSUs to be redeemed, during which time DSUs continue to vest, if applicable	Vesting at the termination date and a 12-month period is granted to redeem them	Vesting upon retirement and a delay is granted until December 1 <sup>st</sup> of the calendar year following the year of retirement to redeem DSUs
Employee benefits	Eligibility ends on voluntary resignation date or termination date				Retiree benefits apply according to the program in effect
Pension plan	At the termination date, the pension is paid at actuarial value or as a deferred benefit				Pension benefit paid monthly

- (1) Equivalent to the base salary and the average annual bonus of the last three years.
- (2) Voluntary resignation and termination of employment without cause: the deferred portion of annual bonuses in the Financial Markets sector, awarded in RSUs, continues to vest in accordance with the same time frame and is payable in cash at the vesting date if the non-compete and non-solicitation conditions are met.
- (3) If the non-compete and non-solicitation conditions are met.

### Estimated value of conditions applicable in the event of the termination of employment

The employment contracts of Named Executive Officers include no individual agreement in the event of the termination of employment. The actual amount that a Named Executive Officer might receive in the event of a termination of employment can be calculated only at the time of termination. Several factors could influence the amount of benefits and amounts actually paid could be higher or lower than those presented below.

The following table indicates the estimated incremental amounts that would have been paid to the Named Executive Officers if their employment had been terminated as at October 31, 2022. These amounts do not include what could be considered under common law and civil law.

Name	Estimated incremental value by type of termination (\$) <sup>(1)</sup>		
	Retirement, voluntary resignation, and termination of employment with cause	Termination of employment without cause (lay-off) <sup>(2)</sup>	Change of control and termination of employment <sup>(3)</sup>
<b>Laurent Ferreira</b>	–	–	5,933,635
<b>Marie Chantal Gingras</b>	–	–	1,124,239
<b>Ghislain Parent</b>	–	–	2,273,348
<b>Denis Girouard</b>	–	–	5,759,971
<b>Martin Gagnon</b>	–	–	3,158,683
<b>Lucie Blanchet</b>	–	–	2,613,613

- (1) The estimated incremental value refers to the severance benefits that would have been paid. No incremental value from the pension plan would have been payable regardless of the reason for the departure.
- (2) If a Named Executive Officer had their employment terminated on October 31, 2022, further to dismissal without cause, they would have been entitled to accelerated vesting of any share-based compensation (excluding DSUs) already granted in the fiscal years prior to 2022. According to the Closing Price, the value of such accelerated vesting would have been: \$10,465,921 for Laurent Ferreira; \$446,904 for Marie Chantal Gingras; \$3,250,100 for Ghislain Parent; \$8,951,102 for Denis Girouard; \$4,935,096 for Martin Gagnon; and \$3,770,256 for Lucie Blanchet.
- (3) If a Named Executive Officer had their employment terminated on October 31, 2022, further to a change of control, they would have been entitled to accelerated vesting of any Option-based compensation and DSUs already granted in the fiscal years prior to 2022. Based on the Closing Price, the value of such accelerated vesting would have been: \$12,497,002 for Laurent Ferreira; \$1,153,515 for Marie Chantal Gingras; \$8,882,982 for Ghislain Parent; \$10,982,183 for Denis Girouard; \$8,544,505 for Martin Gagnon; and \$5,806,252 for Lucie Blanchet.

## ADDITIONAL INFORMATION ON MATERIAL RISK-TAKERS

We believe it important to provide detailed information to enable shareholders to assess our compensation policies and practices. This section of the Circular discloses additional information about material risk-takers, as required by the Principles and Standards for Sound Compensation Practices published by the Financial Stability Board and in accordance with the disclosure obligations set out in the third pillar of the Basel Accord on banking supervision.

The criteria for identifying functions whose incumbents are considered material risk-takers are set by the Human Resources Committee in accordance with the recommendations of the Compensation Risk Oversight Working Group based on Financial Stability Board guidelines and on market practices. Management has established that all individuals holding positions of Executive Vice-President, Senior Vice-President as well as officers and certain specialists (primarily general managers), with some exceptions for persons in positions in a foreign entity, are considered significant risk-takers. Additionally, the Human Resources Committee considers all other individuals who, as part of their normal daily responsibilities, may make decisions that have a notable influence on our risk exposure.

### Compensation awarded in 2022

The following tables summarize the value of the compensation awarded to material risk-takers in Canada for fiscal years 2021 and 2022. The value of deferred compensation (based on equity securities) is shown in relation to the projected value at the time of the award.

Amounts are in millions of dollars.

