



- By-law I – General By-law
- By-law II – Share Capital
- By-law Relating to Compensation of Directors

April 24, 2019 Update

**NATIONAL BANK OF CANADA****BY-LAW I – GENERAL BY-LAW<sup>1</sup>****1. INTERPRETATION**

**1.1** The following words and expressions, whenever used in these by-laws, shall, unless there be something in the context inconsistent therewith, have the following meanings:

- a) **“Act”** means the Bank Act and any other statute which may be substituted therefore, as amended from time to time;
- b) **“by-laws”** means the By-laws of the Bank as amended from time to time.

**1.2** The words and expressions used in these by-laws shall have the same meaning as those defined in the Act.

Words importing the singular shall include the plural and vice versa and words importing the masculine gender shall include the feminine gender; words importing persons shall include firms, associations, companies and corporations.

**2. CORPORATE NAME, HEAD OFFICE AND SEAL****2.1 Corporate Name**

The corporate name of the Bank shall be that set out in the letters patent.

**2.2 Location of Head office**

The Head Office of the Bank shall be at the place set out in the letters patent, at the address that the Board of Directors may determine from time to time by resolution.

**2.3 Seal**

The Bank shall have one or more seals; the manner and conditions governing the safekeeping, use and reproduction thereof shall be determined by the directors.

**3. SHAREHOLDERS****3.1 Annual Meeting**

The annual meeting of shareholders shall be held on a date, which the directors shall determine by resolution, no later than six (6) months after the end of each financial year of the Bank.

**3.2 Chairman and Secretary of the Meeting**

The Board of Directors shall appoint the Chairman of the meeting of the shareholders of the Bank as well as the Secretary who shall prepare the minutes of the proceedings.

**3.3 Quorum and Adjournment**

A quorum for any meeting of shareholders is present if at least two (2) holders of shares of the Bank carrying at least twenty-five percent (25%) of the voting rights at such meeting are present in person or represented by proxy.

If there is no quorum at the opening of a meeting of shareholders, the shareholders present may, by resolution, adjourn the meeting to a time and place fixed by such resolution.

**3.4 Right To Vote**

Voting at a meeting of shareholders shall be by show of hands except where, before or after any vote by show of hands, a ballot is requested by the Chairman of the meeting or any shareholder or proxyholder entitled to vote at the meeting. Each shareholder entitled to vote or his proxyholder shall be entitled to one vote for each voting share.

**3.5 Scrutineers**

The Chairman of any meeting of shareholders may appoint one or several persons, whether or not they are shareholders, to act as scrutineer or scrutineers at such meeting.

**4. BOARD OF DIRECTORS****4.1 Number of Directors**

The Board of Directors shall consist of no less than twelve (12) and no more than eighteen (18) directors.

The number of directors to be elected at any annual meeting of shareholders shall be determined by resolution of the Board of Directors prior to the meeting and the directors may, furthermore, at any time provided there is a quorum:

- i) appoint additional directors during the year, within the limits allowed by the Act;

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<sup>1</sup> Adopted by the Board of Directors of the Bank on November 26, 1992 (confirmed by shareholders of the Bank on January 28, 1993) and amended on December 19, 1996 (confirmed on March 12, 1997), December 14, 2000 (confirmed on March 7, 2001), December 20, 2001 (confirmed on March 13, 2002), January 22, 2004 (confirmed on March 10, 2004), December 14, 2006 (confirmed on March 7, 2007), February 27, 2013 (confirmed on April 24, 2013) and December 13, 2016 (confirmed on April 21, 2017).

- ii) fill any vacancy within the limits allowed by the Act.

#### 4.2 Election and Term of Office

Each director meeting the conditions of eligibility stipulated in the Act shall be elected at the annual meeting of shareholders and shall remain in office until the close of the subsequent annual meeting or until the election or appointment of his successor.

#### 4.3 Meetings and Notice

Regular meetings of the Board of Directors shall be held at the time and place fixed by the Board of Directors and communicated to the directors in writing, without the need of any other notice.

