

NB SPLIT CORP.
(the “Company”)

PROXY VOTING GUIDELINES

These are the Proxy Voting Guidelines for the Company. The Company’s portfolio consists primarily of common shares of National Bank of Canada (the “**National Bank Shares**”). From time-to-time, the independent directors of the Company will determine whether or not to vote the National Bank Shares and, if so, how such National Bank Shares will be voted.

If the independent directors chose to vote the National Bank Shares, they will do so pursuant to these Proxy Voting Guidelines.

Objective

The objective in voting is to support proposals and director nominees that maximize the value of the Company’s investments—and the economic interests of its shareholders—over the long term. While the goal is simple, the proposals received are varied and frequently complex. As such, the Guidelines provide a framework for the Independent Directors to assess each proposal. Each proposal will be assessed on its merits, based on the particular facts and circumstances as presented.

In evaluating proxy proposals, information from many sources is considered, including management or shareholders of a company presenting a proposal and independent proxy research services. Substantial weight will be given to the recommendations of the company's board, absent guidelines or other specific facts that would support a vote against management.

While serving as a framework, the Guidelines cannot contemplate all possible proposals which may be presented. In the absence of a specific guideline for a particular proposal (e.g., in the case of a transactional issue or contested proxy), the Independent Directors will evaluate the issue and cast the Company’s vote in a manner that, in their view, will maximize the value of the Company’s investment.

Because many factors bear on each decision, the Guidelines incorporate factors that should be considered in each voting decision. The Independent Directors may refrain from voting if that would be in the Company’s and its shareholders' best interests. These circumstances may arise, for example, when the expected cost of voting exceeds the expected benefits of voting, or when exercising the vote results in the imposition of trading or other restrictions.

The Independent Directors may vote contrary to these Guidelines in circumstances where it is in the best interests of the Company and its shareholders.

Requirement To Vote

The Independent Directors must use their best efforts to ensure that they receive and vote all proxies bearing in mind the Guidelines.

Proxy Voting Record

The Company shall maintain and publish a proxy voting record in accordance with applicable law.

Proxy Voting Guidelines

I. The board of directors

A. Election of directors

Good governance starts with a majority-independent board, whose key committees are comprised entirely of independent directors. As such, companies should attest to the independence of directors who serve on the Compensation, Nominating, and Audit committees. In any instance in which a director is not categorically independent, the basis for the independence determination should be clearly explained in the proxy statement.

While the board's nominees will generally be supported, the following factors will be taken into account in determining how to vote proxies:

Factors for Approval

- Nominated slate results in a board of directors comprised of a majority of independent directors.
- All members of Audit, Nominating, and Compensation committees are independent of management.

Factors against Approval

- Nominated slate results in a board of directors comprised of a majority of non-independent directors.
- Audit, Nominating, and/or Compensation committees include non-independent members.
- Incumbent board member failed to attend at least 75% of meetings in the previous year.
- Actions of committee(s) on which nominee serves are inconsistent with other guidelines (e.g., excessive option grants, substantial non-audit fees, lack of board independence).

B. Contested director elections

In the case of contested board elections, the nominees' qualifications and the performance of the incumbent board will be evaluated, as well as the rationale behind the dissidents' campaign, to determine the outcome that will maximize shareholder value.

C. Classified boards

Proposals to declassify existing boards (whether proposed by management or shareholders) will generally be supported, and efforts by companies to adopt classified board structures, in which only part of the board is elected each year, will be resisted.

D. Director / Officer Indemnification

Proposals to indemnify directors and officers will generally be supported to ensure the companies can recruit the most qualified individuals. Individuals may be reluctant to serve as a director or officer if they were to be personally liable for all lawsuits and legal costs.

E. Director Ownership

Proposals that will require independent directors to hold a minimum amount of company stock as individuals will generally be opposed. Such a requirement raises questions about directors' independence, and qualified candidates may be reluctant to accept directorships in the face of such a requirement.

II. Approval of independent auditors

The relationship between a company and its auditors should be limited primarily to the audit, although it may include certain closely related activities that do not, in the aggregate, raise any appearance of impaired independence. Management's recommendation for the ratification of the auditors, except in instances where audit and audit-related fees make up less than 50% of the total fees paid by the company to the audit firm, will generally be supported. Instances in which the audit firm has a substantial non-audit relationship with the company (regardless of its size relative to the audit fee) will be evaluated on a case-by-case basis to determine whether there is a concern that independence has been compromised.

III. Compensation issues

A. Stock-based compensation plans

Appropriately designed stock-based compensation plans, administered by an independent committee of the board and approved by shareholders, can be an effective way to align the interests of long-term shareholders and the interests of management, employees and directors. Conversely, plans that substantially dilute the Company's

ownership interest in the company, provide participants with excessive awards or have inherently objectionable structural features, will be opposed.

An independent compensation committee should have significant latitude to deliver varied compensation to motivate the company's employees. However, all compensation proposals will be evaluated in the context of several factors (a company's industry, market capitalization, competitors for talent, etc.) to determine whether a particular plan or proposal balances the perspectives of employees and the company's other shareholders. Each proposal will be evaluated on a case-by-case basis, taking all material facts and circumstances into account.