		2021		2022	
		Named Executive Officers	Covered employees	Named Executive Officers	Covered employees
<b>Compensation granted</b>					
Number of employees		5	223	6	238
Fixed compensation <sup>(1)</sup>	• Cash (not deferred)	\$3.1	\$45.9	\$3.4	\$50.0
	<b>Total</b>	<b>\$3.1</b>	<b>\$45.9</b>	<b>\$3.4</b>	<b>\$50.0</b>
Variable compensation <sup>(2)</sup>	• Cash (not deferred)	\$9.3	\$145.0	\$9.2	\$150.3
	• Share-based (deferred)	\$21.2	\$114.1	\$16.8	\$121.6
	<b>Total</b>	<b>\$30.5</b>	<b>\$259.1</b>	<b>\$26.0</b>	<b>\$271.9</b>
<b>Deferred compensation</b>					
Outstanding <sup>(3)</sup>	• Vested	\$141.2	\$100.5	\$49.4	\$80.3
	• Non-vested	\$84.0	\$301.6	\$42.2	\$234.4
	<b>Total</b>	<b>\$225.2</b>	<b>\$402.1</b>	<b>\$91.6</b>	<b>\$314.7</b>
Paid in the fiscal year		\$27.4	\$95.7	\$19.7	\$129.9

All outstanding deferred compensation is subject to implicit adjustments (such as changes in Share Price) and explicit adjustments (such as the clawback of variable compensation). During fiscal 2022, no explicit adjustment of deferred compensation granted in a previous fiscal year has been made.

- (1) Fixed compensation consists exclusively of cash compensation.
- (2) Variable compensation consists exclusively of non-deferred cash compensation and share-based deferred variable compensation.
- (3) Amounts reported in outstanding deferred compensation have been determined based on the Closing Price as at October 31, 2022, i.e., \$92.76, and as at October 31, 2021, i.e., \$102.46.

## Other compensation

The table below shows cash and deferred compensation awards granted on hire, including minimum guaranteed bonuses under variable compensation programs and severance payments:

*Amounts are in millions of dollars.*

	2021		2022	
	Named Executive Officers	Covered employees	Named Executive Officers	Covered employees
<b>Other compensation</b>				
Bonuses offered at hiring under the guaranteed bonus policy				
• Number of employees	0	6	0	12
• Signature awards	\$0	\$4.3	\$0	\$6.1
• Guaranteed awards	\$0	\$4.5	\$0	\$7.4
<b>Total</b>	<b>\$0</b>	<b>\$8.8</b>	<b>\$0</b>	<b>\$13.5</b>
Severance payments				
• Number of employees	0	5	0	– <sup>(1)</sup>
• Severance payments	\$0	\$13.6	\$0	– <sup>(1)</sup>
<b>Total</b>	<b>\$0</b>	<b>\$13.6</b>	<b>\$0</b>	– <sup>(1)</sup>

- (1) Given the low number of employees who received severance payments in 2022 and to protect their confidentiality, we provided the Office of the Superintendent of Financial Institutions with information about severance payments paid in 2022 to material risk-takers. The information included the number of material risk-takers who received severance payment, as well as the amounts paid.



# 7.

## Shareholder Proposals

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### References

Our ESG Report, TCFD Report, and the Privacy Booklet are available under the “Codes and commitments” page accessible on [nbc.ca/governance](https://nbc.ca/governance).

The Board’s Diversity Policy is available on the “Board of directors” page accessible on [nbc.ca/governance](https://nbc.ca/governance).

For more information on the main achievements of the Board and its committees in 2022, refer to [Section 4](#) of the Circular.

The information contained in the various documents, policies or reports published by the Bank or available on the Bank’s website and referred to in this document is not and should not be considered to be incorporated by reference in the Circular, unless expressly stated otherwise.

### Glossary

**GHG:** Greenhouse gas

## 7. Shareholder Proposals

The Mouvement d'éducation et de défense des actionnaires (MÉDAC), having its head office at 82 Sherbrooke Street West, Montreal (Quebec) Canada H2X 1X3, has submitted five proposals in French (Proposals No. 1 to 5) for consideration at the meeting. Following discussions with the Bank, MÉDAC has agreed to only submit Proposal no. 1 to shareholder vote and agreed to include, for information, Proposals No. 2 to 5 in this Circular without submitting them to shareholder vote. The Bank has reproduced below the full text of the five proposals submitted to the Bank by MÉDAC, as well as the Bank's position for each of them.

A proposal for racial equity audits was submitted by the Shareholder Association for Research and Education (SHARE) on behalf of Atkinson Foundation, represented by Sarah Couturier-Tanoh. Following discussions with the Bank, this proponent agreed to withdraw the proposal on the basis that the Bank already had audit work underway with an external auditor related to Principles of Responsible Banking and that SHARE and the Bank have agreed to collaborate on further racial equity audit work to proactively analyze its products and services and its human resource management practices.

The Bank thanks these shareholders and their representatives for the opportunity to discuss with them on matters of importance to the Bank.