Special meetings of the Board of Directors may be called at any time by the Chairman of the Board, the Chief Executive Officer, the President or five (5) directors. A notice specifying the purpose, time and place of each special meeting shall be sent to each director by mail or by telephonic, electronic or other communications facilities at least twenty-four (24) hours before the time fixed for the meeting.

Special meetings of the Board of Directors may be held without notice when all the directors are present or when those absent have waived in writing notice of such meeting.

Any meeting of the Board of Directors or of any of its committees may be held by telephone or by such other means as permit all persons participating in the meeting to communicate with each other; they shall then be deemed to be present at the meeting.

#### 4.4 Chairman of Meeting

The Chairman of the Board or, in his absence, any other person as may be designated from time to time by the Board of Directors by resolution, shall act as Chairman at all meetings of the Board of Directors; if such persons are absent or decline to act, the directors present may select one of their number to act as Chairman of the meeting.

#### 4.5 Quorum

A majority of the directors in office shall constitute a quorum.

Business submitted at any meeting of directors shall be decided by the majority vote of the directors present.

### 5. INDEMNIFICATION OF DIRECTORS AND OFFICERS

#### 5.1 General Indemnification

Every director and officer of the Bank, every former director or officer of the Bank and every person who acts or acted, at the

Bank's request, as a director or officer of an entity of which the Bank is or was a shareholder or creditor, or his predecessors, and his assigns, heirs and personal representatives, respectively, shall be indemnified, saved harmless and reimbursed out of the funds of the Bank, from time to time and at all times from and against:

- a) all costs, charges and expenses, including amounts paid to settle an action or satisfy a judgement, reasonably incurred by him in respect of any civil, criminal or administrative action or proceeding to which he is made a party by reason of being or having been a director or officer of the Bank or entity, except for actions or proceedings brought by or on behalf of the Bank or such entity, to procure a judgement in its favour, if:
  - i) he believed that he was acting honestly and in good faith with a view to the best interests of the Bank; and
  - ii) in the case of a criminal or administrative action or proceeding that is enforced by a monetary penalty; he had reasonable grounds for believing that his conduct was lawful;
- b) all costs, charges and expenses resulting from his being made a party to actions brought by or on behalf of the Bank or the entity to procure a judgement in its favour, if he fulfils the conditions set out in subparagraphs (i) and (ii) above, and provided that approval of the court has been obtained;
- c) all other costs, charges and expenses reasonably incurred by such director, officer or person during or as a result of business deriving from or in connection with his being or having been a director or officer of the Bank or entity;

except, however, for costs, charges and expenses resulting from his own fault, negligence or wilful omission.

The Bank may, at any time before the settlement of an action or a final judgement, disburse advances to a person qualifying for indemnification as provided in this by-law so that he may pay the costs, charges and expenses incurred in connection with any civil, criminal or administrative action or proceeding to which he has been made a party. The advances shall be repaid to the Bank if during settlement of the action or the final judgement, it is determined that the person was not entitled to indemnification by the Bank.

#### 5.2 Approval of Court

Should indemnification by the Bank be related, subordinated or subject to the approval or consent of a court, all reasonable measures shall be taken by the Bank to obtain such approval or consent.

### **5.3 Indemnification Agreement**

The Chief Executive Officer or President shall be empowered to conclude, for and on behalf of the Bank, an indemnification agreement with any director, officer or other representative of the Bank in order to further specify the commitments of the Bank.

### **5.4 Insurance**

The Bank may purchase insurance for the benefit of directors and officers against any liability incurred by them.

## **6. REPEAL OR REVOCATION OF BY-LAWS**

The repeal or revocation of a by-law by the Board of Directors or the shareholders of the Bank shall not affect in any manner whatsoever all things done or actions performed by virtue of said by-law before the repeal or revocation thereof. The repeal or revocation of a by-law which itself repealed a previous by-law in whole or in part shall not constitute a reinstatement of said previous by-law.