The following factors will be among those considered in evaluating these proposals:

Factors for Approval

- Company requires senior executives to hold a minimum amount of company stock (frequently expressed as a multiple of salary).
- Company requires stock acquired through option exercise to be held for a certain period of time.
- Compensation program includes performance-vesting awards, indexed options, or other performance-linked grants.
- Concentration of option grants to senior executives is limited (indicating that the plan is very broad-based).
- Stock-based compensation is clearly used as a substitute for cash in delivering market-competitive total pay.

Factors against Approval

- Total potential dilution (including all stock-based plans) exceeds 15% of shares outstanding.
- Annual option grants have exceeded 2% of shares outstanding.
- Plan permits repricing or replacement of options without shareholder approval.
- Plan provides for the issuance of reload options.
- Plan contains automatic share replenishment ("evergreen") feature.

B. Bonus plans

Bonus plans, which must be periodically submitted for shareholder approval should have clearly defined performance criteria and maximum awards expressed in dollars. Bonus plans with awards that are excessive in both absolute terms and relative to a comparative group generally will not be supported.

C. Employee stock purchase plans

The use of employee stock purchase plans to increase company stock ownership by employees will generally be supported provided that shares purchased under the plan

are acquired for no less than 85% of their market value and that shares reserved under the plan comprise less than 5% of the outstanding shares.

D. Executive severance agreements ("golden parachutes")

While executives' incentives for continued employment should be more significant than severance benefits, there are instances—particularly in the event of a change in control—in which severance arrangements may be appropriate. Severance benefits triggered by a change in control that do not exceed three times an executive's salary and bonus may generally be approved by the compensation committee of the board without submission to shareholders. Any such arrangement under which the beneficiary receives more than three times salary and bonus—or where severance is guaranteed absent a change in control—should be submitted for shareholder approval.

IV. Corporate structure and shareholder rights

The exercise of shareholder rights, in proportion to economic ownership, is a fundamental privilege of stock ownership that should not be unnecessarily limited. Such limits may be placed on shareholders' ability to act by corporate charter, bylaw provisions, or the adoption of certain takeover provisions. The market for corporate control should be allowed to function without undue interference from these artificial barriers.

With respect to a number of the most commonly presented issues in this area:

A. Shareholder rights plans ("poison pills")

A company's adoption of a so-called poison pill effectively limits a potential acquirer's ability to buy a controlling interest without the approval of the target's board of directors. Such a plan, in conjunction with other takeover defenses, may serve to entrench incumbent management and directors. However, in other cases, a pill may force a suitor to negotiate with the board and result in the payment of a higher acquisition premium.

In general, shareholders should be afforded the opportunity to approve shareholder rights plans within a year of their adoption. This provides the board with the ability to put a poison pill in place for legitimate defensive purposes, subject to subsequent approval by shareholders. In evaluating the approval of proposed shareholder rights plans, the following factors will be considered:

Factors for Approval

- Plan is relatively short-term (3–5 years).
- Plan requires shareholder approval for renewal.
- Plan incorporates review by a committee of independent directors at least every three years (so-called TIDE provisions).

- Plan includes permitted bid/qualified offer feature ("chewable pill") that mandates shareholder vote in certain situations.
- Ownership trigger is reasonable (15–20%).
- Highly independent, non-classified board.

Factors against Approval

- Plan is long-term (>5 years).
- Renewal of plan is automatic or does not require shareholder approval.
- Ownership trigger is less than 15%.
- Classified board.
- Board with limited independence.

B. Crown jewel defense

The sale of assets to "friendly" companies in an effort to frustrate a takeover will generally be opposed as this action could impair share value.

C. Cumulative voting

Cumulative voting will generally be opposed under the basis that it allows shareholders a voice in director elections that is disproportionate to their economic investment in the corporation.

D. Supermajority vote requirements

Shareholders' ability to approve or reject matters presented for a vote based on a simple majority will be supported. Accordingly, proposals to remove supermajority requirements will be supported, and proposals to impose them will be opposed.

E. Right to call meetings and act by written consent

Shareholders' rights to call special meetings of the board (for good cause and with ample representation) and to act by written consent will generally be supported. Proposals to grant these rights to shareholders will be supported, and proposals to abridge these rights will be opposed.

F. Confidential voting

The integrity of the voting process is enhanced substantially when shareholders (both institutions and individuals) can vote without fear of coercion or retribution based on their votes. As such, proposals to provide confidential voting will be supported.

G. Dual classes of stock

Dual-class capitalization structures that provide disparate voting rights to different groups of shareholders with similar economic investments are objectionable. As such, the creation of separate classes with different voting rights will be opposed, and the dissolution of such classes will be supported.

V. Corporate and social policy issues

Proposals in this category, initiated primarily by shareholders, typically request that the company disclose or amend certain business practices. These are "ordinary business matters" that are primarily the responsibility of management and should be evaluated and approved solely by the corporation's board of directors. The Company will typically abstain from voting on these proposals absent a compelling economic impact on shareholder value (e.g., proposals to require expensing of stock options).

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