## SUBMITTED TO SHAREHOLDER VOTE

### PROPOSAL N° 1

#### "Advisory vote on environmental policies"

**It is proposed that the Bank adopt an annual advisory voting policy with respect to its environmental and climate action plan and objectives.**

At the 2022 shareholder meetings, we tabled this proposal which garnered significant support at TD (25.4%), CIBC (22.7%), National Bank (22%), Royal (20.2%), Scotia (19.3%) and BMO (15%). Moreover, Laurentian Bank pledged to implement a non-binding advisory vote once it establishes a benchmark for its financed emissions.

According to the latest report published by *Rainforest*<sup>(1)</sup>, Canada's Big Five banks provided more than \$131 billion in financing to oil companies in 2021, up from 2020:

#### International positioning:

Ranking of institutions	Bank	Financing
5	RBC	\$38.757B
9	Scotia	\$30.402B
11	TD	\$21.154B
15	BMO	\$18.781B
20	CIBC	\$22.218B

Since the signing of the Paris Climate Agreement in December 2015, the big five banks have lent or committed close to \$700 billion to fossil fuel companies.

It is therefore justified to question the scope of the plans they are putting forward to honour their pledge to join the Net Zero Banking Alliance (NZBA) established in 2015 by former Bank of Canada Governor Mark Carney and to play a key role in financing the climate transition with the goal of achieving net zero emissions by 2050.

(1) *Banking on Climate Chaos – Fossil Fuel Finance Report 2022*

[https://www.bankingonclimatechaos.org/wp-content/themes/bocc-2021/inc/bcc-data-2022/BOCC\\_2022\\_vSPREAD.pdf](https://www.bankingonclimatechaos.org/wp-content/themes/bocc-2021/inc/bcc-data-2022/BOCC_2022_vSPREAD.pdf)

We therefore reiterate our proposal to implement a non-binding advisory vote so that shareholders can express their satisfaction or dissatisfaction with the Bank’s environmental policy.”

### **The Bank’s position**

As part of its commitment to the transition to a net-zero economy, the Bank has set ambitious goals which are more thoroughly described in our response to Proposal no. 2 regarding an increase in efforts for an energy and environmental transition.

The Bank recognizes its share of influence, and we are working collectively with all of our stakeholders to create a business environment that considers environmental risks. The Bank is convinced of the necessity and the benefit of maintaining a productive dialogue with its stakeholders in order to discuss any concerns they may have and to explain its strategy, its activities as well as its objectives and action plans related to environmental and climate matters.

The Board is of the opinion that a dialogue mechanism is more effective than an advisory vote on an environmental policy and that our approach fully addresses the need raised by MÉDAC in its proposal. Our approach to dialogue gives our shareholders direct access to discuss, not just climate-related issues, but any strategic environmental direction. The Bank considers that dialogue is the best solution and our intention is to continue to benefit from the perspectives of all our stakeholders in order to enrich our practices. The Board’s responsibilities are to approve and oversee the Bank’s overall strategy, including climate change, taking into account the diverse interests of all stakeholders in its decisions. To this end, the Board, through its committees, ensures that the Bank’s climate strategy, adopted by the Board, is consistent with best practices and with its national and international commitments. The complementary expertise and skills of our directors enable the Board to carry out its approval and oversight mandate, as well as to act as an advisor to the Senior Leadership Team.

The Risk Management and Conduct Review and Corporate Governance committees monitor the progress of our climate strategy on a quarterly basis. Moreover, our commitments include reporting requirements at defined intervals. The Bank describes in its TCFD Report and ESG Report, which are available on [nbc.ca/about-esg](http://nbc.ca/about-esg), its plan concerning GHG reduction. These reports are updated annually and disclose the progress realized by the Bank in the course of a specified period. In fact, the Bank plans to publish its updated TCFD Report and ESG Report within the upcoming weeks.

**For these reasons,  
the Board recommends that  
shareholders vote  
AGAINST this proposal.**

## NOT SUBMITTED TO SHAREHOLDER VOTE

### PROPOSAL N° 2

#### **“Increasing efforts towards the energy and environmental transition**

**It is proposed that the Bank’s board of directors adopt and publish by 2025 an action plan for realigning all its portfolios with the Paris Agreement (carbon neutrality by 2050) and detail precisely how it will do so as well as its intermediate 5-year targets.**

A recent report by the *Institut de recherche en économie contemporaine* (IREC) commissioned by OXFAM Québec<sup>(1)</sup> shows that the carbon footprint of Canada’s eight biggest banks is 1.9 billion tons, or 2.6 times Canada’s GHG emissions, and that if they joined together to form a new State, it would be the fifth largest GHG emitter in the world. This report seems to directly contradict the commitments the bank made last year in response to our shareholder proposal to set intermediate targets and adopt a plan to achieve them.