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**NATIONAL BANK OF CANADA****BY-LAW II – SHARE CAPITAL<sup>1</sup>****1. AUTHORIZED SHARE CAPITAL**

The authorized share capital of the Bank shall consist of an unlimited number of First Preferred Shares, without par value, which may be issued for an aggregate consideration of not more than five billion dollars (\$5,000,000,000) or the equivalent thereof in foreign currencies; fifteen million (15,000,000) Second Preferred Shares, without par value, which may be issued for an aggregate consideration of not more than three hundred million dollars (\$300,000,000) or the equivalent thereof in foreign currencies; and an unlimited number of Common Shares, without par value, which may be issued for such consideration as the Directors may determine.

**2. FIRST PREFERRED SHARES**

The First Preferred Shares (the "**First Preferred Shares**") shall, as a class, carry and be subject to the rights, privileges, restrictions and conditions hereinafter set out:

**2.1 Issuance in Series**

Subject to the provisions of the Act, the First Preferred Shares shall be issuable in series as hereinafter provided, which series shall rank *pari passu* as to dividends and return of capital. The Board of Directors shall have the right, by resolution, but subject to the provisions of the Act and subject to the provisions herein contained and to any conditions attaching to any outstanding series of First Preferred Shares, to fix the number of shares in, and to determine the respective designations, rights, privileges, restrictions and conditions of each series of First Preferred Shares (other than the series of First Preferred Shares already issued and outstanding), including the rate, the amount or the method of calculation and terms of payment of dividends, cumulative or not, the terms of payment of dividends, cumulative or not, the terms and conditions of redemption (including redemption at the option of the holder), purchase or conversion and sinking fund or purchase fund provisions.

**2.2 Dividends**

In respect of dividends, the holders of any series of First Preferred Shares shall have priority over the holders of Second Preferred Shares, Common Shares and shares of any other class of shares of the Bank ranking junior to the First Preferred Shares.

In the case of cumulative dividends, the priority shall cover all dividends accrued (which for such purpose shall be calculated as

if such dividends were accruing from day to day) and unpaid. In the case of non-cumulative dividends, the priority shall cover all declared and unpaid dividends.

The holders of any series of First Preferred Shares shall not be entitled to any dividends other than those expressly provided for in the rights, privileges, restrictions and conditions attached to such series of First Preferred Shares.

**2.3 Liquidation, Dissolution or Winding-Up**

In the event of the liquidation, dissolution or winding-up of the Bank, before any amount is paid or any property distributed to the holders of Second Preferred Shares, Common Shares or shares of any other class of shares of the Bank ranking junior to the First Preferred Shares, the holders of each series of First Preferred Shares shall be entitled to receive (i) an amount equal to the price at which such shares were issued, (ii) such premium, if any, as has been provided for with respect to such series, and (iii) in the case of cumulative First Preferred Shares, all cumulative accrued and unpaid dividends (which for such purpose shall be calculated as if such cumulative dividends were accruing from day to day for the period from the expiration of the last period for which cumulative dividends were paid up to and including the date of distribution) and, in the case of non-cumulative First Preferred Shares, all non-cumulative dividends declared and remaining unpaid on and including the date of distribution. After payment to the holders of the First Preferred Shares of the amounts so payable to them, they shall not participate in any further distribution of the property or assets of the Bank.

**2.4 Voting Rights**

Subject to the provisions of the Act and except as otherwise provided herein or in the rights, privileges, restrictions and conditions attaching to any series of First Preferred Shares, the holders of First Preferred Shares shall not, as such, have any voting rights for the election of the directors of the Bank or for any other purpose, nor shall they be entitled to receive any notice of or attend shareholders' meetings.

**2.5 Creation or Issue of Shares Ranking in Priority to or Pari Passu With the First Preferred Shares**

The Bank shall not, without the prior approval of the holders of the First Preferred Shares as a class given as hereinafter specified (but subject to such approvals as may be required by the Act or any other legal requirement), (i) create or issue any shares ranking in priority to or *pari passu* with the First Preferred Shares or (ii) create or issue any additional series of First Preferred Shares, unless at the date of such creation or issuance

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<sup>1</sup> Adopted by the Board of Directors on November 26, 1992 (confirmed by the shareholders of the Bank on January 28, 1993) and amended on December 14, 2000 (confirmed on March 7, 2001) and December 14, 2006 (confirmed on March 7, 2007).

all cumulative dividends up to and including the last completed period for which such cumulative dividends are payable, have been declared and paid or set aside for payment in respect of each series of cumulative First Preferred Shares then issued and outstanding, and all declared and unpaid non-cumulative dividends have been paid or set aside for payment in respect of each series of non-cumulative First Preferred Shares then issued and outstanding.

