

**MINUTES** of the Annual Meeting of the Holders of Common Shares of NATIONAL BANK OF CANADA, held at the Capitol Theatre, 811 Main Street in Moncton, New Brunswick, on Wednesday, April 24, 2013 at 8:30 a.m. (the "Meeting")

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Together with Louis Vachon, President and Chief Executive Officer of National Bank of Canada (the "Bank"), the members of the Board of Directors (the "Board") and the members of the Office of the President, Jean Douville, Chairman of the Board and the Meeting, welcomed the shareholders. Mr. Douville thanked the city of Moncton for its warm reception and went on to highlight the important economic and social role that the Bank has played in New Brunswick, thanks to its employees' hard work and dedication, its clients' loyalty and its shareholders' confidence.

Mr. Douville stated that, in accordance with the By-Law of the Bank, the Board had designated him to act as Chairman of the Meeting and Linda Caty, Vice-President and Corporate Secretary, to act as Secretary of the Meeting. He then mentioned that the agenda for the Meeting and a code of procedure to ensure the smooth conduct of the Meeting had been distributed, and invited the audience to read them.

The Chairman of the Meeting then explained the procedure for interventions during the Meeting. He went on to say that some of the statements that would be made during the Meeting contained or could contain forward-looking statements. He indicated that more complete information on the subject was available in the Bank's 2012 Annual Report and in Management's Discussion and Analysis for the first quarter of 2013, which had been filed with the Canadian Securities Administrators and which were also available on the Bank's website as well as the SEDAR website.

#### **ATTESTATION OF QUORUM AND APPOINTMENT OF SCRUTINEERS**

The Chairman of the Meeting appointed Martine Gauthier and Sonia Ciavaglia of Computershare Trust Company of Canada to act as Scrutineers during the Meeting.

He noted that the required quorum of 10 shareholders, present or represented by proxy, had been achieved and declared the Meeting properly convened.

The Chairman of the Meeting reminded the shareholders that a copy of the Minutes of the previous annual meeting had been sent to them with the Management Proxy Circular (the "Circular"). He confirmed that the Minutes had been entered in the records of the Bank, as required by law, and that they were also available on the Bank's and SEDAR's websites.

#### **ADDRESS OF THE PRESIDENT AND CHIEF EXECUTIVE OFFICER <sup>(1)</sup>**

Louis Vachon welcomed shareholders to the Meeting. He began his address by tracing the Bank's history in New Brunswick since it opened its first branch in Caraquet in 1908. He took the opportunity to thank the region's employees for their outstanding work.

He added that the Bank was a financial pillar in Canada, that it was the sixth largest bank in the country and a partner of choice for businesses.

He introduced the members of the Office of the President, pointing out the various changes that had been made to the executive team during the past year as part of the structured succession plan process.

After reviewing the financial results for fiscal 2012, including record net income, diluted earnings per share and the dividend payout ratio, Mr. Vachon stated how proud he was of the Bank's excellent financial performance and sustained business growth. He noted the Bank's financial strength and the fact that it had been recognized for a second consecutive year by *Bloomberg Markets* as the third strongest financial institution in North America and the fifth strongest bank worldwide.

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<sup>(1)</sup> The slides used for the address by Louis Vachon were entered in the records of the Bank and are available on the Bank's website.

He highlighted the Bank's growing Canada-wide network and its continued consolidation of activities following the acquisitions of Wellington West Holdings Inc. and the full-service investment advisory business of HSBC Securities (Canada) Inc.

Mr. Vachon reiterated the importance of grooming future business leaders in Canada and reminded shareholders of the Bank's significant support of entrepreneurship through partnerships with several organizations. He indicated that the Bank's human resources practices stood out, and that it was a leader in terms of the representation of women in senior management positions. He also recapped the various distinctions that the Bank had received for being a best employer and for its clear commitment to protecting the environment. He went on to describe the Bank's major contribution to youth development, with the launch of the *One for Youth* program, the implementation of several partnerships across the country and the creation of regional committees to select which youth causes to support.

Mr. Vachon announced the Bank's priorities for 2013, which were to stay focused on its key strategic initiatives and continue growing its business.

He concluded his address by stating that the Bank had delivered a solid performance in 2012, and that it was well positioned to face the future and continue being a key driver of economic and social development.

In closing, he thanked the Bank's Board of Directors, management team, shareholders, employees, and partners who, year after year, ensure the Bank's success.

#### **RECEIPT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE INDEPENDENT AUDITOR'S REPORT**

The Chairman of the Meeting declared having received the consolidated financial statements of the Bank for the fiscal year ended October 31, 2012 and the independent auditor's report thereon.

#### **REVIEW OF GENERAL PRACTICES GOVERNING VOTING**

Linda Caty reviewed the general voting procedure and indicated that a summary of these rules was included in the code of procedure, which had been distributed to shareholders at the entrance. She explained that a proposal had to be included in the Circular for it to be presented and voted upon at the Meeting. Ms. Caty stated that the voting on each of the proposals would proceed by way of secret ballot, and that the results of the vote would be presented as soon as the Scrutineers' reports were presented to the Chairman of the Meeting. She added that a report on the voting results would be available on the Bank's and SEDAR's websites, and that a press release summarizing the results would be issued after the Meeting.

#### **PRESENTATION OF MANAGEMENT'S PROPOSALS <sup>(2)</sup>**

##### Election of directors

The Chairman of the Meeting stated that, in accordance with a resolution adopted by the Board, the number of directors to be elected was 15.