While we recognize that the bank is making real efforts to support and accelerate the climate transition, it could do better, and even set an example for other companies. Two findings from the IREC report merit mention:

“First, not only have none of the largest Canadian deposit-taking institutions pledged, either in the short or medium term, to withdraw from the fossil fuel industry, but they all moreover continue to present themselves as participants in the energy transition and sustainable financing of activities, whether it be to decarbonize fossil fuel extraction, transformation and/or consumption processes, or to support the diversification of “green” portfolios of companies in this industry, namely in green technologies and renewable energy sources.

Secondly, even when it comes to their financial commitments to the energy and environmental transition, Canadian IDD’s have still not set very ambitious goals: for example, the CAD 850 billion pledged in total by BMO, RBC, Scotia, CIBC and TD for 2020-2030, while not a negligible amount, will ultimately only represent two thirds of the assets they had initially pledged for fossil fuels alone between 2016 and 2020, exceeding CAD 1300 billion. All in all, many of the mutual funds and ETFs of Canada’s eight largest deposit-taking institutions, including ESG-focused or “environment” funds, are still not aligned with the targets of the Paris Agreement and exceed the maximum exposure to carbon-producing industries that would make limiting global warming to less than two degrees possible.”

The bank—which is one of the banks named in the report, namely in recommendation #4—enjoys significant financial strength and must carry out equally important responsibilities by formally substantiating its commitments by adopting and publishing a concrete plan.”

(1) <https://irec.quebec/ressources/publications/2022-canada-banques-empreinte-carbone-rapportVFF.pdf>

## The Bank's position

As mentioned in the response to Proposal No.1 above, the Bank maintains an ongoing dialogue with its stakeholders. These include our shareholders, employees and clients, regulatory and governmental bodies, and organizations such as OXFAM Québec. In this context of dialogue, we had the opportunity to have discussions with OXFAM Québec representatives on the findings of their report and the Bank's climate transition plan.

In 2020, the Bank committed to reducing greenhouse gas emissions from its own operations by 25% by the end of 2025 (reference year: 2019). This absolute target is based on science and aims to help limit global warming to 1.5°C. It is aimed at scopes 1, 2 and 3 (Scope 3 includes employee business travel and paper consumption as part of the supply chain).

In 2021, the Bank joined the Net-Zero Banking Alliance (NZBA), whose requirements are fully consistent with MÉDAC's proposal, pledging to:

- › Reduce GHG emissions from its own operations and its loan and investment portfolio to net zero by 2050. Scope 3 includes the Bank's loan and investment portfolio that have a greater impact.
- › Set targets, within the first 36 months of joining, for those sectors considered a priority by the NZBA and more carbon intensive, which are of relative importance to the Bank, including a first target within the 18 months since joining.
- › Use recognized, science-based decarbonization scenarios to define targets aligned with the Paris Agreement's goal of limiting global warming to 1.5 °C.
- › Review and update its targets every 5 years (minimum) and its disclosure in accordance with NZBA requirements and in light of available science and technology.
- › Create a transition plan within 12 months of the disclosure of targets.

### Interim Targets to Achieve Net-Zero Greenhouse Gas Emissions by 2050

In line with NZBA guidelines and in order to support the Canadian energy transition, the Bank is prioritizing the oil and gas (O&G) sub-sector in calculating financed emissions, since these companies will play a key role in reducing GHG emissions from scopes 1, 2 and 3 of the O&G sub-sector. The methodologies used are based on recognized international and regional reference frameworks. As such, in April 2022, thus much prior to the 18-month deadline since adhering, the Bank set a target to reduce its financed emissions in the O&G sub-sector (covering scopes 1, 2 and 3) by 31% by 2030 compared to the 2019 reference year.

The Bank will soon announce two new targets and disclose its progress in its TCFD Report and its ESG Report available on [nbc.ca/about-esg](https://www.nbc.ca/about-esg).

The Bank has also committed to publish annual absolute emissions and emissions intensity in accordance with best practices. Within one year of setting the targets, the Bank committed to disclose the progress against our transition strategy, which is reviewed by the Board.

In accordance with the Partnership for Carbon Accounting Financials (PCAF), the Bank has 36 months to disclose the full carbon footprint of its loan and investment portfolio.

The Bank has also formalized its position that it will not offer or provide new services for the exploration, development or production of oil and gas in the Arctic and that it will not finance new thermal coal mining or processing activities.

## PROPOSAL N° 3

### “Disclosure of the languages in which directors are proficient

**It is proposed that the languages in which directors are proficient be disclosed in the table of directors’ competencies and expertise in the circular.**

In recent years, many public controversies over language have tarnished the reputation of large public companies with regard to their social responsibility and their interpretation of their duties and obligations with respect to diversity, which is intrinsic in our corporations. Entrenched in our democratic institutions, language is a fundamental characteristic of society.

These situations, which are harmful from every standpoint, must be prevented from reoccurring. For this reason—and many others as well—it is appropriate for all interested parties (*stakeholders*), to know, through formal and official disclosure, the languages in which corporate directors are proficient. Of course, “proficiency” means understanding a language well enough for individuals and legal entities to use it generally in all spheres of activity; an adequate level of knowledge for each director to be able to fully perform their tasks and duties fully and completely.”