## **2.6 Modifications and Approval by the Holders of First Preferred Shares**

The provisions hereinbefore contained in sections 2.1 to 2.5 and herein contained in this section 2.6 shall not be deleted or modified, in whole or in part, without the approval of the holders of the First Preferred Shares given as hereinafter specified in addition to any other approval as may be required by the Act.

The approval of the holders of the First Preferred Shares with respect to any and all matters hereinbefore referred to shall be given in writing by the holders of all of the First Preferred Shares then outstanding or by resolution duly passed by not less than two thirds of the votes cast by the holders of the First Preferred Shares then outstanding at a meeting of the holders of the First Preferred Shares duly held for the purpose of considering the subject matter of such resolution. At such meeting, the holders of the majority of the outstanding First Preferred Shares shall be present in person or represented by proxy.

However, if at any such meeting, when originally held, the holders of the majority of the outstanding First Preferred Shares are not present in person or so represented by proxy within 30 minutes of the time fixed for the meeting, then the meeting shall be adjourned to such time and place fixed by the Chairman of such meeting, the date being not less than 15 days thereafter. At such adjourned meeting, the holders of First Preferred Shares present in person or so represented by proxy, whether or not they hold the majority of the First Preferred Shares then outstanding, may transact the business for which the meeting was originally called, and a resolution duly passed by not less than two thirds of the votes cast at such adjourned meeting shall constitute the approval of the holders of the First Preferred Shares hereinbefore mentioned.

Notice of any such original meeting of the holders of the First Preferred Shares shall be given not less than 21 days or more than 50 days prior to the date fixed for such meeting and published as required by the Act and shall state the nature of the business on the agenda and the text of any special resolution to be submitted to the meeting. In the event of an adjournment for less than 30 days, no notice of any such adjourned meeting shall be necessary other than by announcement at the meeting that is adjourned.

If such adjournment is 30 days or more, notice of such adjourned meeting shall be given as required by the Act. The formalities to be observed with respect to the giving of notice of any such

original meeting or adjourned meeting and the conduct thereof shall be those from time to time prescribed in the by-laws of the Bank with respect to meetings of shareholders or in the Act. If the deletions or modifications referred to above affect the rights of holders of any series of First Preferred Shares in a manner different from the manner in which they affect the rights of holders of any other series of First Preferred Shares, then such deletions or modifications shall, in addition to being approved by the holders of the First Preferred Shares as hereinabove set forth, be approved by the holders of the series of First Preferred Shares affected in such different manner. Such approval shall be given in writing by the holders of all such series of First Preferred Shares or by resolution passed by not less than two thirds of the votes cast at a meeting of the holders of such series of First Preferred Shares and the provisions of this section 2.6 shall apply, mutatis mutandis, with respect to the conduct of such meeting.

At any meeting of the holders of First Preferred Shares, with or without distinction as to series, each holder shall be entitled to one vote in respect of each First Preferred Share held by him.

## **3. SECOND PREFERRED SHARES**

The Second Preferred Shares (the "**Second Preferred Shares**") shall, as a class, carry and be subject to the rights, privileges, restrictions and conditions hereinafter set out:

### **3.1 Rank**

The Second Preferred Shares shall rank in priority to the Common Shares and the shares of any other class of shares of the Bank ranking junior to the Second Preferred Shares, but shall rank junior to the First Preferred Shares, with respect to dividends and return of capital in the event of the liquidation, dissolution or winding-up of the Bank.