Linda Caty named the nominees standing for election as directors: Maryse Bertrand, Lawrence S. Bloomberg, Pierre Boivin, André Caillé, Gérard Coulombe, Bernard Cyr, Gillian H. Denham, Jean Douville, Paul Gobeil, Jean Houde, Louise Laflamme, Roseann Runte, Lino A. Saputo, Jr., Pierre Thabet and Louis Vachon. Gilles Poirier, a shareholder of the Bank, moved that each of these nominees be proposed for election until the close of the subsequent annual meeting or sooner if he or she leaves his or her position, and Annie Dufresne, a shareholder of the Bank, seconded the motion.

The Chairman of the Meeting invited the holders of common shares to vote on management's first proposal.

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<sup>(2)</sup> The texts of Bank management's proposals are presented in their entirety in the Circular.

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

The Chairman of the Meeting indicated that, in 2012, the Board, supported by the Human Resources Committee, had continued its review of good governance practices regarding executive compensation in view of changes to regulatory requirements and best practices in this field. He thanked the members of the Human Resources Committee of the Bank for their work on this matter.

Jean-Marc Poitras, a shareholder of the Bank, moved that, on an advisory basis and not to diminish the role and responsibilities of the Board, holders of common shares accept the approach to executive compensation disclosed in the Bank's Circular delivered in advance of the Meeting. Jocelyn Longpré, a shareholder of the Bank, seconded the motion.

Willie Gagnon, a representative and proxyholder of *Mouvement d'éducation et de défense des actionnaires* ("MÉDAC"), commented on executive compensation. He referred to the proposal submitted jointly by NEI Investments, William R. Davis and The United Church of Canada which advocated the creation of a compensation policy that would take into account the average salary of the business in question. He noted that the five other major banks had agreed to discuss this matter. In response to a question from Willie Gagnon, Louis Vachon stated that the Bank had not been approached regarding this proposal.

The Chairman of the Meeting invited the holders of common shares to vote on management's second proposal.

#### Appointment of the independent auditor

Claudette Gallant, a shareholder of the Bank, moved that the accounting firm of Deloitte s.e.n.c.r.l. be appointed to act as independent auditor of the Bank for the fiscal year beginning on November 1, 2012 and ending on October 31, 2013. Gilles Poirier, a shareholder of the Bank, seconded the motion.

The Chairman of the Meeting invited the holders of common shares to vote on management's third proposal.

#### Increase of the aggregate compensation payable to directors

Jocelyn Longpré, a shareholder of the Bank, moved that the resolution be adopted approving the By-Law relating to the compensation of directors that sets at \$2,500,000 the aggregate compensation which may be paid to all the directors of the Bank during a fiscal year for fulfilling their functions as directors. Annie Dufresne, a shareholder of the Bank, seconded the motion.

The Chairman of the Meeting invited the holders of common shares to vote on management's fourth proposal.

### **PRESENTATION OF SHAREHOLDER PROPOSALS <sup>(3)</sup>**

The Chairman of the Meeting indicated to the shareholders that the Bank had received, by the prescribed deadline, proposals from one shareholder, MÉDAC. These proposals had been included in the Circular for presentation at the Meeting.

Before proceeding with the presentation, discussion and voting on the shareholder proposals, the Chairman of the Meeting outlined certain guidelines to be followed. He also referred the shareholders to the Circular for the Bank's position on these proposals.

The Chairman of the Meeting invited the representative of MÉDAC to present the proposals submitted by MÉDAC.

Before the presentation of shareholder proposals, Willie Gagnon, a representative and proxyholder of MÉDAC, explained that given the Bank's exemplary practices, MÉDAC had withdrawn its proposal concerning the number of women in senior management positions at the Bank, and its proposal concerning access to discussions that had taken place during the annual meeting and communication with shareholders.

#### First shareholder proposal

Willie Gagnon, a representative and proxyholder of MÉDAC, presented the first shareholder proposal concerning pension plans and enhanced disclosure of oversight.

The Chairman of the Meeting invited the holders of common shares to vote on the first shareholder proposal.

#### Second shareholder proposal

Willie Gagnon, a representative and proxyholder of MÉDAC, then presented the second shareholder proposal concerning equitable treatment under pension plans.

The Chairman of the Meeting reminded the shareholders that the Bank's position with regard to these proposals was presented in the Circular and invited the holders of common shares to vote on the second shareholder proposal.

### **QUESTION PERIOD**

The Chairman of the Meeting outlined the rules applicable to this portion of the Meeting and gave the floor over to Louis Vachon for the question period, which dealt with the following topic:

- The controversy surrounding foreign workers being hired by some of the other major Canadian banks.

### **VOTING RESULTS**

Following receipt of the Scrutineers' report, the Chairman of the Meeting announced to the shareholders the results of the votes on the following proposals:

#### **Management's proposals**

##### Election of directors

The Chairman of the Meeting announced that all the nominees for the position of director had been elected with at least 87.02% of the votes cast.

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

The Chairman of the Meeting announced that 96.57% of the votes had been cast **FOR** this proposal.

##### Appointment of the independent auditor

The Chairman of the Meeting announced that 99.32% of the votes had been cast **FOR** this proposal.

##### Increase of the aggregate compensation payable to directors

The Chairman of the Meeting announced that 99.18% of the votes had been cast **FOR** this proposal.

#### **Shareholder proposals**

##### First shareholder proposal

The Chairman of the Meeting announced that 97.41% of the votes had been cast **AGAINST** this proposal.

##### Second shareholder proposal

The Chairman of the Meeting announced that 97.50% of the votes had been cast **AGAINST** this proposal.

### **TERMINATION OF THE MEETING**

The question period having ended and there being no further business, the Chairman of the Meeting thanked the shareholders and declared the Meeting terminated.

(s) Jean Douville  
Chairman

(s) Linda Caty  
Secretary

<sup>(3)</sup> The texts of the shareholder proposals and the Bank's position are presented in their entirety in the Circular.