### The Bank’s position

Founded in 1859, the Bank is a leading financial institution in Quebec that is present in all Canadian provinces and is gradually developing its activities internationally. Its head office is located in Montreal.

For nearly 40 years, the Bank has been applying the provisions of the Charter of the French Language. As a result, it holds a francization certificate and has a francization committee. French is the main language of work at all levels of the organization. The Bank ensures that it can always serve and communicate with its stakeholders in French, without excluding the use of English and, if possible, other languages.

All meetings of the Board and its committees are held in French and, occasionally, certain parts are in English. A simultaneous translation is provided to directors to ensure that all directors understand.

Moreover, the Board is comprised of directors who possess a broad range of knowledge, expertise and complementary skills enabling it to effectively fulfill its role, make informed decisions, form its committees and plan for its succession. The Board believes in a diversified representation of directors and, as such, the Board’s succession planning process and the [Board’s Diversity Policy](#) are a reflection of this value.

It is worth noting that of the Board members, 93% are bilingual in French and English. Information on the official language proficiency of each director nominee can be found in [Section 2](#) of this Circular.

## PROPOSAL N° 4 “Artificial intelligence

**It is proposed that the board of directors revise the mandates of the corporate governance committee and the risk management committee to include an ethics component for the use of artificial intelligence.**

Artificial intelligence (AI) is poised to become the key technology of the future. This technology enables a machine to simulate human behaviour, such as reasoning, planning and creativity by learning algorithms. Companies are increasingly turning to AI to develop automated, personalized, “client-centric” services. AI also allows for new opportunities to strengthen and facilitate risk and fraud detection and reduction as well as to promote regulatory compliance.

However, using it generates risks as illustrated by Deloitte in one of its research studies<sup>(1)</sup>:

- › Quality, quantity and relevance of data used. The results of AI systems depend on the quality and quantity of data. If the dataset used to build algorithms contain biases, the algorithm generated will likely also reflect those biases, and even amplify them.
- › Opacity (black box effect in the context of AI). In contrast to previous generations of AI where systems would make very transparent decisions that were established by humans, the new generations rely on very complex statistical methods, based on thousands of parameters. All these factors will make final decisions difficult to interpret, or even impossible to explain by humans.
- › Potential for dysfunction. Algorithms do not have the conceptual understanding capacities and common sense that humans possess, and which are necessary to assess radically new situations.

As recent reports by the World Economic Forum have underscored, artificial intelligence is at a turning point. Short term, it seems important for the development of artificial intelligence to satisfy minimum governance, ethics and risk management requirements. According to Deloitte<sup>(2)</sup>, this discussion should focus on proving the reliability of the algorithms used (from the standpoint of their internal and external auditing), the intelligibility of models, and interactions between humans and intelligent algorithms.

It is therefore crucial that the corporate governance committee’s mandate be revised to include this discussion and develop a code for using artificial intelligence that will assure shareholders and interested parties (stakeholders) that it is being developed and used by putting humans at the centre of the machine, by guaranteeing the accuracy, security and confidentiality of the data fed into it, and by regulating algorithms to integrate diversity and override decision-making biases.

(1) <https://www2.deloitte.com/fr/fr/pages/risque-compliance-et-controle-interne/articles/intelligence-artificielle-quelles-evolutions-pour-profils-de-risques-des-entreprises.html>

(2) [https://www2.deloitte.com/content/dam/Deloitte/fr/Documents/risk/Publications/deloitte\\_artificial-intelligence-credit-risk.pdf](https://www2.deloitte.com/content/dam/Deloitte/fr/Documents/risk/Publications/deloitte_artificial-intelligence-credit-risk.pdf);  
<https://corpgov.law.harvard.edu/2020/06/25/artificial-intelligence-and-ethics-an-emerging-area-of-board-oversight-responsibility/>

## The Bank's position

The Technology Committee, formerly a subcommittee, became a full committee in 2022. Its mandate is to oversee the various components of the Bank's technology program and strategy, as well as to oversee technology risks.

As part of its mandate, the committee must ensure that management has implemented a technology program that meets the needs of the Bank and its clients, including the development of tools and the promotion of best practices in technology. The committee is already responsible for overseeing the delivery of digital transformation and major technology projects, as well as monitoring the management of technology risks, notably those related to cybercrime, privacy, interruption risks, obsolescence and artificial intelligence, including the risk elements mentioned by MÉDAC.