### **3.2 Issuance in Series**

Subject to the provisions of the Act, the Second Preferred Shares shall be issuable in series, as hereinafter provided, which series shall rank *pari passu* as to the payment of dividends and return of capital. The Board of Directors shall have the right, by resolution, but subject to the provisions of the Act and subject to the provisions herein contained and to any conditions attaching to any series of outstanding Second Preferred Shares, to fix the number of shares in, and to determine the respective designations, rights, privileges, restrictions and conditions of each series of Second Preferred Shares including the rate, the amount or the method of calculation and terms of payment of dividends, cumulative or not, the terms and conditions of redemption (including redemption at the option of the holder), purchase or conversion, and sinking fund or purchase fund provisions.

### 3.3 Dividends

In respect of dividends, the holders of any series of Second Preferred Shares shall have priority over the holders of Common Shares and of shares of any other class of shares of the Bank ranking junior to the Second Preferred Shares.

In the case of cumulative dividends, the priority shall cover all dividends accrued (which for such purpose shall be calculated as if such dividends were accruing from day to day) and unpaid. In the case of non-cumulative dividends, the priority shall cover all dividends declared and unpaid.

The holders of any series of Second Preferred Shares shall not be entitled to any dividend other than those expressly provided for in the rights, privileges, restrictions and conditions attached to such series of Second Preferred Shares.

### 3.4 Liquidation, Dissolution or Winding-Up

In the event of the liquidation, dissolution or winding-up of the Bank, before any amount is paid to or any property distributed to the holders of Common Shares or of shares of any other class of shares of the Bank ranking junior to the Second Preferred Shares, the holders of each series of Second Preferred Shares shall be entitled to receive (i) an amount equal to the price at which such shares were issued (ii) such premium, if any, as has been provided for with respect to such series, and (iii) in the case of cumulative Second Preferred Shares, all cumulative accrued and unpaid dividends (which for such purpose shall be calculated as if such cumulative dividends were accruing from day to day for the period from the expiration of the last period for which cumulative dividends were paid up to and including the date of distribution) and, in the case of non-cumulative Second Preferred Shares, all non-cumulative dividends declared and remaining unpaid up to and including the date of distribution. After payment to the holders of the Second Preferred Shares of the amounts so payable to them, they shall not be entitled to share in any further distribution of the property or assets of the Bank.

### 3.5 Voting Rights

Subject to the provisions of the Act and except as otherwise herein provided or as provided in the rights, privileges, restrictions and conditions attaching to any series of Second Preferred Shares, the holders of Second Preferred Shares shall not, as such, have any voting rights for the election of the directors of the Bank or for any other purpose, nor shall they be entitled to receive any notice of or attend shareholders' meetings.

### 3.6 Creation or Issue of Shares Ranking in Priority to or Pari Passu With the Second Preferred Shares

The Bank shall not, without the prior approval of the holders of the Second Preferred Shares as a class given as hereinafter

specified (but subject to such approvals as may be required by the Act or any other legal requirement), (i) create or issue any shares ranking in priority to or pari passu with the Second Preferred Shares or (ii) create or issue any additional series of Second Preferred Shares, unless at the date of such creation or issuance all cumulative dividends up to and including the last completed period for which such cumulative dividends are payable, have been declared and paid or set aside for payment in respect of each series of cumulative Second Preferred Shares then issued and outstanding, and any declared and unpaid non-cumulative dividends have been paid or set aside for payment in respect of each series of non-cumulative Second Preferred Shares then issued and outstanding.

### 3.7 Modifications and Approval by the Holders of Second Preferred Shares

The provisions hereinabove contained in sections 3.1 to 3.6 and herein contained in this section 3.7 shall not be deleted or modified, in whole or in part, without the approval of the holders of the Second Preferred Shares given as hereinafter specified in addition to any other approval as may be required by the Act.

The approval of the holders of the Second Preferred Shares in respect of any and all matters hereinbefore mentioned shall be given in writing by the holders of all of the outstanding Second Preferred Shares or by resolution duly passed by not less than two thirds of the votes cast by the holders of the Second Preferred Shares at a meeting of the holders of the Second Preferred Shares duly held for the purpose of considering the subject matter of such resolution. At such meeting, the holders of the majority of the outstanding Second Preferred Shares shall be present in person or represented by proxy.