Otherwise, artificial intelligence, as well as its related risks, are an integral part of the discussions at the committee's meetings. In [Section 4](#) of this Circular, we present the main achievements of the Board committees, including those of the Technology Committee. These achievements include the review of the artificial intelligence strategy in support of the Bank's business strategies, the review of various technology risk reports, the review of trends in emerging and disruptive technology, as well as the review of the data strategy, of data security and their use. In addition, as indicated in its most recent [Privacy Booklet](#), the Bank pays increasing attention to technological changes, including those related to artificial intelligence and advanced analytics, as well as their effects on rights and freedoms and on the Bank's ability to positively transform the experience of its clients and employees. To do this, the Bank proactively assesses its practices to ensure that the technologies deployed are consistent with its values. The Bank has also instituted a Technology and Cyber Risk Management Policy. This policy reinforces the importance that the Bank places on the management of risks related to information technology and whether these impact its activities and initiatives or its partners, clients and third parties.

Moreover, although the use of artificial intelligence in the ordinary course of business and the impact it has on our clients is still considered to be very limited, we are aware of the potential risks we are exposing ourselves to by using artificial intelligence, as well as the need to manage these risks, which include the ethical paradigm of using artificial intelligence, which is integrated in the framework of our risk management models. The risk posture of models is tracked and reported on to the Risk Management Committee on a quarterly basis.

The Bank is aware of evolving technology risks and the potential emergence of new risks, which is why it ensures that it stays informed of emerging technologies, trends, innovations in the market as well as the risks associated with them.



## PROPOSAL N° 5

### “Updating the role of the human resources and compensation committee

**It is proposed that the Bank’s board of directors revise the mandate of its human resources committee to include more responsibilities geared to the health and wellness of its employees.**

Further to a review of the work done by the human resources committee, such as that described in the 2022 Management Proxy Circular, it is not possible to determine the importance the committee members assign to non-compensation matters, such as institutional strategies for promoting employees’ wellness, safety and mental health, their engagement, their comfort with new ways of working, skills development in the digital era, the type of corporate culture encouraged by the institution, and other aspects that would assure shareholders and interested parties (*stakeholders*) that human resources management is being conducted with the Bank’s current and future challenges in mind.

Currently, the committee’s role is defined as follows:

“The Committee supervises and approves the management of compensation risks, the policies and main compensation programs, the main culture and talent management strategies and practices, the succession plans for Officers, the pension plans, and communication with shareholders.”

We propose that the board of directors revise this committee’s mandate so that it can play its role of overseeing key corporate culture and human resources strategies, employee engagement, as well as employees’ health, wellness, equity, diversity and inclusion and so that it can ensure that the bank’s strategies and corporate culture encompass the principles related to environmental, social and governance (ESG) factors.”

### The Bank’s position

The Human Resources Committee has a continued interest in all employee experience practices, including but not limited to employee health, safety and well-being, talent management and diversity. In light of its One Mission and the Bank’s Employee Experience strategy and practices, we continue to put “People first”.

The mandate of the Human Resources Committee already sets out the responsibilities proposed by MÉDAC, namely that the Bank’s human resources management strategies and organizational culture be aligned with the Bank’s ESG practices and strategies, including aspects relating to the health and well-being of employees.

Moreover, in [Section 4](#) of this Circular, we present the main achievements of the Board committees, including those of the Human Resources Committee. These achievements include the evolution of employee benefits to improve employee well-being, as well as the quarterly review of the Employee Experience Scorecard, which covers culture oversight, talent management and development, engagement, health, wellness, inclusion and diversity. An ongoing open dialogue with employees is also maintained through internal surveys which touch on different aspects of the employee experience, including, among others, issues relating to inclusion and diversity, well-being and engagement.

The Bank’s priorities continue to be the well-being of its shareholders, employees, clients and communities. In addition, with the construction of its new head office, the Bank wishes to offer its employees the most stimulating work environment in the country.

The Bank continues to make its decisions in light of its One Mission aiming to put “People first”.



2024

## Shareholder proposals

The deadline by which the Bank must receive proposals from its shareholders for presentation at the annual meeting of shareholders to be held in 2024 is November 24, 2023 at 5:00 p.m. (EST).

**Contact:**

National Bank of Canada  
c/o: the Senior Vice-President,  
Legal Affairs and Corporate Secretary  
600 De La Gauchetière Street West, 4<sup>th</sup> floor  
Montreal (Quebec) Canada H3B 4L2  
[boardofdirectors@nbc.ca](mailto:boardofdirectors@nbc.ca)

# 8.

## Other Information

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## 8. Other Information

**Indebtedness of directors and Executive Officers****Aggregate indebtedness**

The table below shows the aggregate indebtedness<sup>(1)</sup> outstanding as at January 23, 2023 to the Bank or its subsidiaries, incurred by current and former directors, Executive Officers and employees of the Bank and its subsidiaries. This amount excludes “routine indebtedness” (as defined by securities legislation).

Purpose	Granted by the Bank or its subsidiaries (\$)	Granted by another entity (\$)
Securities purchase programs	–	–
Other programs	30,694,211 <sup>(2)</sup>	–

(1) These loans are granted either by the Bank or by one of its subsidiaries, or by another entity if the indebtedness is the subject of a guarantee or letter of credit provided by the Bank or one of its subsidiaries, a support agreement or other similar agreement.

(2) This amount consists of loans, 95% of which are secured.

**Indebtedness of directors and Executive Officers under securities purchase programs and other programs**

Under the Bank Act (Canada) and pursuant to its mandate, the Conduct Review and Corporate Governance Committee is responsible for overseeing transactions with related parties, a group that includes the Bank’s directors and Executive Officers. The Conduct Review and Corporate Governance Committee has defined procedures that apply to a wide range of related party transactions. In general, all related party transactions must be on market terms and conditions, unless stipulated otherwise in the guidelines related to banking products and services for Bank employees.

The table on the following page presents the state of the loans granted to each individual who is, or was during the last fiscal year, a director or an Executive Officer of the Bank and each Bank director nominee as well as each person related to them. These loans exclude loans repaid in full as well as routine indebtedness.

## 8. Other Information

Name and main position	Involvement of the Bank or Bank subsidiary	Largest amount outstanding during the fiscal year ended October 31, 2022 (\$)	Outstanding as at January 23, 2023 (\$)	Financially-assisted securities purchases during the fiscal year ended October 31, 2022	Security for indebtedness	Amount forgiven during the fiscal year ended October 31, 2022 (\$)
<b>SECURITIES PURCHASE PROGRAMS</b>						
–	–	–	–	–	–	–
<b>OTHER PROGRAMS <sup>(1)</sup></b>						
<b>Éric Bujold</b> Executive Vice-President and Co-Head – Commercial Banking and Private Banking	Loans granted by National Bank of Canada	1,008,429.09 <sup>(2)</sup>	945,078.97 <sup>(2)</sup>	–	–	–
		130,530.26 <sup>(3)</sup>	125,375.17 <sup>(3)</sup>	–	–	–
		718,708.74 <sup>(4)</sup>	198,122.04 <sup>(4)</sup>	–	–	–
		1,595,000.00 <sup>(5)</sup>	1,573,305.93 <sup>(5)</sup>	–	–	–
<b>Laurent Ferreira</b> President and Chief Executive Officer	Loans granted by National Bank of Canada	4,827,029.32 <sup>(6)</sup>	1,514,998.45 <sup>(6)</sup>	–	–	–
		146,071.08 <sup>(7)</sup>	127,737.43 <sup>(7)</sup>	–	–	–
	Loan granted by National Bank Financial Inc.	2,368,391.00 <sup>(8)</sup>	195,633.17 <sup>(8)</sup>	–	–	–
<b>Martin Gagnon</b> Executive Vice-President – Wealth Management and Co-President and Co-Chief Executive Officer, National Bank Financial	Loans granted by National Bank of Canada	1,924,735.47 <sup>(9)</sup>	226,876.21 <sup>(9)</sup>	–	–	–
		493,027.53 <sup>(10)</sup>	470,401.71 <sup>(10)</sup>	–	–	–
<b>Marie Chantal Gingras</b> Chief Financial Officer and Executive Vice-President – Finance	Loans granted by National Bank of Canada	592,499.87 <sup>(11)</sup>	585,451.14 <sup>(11)</sup>	–	–	–
		1,287,000.00 <sup>(12)</sup>	582,988.28 <sup>(12)</sup>	–	–	–

- (1) These loans are granted either by the Bank or by one of its subsidiaries, or by another entity if the indebtedness is the subject of a guarantee or letter of credit provided by the Bank or one of its subsidiaries, a support agreement or other similar agreement.
- (2) This amount represents the balances of residential mortgages secured by the borrower's primary residence granted by the Bank, following the standards applicable to clients, except that the interest rate is the one granted to Bank employees.
- (3) This amount represents the balance of a personal line of credit granted by the Bank, following the standards applicable to clients, except that the interest rate is the one granted to Bank employees.
- (4) This amount represents the balance of a personal line of credit, namely Crescendo, granted following the standards applicable to clients.
- (5) This amount represents the balance of a personal line of credit, namely National Bank All-In-One, secured by a residential mortgage granted by the Bank, following the standards applicable to clients.
- (6) This amount represents the balance of a personal line of credit, namely National Bank All-In-One, secured by a mortgage on the borrower's primary residence granted by the Bank, following the standards applicable to clients, except that the interest rate is the one granted to Bank employees.
- (7) This amount represents the balance of a loan secured by a residential mortgage granted by the Bank, following the standards applicable to clients.
- (8) This amount represents a margin loan granted by National Bank Financial Inc. to borrow against the value of securities held in the borrower's portfolio. The securities in the portfolio serve as collateral. Such a loan is granted according to the standards applicable to clients.
- (9) This amount represents the balance of a personal line of credit, namely National Bank All-In-One, secured by a mortgage on the borrower's primary residence granted by the Bank, following the standards applicable to clients, except that the interest rate is the one granted to Bank employees.
- (10) This amount represents the balance of a loan secured by a mortgage on the borrower's primary residence granted by the Bank, following the conditions applicable to clients, except that the interest rate is the one granted to Bank employees.
- (11) This amount represents the balance of a personal line of credit, namely National Bank All-In-One, secured by a mortgage on the borrower's primary residence granted by the Bank, following the standards applicable to clients, except that the interest rate is the one granted to Bank employees.
- (12) This amount represents the balance of a personal line of credit, namely National Bank All-In-One, secured by a residential mortgage granted by the Bank, following the standards applicable to clients.