However, if at any such meeting, when originally held, the holders of the majority of the outstanding Second Preferred Shares are not present in person or so represented by proxy within 30 minutes of the time fixed for the meeting, then the meeting shall be adjourned to such time and place fixed by the Chairman of such meeting, the date being not less than 15 days thereafter. At such adjourned meeting, the holders of Second Preferred Shares present in person or so represented by proxy, whether or not they hold the majority of all Second Preferred Shares then outstanding, may transact the business for which the meeting was originally called, and a resolution duly passed by not less than two thirds of the votes cast at such adjourned meeting shall constitute the approval of the holders of the Second Preferred Shares hereinbefore mentioned. Notice of any such original meeting of the holders of the Second Preferred Shares shall be given not less than 21 days or more than 50 days prior to the date fixed for such meeting and published as required by the Act and shall state the nature of the business on the agenda and the text of any special resolution to be submitted to the meeting.

In the event of an adjournment for less than 30 days, no notice of the adjourned meeting shall be necessary other than by

announcement at the meeting that is adjourned. If such adjournment is 30 days or more, notice of such adjourned meeting shall be given as required by the Act. The formalities to be observed with respect to the giving of notice of any original or adjourned meeting and the conduct thereof shall be those from time to time prescribed in the by-laws of the Bank with respect to meetings of shareholders or in the Act.

If the deletions or modifications of the provisions hereinbefore contained affect the rights of the holders of any series of Second Preferred Shares in a manner different from the manner in which they affect the rights of holders of any other series of Second Preferred Shares, then such deletions or modifications shall, in addition to being approved by the holders of the Second Preferred Shares as herein above set forth, be approved by the holders of such series of Second Preferred Shares affected in such different manner.

Such approval shall be given in writing by the holders of all such series of Second Preferred Shares or by resolution passed by not less than two thirds of the votes cast at a meeting of the holders of such series of Second Preferred Shares, and the provisions of this section 3.7 shall apply, mutatis mutandis, with respect to the conduct of such meeting.

At any meeting of the holders of Second Preferred Shares, with or without distinction as to series, each holder shall be entitled to one vote in respect of each Second Preferred Share held by him.

#### **4. COMMON SHARES**

The Common Shares, as a class, shall carry and be subject to the rights, privileges, restrictions and conditions hereinafter set out:

##### **4.1 Voting Rights**

Each Common Share shall entitle the holder thereof to one vote at all meetings of shareholders except meetings at which only holders of a specified class or series of shares are entitled to vote.

##### **4.2 Dividends**

The holders of Common Shares shall be entitled to receive, as and when declared by the Board of Directors and from funds of the Bank available for the payment of dividends, dividends in such amounts and payable at such times as the directors shall determine.

##### **4.3 Liquidation, Dissolution or Winding-Up**

In the event of the liquidation, dissolution or winding-up of the Bank, after payment to the holders of First Preferred Shares, Second Preferred Shares and shares of any other class of shares of the Bank ranking in priority to the Common Shares of the amounts which they are entitled to receive in any such event, the

remaining property of the Bank shall be distributed equally and rateably among the holders of the Common Shares.

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## **NATIONAL BANK OF CANADA**

### **BY-LAW RELATING TO COMPENSATION OF DIRECTORS<sup>1</sup>**

Each director shall receive compensation as determined by the Board of Directors, from time to time, by resolution and shall be entitled to be reimbursed for the fees and expenses incurred by him in the performance of his duties. The aggregate compensation which may be paid to all directors of the Bank in their capacity as directors during each financial year of the Bank may not exceed the aggregate sum of \$3,500,000<sup>2</sup>. A full-time officer who is a member of the Board of Directors may receive no compensation as a director or member of a committee of the Board of Directors.

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<sup>1</sup> Adopted by the Board of Directors on February 27, 2013 (confirmed by the shareholders of the Bank on April 24, 2013) and October 31, 2018 (confirmed on April 24, 2019).

<sup>2</sup> Adopted by the Board of Directors of the Bank on October 31, 2018. The amendment is effective as of this date. Confirmed by the shareholders of the Bank on April 24, 2019.