### Liability insurance for directors and officers

The Bank has purchased a liability insurance policy on behalf of the directors and officers of the Bank and its subsidiaries. This policy covers directors and officers under circumstances where the Bank is not able or not permitted to indemnify them. The policy provides aggregate coverage of up to \$125,000,000 with no deductible.

The annual premium for this insurance is \$1,409,890.17 (including tax). The policy, which is renewable, expires on September 1, 2023.

### Minutes

The minutes of the meeting will be posted on [nbc.ca/investors](https://nbc.ca/investors) and [sedar.com](https://sedar.com).

### Additional information

Financial information regarding the Bank is available in the comparative consolidated financial statements and the Management's Discussion and Analysis ("MD&A") on the last fiscal year, included in the [2022 Annual Report](#).

Upon request, the Bank will promptly provide any shareholder with a free copy of the 2022 Annual Report, a copy of the [2022 Annual Information Form](#) and a copy of any document incorporated therein by reference, a copy of the annual consolidated financial statements for the fiscal year ended October 31, 2022, with the accompanying independent auditor's report, a copy of any subsequent quarterly report and a copy of the Management Proxy Circular for its most recent annual meeting of the holders of common shares of the Bank and all other documents incorporated by reference into the Circular, including the mandate of the Board, as well as a copy of the [Code of Conduct](#). To obtain copies of these documents, please send your request to the Senior Vice-President, Legal Affairs and Corporate Secretary, National Bank of Canada at 600 De La Gauchetière Street West, 4<sup>th</sup> floor, Montreal (Quebec) Canada H3B 4L2.

These documents as well as additional information on the Bank are available on [nbc.ca](https://nbc.ca) and [sedar.com](https://sedar.com).

The Bank is active on social media and available to users of these platforms.



### Trademarks

The trademarks used in this Circular include National Bank of Canada, National Bank, National Bank Financial, NBC, National Bank All-In-One, and their respective logos, which are trademarks of the Bank used under licence by authorized third parties. All other trademarks mentioned in this Circular that are not the property of the Bank are owned by their respective holders.

### Approval of the Board

The Board has approved the content of this Circular and its mailing to the shareholders.

A handwritten signature in blue ink, appearing to read "Dominic Paradis".

**NATIONAL BANK OF CANADA**

Dominic Paradis

Senior Vice-President, Legal Affairs and Corporate Secretary

Montreal, February 22, 2023

## To contact us

### Registered office

#### National Bank of Canada

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Montreal (Quebec) Canada H3B 4L2

Phone: 514-394-5000

Website: [nbc.ca](http://nbc.ca)

### Registrar and Transfer Agent

For information on stock transfers, address changes, dividends, lost share certificates, tax forms and estate transfers, shareholders should contact Computershare, the Bank's registrar and transfer agent, directly using the address and contact details below:

#### Computershare Trust Company of Canada

1500 Robert-Bourassa Boulevard, 7<sup>th</sup> floor  
Montreal (Quebec) Canada H3A 3S8

Phone: 1-888-838-1407

Fax: 1-888-453-0330

Email: [service@computershare.com](mailto:service@computershare.com)

Website: [computershare.com](http://computershare.com)

For all correspondence (mailing address):

#### Computershare Trust Company of Canada

100 University Avenue, 8<sup>th</sup> floor  
Toronto, Ontario, Canada M5J 2Y1

All other inquiries may be addressed to:

### Investor Relations

#### National Bank of Canada

National Bank Tower  
600 De La Gauchetière Street West, 7<sup>th</sup> floor  
Montreal (Quebec) Canada H3B 4L2

Phone: 1-866-517-5455

Email: [investorrelations@nbc.ca](mailto:investorrelations@nbc.ca)

Website: [nbc.ca/investors](http://nbc.ca/investors)

### Contacting the Board of directors

Anyone wishing to contact the Board, a committee, the Chair of the Board, a committee chair or a director may reach out by email to: [boardofdirectors@nbc.ca](mailto:boardofdirectors@nbc.ca) or by mail to c/o: the Senior Vice-President, Legal Affairs and Corporate Secretary  
600 De La Gauchetière Street West, 4<sup>th</sup> floor  
Montreal (Quebec) Canada H3B 4L2



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